

# STEERING THROUGH WINDS OF CHANGE

Building Enduring Prosperity in  
a Shifting World

*Humanising*  
Financial Services



**Maybank**

# EDITORIAL



***Our goal is not just to navigate the winds of change, but to turn them into opportunities.***

As we approach the end of 2025, risk assets are poised to close the year on a broadly positive note. This performance is commendable despite shifting U.S. trade policies, resurging fiscal concerns and lingering geopolitical uncertainties.

The year has also underscored that the world is anything but static, with advances in artificial intelligence and digital assets continuing to redefine how wealth is created and preserved. Navigating this shifting landscape demands agility, foresight, and strategic discipline. Despite policy shifts, regulatory complexity, and market volatility, discerning investors have continued to find opportunities amid the changes.

Looking ahead to 2026, we anticipate markets remaining supported amid a stable growth environment. Still, shifts in trade and central bank policies, currencies, technology and climate risks will continue to drive both market volatility and opportunities.

At Maybank, our goal is not just to help you navigate the winds of change, but to harness and turn them into opportunities. We stand by you with insights, tailored strategies, and differentiated solutions designed to meet your evolving aspirations. Through close partnership, advanced digital platforms, and our regional expertise, we remain committed to empowering you to achieve your long-term goals with confidence and clarity.

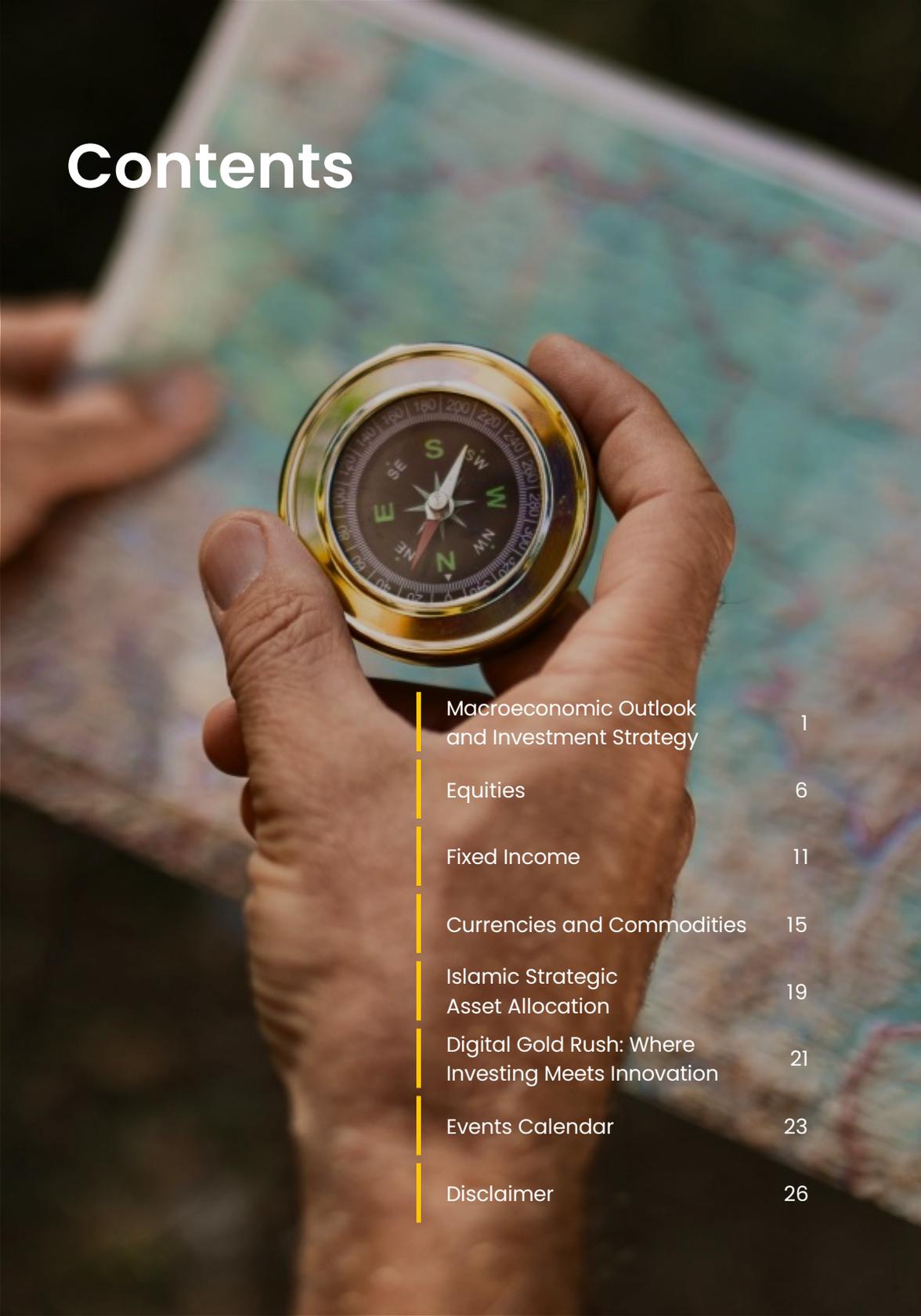
As we enter the Lunar Year of the Horse, investors can draw inspiration from the Horse's spirit of strength, agility, and forward momentum. In a landscape shaped by shifting market forces and emerging opportunities, these qualities will be essential. Navigating change with speed, discipline, and informed foresight, while staying anchored in what matters, will be key to building portfolio resilience and capturing growth in the year ahead.

We hope our investment insights empower you to embrace the winds of change with confidence.

On behalf of everyone at Maybank Group Wealth Management, we wish you a year filled with vitality, prosperity, and new opportunities.

**Alice Tan**  
Head, Group Wealth Management

# Contents

A hand holding a gold compass over a map. The compass is in the foreground, showing cardinal and intercardinal directions (N, S, E, W, NE, SE, SW, NW) and degree markings. The map in the background is out of focus, showing various geographical features and colors.

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# Macroeconomic Outlook and Investment Strategy



# MACROECONOMIC OUTLOOK

## KEY HIGHLIGHTS

The AI boom will power investments and electronics exports in 2026

China will unveil more stimulus to shore up consumption, especially for services

Key risks include a short-lived U.S.-China trade truce, higher U.S. inflation and fresh geopolitical shocks

The 2026 global economic outlook is constructive as the fog of uncertainty from President Donald Trump's tariffs clears, and the U.S. Federal Reserve (Fed) resumes its rate-cutting cycle. The artificial intelligence (AI) investment boom and expansionary fiscal policies, particularly from Trump's One Big Beautiful Bill (OBBBA), will also drive global growth and trade. Global growth will likely remain resilient in 2026, projected at about 2.8%, slightly softer than 3.0% in 2025.

First, both the Trade Policy and Economic Policy Uncertainty indices have fallen sharply from their highs on Trump's Liberation Day in early April 2025. Notably, the U.S. and China have agreed to a trade truce until 10 November 2026, including a pause on China's export restrictions on rare earth minerals and a lowering of tariffs by 10 percentage points on Chinese imports as a result of fentanyl flows.

For the rest of Asia, Trump has retreated from many of his initial positions and expanded the list of exemptions, including on grocery items. In fact, most countries, including ASEAN, have secured lower U.S. reciprocal tariffs and exemptions for key sectors.

Notably, for the ASEAN-6, the effective U.S. tariff rate has risen to about 18.6% from 2.3% at end-2024, but is still well below the 25.3% announced on Liberation Day. The negotiated U.S. reciprocal tariffs range from 10% (Singapore) to 20% (Vietnam), far lower than the earlier threatened tariffs: 46% for Vietnam, 36% for Thailand, and 24% for Malaysia.

More significantly, electronics exports – which account for about 23% of Asia's exports – are exempted from U.S. reciprocal tariffs. Manufacturing supply chains continue to reconfigure to ASEAN from China, remaining uninterrupted by the higher U.S. tariffs.

Second, the Fed will likely continue to ease, bringing the benchmark rate closer to the neutral rate of 3.00%-3.25% by the end of 2026. Notably, the U.S. labour market is soft, even as core inflation remains sticky and above 2%. In addition, Fed Chair Powell's term ends in May next year and Trump's nominee will likely favour easier monetary policy.

REAL GDP FORECAST (%)	2024	2025E	2026E
World	3.3	3.0	2.8
U.S.	2.8	2.0	2.0
Eurozone	0.9	1.3	1.1
Japan	0.1	1.3	0.7
China	5.0	4.9	4.5
ASEAN-6*	4.9	4.8	4.6

INFLATION FORECAST (%)	2024	2025E	2026E
World	5.8	4.0	3.5
U.S.	2.9	2.8	3.0
Eurozone	2.4	2.1	1.8
Japan	2.7	3.3	2.0
China	0.2	0.0	1.1
ASEAN-6*	2.3	1.6	2.2

RATES FORECAST (%)	2024	2025E	1Q26E	2Q26E	3Q26E	4Q26E
Fed Fund Target (Upperband)	4.50	3.75	3.50	3.25	3.25	3.25
Fed Fund Target (Lowerband)	4.25	3.50	3.25	3.00	3.00	3.00
Ecb Deposit Rate	3.00	2.00	2.00	2.00	2.00	2.00
Boe Bank Rate	4.75	4.00	3.75	3.50	3.25	3.25
Boj Target Rate	0.25	0.50	0.75	0.75	0.75	0.75

\* ASEAN-6 refers to Indonesia, Malaysia, Singapore, Thailand, the Philippines and Vietnam

Source: Maybank IBG research | December 2025

For the other major central banks, the direction of monetary policy in 2026 will likely be more divergent. While the Bank of England (BOE) will likely still cut rates, the European Central Bank (ECB) and People's Bank of China (PBOC) are expected to remain on hold. In addition, we anticipate the Bank of Japan (BOJ) to make a slight increase to its policy rate to quell core inflation pressures. In ASEAN, we expect further rate cuts from central banks in Indonesia, Thailand and the Philippines.

Third, AI capex is booming as technology giants race to invest in chips, data centres, and equipment, fuelling Asia's technology exports and cushioning the shock from Trump's reciprocal tariffs. Notably, America's investment in AI equipment and software surged to an annualised USD 1.5 trillion in 2Q25 (4.9% of GDP) from USD 1.2 trillion in 2Q23. Imports of computers, peripherals, and parts have also doubled to an annualised USD 336 billion in 2Q25 from USD 153 billion over the same period.

For 2026, America's six largest hyper-scalers are planning to increase capex by about +34%. Big technology AI commitments will continue to drive Asia's exports and investments via semiconductors, energy, construction (data centres, energy grid) and technology-related services. Notably, Taiwan, Vietnam, and Malaysia saw the highest contribution from electronics to exports growth over the period from January till October 2025.

Fourth, fiscal policies are turning more expansionary. Trump's OBBBA will increase after-tax incomes by about +2.9% in 2025 and +5.4% in 2026. The tax breaks for households in 2025 should show up as a bumper crop of tax refunds in early 2026. Trump is promising a bumper USD 2,000 tariff dividend to each American in 2026. Meanwhile, European countries are pledging to spend 5% of GDP on defence and infrastructure, with the biggest coming from Germany. Japan's new

government is also planning a massive fiscal stimulus package (3.5% of GDP), which includes energy subsidies for households, childcare support, and defence. China will also introduce more fiscal measures to shore up consumption, especially services, create jobs, and boost wages.

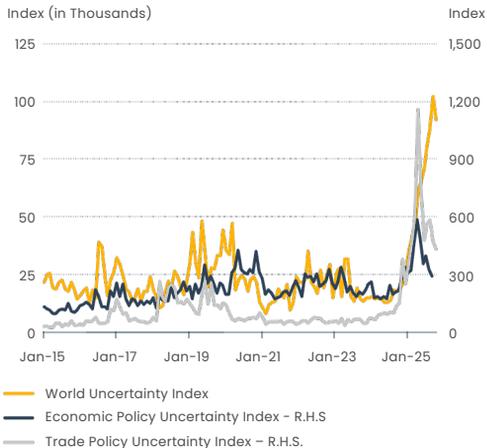
**Multiple factors could impact and derail the outlook**

Looking ahead, there are several shocks that could potentially disrupt the constructive outlook. First, the U.S.-China one-year trade truce could be short-lived, especially if either side accuses the other of breaching their commitments (on rare earths, tariffs or export controls). Second, higher U.S. inflation because of tariffs, immigration curbs, fragmented supply chains and geopolitics could suspend Fed rate cuts and drive up long-end bond yields. Third, simmering Japan-China tensions over Taiwan could escalate into broader economic curbs or some military skirmish. The Russia-Ukraine peace talks may fail, with the war escalating into a broader European conflict.

Fourth, a "K-shaped" U.S. economic expansion because of the regressive impact from tariffs and Trump's OBBBA could squeeze lower income households, undermining overall consumer spending. Fifth, China's economic slowdown and property slump could worsen if the government does not respond with meaningful fiscal measures. Lastly, the AI "bubble" could burst and stock markets could crash, destroying wealth and confidence.

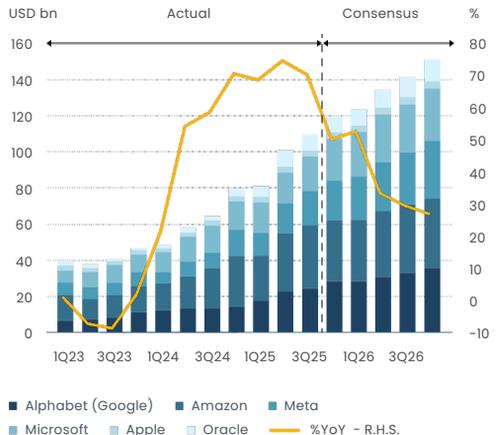
In summary, our baseline forecast is a constructive global growth outlook in 2026 as the Fed cuts interest rates and fears of Trump's disruptive policies dissipate. But as the case has been in 2025, there are many potential shocks that can disrupt and derail the outlook. Prepare for another bumpy year.

**ECONOMIC AND TRADE POLICY UNCERTAINTIES HAVE RECEDED FROM THEIR HIGHS**



Source: Bloomberg | November 2025

**GLOBAL TECHNOLOGY FIRMS ARE PLANNING TO INCREASE CAPEX BY 34% IN 2026**



Source: Bloomberg | November 2025

# INVESTMENT STRATEGY

## KEY HIGHLIGHTS

Stable growth to support markets through rich valuations demand a disciplined approach

Be mindful of the shifts in “T&Cs” that will shape markets in the coming year

Time in market matters: Maintain a well-diversified portfolio with our refreshed SAA framework

2025 proved to be another eventful but strong year for global markets, supported by steady earnings growth and accommodative monetary conditions. Despite the “Liberation Day” scare, global equities delivered strong double-digit returns, while bond performance was also positive.

With the global economy expected to remain resilient, the macro environment will likely continue to support risk assets. Nevertheless, increasingly rich equity market valuations and tight credit spreads suggest the need to be more disciplined and discerning. In particular, we would focus on the shifts in the key “T&Cs” – including trade, central banks, currencies, technology, and climate change – that will continue to shape markets, presenting both opportunities and risks in 2026.

### Trade: Turning uncertainty into opportunities

Trade uncertainty appears to have passed its peak, though flare-ups may still occur from time to time, especially between the U.S. and China. The U.S. court ruling on tariffs is another source of uncertainty, though the Trump administration will likely be able to pursue other avenues to implement tariffs should the ruling turn out to be less favourable.

Still, U.S. trade policy escalation may be constrained, with attention likely to shift toward the midterm elections in November 2026. Hence, we would view any episodes of market overreaction to trade uncertainties as an opportunities to add risk. While concerns of growing economic nationalism will likely persist, the emergence of new regional alliances and efforts to build self-resilience may help mitigate growth risks and lead to fresh investment opportunities.

### Central banks: Rates still trending lower

Central banks are expected to maintain an accommodative policy stance, which will be supportive of risk assets. Notably, the U.S. Fed may pause the tapering of its balance sheet, and the Fed stands ready to backstop the economy if necessary amid signs of private credit stress.

With rates trending lower, we continue to seek stable income through quality credits and dividend stocks. Nevertheless, inflation may still surprise on the upside, and fiscal sustainability considerations may also limit further declines in long-term rates particularly, in developed economies. Hence, we see the need to be selective as well as nimble, including in the management of duration exposure.

## TOTAL USD RETURNS OF MAJOR ASSET CLASSES (YEAR-TO-DATE AS OF 30 NOVEMBER 2025)



\*Global Equities = MSCI AC World Index; Global Bonds = Barclays Multiverse; WTI = West Texas Intermediate

## STAYING INVESTED IN A WELL-DIVERSIFIED PORTFOLIO HAS HELPED TO DELIVER SMOOTHER RETURNS

### Index rebased to 100 as of 1 January 2025



Source: Bloomberg | November 2025

Source: Bloomberg | November 2025

### Currencies: USD to weaken further

The U.S. dollar may continue to face pressure from ongoing Fed easing and fiscal concerns, although de-dollarisation will likely remain a gradual process. Still, it remains prudent for investors to maintain a balanced approach and diversify their portfolio exposure to other currencies beyond the greenback.

In addition, gold remains a structural beneficiary amid the ongoing macro and geopolitical uncertainties, benefitting from its established role as a safe-haven asset and an effective hedge against inflation. While cryptocurrencies such as Bitcoin and Ethereum may continue to see growing adoption as an alternative to fiat currencies, their heightened price volatility suggests gold may be a better store of value for portfolio diversification.

### Technology: Broader adoption of AI

As we look ahead, one clear trend stands out: the unstoppable growth of AI, which presents both substantial opportunities and notable risks. No doubt, there are growing concerns about the emergence of an AI bubble, driven by lofty valuations and the development of a self-reinforcing AI ecosystem. However, valuation alone may not cause the bubble to burst as long as earnings growth remains intact. Notably, unlike during the tech bubble of the early 2000s, many AI-related firms today are already profitable and generating solid cash flows.

Nevertheless, the next phase of growth will depend on more widespread adoption of AI by non-technology sectors to fully monetise these AI investments. In this context, investors may also consider opportunities beyond the hardware and infrastructure segments of the AI value chain. In addition, AI is not just about the U.S. We also see technology investment opportunities outside the U.S. – including in China – that could offer a more compelling risk-reward balance relative to some U.S. counterparts.

### Climate: Positioning for energy transition

While the advancement in technology and AI is positive for the economy, it is also driving a growing demand for energy, particularly from power-intensive sectors such as data centres. This surge in power consumption is adding complexity to the fight against climate change, as the world faces an increasing frequency of extreme weather events.

These dynamics underscore the urgent need for a global energy transition – one that accelerates the shift towards cleaner, more efficient, and sustainable energy systems. For investors, this transformation presents significant long-term opportunities across the likes of new energy, energy storage, and smart-grid infrastructure.

### Time in market matters

In short, investors should do well by capitalising on the investment opportunities through the successful navigation of the winds of change in the above “T&Cs”. Nevertheless, if the past twelve months have taught us anything, it is the importance of staying invested in a well-diversified portfolio – a strategy that has helped investors stay the course through shifting market conditions. In light of this, we have updated our Strategic Asset Allocation (SAA) framework to reflect the revised capital market assumptions across major asset classes. For investors seeking an additional layer of due diligence, we have also introduced an Islamic SAA framework, designed to align portfolio construction with Shariah principles.

Together, these enhancements aim to position portfolios to better navigate today’s complex market landscape while pursuing optimal long-term returns. Nonetheless, it remains essential for investors to regularly review their individual objectives, preferences, and risk tolerance to ensure that portfolio allocations remain aligned with their evolving financial goals.

## STRATEGIC ASSET ALLOCATION

	Conservative	Moderate Conservative	Balanced	Moderate Aggressive	Aggressive
Equities	0%	21%	48%	70%	90%
U.S.	0%	11%	27%	40%	55%
Europe	0%	4%	9%	12%	14%
Japan	0%	2%	4%	4%	3%
Asia ex-Japan	0%	4%	8%	14%	18%
Fixed Income	65%	62%	42%	21%	3%
U.S. Government	35%	26%	10%	0%	0%
Developed Markets Investment Grade	30%	20%	11%	4%	0%
Developed Markets High Yield	0%	8%	12%	10%	3%
Emerging Markets Asia	0%	8%	9%	7%	0%
Gold	0%	2%	5%	4%	3%
Hedge Funds	0%	0%	0%	2%	2%
Cash	35%	15%	5%	3%	2%

# Equities



# EQUITIES

## KEY HIGHLIGHTS

The case for maintaining equity exposure beyond the U.S. looks compelling

Manage the risks investing in technology and AI as the easy money has been made

Opportunities may arise in under-valued AI-driven sectors like healthcare and industrials

The environment heading into 2026 is constructive for risk assets. Nevertheless, equity market valuations have risen, particularly in the U.S., suggesting limited scope for further upward rerating of price multiples. Consequently, market performance will likely be driven mainly by earnings growth instead of multiple expansion.

Meanwhile, after years of underperformance, international equities have outperformed the U.S. in 2025 to date, and overall market leadership has also shifted from the tech-centric dominance towards value sectors such as utilities and industrials.

With most regions ex-U.S. expected to see robust economic growth in the coming year, we see reasons to maintain exposure beyond the U.S. even while U.S. equities will likely hold up in 2026. We also expect more rebalancing and diversification of growth across a wider array of companies and sectors. Opportunities may arise in undervalued sectors such as healthcare and industrials, supported by the broader adoption of AI.

## U.S.

### Yellow caution signposts but no red stop signs

We expect the U.S. economy to remain stable in 2026, as there are several drivers ahead that could offset the impact from tariff pass-through and policy uncertainties. These include AI-related investments and U.S. consumers receiving a boost to their disposable income due to changes in Trump's OBBBA.

No doubt, the signs are pointing to a Goldilocks environment of solid growth, healthy earnings growth, and supportive financial conditions. However, technology remains the most crowded trade, and the Nasdaq is also trading at elevated valuations. There is little cushion for disappointment, which could lead to increased equity market volatility ahead.

### Walking the tightrope

The S&P 500 earnings outlook for 2026 remains promising, with consensus predicting earnings growth of 14.2%, up from 11.8% in 2025E. We see corporate cost-cutting and the labour market as risks to our baseline.

In addition, as companies pour billions of dollars into AI-related infrastructure, there is increased scrutiny on the investment payback amid the increasingly interconnected AI-related companies.

Opinions remain split over whether we are seeing an AI bubble now. One thing is for sure: the easy money has already been made. Thus, it is more important than ever to manage the risks of investing in technology and AI. These include diversifying beyond crowded trades and seeking more attractive relative plays elsewhere. Encouragingly, the S&P 500's 3Q25 earnings showed signs of a broadening in growth into other sectors including industrials, consumer discretionary, energy and consumer staples. A broadening of earnings growth can allow for more balanced portfolio construction.

### Selectivity remains key

Sector-wise, we favour healthcare, industrials, and selected AI plays. The headwinds that drove the underperformance of healthcare appear to be fading. Notably, healthcare looks particularly depressed at current levels, with the sector trading at 12-months forward P/E of 17.6x, below the S&P 500 of 23.6x. With tailwinds (e.g., increase M&A activity, significant developments in obesity drugs, and an ageing population) gathering momentum, the attractive risk-reward profile of this sector warrants a closer look, particularly for investors looking to diversify beyond the mega-cap tech.

Meanwhile, continued economic growth could also lend support to cyclical sectors including industrials. S&P 500 Industrials are expected to see a strong rebound in earnings growth from 7.7% in 2025 to 15.4% next year. We see increasing opportunities in industrials, particularly those tied to defence, infrastructure, and smart-grid-related spending.

Lastly, we remain selective in the AI-related theme and believe the risk-reward in Software-as-a-Service (SaaS) companies remains attractive. Notably, we believe agentic AI represents the next stage of the AI revolution and can help unlock greater revenue growth for SaaS companies beyond their current trajectory.

## EUROPE

### Make Europe Great Again (MEGA)

Europe is on track to see its economy grow by 1.1% in 2026 as major shocks to trade have been avoided. While the ECB has likely come to the end of its easing cycle, higher fiscal spending and cumulative rate cuts should continue to support the economy. Nevertheless, there will be differentiation within the region. Notably, the continuation of fiscal execution in Germany should lend support to equity markets. In contrast, sentiment on France may remain subdued as the country remains mired in political paralysis, exacerbating the risk of a sovereign debt disaster.

### Earnings growth to accelerate in 2026

In 2025, while MSCI Europe has performed relatively well, gains were driven less by earnings growth and more by valuation re-rating. Foreign exchange also played a role in driving MSCI Europe's USD performance this year, with the euro gaining around 12% against the U.S. dollar. Looking ahead, we expect earnings to be the key driver of returns in 2026. Notably, corporate earnings growth will likely accelerate in 2026, with MSCI Europe projected to deliver earnings growth of 10.2%, up from flat growth in 2025. In particular, improving manufacturing activity bodes well for corporate earnings in the coming quarters.

### Focus on overlooked cyclical sectors and laggards

Looking ahead, as economic momentum improves, we believe the overlooked cyclical sectors (e.g., consumer discretionary, industrials, materials) could shine again. Notably, the chemicals and basic resources sectors should benefit from Germany's fiscal stimulus for defence and industrial infrastructure, as well as low energy prices.

### GLOBAL MARKET LEADERSHIP HAS BROADENED FROM THE TECH-CENTRIC DOMINANCE OF 2024 AND 2023

Price returns (in USD)	YTD	2024	2023	2022
<b>MSCI AC World</b>	<b>19.5%</b>	<b>15.7%</b>	<b>20.1%</b>	<b>-19.8%</b>
Communication Services	32.9%	30.2%	36.2%	-36.2%
I.T.	24.7%	30.8%	49.8%	-31.7%
Utilities	23.9%	8.8%	-2.4%	-7.0%
Materials	23.7%	-10.0%	9.1%	-14.7%
Industrials	21.5%	10.8%	19.9%	-14.6%
Financials	20.7%	21.2%	12.3%	-12.2%
Healthcare	14.3%	-0.2%	2.2%	-7.3%
Energy	10.5%	-1.4%	1.2%	27.5%
Consumer Discretionary	7.9%	19.1%	27.7%	-32.4%
Consumer Staples	7.7%	1.9%	0.3%	-8.4%
Real Estate	5.6%	-0.4%	5.3%	-26.6%

Source: Bloomberg | November 2025

Meanwhile, the expected improvement in China's domestic outlook could bode well for stocks that are leveraged to China, particularly European luxury names. Notably, luxury names have been under pressure due to subdued sentiment among Chinese consumers, a stronger euro and a lack of innovation. Still, we believe the worst point in their earnings cycle has passed, and we could see fresh industry momentum spurred by a wave of new creative directors.

As for European banks, we expect them to benefit from rising loan growth amid a steepening of the yield curve. Still, the overall upside may be capped by lingering risks of a "super dividend" tax in France. They may lose their appeal as the preferred sector given the stellar performance this year, and as investors focus on overlooked cyclical stocks in 2026.

Lastly, the consumer staples sector has been a notable laggard in 2025, given the focus on AI and growth stocks. We believe that this sector could garner some investor interest as a hedge against the risks in AI-related companies.

## PREFERRED SECTORS

### U.S.

Healthcare, Industrials and selected AI plays

### Europe

Consumer Discretionary, Consumer Staples, Industrials and Materials

### MSCI U.S. HEALTHCARE SECTOR IS TRADING AT A SIGNIFICANT 15% P/E DISCOUNT TO MSCI U.S.



Source: Bloomberg | November 2025

## JAPAN

### Japan's new chapter with Sanae Takaichi

Japan's economy is projected to slow to 0.7% in 2026, weighed down by slowing exports as the front-loading effect dissipates. Despite the modest headline figures, the composition of growth shows encouraging signs, with wage growth gaining momentum which should be supportive of consumption. Meanwhile, the BOJ is expected to continue its policy normalisation path, where we project two more rate hikes in 2026.

Meanwhile, analyst projections for 2026 earnings growth have strengthened amid expectations of more market-friendly policies under new Prime Minister Sanae Takaichi's leadership. Notably, the MSCI Japan Index is projected to deliver ~10% earnings growth for 2026, up from ~4% in 2025. In addition, corporate reforms are likely to accelerate given her stance for more active use of retained earnings. However, MSCI Japan is now trading at a 17.1x forward P/E ratio, a notable rise from the post-Liberation Day lows of 13.0x. The anticipated reversal of JPY weakness could also hurt Japanese exporters amid lingering trade uncertainty.

Sector-wise, we favour financials, as the sector will benefit from higher interest rates as well as robust capital-market activities. We also see opportunities in the industrial sector as it is aligned to Takaichi's policy agenda including energy security (development of next-generation nuclear power) and defence modernisation. Lastly, we see a compelling risk-reward in the healthcare sector, underpinned by a healthy drugs pipeline and undemanding valuations.

### GLOBAL EARNINGS FORECASTS AND VALUATIONS

Country / Region	2026E EPS Growth (%)	2026E Valuation	
		P/E (x)	Dividend Yield (%)
U.S.	16.5%	22.2	1.2%
Europe	10.2%	14.9	3.3%
Japan	8.1%	16.8	2.3%
MSCI Asia ex-Japan	19.4%	14.0	2.3%
China	14.4%	12.2	2.2%
Hong Kong	7.2%	14.4	3.9%
Taiwan	19.3%	17.5	2.6%
South Korea	40.8%	9.4	1.7%
India	18.3%	21.8	1.4%
Singapore	9.6%	15.2	4.1%
Malaysia	7.9%	13.8	4.4%
Indonesia	15.2%	13.3	5.6%
Thailand	5.1%	15.3	3.8%
Philippines	9.2%	9.8	3.5%

Source: Bloomberg | November 2025

## ASIA EX-JAPAN

Asia ex-Japan economic growth is poised to decelerate, but inflation is likely to remain benign, suggesting room for further monetary easing. This could cushion the impact of slower growth. Meanwhile, deepening regional integration alongside robust technology investments as well as supply chain reconfiguration could open up new opportunities.

### China – A more resilient market

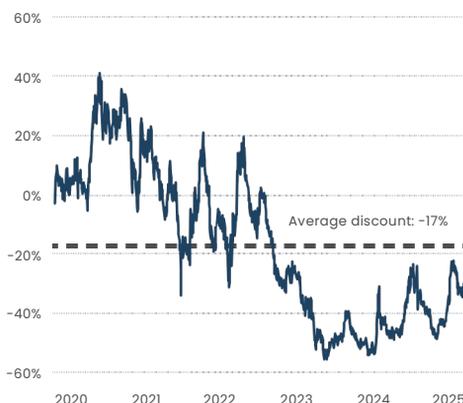
After showing relatively resilient growth in 2025, China's economic momentum is expected to moderate in 2026. GDP growth is projected to slow to 4.5% in 2026, down from 4.9% in 2025, amid weaker exports and a sluggish housing market. Despite the softer economic outlook, China's equity market has told a different story, showing signs of resilience and recovery.

2025 marks a pivotal year for China after the country experienced a technological breakthrough in AI, igniting investors' interests in the technology sector. Despite the solid gains witnessed in 2025, China tech stocks continue to trade at a discount to global peers. We believe the sector will continue to benefit from China's policy push to be technology-self-sufficient amid ongoing U.S.–China rivalry.

The broader equity outlook is expected to improve for Chinese equities, with MSCI China earnings projected to grow by 14.4% in 2026, up from 3.1% in 2025. Beyond technological innovation, this improvement is supported by structural factors such as the government's anti-involution campaign and the increasing global expansion of Chinese companies.

### CHINA TECH STOCKS OFFER RELATIVELY ATTRACTIVE RISK-REWARD COMPARED TO U.S. TECH PEERS

#### Hang Seng Tech versus Nasdaq Composite (P/E)



Source: Bloomberg | November 2025

That said, volatility is likely to persist, particularly given that MSCI China has re-rated to a forward P/E ratio of 12.7x versus its 10-year average of 11.5x. Within this environment, we favour the communication services sector, underpinned by solid earnings growth from gaming companies and resilient dividends from telecommunications. At the same time, maintaining some exposure to high dividend, state-owned banks as well as energy can provide a defensive income stream to help investors navigate potential market fluctuations.

### Better prospects for Hong Kong

Hong Kong saw better fortunes in 2025, supported by the Fed's easing cycle and an improving housing market. Economic momentum is likely to stay supported, with the new Northern Metropolis positioned to entice new technology firms into the territory. Meanwhile, the simmering geopolitical tension is expected to attract more Chinese firms to pursue "homecoming" listings to mitigate regulatory and delisting risks in the U.S. markets. This shift, together with the Stock Connect scheme is projected to see increased flows into Hong Kong. As such, we believe financials such as the stock exchange will remain key beneficiaries, along with selected Macau gaming plays as we see robust revenue recovery in this space.

### Taiwan and South Korea – Priced for perfection

Buoyed by optimism over the AI boom, we expect both Taiwan and South Korea's economic prospects to remain fairly resilient in 2026. Notably, shipments for semiconductors had jumped at the fastest pace in 2025, underscoring both countries' key roles in the technology supply chain as companies globally race to build AI infrastructure. However, we believe any outsized gains could be limited by their demanding valuations – both MSCI Taiwan and MSCI South Korea now trade at two standard deviations above their 10-year averages. Lingering geopolitical uncertainties and/or a slowdown in AI spending could also derail the optimism in these markets.

### India – Economic cycle turning around

India's growth cycle appears poised to accelerate, with further rate cuts and positive policy reforms likely to help stimulate consumption. Notably, several measures including privatisation of state-owned enterprises are underway, potentially improving efficiency and reducing the administrative burden on the government.

An improving macro outlook would lead to more positive earnings revisions, where earnings are projected to grow by 18.3% in 2026 from 11.6% in 2025. In addition, the low beta of India's equity market could buffer portfolios from negative surprises emanating from global trade war.

### ASEAN – Supported by undemanding valuations

ASEAN markets witnessed a divergence in performance in 2025. While Singapore and Malaysia did well, political uncertainty was a key drag on Indonesia, Thailand, and the Philippines. However, these risks are largely reflected in current valuations, as these markets trade at inexpensive levels – around one standard deviation below their long-term averages. Still, in the absence of greater political clarity, investors are likely to remain cautious amid the prevailing uncertainty.

We are constructive on Singapore on the back of a resilient economy. Notably, Singapore equities offer one of the highest and most defensive dividend yields in Asia. Coupled with the "Value-Up" programme to strengthen the equity market, we see room for further outperformance in 2026. Meanwhile, we remain optimistic that Malaysia will stand firm in 2026, underpinned by its pro-growth initiatives while maintaining fiscal discipline. In particular, banks, construction and consumer plays will benefit from Malaysia's resilient economic outlook.

## PREFERRED SECTORS

### Asia Dividends

Income stocks likely to be favoured as interest rates continue to trend lower

### China

Communication Services, Technology, Financials

### Japan

Financials, Industrials and Healthcare

### MOST ASEAN MARKETS ARE TRADING AT UNDEMANDING VALUATIONS AS COMPARED TO THEIR RESPECTIVE 10-YEAR HISTORICAL AVERAGES



Source: Bloomberg | November 2025

# Fixed Income



# FIXED INCOME

## KEY HIGHLIGHTS

Fixed income carry supported by benign monetary policy and corporate default outlook

Reiterate need to focus on quality with credit spreads near historical tights

Seek opportunities in non-USD bonds for better diversification

Fixed income has delivered robust returns in 2025 amid lower interest rates and stable credit spreads. We expect the benign monetary policy landscape and corporate default outlook to be supportive of fixed income carry in 2026. Nevertheless, we reiterate the need to focus on quality, with credit spreads near historical tights. We also seek opportunities in non-USD bonds for better diversification.

## GOVERNMENT BONDS

### U.S.

With inflation likely to remain sticky but contained, the softening U.S. labour market suggests room for further Fed easing. Notably, 10Y U.S. Treasury (UST) yields could potentially decline to 3.60% by end-2026, and the yield spread between 10Y and 2Y USTs will likely remain steady at around 40-60 bps. In the near term, we see upside risks to the U.S. fiscal deficits due to a legal challenge against tariff revenues, though the Trump administration likely has fallback options.

Nevertheless, there are two scenarios that could drive a further steepening of the yield curve: 1) a U.S. recession, and 2) Trump successfully reshaping the Fed into a dovish composition, which could pave the way for additional Fed easing in the near term but may raise inflation risks further down the road.

### 10-YEAR GOVERNMENT BOND YIELD FORECAST FOR SELECTED MARKETS

Yield (%)	1Q26E	2Q26E	3Q26E	4Q26E
U.S.	3.80	3.70	3.60	3.60
Indonesia	6.10	5.90	6.10	5.75
Malaysia	3.40	3.35	3.35	3.35
Singapore	1.90	1.90	1.80	1.75

Source: Maybank IBG Research | November 2025

### Indonesia

The Indonesian government bond (IndoGB) yield curve bull-steepened sharply after Bank Indonesia (BI) delivered substantial rate cuts totalling 125 bps in 2025 (as of end-November), matching the extent of easing in 2020 during COVID. While we expect BI to ease further in the next 12 months, it hinges on continued Fed easing and USD weakness, as narrowing rate differentials have increasingly weighed on the Indonesian Rupiah (IDR).

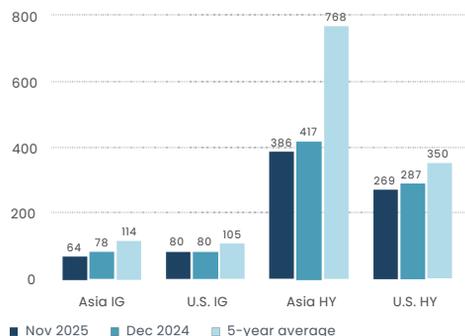
Positively, Indonesia's current account balance has improved and foreign reserves remain ample, providing a buffer against portfolio outflow risks. We prefer mid-duration IndoGBs to position for BI easing, while remaining cautious on long-duration bonds due to ongoing fiscal and supply risks.

### Malaysia

We expect Bank Negara Malaysia (BNM) to adopt a more measured monetary policy stance, and the overnight policy rate (OPR) will likely remain unchanged at 2.75% in 2026. Meanwhile, fiscal consolidation will likely keep bond issuances moderate. In fact, we expect the government to beat its 2025 fiscal deficit target for a second consecutive year, while not ruling out another fiscal outperformance in 2026.

### CREDIT SPREADS HAVE TIGHTENED IN 2025 AND REMAINED WELL-BELOW HISTORICAL AVERAGES

#### Credit spreads (bps)



Source: Bloomberg | November 2025

Supported by these dynamics, we believe the Malaysian Government Securities (MGS) will continue to provide a stable source of income and act as a key portfolio diversifier. In addition, we expect MGS yields to hold steady, potentially drifting lower towards 3.35% by 1H26. Key risks to our views include upside surprises to growth and inflation.

### Singapore

The decline in SGD rates had been unexpectedly sharp in 2025, with the 3-month SORA (Singapore Overnight Rate Average) sliding to ~1.3% from 3.0% at the start of the year. Anecdotally, the SGD rates outperformance was attributed to the haven appeal of SGD assets and inflows amid tariff-driven and increased geopolitical uncertainties. Looking ahead, Singapore Government Securities (SGS) should be supported by favourable supply-demand dynamics, with the 10Y yield likely to remain below 2% by the end of 2026.

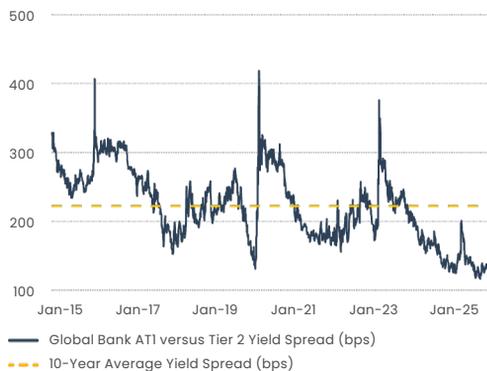
## DEVELOPED MARKETS (DM)

DM default rates are likely to remain stable despite a pickup in credit deterioration. While U.S. and European Investment Grade (IG) spreads have narrowed to historically low levels, we anticipate spreads will stay tight through 2026, supported by continued monetary easing, resilient corporate earnings, and a stabilising trade policy environment.

### Prefer Europe banks Tier 2 over ATI

European banks' capital buffers should remain intact, aided by subdued loan growth and increased use of risk transfer tools. However, the Additional Tier 1 (ATI) bonds are still trading at tighter than historical average spread over the Tier 2 bonds. Hence, we continue to favour the more defensive Tier 2 bonds given the better risk-reward. In addition, we would manage our exposure to French financials (as well as corporates) given the lingering fiscal risks and political uncertainty.

### GLOBAL ATI BONDS ARE TRADING AT TIGHTER THAN HISTORICAL AVERAGE SPREAD OVER THE TIER 2 BONDS



Source: Bloomberg | November 2025

Nevertheless, we would be inclined to add exposure to the more resilient French credits with strong balance sheets and diversified market exposure should there be an overreaction to the downside.

### Australia and Japan financials

Australian insurers have shown consistent profitability, driven by firm premiums and steady claims. While growth may soften with GDP moderation linked to China's slowdown, robust capital buffers and cost discipline underpin earnings. We favour exposure to Tier 2 and select Restricted Tier 1 (RT1) bonds for their yield pick-up and resilience in a stable-rate environment. As for Japan, financial credits offer attractive, stable income carry. Expected rate hikes by the BOJ in 2026 should benefit insurers. Meanwhile, Japanese banks' strong credit profiles are supported by sound credit metrics and robust capital buffers.

## GULF COOPERATION COUNCIL (GCC)

GCC bond issuance hit record levels in 2025, driven by strong sovereign demand, refinancing needs, and a shift away from bank lending – a trend likely to continue into 2026 amid solid fundamentals and healthy supply-demand dynamics. With GCC IG yields now exceeding global peers, we see opportunities in the region's bank credits as well as sustainable/ESG-linked issuances.

### Opportunities in GCC banks

The GCC banking sector is expected to remain resilient in 2026, supported by stable asset quality, strong capital and liquidity buffers, and rising non-interest income. Continued non-oil sector expansion should further reinforce system-wide stability. Within the bank capital stack, beyond senior bonds, we see opportunities in subordinated Tier 2 instruments, which offer incremental yield over senior bonds while providing stronger structural protection than ATIs.

### GCC IG BONDS ARE OFFERING A YIELD PICK UP VERSUS GLOBAL IG CREDITS



Source: Bloomberg | November 2025

### Sustainable issuances for portfolio diversification

Most GCC members have set net-zero targets and are ramping up investment in clean energy and decarbonisation. We expect government-related entities, corporates, and banks, to continue issuing sustainable bonds and Sukuk to finance climate-transition projects and renewable-energy initiatives, offering sustainability-focused investors attractive carry with clear impact.

## ASIA EX-JAPAN

Asia credits registered positive returns in 2025 with tighter credit spreads across both IG and HY segments. We expect investor confidence and demand for Asia credits to remain strong on the back of solid fundamentals and still-attractive yield carry. While net new supply is expected to rise in 2026 as companies tap the bond market for cheaper funding in a lower-rate environment, Asia credit spreads will likely remain largely stable, lending support to the returns.

### Seeking resilience in Asia

Within Asia, we continue to see opportunities in defensive sectors such as utilities and telecommunications, which offer stability amid tariff uncertainties. To further enhance portfolio diversification and support income resilience, we also prefer select Asia life insurers, underpinned by structural demand trends within the insurance industry which should help to support credit fundamentals.

### China technology and selected property developers

The rise of AI in China is driving robust corporate demand and unlocking new opportunities for technology innovation. While there could be increased capex investments, we favour Chinese technology bonds issuers that can strategically leverage AI to diversify offerings, expand market reach, and sustain financial strength, particularly

those with net cash positions that enable agility in uncertain environments.

Meanwhile, the recovery of the China property sector remains sluggish amid still-fragile buyer sentiment. We remain cautious on non-state-owned enterprises (SOEs) developers as prolonged uncertainty may curtail pre-sales momentum and weigh on earnings visibility. Our preference is for bonds from IG state-owned developers with sound standalone financials. Elsewhere, we see value in selected Macau gaming credits that provide attractive yield carry, particularly those that are demonstrating a clear deleveraging trend.

### S-REITs – Beneficiaries of lower rates

We maintain our positive stance on Singapore-REITs, (S-REITs) supported by expectations of sustained Fed rate cuts, which enhance funding conditions and investor appeal. S-REITs should also benefit from the resilient macro fundamentals. Notably, retail REITs remain defensive, underpinned by stable consumption and supportive government policy initiatives. In contrast, industrial REITs may face headwinds from lingering trade policy uncertainty, warranting some caution.

## PREFERRED SECTORS

### DM

Europe banks (Senior and Tier 2)  
Australia/Japan financials

### GCC

Banks (Senior and Tier 2)  
Sustainable-linked bonds

### Asia ex-Japan

Utilities, telecommunications, insurance  
China technology  
Macau gaming  
Singapore REITs

## EM ASIA CREDITS DELIVERED ANOTHER YEAR OF RESILIENT PERFORMANCE

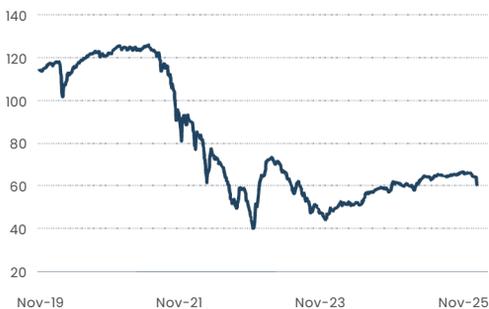
EM Asia Total Return (Rebased to 100 at 1 Jan 2025)



Source: Bloomberg | November 2025

## CHINA PROPERTY DEVELOPER BOND INDEX HAS CONTINUED TO GRIND HIGHER

CRIC China Property Developer Leading Index (Rebased to 100 at 31 Dec 2018)



Source: Bloomberg | November 2025

# Currencies and Commodities



# CURRENCIES

## KEY HIGHLIGHTS

Moderate decline in the USD

Favour MYR and SGD in ASEAN

Prefer EUR and AUD over GBP in G10

The USD had a year of two halves in 2025. After a sharp decline in 1H25, the greenback was essentially directionless in 2H25 due to the U.S. government shutdown and the concomitant delay of key official data. Meanwhile, Fed officials are rather split in their policy views as well.

Going into 2026, the question for policy easing is still a matter of when and not if, but easing should end within the year. As the U.S. growth slows, the Fed should continue to ease. Fading growth and rate exceptionalism should bring about a further decline in the USD, albeit at a more moderate pace than what we saw in 2025. Lingering concerns over tariff-related price pressures, a potential build-up of tensions ahead of the U.S. midterm elections, and worries about fiscal sustainability in the major economies (Europe, U.K. and Japan) could provide sporadic support for the USD from time to time.

The expected dollar softness will lend support to ASEAN currencies in 1H26. However, performance is likely to be varied given the idiosyncratic challenges. MYR and SGD are our top picks due to their strong fundamentals. Meanwhile, IDR and PHP are likely to lag their regional peers due to their domestic concerns whilst THB's balanced risks would put it in the middle of the pack.

## DEVELOPED MARKETS

### Trump shifts from external to domestic issues

The Trump-Xi agreement at the APEC summit has put a pause in the trade conflict between the two countries. Separately, Trump also signed trade deals and frameworks with several other countries in Asia. Tariffs are also being unwound to ease cost pressure on specific goods ahead of the midterm elections. In our view, a more domestic-focused Trump could mean a likely pause in trade policy shifts in 2026. In addition, the next Fed Chair could be a dovish one, tilting the balance of risks towards more cuts and further USD weakness. However, investors are likely to position for a weaker dollar earlier, potentially before mid-2026.

### EUR to outperform GBP

With the end of the Ukraine war potentially in sight, we remain cautiously optimistic on the EUR and to a lesser extent the GBP. While we expect both the EUR and GBP to appreciate against the USD, the EUR is likely to

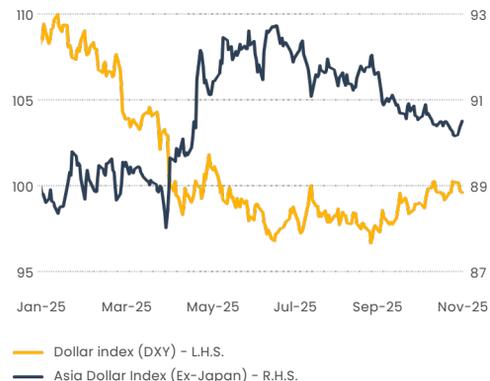
outperform the GBP as the ECB is likely to stand pat and may even raise rates, in contrast to the BOE, which is expected to cut.

Downside risks remain for both pairs, with the U.K. fiscal risks and political issues in France, but these issues should, on balance, be offset if the war were to end. Alongside that, the U.S. looks intent on making the rest of NATO pay for their own security, which could revive the earlier defence spending narrative supporting both the EUR and GBP.

### JPY – drag from fiscal concerns

Both domestic and external conditions are likely to create a challenging path for USDJPY in 2026. We expect the pair to initially move lower, reflecting a potential BOJ rate hike and softer USD in 1H26. However, there is a possibility that the BOJ will pause in 2H26, with softer inflation due to government support measures, slowing food cost increases and stabilising energy prices. Fiscal concerns are also likely to persist, given Prime Minister Takaichi's plans to stimulate the economy, raise defence spending, and address cost-of-living pressures, among other goals. With the USD expected to find support in 2H26, the USDJPY may also rebound later in the year.

## ASIAN FX STRENGTHENED IN 1H25 BUT LOST GROUND IN 2H25 AMID A STABILISING USD



Sources: Bloomberg, Maybank IBG Research / November 2025

Note: Asia Dollar Index (Ex-Japan) comprises MYR, SGD, IDR, THB, PHP, KRW, CNH, TWD, INR, and VND

## Constructive on CAD, AUD and NZD

Trade-exposed, pro-cyclical currencies, CAD, AUD and NZD may continue to experience their share of volatility given their sensitivity to broader market sentiment. That said, with most of the trade deals already concluded, there could be some recovery in these currencies, especially when global growth starts to bottom out later in 2026. The Bank of Canada (BOC), the Reserve Bank of Australia (RBA) and the Reserve Bank of New Zealand (RBNZ) are also close to the trough of their easing cycle. Their policy divergence from the Fed should provide some support to their respective currencies against the greenback.

## ASIA EX-JAPAN

### RMB to maintain some resilience

The RMB continues to be guided by the USD. A softer USD environment and the expected fiscal stimulus from China should continue to underpin the RMB. However, some moderation in export growth and potential swings in the JPY could create bumpiness in the RMB appreciation.

### MYR to outperform with support from AI Boom

Fiscal consolidation, robust growth, and a current account surplus highlight the strong fundamentals that back the MYR. Crucially, the AI boom, expected to continue into 2026, would boost the country's trade position and guide more foreign investment inflows (into data centres). Already, foreign direct investment (FDI) have been picking up in the country amid an investment upcycle. In addition, the MYR strength could support some inflows into bonds, although the stable overnight policy rate (OPR) may limit the extent of any climb. Meanwhile, CNY appreciation also provides support for the MYR. Overall, these factors position the MYR favourably to outperform its ASEAN peers.

### SGD resilience underpinned by strong fundamentals

The SGD has maintained its resilience through trade policy turmoil and we expect this to continue amid positive developments on both the growth and inflation fronts. We remain constructive on the growth front and see inflation rising closer to the Monetary Authority of Singapore's (MAS) preferred 2% level. As such, MAS is unlikely to deviate from the current policy parameter of a slight appreciation bias, which should continue to support the SGD's well-known resilience.

### Fiscal remains the concern for the IDR

Foreign sentiment towards the IDR is likely to stay subdued given the uncertainty associated with the country's fiscal path. Finance Minister Sadewa has tried to reassure markets that the budget deficit would stay below 3.00% in 2026 but his talk of 6% growth forecast keeps markets wary. Further easing by the BI, as well as flush liquidity conditions, could lend support to Indonesian government bonds, but the demand is likely to stay local rather than foreign.

## Domestic conditions do not favour PHP

The flood control projects corruption scandal would keep sentiment cautious towards the PHP and Philippine assets. Investment is also likely to slow. There is a bullish case for Philippine Peso-denominated government bonds (RPGBs) on potential index inclusion and Bangko Sentral ng Pilipinas (BSP) rate cuts, though it may not be enough to lift the currency. Nonetheless, the PHP may avoid significant weakness on BSP's discomfort with excessive currency weakness, whilst increased Overseas Filipino Worker (OFW) remittances can help limit the declines.

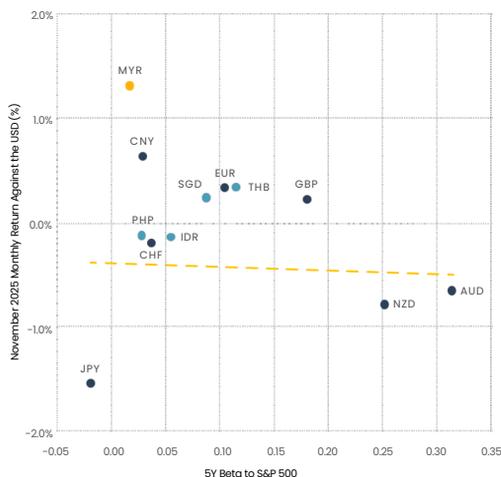
## THB in the middle of the pack

THB stands in the middle of the pack among the ASEAN currencies given the balanced risk profile. Dollar softness and CNY/CNH strengthening could lend support to the THB. The country could still maintain a current account surplus in 2026. However, there are other factors weighing on the THB. Notably, the government has been expressing unease over the currency strength. The influence of gold on the THB may not be as strong given the government's discomfort with the relationship and possible tightening of gold trading. Meanwhile, the lingering political uncertainty creates anxiety due to the lack of clarity on which party would lead the next government. Despite the softening economy and subdued inflation, there is already limited room for Bank of Thailand (BOT) easing, with the benchmark rate being low. We also see lingering fiscal risks amid previous sovereign outlook downgrades.

## MOST PREFERRED PLAYS

- AUD, NZD, EUR and CAD to strengthen against USD
- Favour EUR over GBP in G10 space
- Prefer MYR and SGD in ASEAN

## MYR OUTPERFORMED DURING THE RISK-OFF IN NOVEMBER 2025 WITH OTHER ASEAN CURRENCIES RELATIVELY RESILIENT



Source: Bloomberg | November 2025

# COMMODITIES

## KEY HIGHLIGHTS

Gold price uptrend likely to persist in 2026

Oil prices to remain soft on unfavourable demand-supply outlook

## GOLD

Gold price has continued to rise in 2025, outpacing the gains in 2024. The increase was on the back of further U.S. interest rate cuts and a weaker dollar. Concerns about the Fed's independence, amid possible political pressure from President Trump, have also boosted gold's appeal as a safe-haven asset.

### Gold likely to remain supported in 2026

Tensions in the Middle East and the Russia-Ukraine conflict continue to push investors towards gold to protect their wealth. Central banks, especially in China, are also increasing their gold reserves and reducing their dependence on the U.S. dollar. Meanwhile, our expectations of lower interest rates in the U.S. will continue to lend support to gold price. While the pace of appreciation will likely be more gradual in 2026, gold price will likely maintain its uptrend, with the precious metal potentially reaching USD 4,600/ounce in the next 12 months amid lingering economic and geopolitical uncertainties.

### GOLD PRICE HAS RISEN SINCE THE U.S. FED STARTED EASING AGAIN



Source: Bloomberg | November 2025

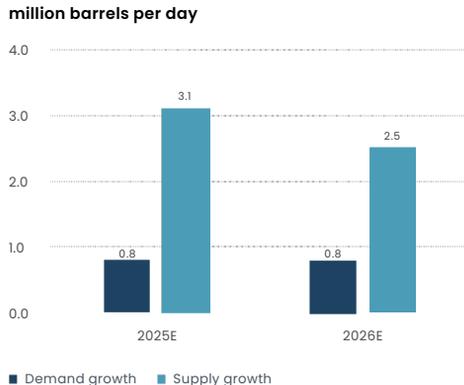
## OIL

Oil prices exhibited a downward trend in 2025 with WTI crude declining by more than 15% for the year (as of end-November). No doubt, there were intermittent price spikes amid a re-escalation of geopolitical tensions in the Middle East, but the impact did not last. Looking ahead, oil prices will likely remain subdued given the unfavourable demand-supply dynamics.

### Demand-supply outlook remains unfavourable

Global oil market imbalances look set to persist, as world oil supply is forging ahead while oil demand growth remains modest by historical standards. Notably, the International Energy Agency (IEA) is projecting oil supply growth to remain high at 2.5 million barrels per day in contrast to demand growth of 0.8 million barrels per day in 2026. While most OPEC+ members are operating near full capacity, Saudi Arabia and the United Arab Emirates still have significant room to raise production. Meanwhile, the U.S. may also continue to raise output. Barring any supply shocks, oil will likely remain subdued, with WTI crude prices likely to be capped below USD 65/barrel.

### OIL DEMAND-SUPPLY DYNAMICS PROJECTED TO REMAIN UNFAVOURABLE IN 2026



Source: IEA | November 2025

# Islamic Strategic Asset Allocation



## What is Islamic SAA?

Islamic Strategic Asset Allocation (SAA) is a long-term investment approach that distributes capital across various Shariah-compliant asset classes to meet both financial goals and religious principles. It excludes prohibited (haram) elements such as interest (riba), excessive uncertainty (gharar), and speculative instruments (maysir). Investments are usually overseen by qualified Shariah boards or scholars to ensure they adhere to Islamic law.

In markets with growing demand for Islamic investing, the Shariah-investing framework provides an accessible and compliant way to invest across multiple asset classes globally without compromising on religious values. Beyond religious obligations, the approach also appeals to those who value ethical and socially responsible investing, helping to create a positive impact on society.

## Comparison with conventional investing

Compared to conventional SAA, Islamic SAA operates with a narrower universe of investable assets. Instead of conventional bonds, Islamic SAA uses Sukuk (or Islamic bonds), which are asset-backed securities that comply with Islamic finance principles. Using the Dow Jones Sukuk Index as a proxy, the benchmark is focussed mainly on EM including the Middle East and South-East Asia. In comparison, the conventional bond benchmark indices are more focussed on the DM.

As for equity investments, these are limited to companies that pass strict Shariah screening, which excludes businesses involved in sectors like alcohol, gambling, conventional finance, and pork-related products. Notably, the Dow Jones Islamic Market (DJIM) World Index has a comparatively higher weight in the technology sector and lower weight in the financials sector when compared to the conventional equity benchmarks (using MSCI AC World Index as a proxy).

Although Shariah-compliant portfolios operate within a narrower investment universe, their performance has proven competitive with, and at times superior to, conventional benchmarks. For instance, the DJIM World Index has delivered annualised returns of 12.7% over the past 10 years (as of end-November 2025), which is slightly ahead of the MSCI AC World Index's annualised returns of 12.0% over the same period. The robust performance of the Islamic equity benchmark reflects the solid fundamentals and prudent financial management of companies that meet the strict Shariah screening criteria, including low leverage, limited interest income, and strong balance sheets, which together contribute to lower risk and greater long-term stability.

Similarly, Sukuk play a key role in enhancing portfolio resilience. They tend to exhibit significantly lower volatility than conventional bonds, supported by the buy-and-hold investment approach typical of Sukuk investors. While this results in reduced secondary-market liquidity, it also reinforces Sukuk's reputation as a stable and defensive asset class, making them an effective complement to Shariah-compliant equities within a diversified portfolio.

## Introducing Maybank Islamic SAA framework

In view of the above, we are introducing our Islamic SAA framework to offer investors a disciplined approach designed to balance religious values with financial objectives. Our framework caters to a range of investor risk profiles, providing a clear roadmap to constructing well-diversified, globally positioned portfolios with an additional layer of due diligence to enhance quality. By integrating rigorous Shariah compliance with strategic diversification, the approach ensures portfolios that are not only aligned with Islamic principles, but also well-optimised to capture long-term growth and return opportunities across multiple asset classes and regions.

## SECTOR WEIGHT COMPARISON BETWEEN ISLAMIC AND CONVENTIONAL EQUITY BENCHMARKS

	Technology	Industrials	Healthcare	Financials	Others
<b>Dow Jones Islamic Market World Index</b>	46%	12%	12%	4%	26%
<b>MSCI All Country World Index</b>	27%	11%	9%	17%	36%

Sources: MSCI, S&P Global | November 2025

## ISLAMIC STRATEGIC ASSET ALLOCATION

	Conservative	Moderate Conservative	Balanced	Moderate Aggressive	Aggressive
<b>Equities</b>	<b>0%</b>	<b>23%</b>	<b>50%</b>	<b>76%</b>	<b>92%</b>
U.S.	0%	16%	35%	54%	67%
Europe	0%	3%	6%	9%	10%
Japan	0%	1%	2%	3%	3%
Asia Pacific	0%	3%	7%	10%	12%
<b>Sukuk</b>	<b>70%</b>	<b>60%</b>	<b>40%</b>	<b>17%</b>	<b>3%</b>
<b>Gold</b>	<b>0%</b>	<b>2%</b>	<b>5%</b>	<b>4%</b>	<b>3%</b>
<b>Cash</b>	<b>30%</b>	<b>15%</b>	<b>5%</b>	<b>3%</b>	<b>2%</b>

Source: Maybank GWM | December 2025

# Digital gold rush: where investing meets innovation



## The new rush in digital assets

The digital revolution has emerged as a powerful force reshaping the modern financial system. Forget the image of a crowded trading floor in New York, today's wealth is increasingly built in the digital world. From Bitcoin to digital art, and even real estate on the blockchain, digital assets are the new ways for investors to grow their wealth today.

## What are digital assets?

In the past, digital assets were defined as any content that could be stored digitally, such as photos or videos. Today, the term has expanded to refer to assets issued and transferred using distributed ledger technology, or commonly known as blockchain technology.

The rise of cryptocurrencies such as Bitcoin and Ethereum are examples of digital assets harnessing the blockchain technology. Since then, the ecosystem has evolved beyond volatile cryptocurrencies to tokenised assets such as stablecoins [e.g. Tether (USDT) and Circle (USDC)], which aim to provide price stability by pegging their value to traditional mediums of exchange, typically the U.S. dollar, or backed by equivalent reserves and highly liquid assets like U.S. Treasuries.

Tokenisation is gaining popularity as it offers a compelling solution by improving liquidity in the financial system and enabling investors to access niche or illiquid markets. Notably, illiquid assets such as real estate, art or commodities can now be broken into small digital tokens, giving retail investors access to assets that were once out of reach.

## Rising adoption of digital assets

People are turning to digital assets for various reasons - from speculative trading to portfolio diversification. Notably, institutional participation in digital assets has increased, driven by greater

regulatory clarity, particularly with the passing of the Genius Act in the U.S., which sets out a clearer framework for stablecoins, such that the digital assets have both regulatory legitimacy and operational infrastructure to play a material role in the broader digital asset ecosystem.

## How can we leverage digital assets?

Investors can gain exposure to digital assets via the value-chain enablers and companies that benefit from broader blockchain applications.

## Companies at the forefront of the digital asset transformation

include those involved in creating hardware to mine or store assets, crypto miners, energy providers supporting rising digital consumption, and exchanges facilitating the trading of digital assets.

**Digital transformation companies** include those that have embraced blockchain technologies to improve business operations. For example, a major U.S. retail giant has leveraged blockchain to transform its supply chain management.

## Great opportunities come with risks...

Before one jumps in with both feet, investing in digital assets is not without risks. Regulatory risks remain among the greatest uncertainties - any rollback of regulation could impede the pace of adoption. In addition, as the sector is still in its early stages, volatility in digital assets is likely to persist, potentially limiting the diversification benefit within a portfolio. While the new digital revolution is undeniably exciting and potentially rewarding, prudent investing demands thorough due diligence and a balanced portfolio to navigate the winds of change.

## COMPANIES LEADING THE EVOLUTION OF DIGITAL ASSET INNOVATION ADOPTION



### Payment Gateways

Firms that enable the processing of credit card and digital asset transactions for both online and offline merchants



### Hardware

Companies that design and manufacture components essential for mining, storing, or securing digital assets



### Banking & Asset Management

Institutions that bridge traditional finance and the digital asset economy by offering payment and custody solutions



### Software Services

Firms that develop digital asset software and the broader operation of digital platforms



### Exchanges

Platforms that facilitate the trading of cryptocurrencies and tokenised assets, similar to traditional stock exchanges.

# Events Calendar





# Awards and Accolades

**MAYBANK PRIVATE:  
OUTSTANDING PRIVATE BANK  
– SOUTHEAST ASIA**

Private Banker International  
Global Wealth Awards 2025

**MAYBANK PRIVATE:  
OUTSTANDING PRIVATE BANK  
FOR ENTREPRENEURS**

Private Banker International  
Global Wealth Awards 2025

**MAYBANK PRIVATE:  
BEST PRIVATE BANK FOR  
ENTREPRENEURS**

Global Private Banking Innovation  
Awards 2025

**MAYBANK PREMIER:  
BEST WEALTH MANAGEMENT FOR  
SGD\$500K – SGD\$1.5M AUM**

Global Private Banking Innovation  
Awards 2025

**MAYBANK PREMIER:  
BEST BANK FOR  
PRIORITY BANKING**

Global Private Banking  
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**MAYBANK PREMIER:  
PRIORITY BANKING  
INITIATIVE OF THE YEAR**

ABF Retail Banking  
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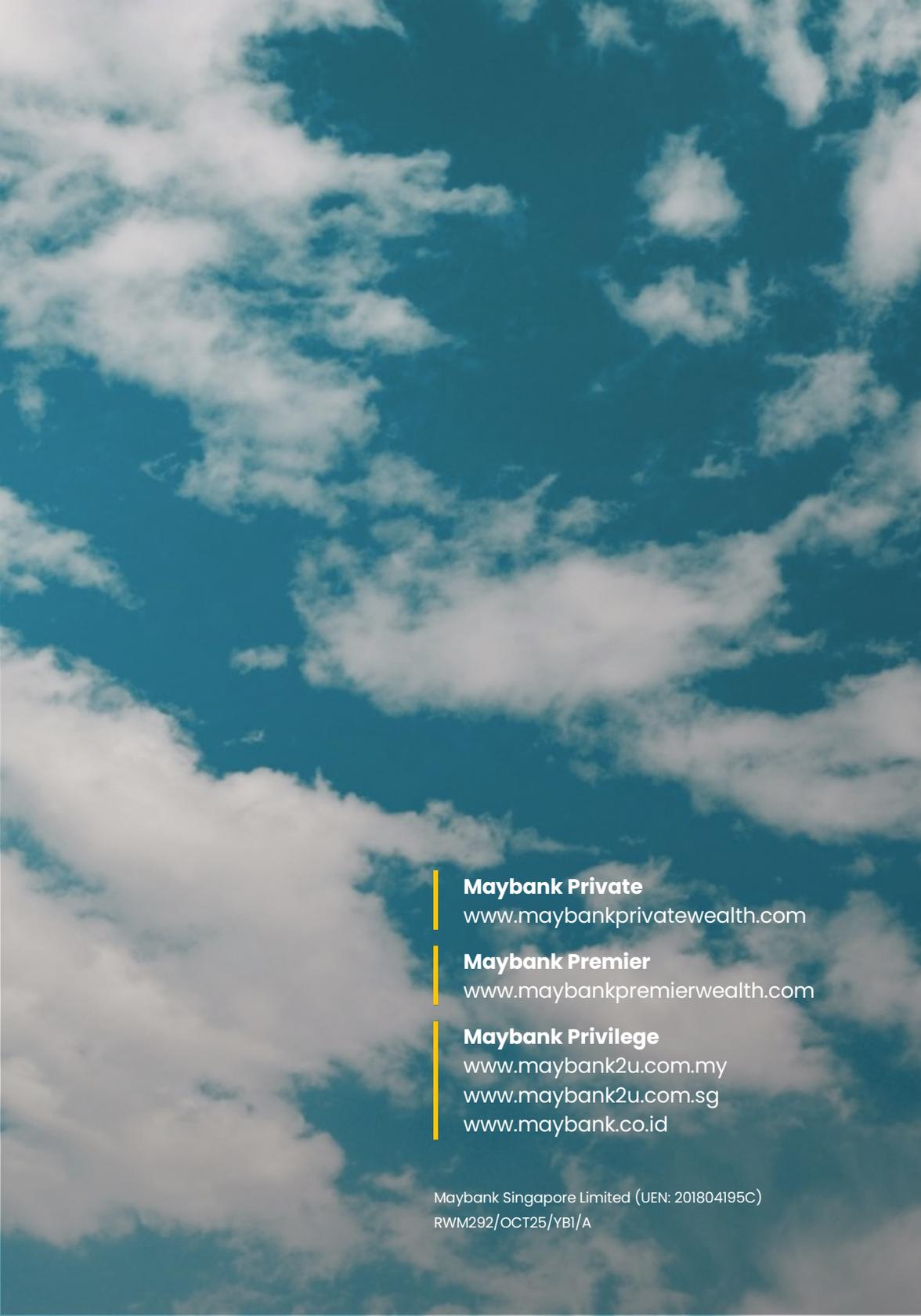
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