

PHILLIP MUTUAL BERHADCompany No. 200201002746 (570409-K)
Tel: (603) 2783 0300 | Fax: (603) 2166 6417

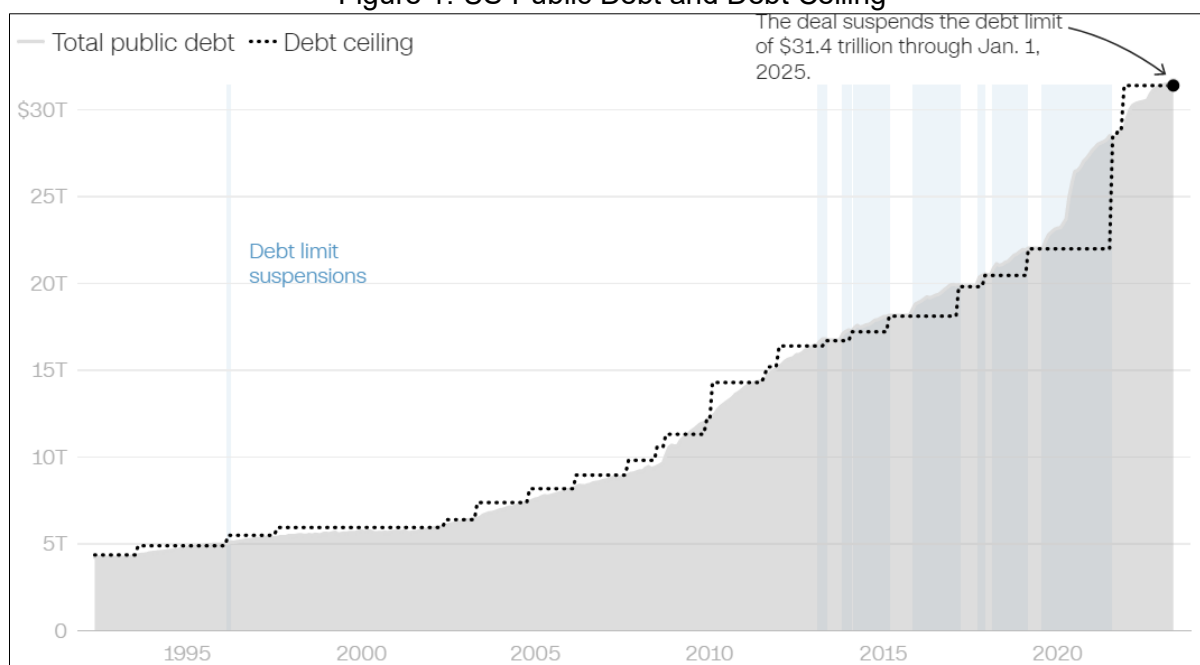
Webpage: www.phillipmutual.com | E-mail: phillipmutual@phillipcapital.com.my



Navigating Global Markets: Debt Ceiling Concerns, China's Recovery, and Investment Opportunities

Global markets traded mixed in May as investors watched for signs of progress in the US debt ceiling negotiations ahead of the June 1 deadline. To recall, the debt ceiling has been raised nearly 80 times since 1960, indicating that it is not something new and it is just a recurring practice to adjust the limit on the amount of debt the US government can incur (see Figure 1). Throughout history, the US has never defaulted on its debt. However, an exception occurred in 2011 when the US experienced its first-ever credit rating downgrade by S&P. This situation was eventually resolved when President Obama consented to over \$900 billion in spending cuts, and the debt limit was lifted by a similar amount.

Figure 1: US Public Debt and Debt Ceiling



Source: US Department of Treasury, US Office of Management and Budget

And finally, after some negotiations, the US House of Representatives had on 31 May, passed a bill to suspend the US\$31.4 trillion debt ceiling to avert a national default. We expect this to alleviate some market overhang and boost investor sentiment going forward. In addition to that, given the USD's unique status as the global reserve currency, there is unlikely a sustained effect on the USD due to the debt ceiling issue. In the near to middle term, investors will closely monitor policy actions taken by different central banks and keep a close eye on developments related to geopolitical tensions.

DISCLAIMER: This compilation is prepared by Phillip Mutual Berhad ("PMB") in its capacity as an IUTA approved by the Federation of Investment Managers Malaysia ("FIMM") for specific Funds distributed by PMB. The information contained herein is general information only and not intended for public distribution. It is furnished to the recipient on a confidential basis. It does not take into account your individual objectives, financial situations or needs. You should seek your own professional advisers before investing. No part of this document may be circulated or reproduced without prior permission of PMB and does not constitute an offer, invitation or solicitation to invest in the specific Funds. Any investment product or service offered by PMB is not obligations of, deposits in or guaranteed by PMB. You are advised to read and understand the relevant prospectuses for the Funds, which have been registered with the Securities Commission Malaysia who takes no responsibility for the contents. The respective prospectuses to the Funds are obtainable at any of our offices, website and authorised agents. Any issue of units to which the prospectuses relate will only be made on receipt of the duly completed application form referred to in and accompanying the prospectuses. Investment in unit trust funds is not the same as placing money in a deposit with a financial institution. There are risks involved, and investors should rely on their own evaluation to assess the merits and risks when investing in these funds. There are also fees and charges involved and investors are advised to consider them before investing in the Funds. Investment in shares and bonds may go up as well as down. The prices of units and distribution payable, if any, may also go up as well as down. Past performance of the unit trust funds is not an indication of its future performance. If investors are in any doubt about any feature or nature of the investment, they should consult PMB to obtain further information before investing or seek other professional advice for the suitability of the Funds and to their specific investment needs or financial situations. Information contained herein are based on the law and practise currently in force in Malaysia and are subject to changes in such law without any notice.

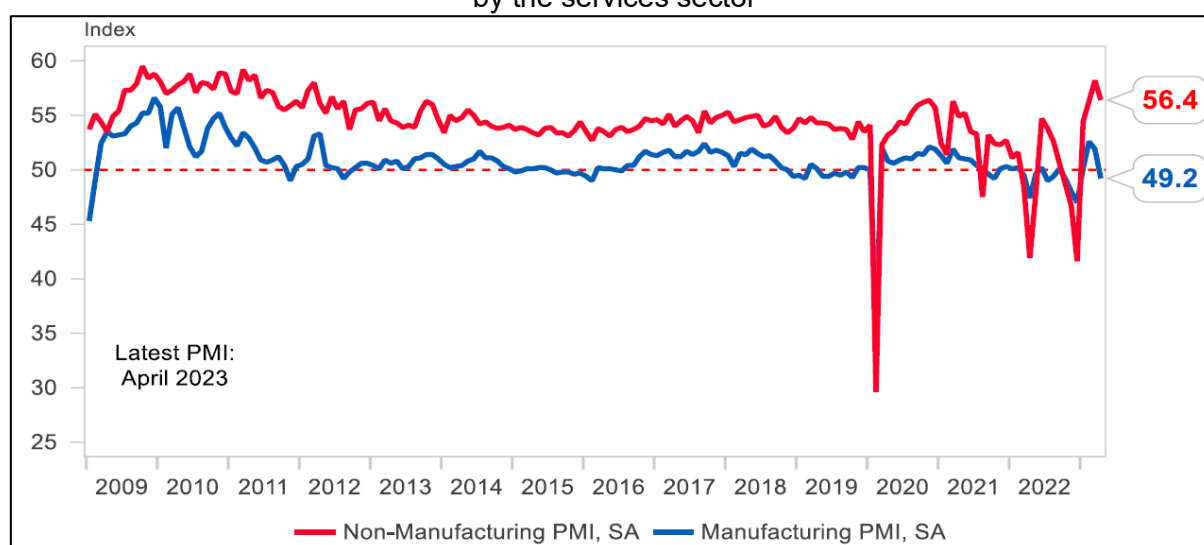
PHILLIP MUTUAL BERHAD

Company No. 200201002746 (570409-K)
Tel: (603) 2783 0300 | Fax: (603) 2166 6417
Webpage: www.phillipmutual.com | E-mail: phillipmutual@phillipcapital.com.my



China's recovery has been bumpy after three years of self-imposed isolation, and there have been concerns on soft domestic demand and weak manufacturing data (see Figure 2), as well as muted sentiment within the property sector, but we think a modest 5% target by the Chinese government should be attainable. China's recovery thus far has predominantly focused on the services sector, with robust activity observed in this area. Furthermore, there have been supportive policies supporting the sentiments, and the leaders have pledged support to boost the economy. Moreover, the PBOC has been guiding that it will maintain ample liquidity, stabilise growth and jobs and focus on expanding demand. China's immediate priority is to restore confidence among private and foreign investors via policy support, and there is still a lot to be done, in our view.

Figure 2: Manufacturing PMI unexpectedly contracted in April; while growth is mainly driven by the services sector



Source: UOB Kay Hian

On the domestic front, the latest quarter revealed a potential downside risk to earnings as companies reported results that either met or fell short of expectations (especially in the tech, industrial, and plantation sectors), with only a few beating consensus estimates. Several companies were negatively affected by escalating costs, such as rising electricity and labour costs. We continue to believe the Malaysia's market is likely to stay challenging in 1H23 due to some earnings risks from rising costs. Nonetheless, we expect a sustained market recovery in 2H23, driven by improving earnings outlook (in the absence of prosperity tax and other taxes like gaming tax), low foreign holding and relative political stability. Malaysia's fundamentals remain strong on firm domestic demand and resilient external trade activities. On the positive side, given our strong diplomatic relations with China, China's economic recovery is raising our prospects for improving bilateral trade and returning Chinese tourists.

DISCLAIMER: This compilation is prepared by Phillip Mutual Berhad ("PMB") in its capacity as an IUTA approved by the Federation of Investment Managers Malaysia ("FIMM") for specific Funds distributed by PMB. The information contained herein is general information only and not intended for public distribution. It is furnished to the recipient on a confidential basis. It does not take into account your individual objectives, financial situations or needs. You should seek your own professional advisers before investing. No part of this document may be circulated or reproduced without prior permission of PMB and does not constitute an offer, invitation or solicitation to invest in the specific Funds. Any investment product or service offered by PMB is not obligations of, deposits in or guaranteed by PMB. You are advised to read and understand the relevant prospectuses for the Funds, which have been registered with the Securities Commission Malaysia who takes no responsibility for the contents. The respective prospectuses to the Funds are obtainable at any of our offices, website and authorised agents. Any issue of units to which the prospectuses relate will only be made on receipt of the duly completed application form referred to in and accompanying the prospectuses. Investment in unit trust funds is not the same as placing money in a deposit with a financial institution. There are risks involved, and investors should rely on their own evaluation to assess the merits and risks when investing in these funds. There are also fees and charges involved and investors are advised to consider them before investing in the Funds. Investment in shares and bonds may go up as well as down. The prices of units and distribution payable, if any, may also go up as well as down. Past performance of the unit trust funds is not an indication of its future performance. If investors are in any doubt about any feature or nature of the investment, they should consult PMB to obtain further information before investing or seek other professional advice for the suitability of the Funds and to their specific investment needs or financial situations. Information contained herein are based on the law and practise currently in force in Malaysia and are subject to changes in such law without any notice.

PHILLIP MUTUAL BERHAD

Company No. 200201002746 (570409-K)
Tel: (603) 2783 0300 | Fax: (603) 2166 6417

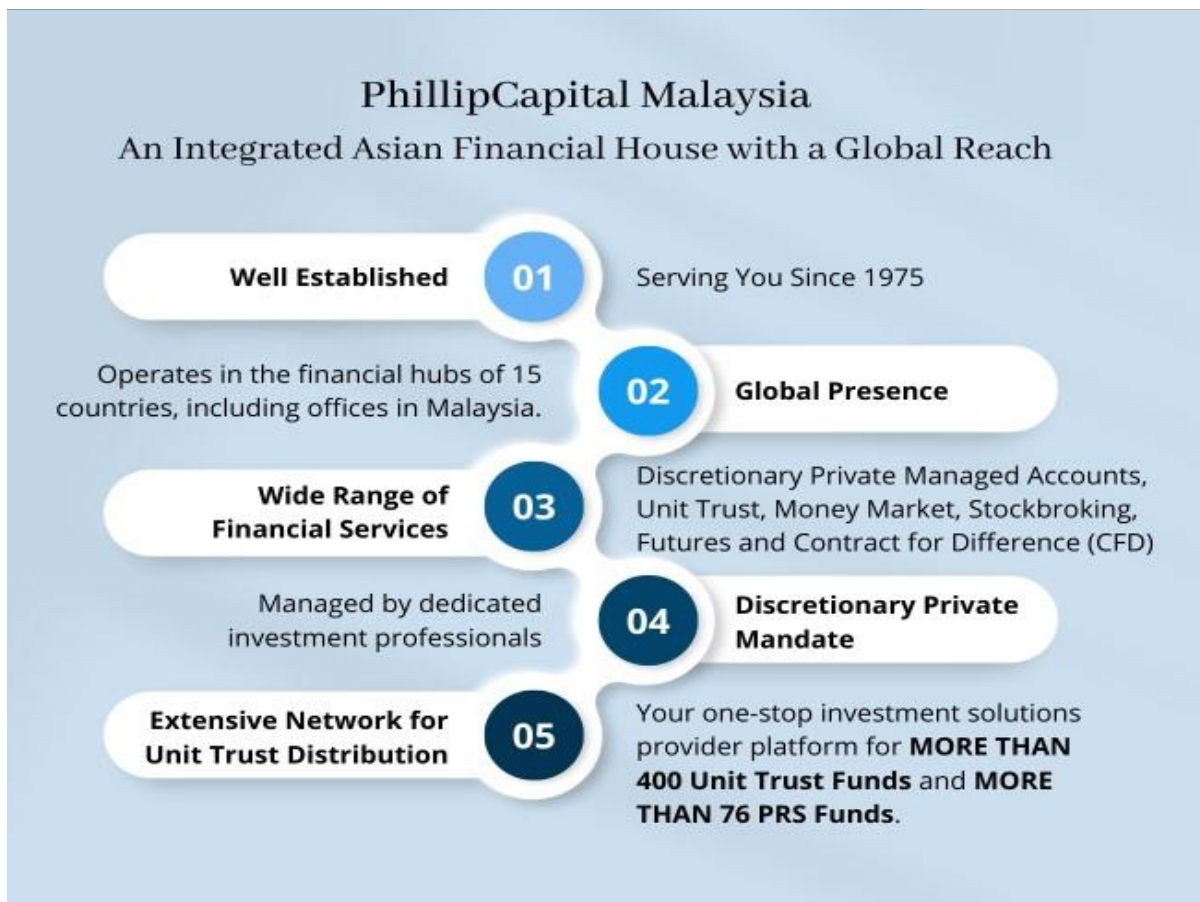
Webpage: www.phillipmutual.com | E-mail: phillipmutual@phillipcapital.com.my



Our Offerings

The market currently presents several opportunities for investors. However, it is crucial to exercise caution and carefully select investment options to ensure the best risk-adjusted returns. By taking a vigilant and discerning approach, investors can potentially reap the benefits of the current market opportunities while minimising risks.

Phillip Capital Malaysia offers a comprehensive suite of financial services including managed accounts and unit trusts, that may suit your investment preferences and financial goals. We also offer both conventional and Shariah-compliant options to cater to the needs of all investors.



DISCLAIMER: This compilation is prepared by Phillip Mutual Berhad ("PMB") in its capacity as an IUTA approved by the Federation of Investment Managers Malaysia ("FIMM") for specific Funds distributed by PMB. The information contained herein is general information only and not intended for public distribution. It is furnished to the recipient on a confidential basis. It does not take into account your individual objectives, financial situations or needs. You should seek your own professional advisers before investing. No part of this document may be circulated or reproduced without prior permission of PMB and does not constitute an offer, invitation or solicitation to invest in the specific Funds. Any investment product or service offered by PMB is not obligations of, deposits in or guaranteed by PMB. You are advised to read and understand the relevant prospectuses for the Funds, which have been registered with the Securities Commission Malaysia who takes no responsibility for the contents. The respective prospectuses to the Funds are obtainable at any of our offices, website and authorised agents. Any issue of units to which the prospectuses relate will only be made on receipt of the duly completed application form referred to in and accompanying the prospectuses. Investment in unit trust funds is not the same as placing money in a deposit with a financial institution. There are risks involved, and investors should rely on their own evaluation to assess the merits and risks when investing in these funds. There are also fees and charges involved and investors are advised to consider them before investing in the Funds. Investment in shares and bonds may go up as well as down. The prices of units and distribution payable, if any, may also go up as well as down. Past performance of the unit trust funds is not an indication of its future performance. If investors are in any doubt about any feature or nature of the investment, they should consult PMB to obtain further information before investing or seek other professional advice for the suitability of the Funds and to their specific investment needs or financial situations. Information contained herein are based on the law and practise currently in force in Malaysia and are subject to changes in such law without any notice.

PHILLIP MUTUAL BERHAD

Company No. 200201002746 (570409-K)
Tel: (603) 2783 0300 | Fax: (603) 2166 6417

Webpage: www.phillipmutual.com | E-mail: phillipmutual@phillipcapital.com.my



Local

- 01 PHILLIP DANA AMAN *
- 02 PHILLIP DANA MURNI *
- 03 PHILLIP DIVIDEND FUND
- 04 PHILLIP MASTER EQUITY GROWTH FUND
- 05 PHILLIP MASTER ISLAMIC CASH FUND *
- 06 PHILLIP MASTER MONEY MARKET FUND
- 07 PHILLIP PEARL FUND
- 08 PHILLIP RECOVERY FUND
- 09 PHILLIP SELECT BALANCE FUND

Unit Trust Funds

Global

- 01 PHILLIP ASIAPAC INCOME FUND
- 02 PHILLIP FOCUS CHINA FUND
- 03 PHILLIP GLOBAL STARS FUND
- 04 PHILLIP DANA DIVIDEN *
- 05 PHILLIP GLOBAL DISRUPTIVE INNOVATION FUND

**Note: Shariah options are available*

For more information, please refer to www.phillipcapital.com.my

Please click on the [link](#) to learn more or email us at phillipmutual@phillipcapital.com.my if you require any further information.

DISCLAIMER: This compilation is prepared by Phillip Mutual Berhad ("PMB") in its capacity as an IUTA approved by the Federation of Investment Managers Malaysia ("FIMM") for specific Funds distributed by PMB. The information contained herein is general information only and not intended for public distribution. It is furnished to the recipient on a confidential basis. It does not take into account your individual objectives, financial situations or needs. You should seek your own professional advisers before investing. No part of this document may be circulated or reproduced without prior permission of PMB and does not constitute an offer, invitation or solicitation to invest in the specific Funds. Any investment product or service offered by PMB is not obligations of, deposits in or guaranteed by PMB. You are advised to read and understand the relevant prospectuses for the Funds, which have been registered with the Securities Commission Malaysia who takes no responsibility for the contents. The respective prospectuses to the Funds are obtainable at any of our offices, website and authorised agents. Any issue of units to which the prospectuses relate will only be made on receipt of the duly completed application form referred to in and accompanying the prospectuses. Investment in unit trust funds is not the same as placing money in a deposit with a financial institution. There are risks involved, and investors should rely on their own evaluation to assess the merits and risks when investing in these funds. There are also fees and charges involved and investors are advised to consider them before investing in the Funds. Investment in shares and bonds may go up as well as down. The prices of units and distribution payable, if any, may also go up as well as down. Past performance of the unit trust funds is not an indication of its future performance. If investors are in any doubt about any feature or nature of the investment, they should consult PMB to obtain further information before investing or seek other professional advice for the suitability of the Funds and to their specific investment needs or financial situations. Information contained herein are based on the law and practise currently in force in Malaysia and are subject to changes in such law without any notice.