

Strategy

Portfolio Pulse

Rationale for report: Market Strategy Update

Analyst (s)

Paul Yap Ee Xing, CFA
paul.ee-xing@ambankgroup.com
+603 2036 2281

Closing time

The market's mood is shifting. The AI/DC narrative that fuelled the recent advance is giving way to a tug of war between optimism and caution. Rising US Treasury yields are tightening financial conditions and raising the hurdle for further gains. As year-end approaches, institutional investors are also becoming more inclined to preserve performance than add risk, while a busier equity issuance calendar into Nov is set to absorb liquidity. Domestically, Budget 2027 and a potential minimum wage review are likely to increase margin pressure on labour intensive industries. Together, these forces are likely to keep the secondary market range-bound through year-end.

- **Year end fund raising could dampen market momentum.** Domestic institutional cash levels fell 0.8pp MoM to 6.6%. We estimate that recent placements, together with upcoming large IPOs, could absorb RM6–7bil from the market, reducing cash levels by a further ~2pp. Nov 2026 is expected to be particularly busy, with the anticipated listings of a major pharmacy chain and a REIT. At the same time, fund managers are likely to become increasingly defensive as they seek to preserve gains. Funds with meaningful exposure to the Tech and Industrials have generated returns of 5–20% YTD.
- **Higher bond yields favour commodities over growth.** The rise in US long-term borrowing costs is a headwind for growth stocks. Higher discount rates reduce the present value of long duration cash flows, disproportionately impacting high growth sectors. We estimate every 25bp increase in interest rates lowers fair values for Malaysian Tech stocks by ~6%. Conversely, commodities tend to outperform in rising rate environments, particularly when yields are driven by inflation expectations. This could warrant a revisit of the plantation sector following its recent pullback. The World Meteorological Organisation now assigns a near-100% probability that the Super El Niño will persist through February 2027. Prolonged dry weather is expected to weigh on palm yields, tightening supply and supporting higher CPO prices. Current plantation valuations imply a long-term CPO price of ~RM4,500/tonne, below our assumption of RM4,800/tonne. We also see upside risk to our CPO forecast should the Super El Niño prove more severe or prolonged than currently expected.
- **Budget 2027 to keep consumer spending in focus.** Budget 2027, due to be tabled on 9 Oct, is likely to strike a balance between fiscal discipline and supporting domestic demand. Higher oil prices are expected to lift the fuel subsidy bill and constrain fiscal flexibility. We expect the government to prioritise targeted cost-of-living measures and infrastructure spending over broad-based stimulus. We continue to favour consumer names such as 99SMART, supported by a further expansion of the Sumbangan Asas Rahmah (SARA) programme and other targeted cash transfers. Another key catalyst to watch is the minimum wage review. While higher wages should support household purchasing power and consumer spending, they could also intensify margin pressures for labour-intensive industries.
- **Don't fix what isn't broken.** Our model portfolio is up 4% YTD, outperforming the FBM100 by 5pp, with high-conviction ideas continuing to drive alpha. Key contributors include Kelington and Jati Tinggi. In Aug 2026, we raised Kelington's TP to RM12.30/share to reflect stronger contract win assumptions, with our

Top picks

Sorted by market cap

CIMB Group

BUY, TP: RM9.80 (+35%)
Market cap: RM10.8bil

Hong Leong Bank

BUY, TP: RM28.00 (+29%)
Market cap: RM49.1bil

Hong Leong Financial Group

BUY, TP: RM33.00 (+84%)
Market cap: RM21.2bil

Greatech

Buy, TP: RM3.60 (+40%)
Market cap: RM6.5bil

V.S. Industry

BUY, TP: RM0.60 (+115%)
Market cap: RM1.1bil

Keyfield

BUY, TP: RM1.76 (+37%)
Market cap: RM1.1bil

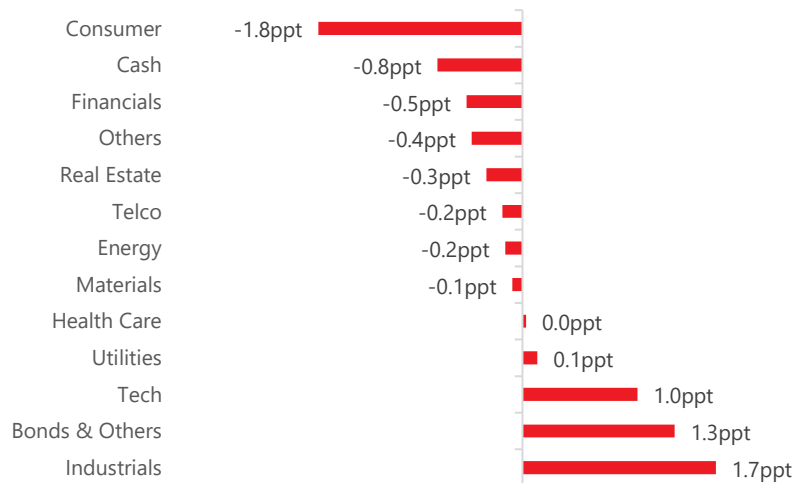
Jati Tinggi

BUY, TP: RM2.00 (+46%)
Market cap: RM616mil

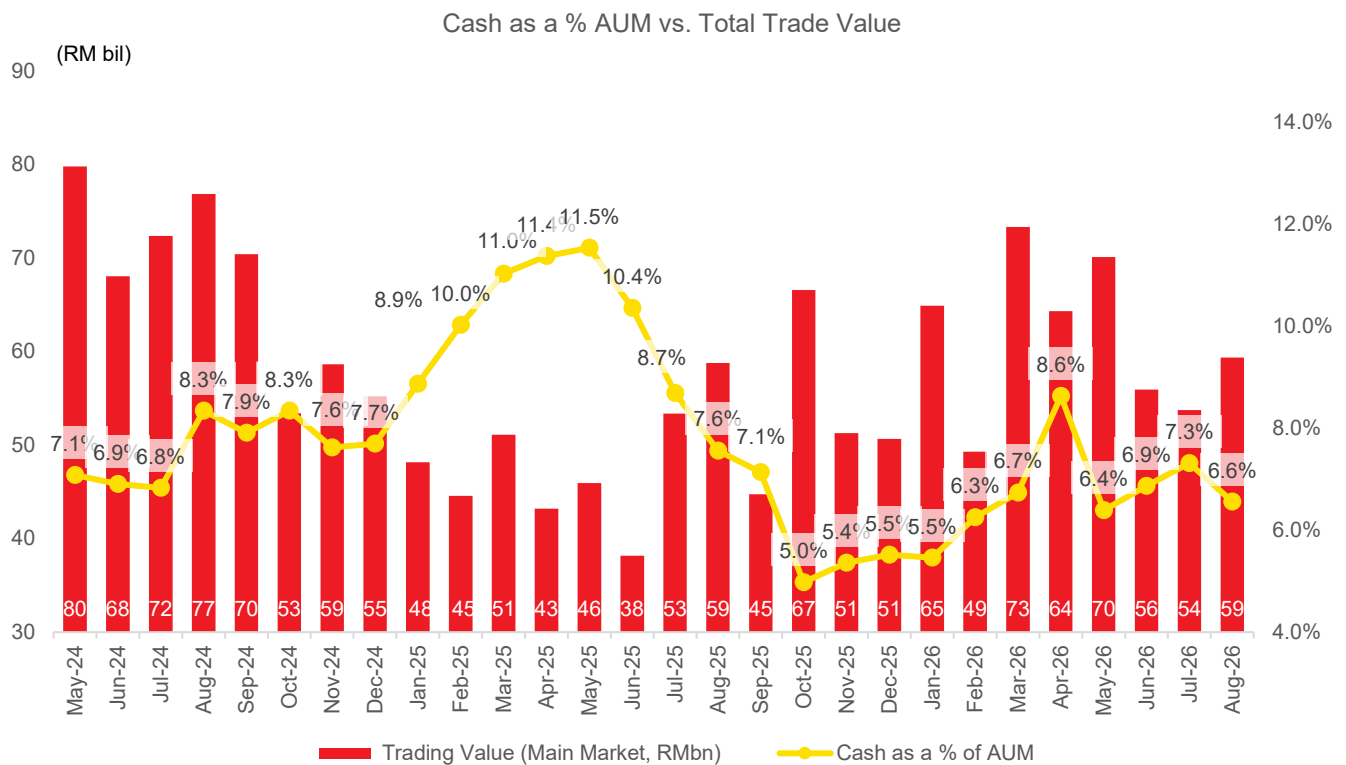
Karex

BUY, TP: RM0.60 (+36%)
Market cap: RM464mil

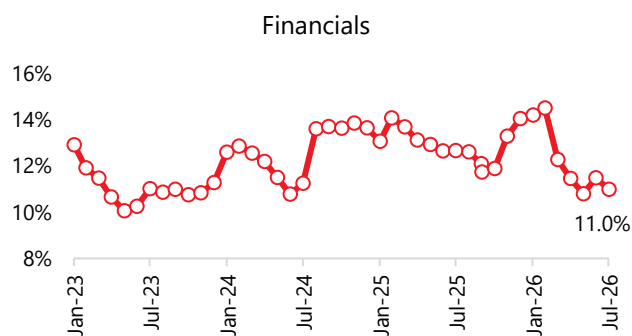
earnings forecast remaining ~20% above consensus. We also upgraded Jati Tinggi's TP to RM2.00/share following its record RM1.1bil order book, as the stock continues to re-rate on the back of a multi-year power infrastructure cycle, underpinned by TNB's accelerating grid capex and rising power demand from data centres

EXHIBIT 1. MoM Change

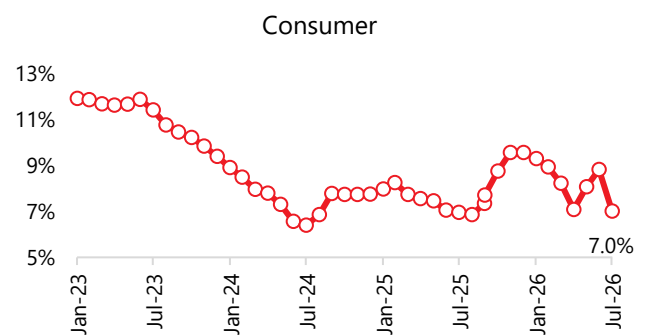
Source: AmInvestment Bank Bhd

EXHIBIT 2. Cash as a % of AUM against Total Trade Value

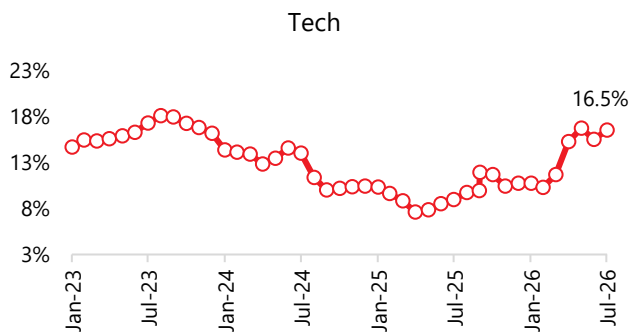
Source: AmInvestment Bank Bhd

EXHIBIT 3. Financials as a % of AUM

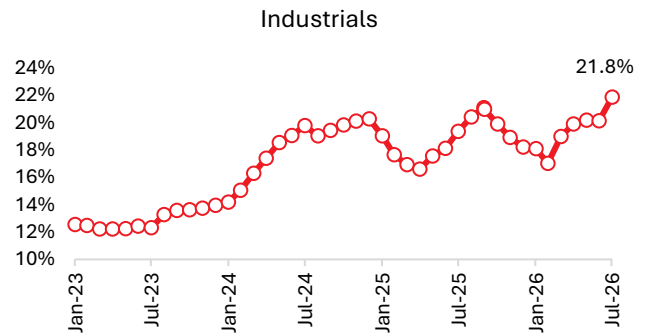
Source: AmInvestment Bank Bhd

EXHIBIT 4. Consumer as a % of AUM

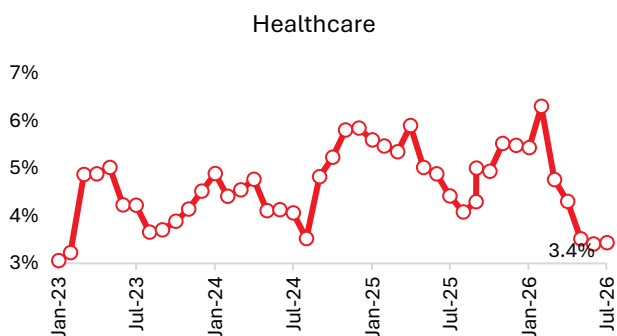
Source: AmInvestment Bank Bhd

EXHIBIT 5. Tech as a % of AUM

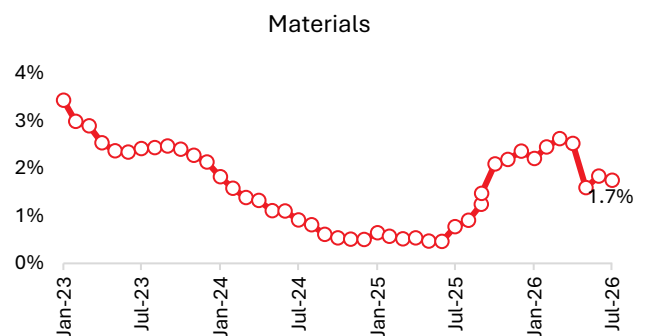
Source: AmInvestment Bank Bhd

EXHIBIT 6. Industrials as a % of AUM

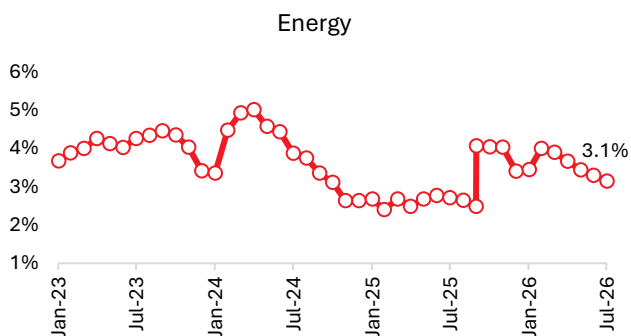
Source: AmInvestment Bank Bhd

EXHIBIT 7. Healthcare as a % of AUM

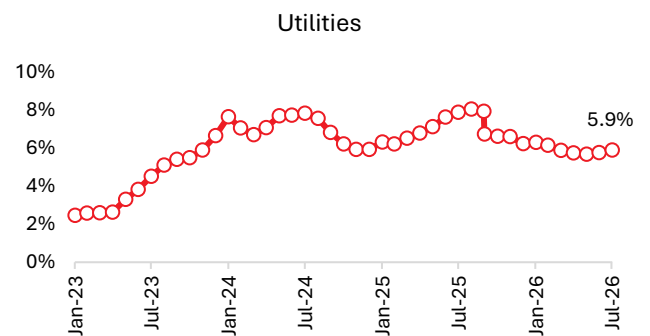
Source: AmInvestment Bank Bhd

EXHIBIT 8. Materials as a % of AUM

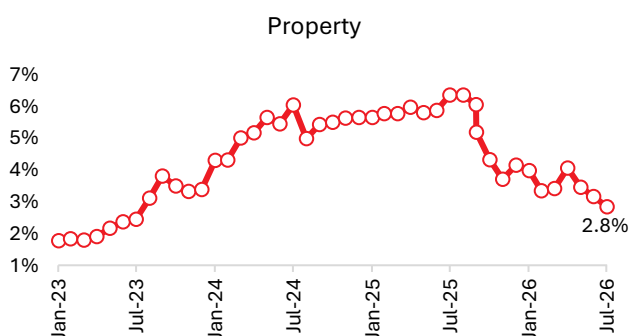
Source: AmInvestment Bank Bhd

EXHIBIT 9. Energy as a % of AUM

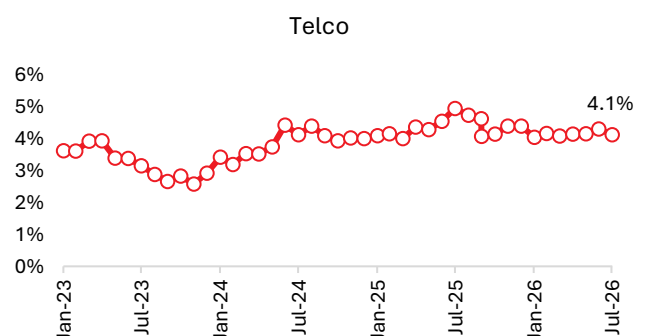
Source: AmInvestment Bank Bhd

EXHIBIT 10. Utilities as a % of AUM

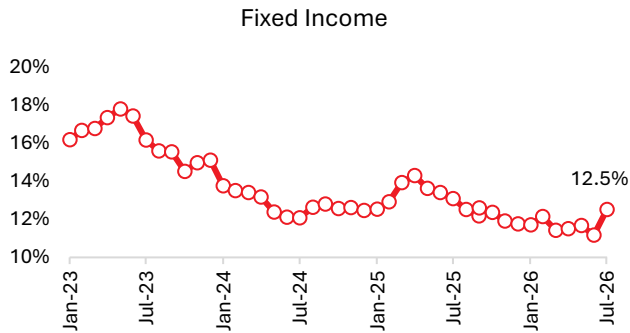
Source: AmInvestment Bank Bhd

EXHIBIT 11. Property as a % of AUM¹⁾ Inclusive of REITs

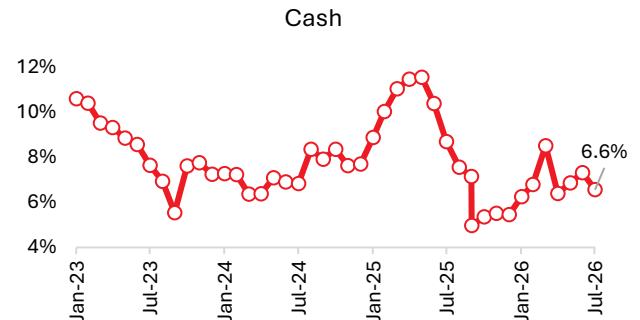
Source: AmInvestment Bank Bhd

EXHIBIT 12. Telco as a % of AUM

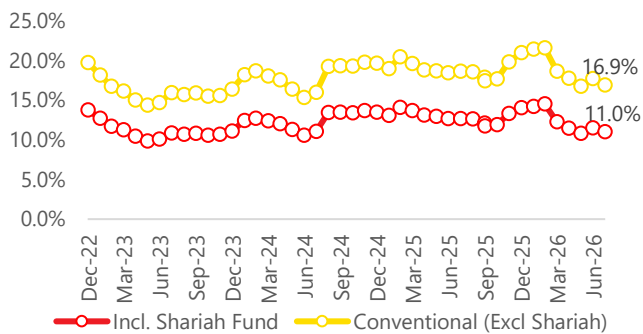
Source: AmInvestment Bank Bhd

EXHIBIT 13. Fixed income as a % of AUM

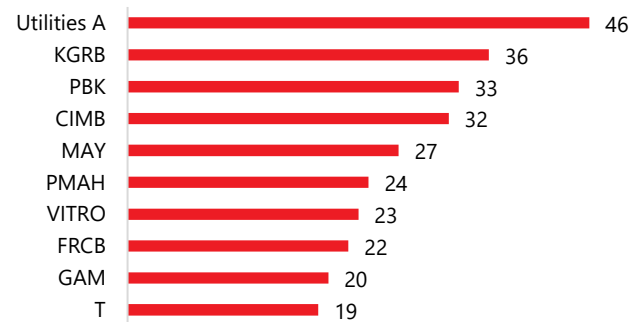
Source: AmInvestment Bank Bhd

EXHIBIT 14. Cash as a % of AUM

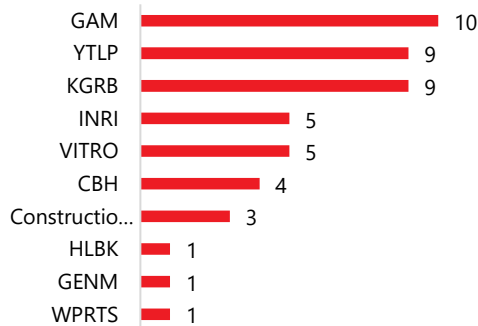
Source: AmInvestment Bank Bhd

EXHIBIT 15. Financials as a % of AUM (Shariah vs non-Shariah)

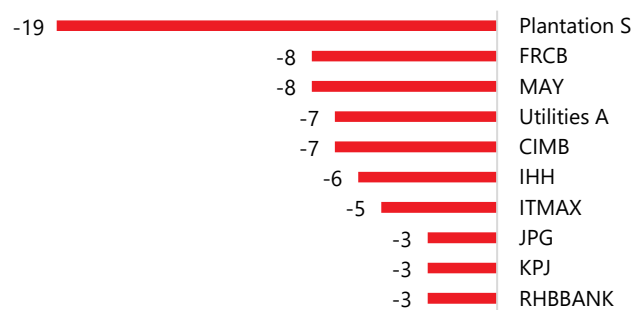
Source: AmInvestment Bank Bhd

EXHIBIT 16. Top stock count

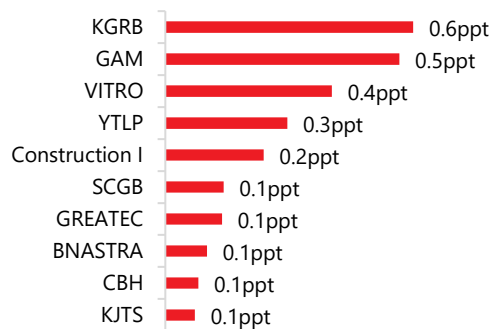
Source: AmInvestment Bank Bhd

EXHIBIT 17. Stock count (MoM addition)

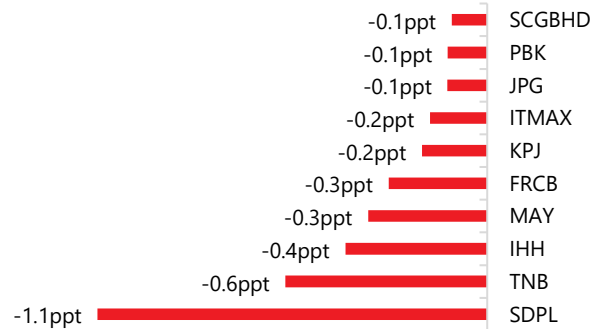
Source: AmInvestment Bank Bhd

EXHIBIT 18. Stock count (MoM reduction)

Source: AmInvestment Bank Bhd

EXHIBIT 19. MoM inflows

Source: AmInvestment Bank Bhd

EXHIBIT 20. MoM outflows

Source: AmInvestment Bank Bhd

EXHIBIT 21. Local Institutions' Fund Flow

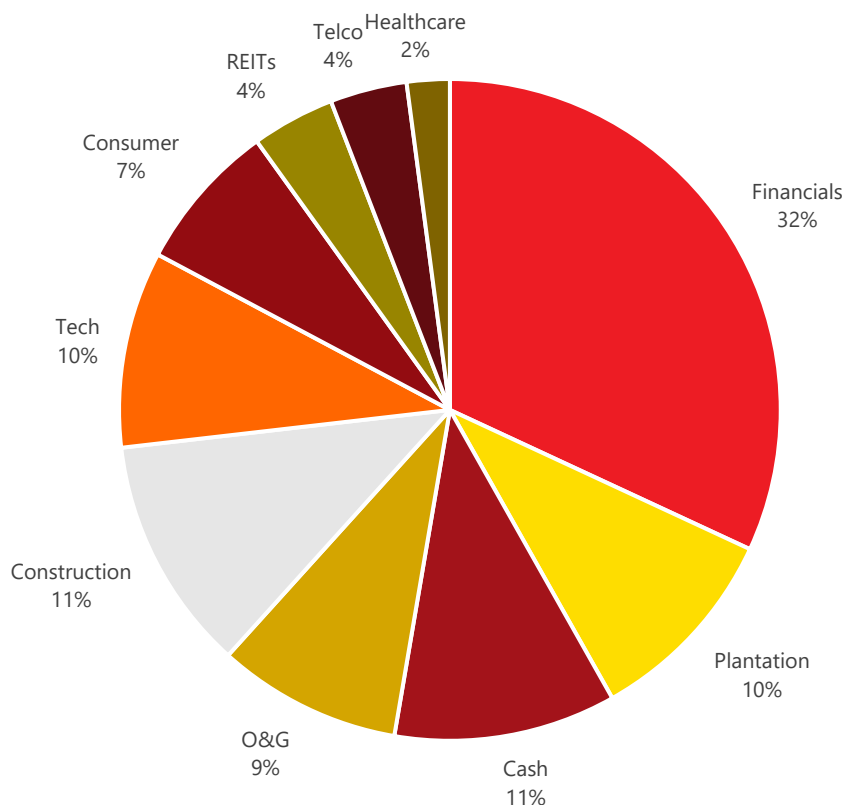
Net Flows by Sector (RMmn)		Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Local Insti	Plantations	-60.3	20.8	-102.9	143.4	86.1	-164.6	-58.8	-367.5	-456.0	91.3	91.9	86.2	103.7	-228.5
	Industrial	514.4	89.3	69.3	-86.3	-193.1	937.3	-463.8	-198.8	66.9	295.2	26.8	591.9	554.7	26.6
	Commodities	208.7	83.4	125.1	-72.7	115.4	-79.1	-13.6	135.6	-70.3	340.8	219.1	131.8	102.0	87.9
	Consumer	-0.4	57.2	51.7	96.9	101.2	147.0	106.1	120.1	91.4	622.6	121.4	71.1	-57.5	-134.0
	Banks	978.8	1,279.7	1,778.5	-287.9	1,110.7	-440.1	-310.6	839.3	-1,045.5	-156.6	923.7	-948.2	340.2	103.4
	Financials	8.3	-53.9	43.3	4.7	-24.4	-8.6	-8.3	47.7	7.3	-12.3	-11.5	-58.0	-2.0	-220.8
	Telcos	13.0	146.1	127.1	-42.7	95.1	-9.5	36.7	369.5	141.8	224.0	305.1	94.1	34.7	23.6
	Tech	108.0	60.5	299.2	323.0	-89.3	-85.7	34.1	-54.1	389.4	195.4	-28.1	496.5	511.2	70.1
	EMS	-55.4	-31.4	-133.0	-65.7	-72.6	-30.8	-13.0	-145.4	-81.4	-63.8	-63.7	53.9	124.6	33.5
	Software	-21.5	-18.3	-144.8	-92.9	-164.3	-104.0	-99.7	-15.4	-54.7	-61.6	-55.9	22.5	-240.0	-188.7
	Construction	69.8	103.5	116.3	198.7	221.5	-121.6	-255.9	58.1	255.7	291.8	305.8	85.1	540.4	462.7
	Utilities	687.2	395.9	354.1	628.2	1,418.6	6.7	-406.4	-93.9	305.8	882.3	110.5	-474.3	294.0	361.8
	Property	-21.7	5.8	47.7	-69.9	-134.1	83.5	-74.9	83.1	74.5	81.0	84.4	-45.7	-23.3	-136.2
	REITs	-12.8	-1.5	187.3	-55.7	-28.2	-13.6	0.5	-41.4	74.7	40.9	-45.6	-3.1	15.3	-87.5
	Gaming	-51.5	28.6	-174.9	-35.3	-65.0	-33.6	-12.7	-97.6	-9.3	-34.3	-24.9	-48.3	-50.2	-20.7
	Travel	2.8	-0.9	20.6	-45.1	10.7	-8.4	8.0	-216.8	-103.2	-55.3	27.2	-42.2	-121.6	-70.6
	Transport	56.8	-122.4	54.5	-28.3	12.7	-116.4	-262.2	-289.2	313.6	-42.6	-84.3	-372.2	-329.7	-183.7
	Gloves	-142.9	-61.3	6.0	-115.3	-40.5	-39.3	-20.8	65.7	247.6	26.3	-66.8	-63.6	-49.6	110.1
	Hospitals	551.7	125.0	760.9	9.3	139.4	293.3	-42.0	-689.0	-114.5	302.7	403.1	-18.1	-43.3	206.3

Source: Dibots, AmInvestment Bank Bhd

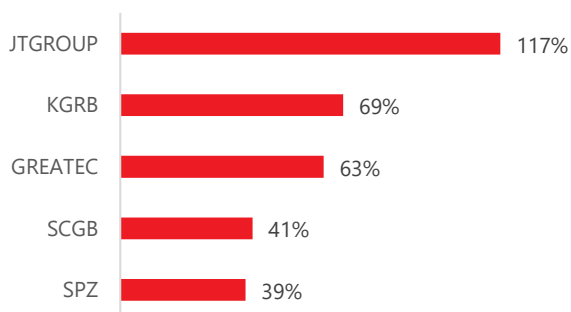
EXHIBIT 22. Foreign Institutions' Fund Flow

Net Flows by Sector (RMmn)		Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Foreign Insti	Plantations	-53.1	11.9	126.7	327.9	-75.1	162.8	26.4	525.6	425.1	-167.0	-105.9	59.7	-115.6	371.5
	Industrial	-257.6	169.4	16.0	56.0	220.6	751.7	439.6	188.0	18.1	-238.7	-89.3	-676.4	-239.0	-117.7
	Commodities	-61.1	-86.5	-115.0	-27.5	-98.8	48.1	42.9	503.7	382.2	-414.3	-272.5	-137.9	-175.7	1.3
	Consumer	-116.4	48.8	6.1	-82.5	-118.7	33.0	-55.6	-212.8	-273.7	-982.8	-214.1	-67.8	-227.8	-112.6
	Banks	-1,010.4	-1,171.7	-1,869.2	436.8	185.8	1,387.3	183.2	-900.4	453.3	-477.9	-1,141.9	1,086.8	-1,309.7	-1,470.3
	Financials	-56.2	36.5	-71.8	-2.3	38.2	52.8	35.3	6.1	7.6	11.6	-1.6	27.7	-8.6	157.2
	Telcos	14.8	-122.6	-113.9	69.2	-56.8	9.8	-105.3	-387.0	-187.8	-319.1	-358.3	-51.0	-79.8	-78.8
	Tech	-5.4	83.8	112.0	-292.8	-91.3	37.1	-34.3	8.9	248.0	618.3	371.4	-466.9	-269.9	-48.4
	EMS	-22.9	32.7	-31.0	-5.3	17.6	-24.1	-38.7	12.0	-22.8	83.3	78.6	-13.9	47.3	-46.7
	Software	-29.9	-23.2	40.5	6.5	78.2	39.5	-60.0	-147.5	25.0	-34.4	14.0	-90.4	-52.7	23.3
	Construction	140.8	-126.5	-281.1	-185.2	-317.2	-249.9	137.7	-220.2	-112.9	-380.4	-246.4	-34.6	-130.2	-97.3
	Utilities	-559.0	-376.6	-309.3	-810.7	-1,518.4	-44.1	268.5	177.4	-4.5	-703.0	-45.2	422.4	65.1	-531.2
	Property	-72.1	27.5	-200.9	53.1	19.1	-48.0	49.7	-183.8	-69.6	-106.8	-149.6	-2.8	4.8	-29.1
	REITs	-14.1	9.6	-185.4	75.9	28.6	63.1	37.0	117.3	-25.2	-41.6	35.4	-11.4	-63.2	61.9
	Gaming	-88.8	-20.4	751.0	498.0	-127.1	-53.5	-17.6	-105.2	-36.2	-38.0	-61.9	-29.7	-44.7	-21.2
	Travel	-10.1	-9.0	10.7	-11.9	-9.6	97.6	-73.3	-92.1	-16.4	-48.4	0.3	-5.3	6.7	19.6
	Transport	-60.9	114.7	-59.5	24.2	-1.2	118.2	273.1	303.5	-315.4	36.1	86.0	376.2	321.1	180.5
	Gloves	3.1	9.0	-58.9	-21.4	23.6	-33.0	0.7	33.2	-87.9	11.6	-23.0	21.0	-8.3	108.0
	Hospitals	-538.4	-116.6	-729.1	-12.8	-106.9	-242.5	67.0	425.0	-175.2	-399.1	-405.6	101.4	125.5	-137.6

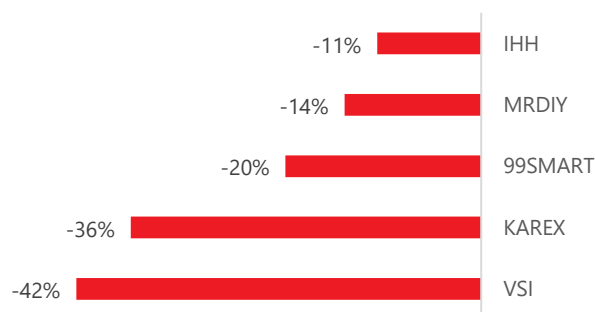
Source: Dibots, AmInvestment Bank Bhd

EXHIBIT 23. Model Port sector allocation

Source: AmInvestment Bank Bhd

EXHIBIT 24. Top 5 best performing holdings (YTD)

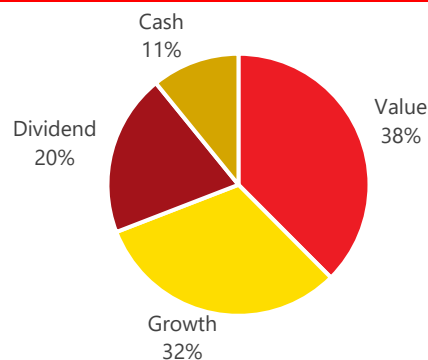
Source: AmInvestment Bank Bhd

EXHIBIT 25. Top 5 worst performing holdings (YTD)

Source: AmInvestment Bank Bhd

EXHIBIT 26. Fund performance (since inception)

Source: AmInvestment Bank Bhd

EXHIBIT 27. Portfolio allocation

Source: AmInvestment Bank Bhd

EXHIBIT 28. Model Port

Companies	No. of shares (mil)	Base Price (RM)	Last Price as of 02 Oct 2026	Actual Value (RMmil)	%	Sector	Type
Cash (incl. Dividend)				33.5	10.9%	Cash	Cash
Hong Leong Financial Group Bhd	1.4	20.92	18.48	25.6	8.3%	Financials	Value
Hong Leong Bank Bhd	1.0	22.74	22.84	21.8	7.1%	Financials	Value
CIMB Group Holdings Bhd	2.7	7.99	7.74	21.0	6.8%	Financials	Dividend
Public Bank Berhad	4.2	4.87	4.69	19.8	6.4%	Financials	Value
MISC Bhd	1.6	8.80	7.62	12.0	3.9%	O&G	Dividend
Telco M	3.3	3.87	3.49	11.6	3.8%	Telco	Value
Sunway Construction Group Bhd	1.9	6.78	7.57	14.5	4.7%	Construction	Growth
RHB Bank Bhd	1.4	8.48	7.41	10.3	3.3%	Financials	Dividend
Johor Plantations Group Bhd	6.7	1.53	1.76	11.8	3.8%	Plantation	Value
Keyfield International Bhd	7.3	1.42	1.36	9.9	3.2%	O&G	Growth
Plantation S	1.6	5.64	6.06	9.6	3.1%	Plantation	Value
Kelington Group Berhad	1.7	4.87	8.57	14.5	4.7%	Tech	Growth
Sunway Real Estate Investment	3.2	2.43	2.02	6.6	2.1%	REITs	Dividend
IHH Healthcare Bhd	0.8	8.89	7.71	6.5	2.1%	Healthcare	Value
Pavilion Real Estate Investmen	3.9	1.85	1.54	6.0	1.9%	REITs	Dividend
Greatech Technology Bhd	3.7	1.90	2.57	9.5	3.1%	Tech	Growth
Gamuda Bhd	1.7	4.15	5.15	8.6	2.8%	Construction	Growth
99 Speed Mart Retail Holdings	1.9	3.48	3.02	5.9	1.9%	Consumer	Growth
MR DIY Group M Bhd	3.7	1.71	1.26	4.7	1.5%	Consumer	Growth
Petronas Gas Bhd	0.3	18.14	17.32	5.8	1.9%	O&G	Dividend
VS Industry Bhd	20.2	0.31	0.28	5.6	1.8%	Tech	Growth
Karex Berhad	10.9	0.51	0.45	4.9	1.6%	Consumer	Growth
Spritzer Bhd	2.0	2.72	3.63	7.1	2.3%	Consumer	Growth
Jati Tinggi Bhd	8.8	0.59	1.40	12.3	4.0%	Construction	Growth
IOI Corp Bhd	1.1	3.92	4.69	5.1	1.7%	Plantation	Value
Kuala Lumpur Kepong Bhd	0.2	19.24	21.42	4.1	1.3%	Plantation	Value
Total Portfolio Value				308.7			
			VALUE AS OF 31 DEC 2025	295.8			
			YTD Return	4.35%			
			FBM100 YTD	-0.98%			
			FBMKLCI YTD	-2.60%			

Source: AmInvestment Bank Bhd

DISCLOSURE AND DISCLAIMER

This report is prepared for information purposes only and it is issued by AmInvestment Bank Berhad ("AmInvestment") without regard to your individual financial circumstances and objectives. Nothing in this report shall constitute an offer to sell, warranty, representation, recommendation, legal, accounting or tax advice, solicitation or expression of views to influence any one to buy or sell any real estate, securities, stocks, foreign exchange, futures or investment products. AmInvestment recommends that you evaluate a particular investment or strategy based on your individual circumstances and objectives and/or seek financial, legal or other advice on the appropriateness of the particular investment or strategy.

The information in this report was obtained or derived from sources that AmInvestment believes are reliable and correct at the time of issue. While all reasonable care has been taken to ensure that the stated facts are accurate and views are fair and reasonable, AmInvestment has not independently verified the information and does not warrant or represent that they are accurate, adequate, complete or up-to-date and they should not be relied upon as such. All information included in this report constitute AmInvestment's views as of this date and are subject to change without notice. Notwithstanding that, AmInvestment has no obligation to update its opinion or information in this report. Facts and views presented in this report may not reflect the views of or information known to other business units of AmInvestment's affiliates and/or related corporations (collectively, "AmBank Group").

This report is prepared for the clients of AmBank Group and it cannot be altered, copied, reproduced, distributed or republished for any purpose without AmInvestment's prior written consent. AmInvestment, AmBank Group and its respective directors, officers, employees and agents ("Relevant Person") accept no liability whatsoever for any direct, indirect or consequential losses, loss of profits and/or damages arising from the use or reliance of this report and/or further communications given in relation to this report. Any such responsibility is hereby expressly disclaimed.

AmInvestment is not acting as your advisor and does not owe you any fiduciary duties in connection with this report. The Relevant Person may provide services to any company and affiliates of such companies in or related to the securities or products and/or may trade or otherwise effect transactions for their own account or the accounts of their customers which may give rise to real or potential conflicts of interest.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located. If any provision of this disclosure and disclaimer is held to be invalid in whole or in part, such provision will be deemed not to form part of this disclosure and disclaimer. The validity and enforceability of the remainder of this disclosure and disclaimer will not be affected.