EQ8 DOW JONES ISLAMIC 25 ETF

(EQ8MY25 MK EQUITY, DJMT.KL)

TRADING BUY

(UPGRADED)

Price: RM 1.01

Target Price (% return): RM 1.16 (+15%)

52-week High/Low: RM0.95 /RM1.10

Exchange-Traded Fund

Rationale for report: Company Result

Illiquid nature presents trading opportunity

The Tech sector has rallied strongly, leaving valuations less compelling. Any profit-taking is likely to trigger a rotation into defensive names, positioning the fund to outperform given its defensive portfolio and the attractive valuations of its underlying holdings. In addition, the fund's highly illiquid nature (~RM4.1k 3-month avg. daily traded value) continues to present tactical trading opportunities. Taken together, we upgrade the fund to TRADING BUY with a TP of RM1.16.

- **Upgrade to TRADING BUY with TP of RM1.16 (from RM1.07).** This is based on Am's TP (for stocks under our coverage) and consensus TPs (for stocks not under our coverage). This implies a 11% premium/discount to NAV, but a 17% premium to its market price—a gap created by its illiquid nature.
- **Plantations offer resilient yields and upside potential.** At 18% of NAV, the sector is the ETF's single largest weighting. CPO prices are holding firm on sturdy edible-oil demand from regional biodiesel mandates — Indonesia's B50, Malaysia's B15, and firmer US blending. The next leg of upside may come from the skies: a possible Super El Niño could tighten fresh-fruit-bunch supply and lift our CPO forecast 10% to RM4,800/tonne — a 10-20% earnings uplift skewed to larger upstream producers like SD Guthrie, IOI and KLK.
- **Oil & gas is transitioning from balance-sheet repair to cash delivery.** We forecast FY26F Brent at USD95/bbl as Middle East supply disruptions tighten the market, supporting a structural Brent floor above USD80/bbl through 2027–28. This underpins healthy upstream economics and a gradual recovery in Petronas capex to RM45–50bn in FY26–28F (from RM42bn in 2025). The fund is well positioned through Dialog, Petronas Gas, PetChem and Petronas Dagangan, with stronger cash flows supporting resilient earnings and 4–5% dividend yields.
- **Telcos remain compelling.** The sector offers a rare combination of resilient earnings visibility, attractive dividend yields of 4–5% and undemanding valuations, with the two mobile operators trading at double-digit discounts to their five-year average valuation multiples. Service revenue continues to grow at a low-single-digit pace. Further upside could come from cost efficiencies driven by merger synergies and spending discipline. We believe concerns over DNB are overstated, as it largely represents a reallocation of costs from depreciation and network expenses to access charges and associate contributions.

Analyst (s)

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Key Changes

Target Price: ⬆

Stock and Financial Data

Units in circulation (million)	64.60
Market Cap (RMmil)	64.60
NAV (RM/Share)	1.04
P/NAV (x)	0.96
Premium/Discount (%)	-4.0%
MER (%)	0.49
Free Float	100

Fund info

Date of inception	22-Jan-08
Shariah compliance	Yes
ISIN	MYL0821EA008
Stock code	0821EA
Short name	EQ8MY25
Bloomberg ticker	EQ8MY25 MK Equity
Benchmark index	DJIM Mly Ttns 25
Min tradable lot	100
Min creation/redemption value (mil)	0.290
Website	www.eq8.com.my

Management

Fund manager	Eq8 Capital Sdn Bhd
Investment manager	n.a.
Trustee	Deutsche Trustee Malaysia
Shariah adviser	Amanie Advisors
Participating dealer	CGS Internation Securities RHB Investment Bank

EXHIBIT 1. Income distribution yield

Year	Income distribution yield (%)
2025	1.44
2024	1.34
2023	1.72
2022	1.79
2021	1.94

Source: EQ8MY25, AmInvestment Bank Bhd.

EXHIBIT 2. Manager's performance

Period	Tracking error (%)
1M	0.58
1Y	0.24
3Y	0.25
5Y	0.23

Source: EQ8MY25, AmInvestment Bank Bhd.

EXHIBIT 3. Total return

Year	Fund (excl. dividend)	Benchmark (excl. dividend)
2026 – YTD	2.60	1.86
2025	-2.80	-2.67
2024	6.44	7.19
2023	1.85	0.05
2022	-11.84	-13.40
2021	-10.61	-7.75

Source: EQ8MY25, AmInvestment Bank Bhd.

EXHIBIT 4. Fund performance

Total return (%) *[excl. dividend]*	1M	3M	6M	1Y	3Y	5Y
Price	-2.27	-1.13	2.25	7.56	8.85	-6.18
NAV	-3.85	-2.91	2.04	3.95	2.88	-10.71
Benchmark	-3.22	-2.21	1.45	6.01	7.21	-11.32

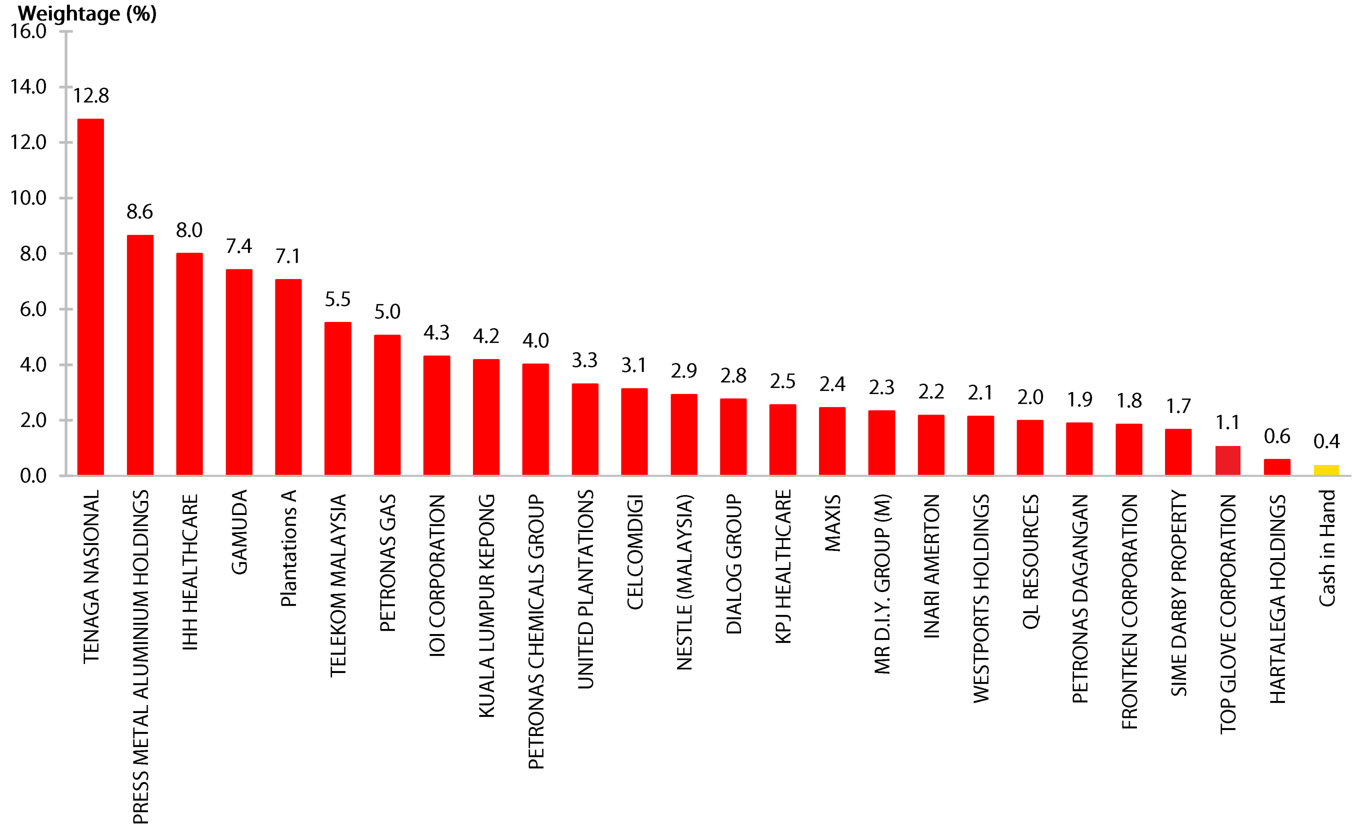
Source: EQ8MY25, AmInvestment Bank Bhd.

EXHIBIT 5. EQ8MY25 – NAV & FV

Stock	No. of shares	Market Price (RM/share)	Market Value (RM '000)	TP (RM/share)	Source	Target Value (RM '000)
TENAGA NASIONAL	603	14.30	8,622	14.18	Ambank	8,550
PRESS METAL ALUMINIUM HOLDINGS	775	7.50	5,814	9.67	Consensus	7,496
IHH HEALTHCARE	646	8.32	5,375	10.23	Consensus	6,611
GAMUDA	1,227	4.06	4,983	5.27	Consensus	6,468
Plantations A	775	6.12	4,744	7.34	AmBank	5,691
TELEKOM MALAYSIA	495	7.48	3,705	6.85	AmBank	3,393
PETRONAS GAS	194	17.52	3,395	18.10	Ambank	3,508
IOI CORPORATION	668	4.33	2,890	4.47	AmBank	2,984
KUALA LUMPUR KEPONG	129	21.70	2,804	21.70	AmBank	2,804
PETRONAS CHEMICALS GROUP	603	4.47	2,695	5.38	Consensus	3,245
UNITED PLANTATIONS	65	34.34	2,218	34.34	Consensus	2,218
CELCOMDIGI	711	2.95	2,096	3.58	Consensus	2,540
NESTLE (MALAYSIA)	22	91.10	1,962	73.00	AmBank	1,572
DIALOG GROUP	969	1.91	1,851	2.40	AmBank	2,327
KPJ HEALTHCARE	538	3.18	1,712	3.55	Consensus	1,911
MAXIS	474	3.47	1,644	4.45	AmBank	2,108
MR D.I.Y. GROUP (M)	947	1.65	1,563	1.90	AmBank	1,800
INARI AMERTON	668	2.18	1,455	1.70	AmBank	1,135
WESTPORTS HOLDINGS	237	6.05	1,433	4.50	Ambank	1,066
QL RESOURCES	345	3.86	1,330	4.26	Consensus	1,469
PETRONAS DAGANGAN	65	19.64	1,269	21.05	Consensus	1,360
FRONTKEN CORPORATION	258	4.79	1,238	5.42	Consensus	1,399
SIME DARBY PROPERTY	818	1.36	1,113	2.39	Consensus	1,952
TOP GLOVE CORPORATION	1,077	0.67	716	0.50	Ambank	538
HARTALEGA HOLDINGS	388	1.00	386	1.00	AmBank	388
Cash In Hand			255			255
NAV			67,268			74,921
NAV/unit			1.04			1.16

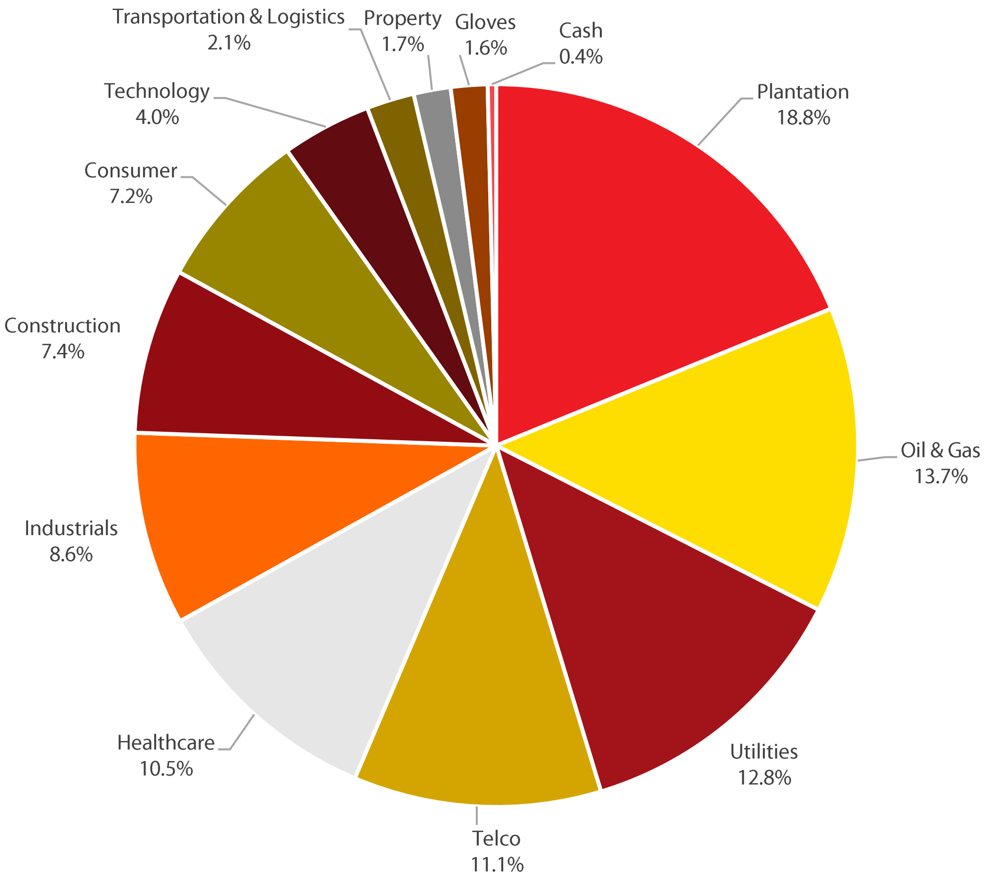
Source: EQ8MY25, AmInvestment Bank Bhd.

EXHIBIT 6. EQ8MY25 – Constituents & weightings (%)



Source: EQ8MY25, AmInvestment Bank Bhd.

EXHIBIT 7. EQ8MY25 – Sectorial breakdown (%)



Source: EQ8MY25, AmInvestment Bank Bhd.

EXHIBIT 8. Glossary

Creation Application	An application to create new Units
Redemption Application	An application to redeem existing Units
Creation Unit Block	The quantity of Units which will be issued upon a successful Creation Application in respect of one whole In-Kind Creation Basket This quantity of Units may change from time to time as determined by the Manager, approved by the Trustee and notified to the Participating Dealers
Redemption Unit Block	The quantity of Units which are required to be delivered to the Trustee in exchange for one whole In-Kind Redemption Basket in a Redemption Application. This quantity of Units may change from time to time as determined by the Manager, approved by the Trustee and notified to the Participating Dealers
Creation Securities	The Permitted Investments which, together with the Cash Component (if any), comprise an In-Kind Creation Basket or multiples thereof, are required to be deposited with the Trustee (but which shall not form part of the Fund Assets until such time as the Creation Application is successfully completed) by or for the account of a Participating Dealer pursuant to an approved and successful Creation Application submitted by that Participating Dealer.
Redemption Securities	The Permitted Investments which, together with the Cash Component (if any), comprise an In-Kind Redemption Basket or multiples thereof, are to be distributed from the Fund to or for the account of a Participating Dealer pursuant to an approved and successful Redemption Application submitted by that Participating Dealer in accordance with the provisions of the Deed.
Tracking error	The volatility from the average of excess returns versus the benchmark of defined granularity over the timeframe specified. Tracking error is used as a measure of quality of benchmark tracking.

For more info on the definition of ETF and benefits of investing in it, kindly refer to http://www.bursamarketplace.com/mkt/themarket/etf.
For more info about the ETF, kindly refer to the fund's website, Bursa's website or its prospectus.

EXHIBIT 9. Performance

TRADING BUY	Minimum expected total return (capital gains + dividend yield) of 15%, contingent upon the occurrence of certain event(s).
BUY	Minimum expected total return (capital gains + dividend yield) of 15% over a period of 12 months.
HOLD	Expected total return (capital gains + dividend yield) of between <+15% and >-15% over a period of 12 months).
UNDERWEIGHT	Minimum expected negative total return (capital gains + dividend yield) of 15%–20% over a period of 12 months.
SELL	Minimum expected negative total return (capital gains + dividend yield) of >20% over a period of 12 months.
UNRATED	Stock not within AmBank Research regular coverage; AmBank Research does not have a view on its fair value and valuation.
ACCEPT OFFER	Shareholders are recommended to accept the offer of share acquisition after an evaluation by the analyst that shows the offer is “fair and reasonable”, providing an exit opportunity to the shareholders to realise their investment in cash at the offer price.

Source: AmInvestment Bank Bhd.

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