

FAST - Maybank Alpha Capital & Income Opportunities Fund

31 July 2025

For existing investors in FAST - Maybank Alpha Capital & Income Opportunities Fund (the "Fund") only. Thank you for investing in the Fund. We would like to use this opportunity to give you an update on the Fund's performance. Please note that this is not a product advertisement or solicitation for investment in the Fund.



How has the Fund performed in July 2025?

- The Fund returned 1.1%¹ (for the A-ACC-USD share class in US dollar terms).

Market Review



- Global equities rose in July amid easing trade tensions, positive development in artificial intelligence (AI), and a strong US earnings season. Across regions, US and Pacific ex Japan equities outperformed other markets. Emerging market equities also rose, outperforming developed markets.
- At a sector level, information technology (IT) and energy led the gains.
- Global fixed income markets posted mixed returns in July. Market narrative was driven by aggressive central bank rhetoric, solid economic data, and an evolving geopolitical backdrop, which led to a rise in yields across developed regions. Trade policy also took centre stage as the US administration imposed significant new tariffs on key trading partners such as Canada, Brazil, and India. In contrast, agreements were successfully negotiated with Japan, South Korea, and the EU bloc, helping ease trade tensions.
- On the policy front, the US Federal Reserve (Fed) and the European Central Bank (ECB) kept rates unchanged. Sovereign yield curves in developed markets steepened in response to fiscal developments. The 10-year US Treasury yield climbed over the month. In Europe, bond yields rose as Germany unveiled a budget that prioritised near-term stimulus, and in the UK, gilt yields moved up following a surprise reversal in welfare policy, triggering concerns about future borrowing. Japan saw its 10-year government bond yield reach 1.55% amid expectations of broader fiscal loosening amid the new political dynamics.
- Credit markets, including both investment-grade and high-yield bonds, outperformed sovereigns as credit spreads tightened, reflecting resilient investor appetite. Elsewhere, emerging market debt delivered mixed returns.
- Gold prices were broadly flat over the month.



Performance Review

- The fund generated positive absolute returns in July driven by gains across equity and fixed income positions.
- Within US equities, the research enhanced strategy led gains, while sector strategies invested in banks, utilities and communication services also proved rewarding. US equities rose amid easing trade conflict and strong start to earnings season. Meanwhile, emerging Asia and South Korean equity strategies supported returns on the back of easing trade tensions and continued growth in AI.
- European equity strategies invested in large cap companies and construction and materials companies offset some gains due to trade tensions in the region. Among sector strategies, the smart grid holding contributed positively, while the copper miners held back gains due to a drop in copper prices.
- Within fixed income, strategies invested in Asian high-yield and Asian investment-grade corporate bonds supported returns. Our exposure to mid-term US Treasury notes and recently purchased investment-grade corporate bonds supported returns. Meanwhile, the allocation to US dollar-denominated high-yield corporate bond gave back some gains.



Positioning & Portfolio Activity

- In July, we remain positive on the AI development theme and retain the exposure to smart grids, US communication services and Chinese internet companies.
- Within US equities, we tactically took profits from a bank position held and bought a holding in utilities companies given their solid growth outlook and defensive characteristics. We also raised the allocation to large-cap companies given strong corporate earnings and easing trade tensions.
- In Asia, we raised the allocation to Chinese internet companies given easing trade tensions. Among sector strategies, we sold the copper miners strategy as refined copper was excluded from the proposed US tariffs.
- Within fixed income, we trimmed the exposure to US dollar-denominated high yield bond given tight spreads. That said, we bought an investment-grade corporate bond. Meanwhile, we retain the allocation to European, New Zealand and US government bonds.
- On commodities, we added to physical gold to benefit from monetary policy easing and to enhance the portfolio's diversification.



Outlook

- Recent developments in global trade, particularly the US-EU trade deal and the de-escalation of the US-China trade war, reduced downside risks to the global economy posed by US trade policy. That said, heightened uncertainty, higher prices and weakened demand could weigh on growth as well as consumer and business sentiment. Importers trying to front-run tariffs may still be masking a more meaningful economic slowdown, and the possibility of trade deals falling apart remains. Inflation is moderating from elevated levels, but regional differences persist. In the US, elevated tariff rates could spur inflation, influencing Fed policy decisions.
- Meanwhile, Europe faces deflationary pressures linked to both China and the US, and fiscal policy developments are becoming increasingly pivotal to the region's macroeconomic outlook. US trade and policy announcements, signs of economic slowdown, geopolitical and fiscal policy developments also need to be closely monitored going forward.

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- We are neutral on equities overall while identifying selective opportunities across regions and sectors. We remain neutral on the US as policy uncertainty remains elevated and concerns over fiscal sustainability keeps yields high. We are neutral on European equities following strong gains earlier in the year, with a stronger euro and unresolved trade conflicts creating headwinds. We remain neutral on Japanese equities as positive earnings momentum and rising dividend payouts balance out trade policy uncertainty and the change of a hawkish BoJ surprise. We overweight emerging market equities, supported by resilience in China and positive outlook on South Korea. We underweight Asia Pacific ex-Japan amid weaker prospects in Australia and Singapore.
 - Within fixed income, we remain overweight in government bonds, favouring markets with high real yields and monetary policy flexibility, such as New Zealand. We are neutral on US Treasuries with deficit worries persist. We overweight emerging market local currency government bonds with attractive valuations and high real yields. A weakening dollar also helps.
 - On credit, we prefer short-dated high yield bonds while fundamentals remain robust and all-in-yields still look attractive. We are neutral on emerging market debt but prefer local currency given attractive real yields and steep curves.

Source: Fidelity International, as at 31 July 2025.

¹ The stated return is computed on a NAV-NAV basis. It does not take into account the amount of initial sales charge, which may be levied by your distributor. The stated returns will be reduced when the applicable sales charge is being taken into account. Please note that past performance is not indicative of future returns. The 1-year return, net of sales charge of 5% for the FAST - Maybank Alpha Capital & Income Opportunities Fund A-ACC-USD is 2.61%.

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Singapore

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