1Q26 Outlook and Strategy

A Fresh Breadth For The Ringgit

Market Review and Outlook

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Summary

- **US stock markets remain in an uptrend as focus shifts from fading tariff risks to Fed rate cuts and AI infrastructure. While industrial deregulation and "US-First" defense offer growth, the pivot toward lower rates supports high-growth companies. However, potential economic slowdowns following the government shutdown could introduce volatility to overstretched markets.**
- **Closer to home, following the US rate cuts, foreign funds may eye Malaysia for bargain-hunting. Given clarity on (i) US-MY reciprocal tariffs, (ii) rising data center and AI investments, and (iii) the 13MP, VMY2026, and NETR/NIMP blueprints, there appears to be a favourable investing window for the near to medium term.**
- **We favour selected stocks in the Building Material, Consumer, Financial, Healthcare, Plantation, Solar, Technology, and Telecommunications.**

FBMKLCI	1680.11
Resistance	1700-1720
Support	1620-1640

Indices	4Q25 (%)
KLCI	4.2%
FBMSCAP	-5.3%
FBMACE	-5.8%
Financial Services	8.0%
Plantation	7.0%
Consumer	4.4%
Ind Products	1.3%
Transport	1.0%
REITs	1.0%
Property	-0.5%
Energy	-1.2%
Healthcare	-2.9%
Technology	-3.6%
Telco & Media	-4.0%
Construction	-9.8%
Utilities	-10.7%

1Q26 Stock picks	S1	S2	R1	R2
MCEMENT	7.16	6.73	8.46	8.75
SCGBHD	2.18	2.00	2.52	2.70
99SMART	3.57	3.38	4.03	4.20
HLIND	16.64	16.08	17.52	18.08
LWSABAH	1.36	1.29	1.60	1.69
UCHITEC	3.11	3.00	3.32	3.42
OSK	1.50	1.40	1.90	2.00
KPJ	2.53	2.40	3.27	3.40
INNO	1.76	1.69	2.00	2.10
SLVEST	3.11	2.97	3.50	3.65
ITMAX	3.55	4.45	5.20	5.30
VSTECS	3.87	3.69	4.50	4.70
TIMECOM	5.41	5.23	5.58	6.00

Seasonality Analysis

- **FBMKLCI closing on a high note.** As anticipated, the month of December ended positively. Throughout the past 25 years, the KLCI index has ended on a positive note more than 90% of the time in December, with an average return of 2.3% (Fig #1). Backed by buying support within the banking, utilities, and consumer sectors, the index performed extremely well in Dec-2025.

Fig #1 FBM KLCI Heat Map (2001-2025)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Return
2001	7.1%	-2.5%	-8.7%	-9.7%	-2.0%	3.5%	11.2%	4.2%	-10.5%	-2.5%	6.3%	9.1%	2.4%
2002	3.3%	-1.4%	6.7%	5.0%	-6.6%	-2.2%	-0.5%	-1.4%	-10.3%	3.4%	-4.6%	2.7%	-7.1%
2003	2.9%	-2.7%	-1.7%	-0.8%	6.5%	3.1%	4.1%	3.2%	-1.3%	11.4%	-4.6%	1.9%	22.8%
2004	3.1%	7.4%	2.6%	-7.1%	-3.3%	1.1%	1.7%	-0.7%	2.7%	1.3%	6.5%	-1.1%	14.3%
2005	1.0%	-1.0%	-4.0%	0.9%	-2.1%	3.2%	5.5%	-2.5%	1.5%	-1.8%	-1.6%	0.4%	-0.8%
2006	1.6%	1.6%	-0.2%	2.4%	-2.3%	-1.4%	2.3%	2.4%	1.0%	2.1%	9.3%	1.4%	21.8%
2007	8.5%	0.6%	4.2%	6.0%	1.9%	0.6%	1.4%	-7.3%	4.9%	5.8%	-1.2%	3.4%	31.8%
2008	-3.6%	-2.6%	-8.1%	2.6%	-0.3%	-7.0%	-2.0%	-5.4%	-7.4%	-15.2%	0.3%	1.2%	-39.3%
2009	0.9%	0.7%	-2.0%	13.5%	5.4%	3.0%	9.3%	-0.1%	2.4%	3.4%	1.3%	1.1%	45.2%
2010	-1.1%	0.9%	3.9%	2.0%	-4.6%	2.3%	3.6%	4.5%	2.9%	2.9%	-1.4%	2.3%	19.3%
2011	0.1%	-1.9%	3.6%	-0.7%	1.5%	1.3%	-1.9%	-6.6%	-4.2%	7.6%	-1.3%	4.0%	0.8%
2012	-0.6%	3.2%	1.7%	-1.6%	0.6%	1.2%	2.0%	0.9%	-0.6%	2.2%	-3.7%	4.8%	10.3%
2013	-3.6%	0.6%	2.1%	2.8%	3.0%	0.2%	-0.1%	-2.5%	2.4%	2.2%	0.3%	3.0%	10.5%
2014	-3.4%	1.8%	0.7%	1.2%	0.1%	0.5%	-0.6%	-0.3%	-1.1%	0.5%	-1.8%	-3.3%	-5.7%
2015	1.1%	2.2%	0.5%	-0.7%	-3.9%	-2.3%	1.0%	-6.4%	0.5%	2.8%	0.4%	1.2%	-3.9%
2016	-1.5%	-0.8%	3.8%	-2.6%	-2.8%	1.7%	0.0%	1.5%	-1.5%	1.2%	-3.2%	1.4%	-3.0%
2017	1.8%	1.3%	2.7%	1.6%	-0.1%	-0.1%	-0.2%	0.7%	-1.0%	-0.4%	-1.7%	4.6%	9.4%
2018	4.0%	-0.7%	0.4%	0.4%	-6.9%	-2.8%	5.5%	2.0%	-1.5%	-4.7%	-1.7%	0.6%	-5.9%
2019	-0.4%	1.4%	-3.8%	-0.1%	0.5%	1.3%	-2.2%	-1.4%	-1.8%	0.9%	-2.3%	1.7%	-6.0%
2020	-3.6%	-3.2%	-8.9%	4.2%	4.7%	1.9%	6.8%	-4.9%	-1.3%	-2.5%	6.5%	4.1%	2.4%
2021	-3.7%	0.7%	-0.3%	1.8%	-1.1%	-3.2%	-2.5%	7.1%	-4.0%	1.6%	-3.1%	3.5%	-3.7%
2022	-3.5%	6.3%	-1.3%	0.8%	-1.9%	-8.0%	3.3%	1.3%	-7.8%	4.7%	1.9%	0.4%	-4.6%
2023	-0.7%	-2.1%	-2.2%	-0.5%	-2.0%	-0.8%	6.0%	-0.5%	-1.9%	1.3%	0.7%	0.1%	-2.7%
2024	4.0%	2.5%	-1.0%	2.6%	1.3%	-0.4%	2.2%	3.3%	-1.8%	-2.9%	-0.5%	3.0%	12.9%
2025	-5.2%	1.1%	-3.9%	1.8%	-2.1%	1.6%	-1.3%	4.1%	2.3%	-0.2%	-0.3%	4.7%	2.3%
Avg Monthly Return	0.3%	0.6%	-0.5%	1.0%	-0.7%	-0.1%	2.2%	-0.2%	-1.5%	1.0%	0.0%	2.3%	4.9%
Up	13	15	12	16	10	15	15	12	9	17	10	23	14
Down	12	10	13	9	15	10	10	13	16	8	15	2	11
Up/Down Ratio**	1.1	1.5	0.9	1.8	0.7	1.5	1.5	0.9	0.6	2.1	0.7	11.5	1.3

**More than 1 is positive indication that the winning rate is high (example: Dec is 11.0 is super solid month to have success trades)

Source: Bloomberg

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- **The FBM Small Cap closed flat.** Bucking the strong KLCI trend, the December closing was flat, in tandem with the probability and average returns in the Small Cap heat map. Trading ideas were scattered within mid and small-cap stocks as investors navigated the strong Ringgit environment.

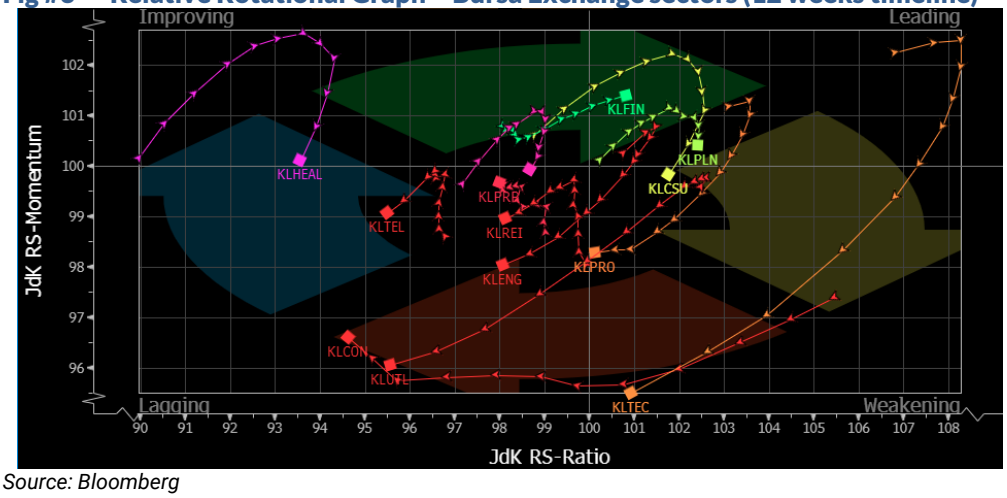
Fig #2 FBM Small Cap Heat Map (2001-2025)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Return
2001	6.3%	-9.0%	-13.0%	1.5%	3.7%	-0.4%	15.4%	0.4%	-17.1%	3.0%	12.4%	1.5%	-0.4%
2002	4.9%	-4.7%	8.8%	9.1%	-7.7%	-4.6%	-0.7%	-2.2%	-11.1%	1.6%	-2.0%	-1.7%	-11.7%
2003	2.2%	-5.3%	-3.5%	0.9%	9.1%	7.2%	8.7%	4.4%	-0.2%	11.9%	-5.0%	0.0%	32.7%
2004	2.5%	6.8%	-0.8%	-3.1%	-8.5%	-2.2%	0.8%	-4.9%	1.8%	-1.3%	6.2%	-0.3%	-3.9%
2005	-0.3%	-1.6%	-5.1%	-3.6%	-10.1%	2.0%	2.4%	-3.5%	0.3%	-4.1%	-3.3%	-1.0%	-25.0%
2006	5.6%	2.9%	3.1%	7.6%	-4.4%	1.3%	0.2%	0.5%	1.0%	5.1%	8.9%	2.9%	39.8%
2007	9.9%	7.1%	6.4%	12.2%	-2.7%	9.0%	8.8%	-10.5%	5.1%	9.1%	-5.3%	4.0%	63.7%
2008	-7.9%	-3.9%	-7.6%	5.2%	-0.5%	-8.2%	-4.0%	-3.6%	-9.2%	-19.9%	1.9%	-0.9%	-46.6%
2009	0.7%	-1.9%	-2.4%	22.1%	13.0%	4.2%	7.6%	0.4%	0.5%	2.1%	-2.0%	3.0%	55.1%
2010	4.2%	0.4%	6.4%	1.5%	-8.3%	2.2%	7.3%	-3.5%	4.0%	5.1%	-1.5%	5.2%	24.2%
2011	2.9%	-4.4%	4.7%	0.8%	-2.4%	-0.5%	-1.7%	-9.4%	-8.3%	11.1%	-0.2%	1.3%	-7.6%
2012	8.3%	1.0%	-3.1%	-0.5%	-4.4%	1.7%	3.2%	-1.3%	-3.6%	2.6%	-4.9%	0.1%	-1.6%
2013	-0.2%	-0.1%	5.9%	-0.5%	24.1%	-4.5%	4.1%	-2.9%	5.6%	3.5%	-1.0%	0.4%	36.7%
2014	0.0%	5.3%	3.6%	1.8%	0.1%	2.7%	6.3%	-2.4%	0.3%	-5.2%	-7.1%	-8.6%	-4.2%
2015	5.6%	4.7%	-2.0%	1.4%	-2.9%	-1.8%	2.0%	-14.3%	6.6%	6.9%	-0.2%	1.9%	6.0%
2016	-5.7%	0.5%	3.2%	-1.2%	-1.0%	-1.2%	1.6%	-1.1%	1.5%	-0.3%	-6.6%	2.7%	-7.7%
2017	4.8%	2.2%	8.4%	3.4%	-2.3%	1.1%	-1.0%	-3.1%	1.2%	2.8%	-3.7%	1.6%	15.9%
2018	0.2%	-2.1%	-11.1%	-1.9%	-5.3%	1.5%	5.4%	-2.2%	-0.6%	-11.4%	-4.4%	-7.1%	-33.7%
2019	7.2%	3.6%	1.3%	7.2%	-7.9%	3.6%	4.2%	-4.9%	0.8%	5.4%	-2.4%	6.1%	25.4%
2020	-6.3%	-4.1%	-27.7%	20.2%	9.0%	-1.7%	10.1%	5.0%	-6.3%	0.5%	14.2%	5.7%	9.9%
2021	-2.5%	7.9%	2.3%	2.7%	-7.0%	-3.6%	0.0%	3.4%	0.8%	7.0%	-7.7%	-0.7%	1.3%
2022	-1.6%	5.3%	-0.3%	2.9%	-7.0%	-8.8%	0.5%	0.5%	-4.6%	4.2%	4.5%	-0.1%	-5.3%
2023	8.3%	-4.5%	-1.1%	1.5%	-4.2%	0.1%	5.0%	3.1%	0.7%	-2.0%	1.6%	1.5%	9.6%
2024	2.2%	0.4%	3.1%	3.4%	4.1%	3.6%	0.6%	-10.1%	-0.6%	-2.3%	2.0%	3.9%	9.8%
2025	-5.1%	-6.6%	-2.1%	-1.6%	0.7%	-0.9%	2.8%	0.1%	5.8%	-5.6%	0.0%	0.3%	-12.2%
Avg Monthly Return	1.9%	0.0%	-0.9%	3.7%	-0.9%	0.1%	3.6%	-2.5%	-1.0%	1.2%	-0.2%	0.9%	6.8%
Up	17	13	12	18	8	13	20	9	15	16	9	16	13
Down	8	12	13	7	17	12	5	16	10	9	16	9	12
Up/Down Ratio**	2.1	1.1	0.9	2.6	0.5	1.1	4.0	0.6	1.5	1.8	0.6	1.8	1.1

**More than 1 is positive indication that the winning rate is high

Source: Bloomberg

Fig #3 Relative Rotational Graph – Bursa Exchange sectors (12 weeks timeline)



Source: Bloomberg

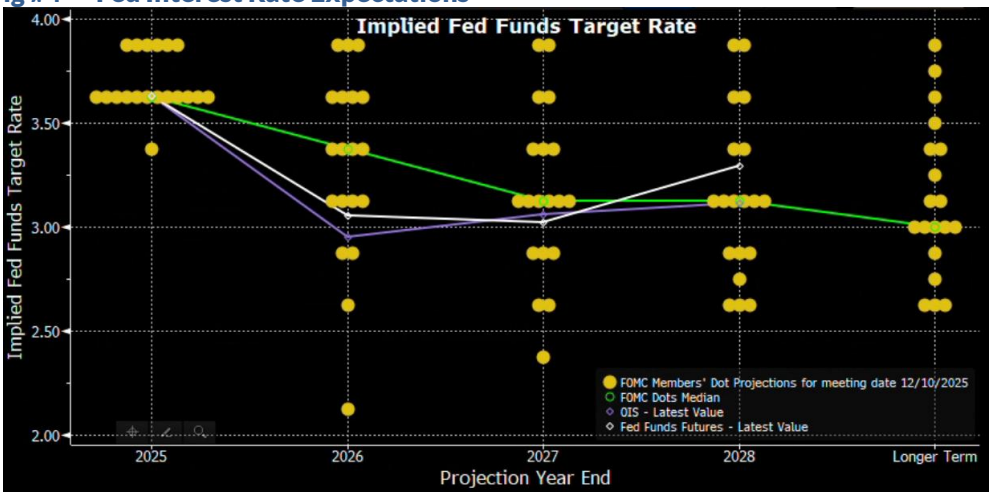
- **Strong retreat in export-oriented sectors.** Over the past 12 weeks, after a strong improvement in the Technology sector in 3Q25, it has retreated from the leading to the weakening quadrant, alongside the Healthcare sector. We believe this was due to the strengthening bias of the Ringgit. Meanwhile, the Finance and Plantation sectors were amongst the leaders in 4Q25 on the back of a stronger Ringgit and stable crude palm oil futures, where the 100-day moving average stood at RM4,285.

US Review and Outlook

- **President Trump's Tariff agenda faded.** Although 2025 started with a strong tone from President Trump on tariffs tantrum globally, this has eventually faded. The market is now focusing on AI developments and concerns over an economic slowdown following the US government shutdown. These trading catalysts have offset the tariff agenda, and investors are more concerned with whether the Fed will reduce interest rates.

- **Declining interest rate environment.** With the Fed starting interest rate cuts over the past few meetings, the market is pricing in further cuts in 2026. We believe jobs data and inflationary pressures are currently manageable; the expected interest rate for end-2026 should be around the 2.95% region.

Fig #4 Fed Interest Rate Expectations



Source: Bloomberg

- **Trump's MAGA 2.0: National security and deregulation.** We believe a second Trump term would be more closely aligned with a MAGA industrial policy, driven by increased defense spending and strict national security mandates. Simultaneously, we expect the administration to roll back aggressive oversight on fintech and banking. This shift would allow domestic financial challengers to capture market share from legacy institutions, unburdened by previous regulatory headwinds. We favour the following companies.
  - **Kratos ($KTOS):** A "US-First" defense leader with unmanned drone systems for the military.
  - **SoFi ($SOFI):** The fintech challenger, primed to gain from banking deregulation and lower oversight.
  - **Amazon ($AMZN):** Global dominance in cloud and retail logistics.

- **Human authenticity premium.** As generative AI commoditises information production, the market is structurally rotating toward verifiable human consensus. We view the 'Reddit append' behaviour as definitive market signalling. It proves that real human conversation is now the most valuable thing on the internet. Search incumbents may now integrate this human layer, re-rating real user experience as the critical hedge against synthetic saturation. We favour the following companies.
  - **Alphabet ($GOOGL):** The full-stack pioneer; utilizing in-house Tensor Processing Units (TPUs) with strong database of user contents.
  - **Reddit ($RDDT)**: Proprietary access to organic human dialogue creates a scarce and high-value asset class, which serves as a defensive moat.

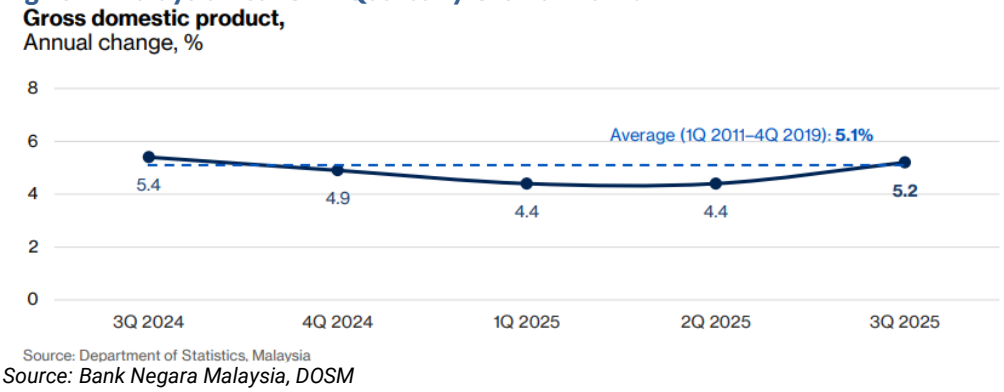
- **AI-Data Center Proxies: The energy and infrastructure supercycle.** Beyond the chips themselves, the primary bottleneck for AI has shifted to physical infrastructure, specifically power. We believe the energy sector now represents the essential "picks and shovels" play for the 2026 era. Energy companies are positioned to address the massive electricity demands of high-density clusters operated by both Hyperscalers (global cloud giants) and Neoclouds (specialized AI-compute providers). Besides, market leadership is rotating away from pure-play AI software and toward hard assets. This shift includes specialized semiconductor designers focusing on custom infrastructure (ASICs) and utilities capable of delivering gigawatt-scale energy. We favour the following companies.
  - **Vistra ($VST):** The gigawatt-scale power provider, which is essential for energy-hungry AI data centers.
  - **Broadcom ($AVGO):** The infrastructure backbone that dominates custom AI chips (ASICs) and networking.
  - **CoreWeave ($CRWV):** The high-performance "Neocloud", specialised GPU infrastructure for AI scaling.

- **The "Fed Pivot" and high-growth resurgence.** While the Trump Trade prioritizes industrial strength and domestic manufacturing, the Fed focuses on valuation expansion. As the Federal Reserve navigates a soft landing and implements rate cuts, cost-of-capital-sensitive companies are primed for a significant re-rating. We expect liquidity to flow back into high-growth, wide-moat innovators that dominate specialised niches within the advanced medical logistics and regional e-commerce leaders, which were previously suppressed by the high-interest-rate environment. We favour the following companies.
  - **TransMedics ($TMDX):** A medical company that has proprietary tech for organ transplant logistics.
  - **MercadoLibre ($MELI):** The regional e-commerce engine and riding on Latin America's digital growth surge.

Malaysia Review and Outlook

- **In 3Q 2025, Malaysia's economy grew by 5.2%,** driven by strong net exports and sustained domestic spending. The labour market remained resilient with 3% unemployment, while headline inflation stayed stable at 1.3%. Also, the Ringgit appreciated against major currencies, reflecting improved investor confidence and steady investment activities.

Fig #5 Malaysia Real GDP Quarterly Growth YoY%



Source: Bank Negara Malaysia, DOSM

- **The Ringgit trend continues to strengthen.** The Ringgit hovered around the RM4.20 zone for 3Q25 but strengthened towards RM4.06/USD in 4Q25. This trend emerged after reciprocal tariffs were confirmed and expectations for the Fed's interest rate

direction shifted, negatively impacting the dollar index. However, the impact has been felt in export-oriented sectors like Gloves and Technology.

Fig #6 Ringgit trend (2020-2025)



Source: Bloomberg

- **Brent Oil stabilised around USD60-65.** With more peaceful headlines in the Middle East and Ukraine, Brent oil prices have declined. Demand may continue to stay soft with the rising EV trend and manufacturing efficiencies. However, recent resurgence in Ukraine-Russia tensions could see a short-term spike towards USD65-70.

Fig #7 Brent oil Weekly (2020-2025)



Source: Bloomberg

- **Foreign Funds Outflow in 4Q25.** In 4Q25, foreign funds saw an outflow of -RM5.81bn, with a cumulative YTD outflow of RM22.23bn (second largest outflow over the past 7 years). Despite this outflow, the FBM KLCI was holding well with positive return of 2.3% to 1,680.11 pts, supported by the positive inflow by the local institutions. We expect the interest rate cut environment in the US could be helping this trend, and funds may be looking at emerging markets at least for the near term.

Fig #8 Foreign funds participation net inflow/ outflow (RM' bn)



Source: Bursa Market Place (as at end-2025)

Market performances and review

- **The MSCI World and S&P 500 remain at premiums,** with P/E ratios of 23.9x and 27.3x respectively, compared to their 10-year average P/E ratios of 20.2x and 22.3x. This premium is largely supported by the prevailing AI theme and high expectations surrounding AI and data centre developments, following the large CAPEX being invested by major US players such as Meta, Google, Microsoft, and Nvidia.

- **In contrast, the FBM KLCI is trading at a discount** with a P/E ratio of 15.9x, which is lower than its 10-year average of 16.9x. This P/E has been creeping up from the 14x zone given the shift in sentiment toward large-cap stocks following the strengthening of the Ringgit. We believe the FBM KLCI remains at a discount, with optimism fuelled by the ongoing execution of the National Energy Transition Roadmap and the growing data centre theme. Coupled with a strong Ringgit environment, these factors could support overall economic activity going forward.

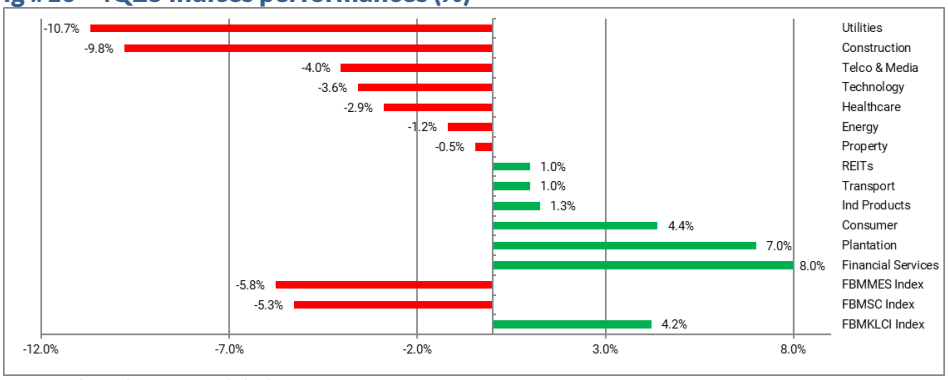
Fig #9 FBMKLCI P/E Band



Source: Bloomberg

- **Performance was positive across the board.** In 4Q25, the FBM KLCI gained 4.2%, but both the FBM Small Cap and FBM ACE declined -5.3% and -5.8%, respectively. Sector-wise, the leading sector includes Finance (8.0%), Plantation (+7.0%), and Consumer (+4.4%). On the other hand, the Utilities (-10.7%), Construction (-9.8%) and Telecommunications (-4.0%) were the laggards.

Fig #10 4Q25 indices performances (%)



Source: Bloomberg, M+ Global

1Q26 Strategy – Domestic-Driven and Strong Ringgit

- **Trade and tariffs – "business as usual".** Following a volatile 2025 characterised by "tariff tantrums" and subsidy rationalisation and clarity given following President Trump's 19% reciprocal tariff on Malaysian products, the 1Q2026 is seen as the period in which domestic catalysts—specifically the 13th Malaysia Plan (13MP), Visit Malaysia Year 2026 (VMY2026), and strengthening Ringgit environment will drive the market performance.

- **Ringgit strengthening biased environment.** We expect the Ringgit to stay within the range of RM3.90-4.10/USD over the next few months, given the expectation of further rate cuts in the US, which may weaken the USD and provide some reprieve for Malaysia's domestic-driven sectors such as Consumer, REITs, and Banking.

- **Visit Malaysia Year 2026…** Malaysia's tourism sector is projected to be one of the economic drivers for 2026, with the government targeting 47 million international arrivals and RM329bn in tourism receipts. This should promote and elevate the attractiveness of Malaysia's position as a premier, sustainable, and high-value global destination in the SEA region. We believe this could lift the sentiment within the Aviation, Hospitality, REITs, Healthcare, and Consumer sectors.

- **…spilling over to medical tourism and the silver economy.** As Malaysia's aging population environment matures, it should drive demand for healthcare, retirement solutions, and senior-friendly services. Healthcare providers, pharmaceutical firms, and wellness-related businesses present long-term opportunities, especially in the aging population environment. We maintain a positive outlook on the Healthcare segment and Sunway Hospital's upcoming listing may boost the appetite for the Healthcare sector.

- **Growing Malaysia as a data center hub.** The strategic partnerships between ARM Holdings and Malaysia, alongside the YTL-Nvidia collaboration, significantly bolster the nation's standing in high-value semiconductor and AI manufacturing. This momentum is expected to drive positive sentiment across the technology sector, particularly benefiting Electronics Manufacturing Services (EMS) players in Johor. Furthermore, the Johor-Singapore Special Economic Zone (JSSEZ) is poised to act as a primary catalyst for long-term economic expansion over the coming decade.

- **NETR is a crucial long-term catalyst.** Ongoing developments in the NETR and the NIMP are expected to further catalyse growth in green energy, automation, and high-tech manufacturing. With the government targeting 70% renewable energy generation by 2050, substantial investment opportunities are emerging within the utilities sector, specifically across natural gas, water, and renewable energy segments. Also, Solar ATAP that will be launching in Jan-2026, will replace the previous NEM scheme and drive RE adoption moving forward.

- **Net cash companies with stable dividend yields.** In a volatile market, defensive investors may favour companies with solid balance sheets, strong net-cash positions, and reliable dividends. Hence, we believe sectors such as Utilities, Telecommunications, and REITs, may be decent to provide healthy yields for investors. Moreover, the Consumer sector present additional opportunities for defensive and attractive investment.

Fig #11 Factors/ Elements/ Theme for 4Q25 sectors and stock picks

Companies	Sector	AI/ Data Center	Power/ Electricity/ NETR	RM Beneficiary	Solid Orderbook	Net cash/ Dividend Yield	Quality scoring	Momentum Scoring	Combined Scoring
ATECH	Technology	✓			✓	✓	B	B	B
GESHEN	Technology	✓					A	A	A
ITMAX	Technology	✓			✓	✓	A	A	A
EG	Technology	✓					A	A	A
KJTS	Utilities		✓	✓	✓	✓	C	A	A
YTL	Utilities	✓	✓	✓	✓		C	A	A
SAMAIDEN	Renewable Energy		✓	✓	✓	✓	A	A	A
SSB8	Construction	✓	✓	✓	✓	✓	A	B	A
SDS	Consumer			✓		✓	A	D	C
SPRITZER	Consumer			✓		✓	C	A	A
MNRB	Financial			✓		✓	B	C	B
KPJ	Healthcare			✓			A	A	A
INNO	Plantation			✓		✓	A	A	A

Source: M+ Global

- **In 4Q25, we selected these 13 potential stocks**, supported by various catalysts like rising AI adoption, sustainable trends in renewable energy, coupled with defensive Utilities and Consumer sectors.

Fig #12 Market Chat Tracker – 4Q25 Stock Picks

4Q25 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Support 1 (RM)	Support 2 (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	ATECH	6-Oct	1.116	1.260	1.320	0.970	0.920	0.900	0.820	-26.5%	Initiated on 6/10/2025
2	GESHEN	6-Oct	1.600	1.040	1.100	0.750	0.690	0.670	1.630	1.9%	Initiated on 6/10/2025
3	ITMAX	6-Oct	4.750	1.310	1.400	1.030	0.940	0.920	4.770	0.4%	Initiated on 6/10/2025
4	EG	4-Jul	1.206	4.250	4.500	3.250	3.090	3.030	1.080	-10.4%	Initiated on 4/7/2025
5	KJTS	4-Jul	1.167	4.690	4.830	4.100	4.000	3.920	1.460	25.1%	Initiated on 4/7/2025
6	YTL	4-Jul	2.455	1.300	1.360	1.080	0.980	0.960	2.040	-16.9%	Initiated on 4/7/2025
7	SAMAIDEN	6-Oct	1.377	0.960	1.000	0.760	0.700	0.680	1.400	1.7%	Initiated on 6/10/2025
8	SSB8	6-Oct	0.615	2.150	2.280	1.900	1.800	1.760	0.635	3.3%	Initiated on 6/10/2025
9	SDS	6-Oct	0.824	1.500	1.550	1.290	1.240	1.220	0.710	-13.8%	Initiated on 6/10/2025
10	SPRITZER	6-Oct	2.130	1.600	1.700	1.390	1.320	1.290	2.670	25.4%	Initiated on 6/10/2025
11	MNRB	6-Oct	1.950	6.000	6.100	4.680	4.470	4.380	2.080	6.7%	Initiated on 6/10/2025
12	KPJ	6-Oct	2.757	1.340	1.400	1.150	1.080	1.060	2.690	-2.4%	Initiated on 6/10/2025
13	INNO	6-Oct	1.787	3.570	3.900	2.300	2.050	2.010	1.860	4.1%	Initiated on 6/10/2025
	Average Return									-0.1%	

Source: Bloomberg, M+ Global

- **The results were flat mixed bag of gains,** contributing to -0.1% return for the quarter as strong Ringgit has hit the technology stocks throughout the period. However, we believe some of the stocks that has gained substantially could continue to grow.

Fig #13 Factors/ Elements/ Theme for 1Q26 sectors and stock picks

Companies	Sector	RM Beneficiary	AI/ Data Center	Power/ Electricity/ NETR/ Infrastructure	VMY2026/ Medical Tourism	Net cash/ Dividend Yield	Quality scoring	Momentum Scoring	Combined Scoring
MCEMENT	Building Material	✓	✓	✓		✓	A	A	A
SCGBHD	Building Material	✓	✓	✓		✓	A	A	A
99SMART	Consumer	✓			✓	✓	A	A	A
HLIND	Consumer	✓				✓	B	B	B
LWSABAH	Consumer	✓			✓		B	B	B
UCHITEC	Consumer					✓	A	A	A
OSK	Financial	✓		✓	✓	✓	B	B	B
KPJ	Healthcare	✓			✓		A	A	A
INNO	Plantation					✓	A	A	A
SLVEST	Solar	✓	✓	✓			A	A	A
ITMAX	Technology	✓	✓	✓		✓	A	A	A
VSTECS	Technology		✓			✓	A	A	A
TIMECOM	Telecommunications	✓	✓	✓		✓	C	C	C

Source: M+ Global

- **1Q26 Stock Picks.** We have gone through the list and found these 13 stocks will be a good representation for 1Q26. In view of catalysts such as (i) stronger ringgit environment, (ii) Visit Malaysia 2026 and medical tourism, (iii) booming data center trend, and (iv) NETR, this will provide direction for investors to navigate in 1Q26.

MCEMENT – Building The Largest Cement Player

- **Malayan Cement Berhad is the largest cement player** in Malaysia with a total production capacity of 25.1m MT, accounting for approximately 65.0% of Malaysia's cement production capacity.
- **Synergy from Hume Cement.** YTL's RM215m acquisition of Hume Concrete strengthens MCEMENT's market leadership. This consolidation drives profitability by reducing overlapping costs and optimising logistics. Crucially, it positions MCEMENT to capture rising demand from the 13th Malaysia Plan (13MP) and Johor's data centre boom, ensuring high-volume growth through 2026.
- **Strongest quarterly earnings over 10-year period.** Since YTL took over Lafarge in 2019, cement prices have gained traction. MCEMENT's 1Q26 earnings grew 21.2% and 43.8% QoQ and YoY, respectively.

Fig #14 MCEMENT – Sideways consolidatoin breakout

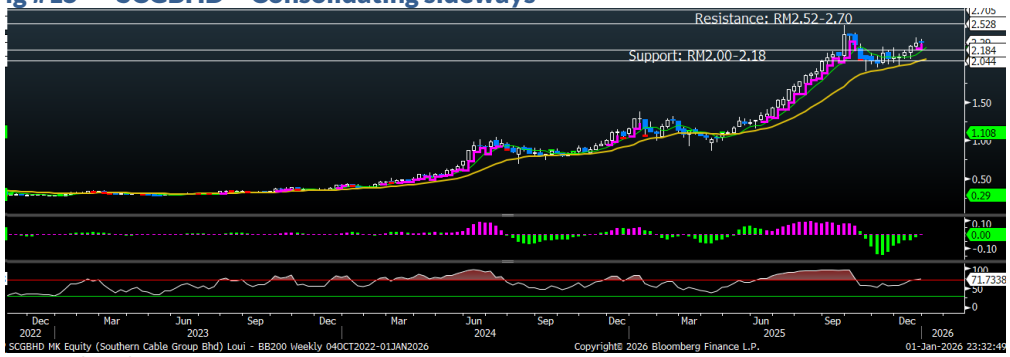


Source: Bloomberg, M+

SCGBHD – Higher Demand In The Cables and Wires

- **SCGBHD is a leading manufacturer of cables and wires** for various applications, including power, communications, and industrial use.
- **Healthy earnings with growing margins.** The group has managed to grow its earnings, fuelled by rising demand for cables and wires amid a global power infrastructure boom, with a portion of its products exported to the US market. Furthermore, SCGBHD is riding on domestic infrastructure spending and the NETR, supplying a comprehensive range of power cables and wires for transmission networks, large-scale solar farms, construction projects, and data centres.
- **Orderbook surged above RM1bn mark.** As of end-September 2025, SCGBHD's order book stood at RM1.04bn; this should keep them busy for at least the next 1-2 years. Orders include supplying underground cables to power utility companies and providing rectifier and battery systems to Telekom Malaysia Berhad.

Fig #15 SCGBHD – Consolidating sideways

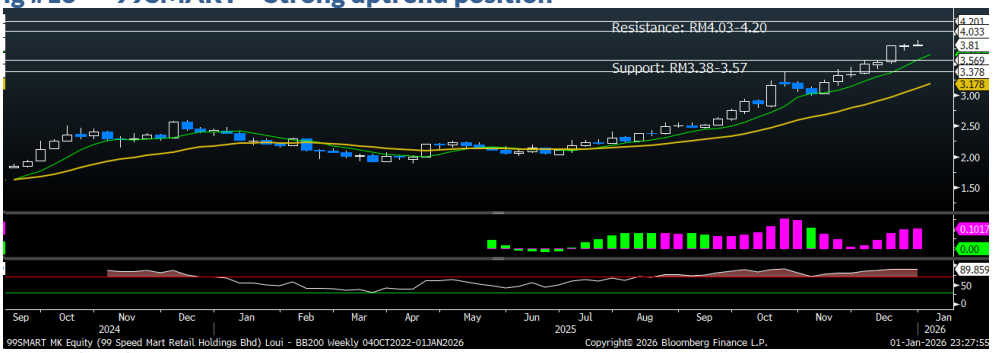


Source: Bloomberg, M+

99SMART – Dominating The Mini-Market Segment

- **99SMART is a leading mini-market retailer** utilising the "Near n' Save" concept. As of late November 2025, it operates over 3,000 stores nationwide in Malaysia, alongside several international outlets in Fuzhou, China.
- **Organic moat expansion.** Since its inclusion in the KLCI, the share price has rallied toward all-time highs, supported by stable earnings growth. The group dominates the mini-market segment, further bolstered by earnings-accretive MyKasih initiatives from the Malaysian government.
- **Downtrading beneficiary.** As inflationary pressures rise, the masses are increasingly downtrading. 99SMART is a prime beneficiary as consumers shift from premium retailers to its accessible mini-markets for affordable essentials.

Fig #16 99SMART – Strong uptrend position

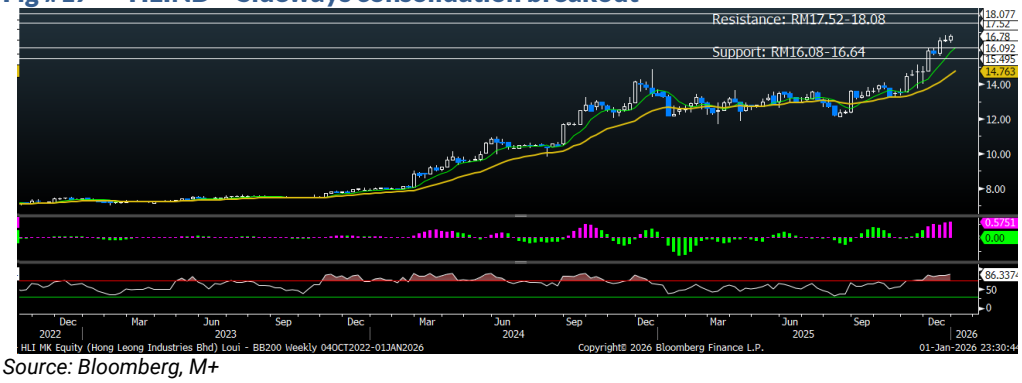


Source: Bloomberg, M+

HLIND – Strong Market Share In The Two-Wheeler

- **HLIND is primarily engaged in the consumer products segment.** As of late 2025, it maintains a dominant market presence in Malaysia and Vietnam, primarily through its manufacturing and distribution of motorcycles, scooters, and related components via its subsidiary, Yamaha Motor Sdn Bhd.
- **Growing leader, expanding market share.** In 2025, the Malaysian motorcycle industry staged a moderate recovery, growing by 9.5% in 9M2025 (vs. 2024: -16.0%). The leader, Yamaha, continues to outperform competitors like Honda and Modenas, and has managed to expand its market share to c.54%.
- **Beneficiary of gig economy.** HLIND has benefited from the "booming gig economy," where motorised two-wheelers remain the essential backbone of last-mile delivery services.
- **Solid balance sheet and stable dividend yield.** As of 1Q26, cash and cash equivalents registered at RM2.18bn (c.40% of market cap), and its prospective dividend yield based on Bloomberg consensus stood at 5.11%.

Fig #17 HLIND – Sideways consolidation breakout



Source: Bloomberg, M+

LWSABAH – Strong Contender In The Bottled Water Market

- **Life Water Berhad is the dominant player in the bottled water market in Sabah,** holding a significant market share with its flagship brands K2, Sasa, and Sabah Water. The company manages its own plastic packaging (bottles, caps, and preforms) and operates its own delivery and distribution network.
- **Leveraging 99SMART.** LWSABAH products' expansion into Sabah's 99 Speedmart outlets leverages high capacity and logistical proximity, potentially adding a further 5-10% to its revenue.
- **Diversifying into new products.** Beyond drinking water and carbonated drinks (such as TRITONiC), it recently diversified into the FMCG sector by acquiring Twinine Sdn Bhd, a manufacturer of sauces and condiments.

Fig #18 LWSABAH – Forming a flag formation

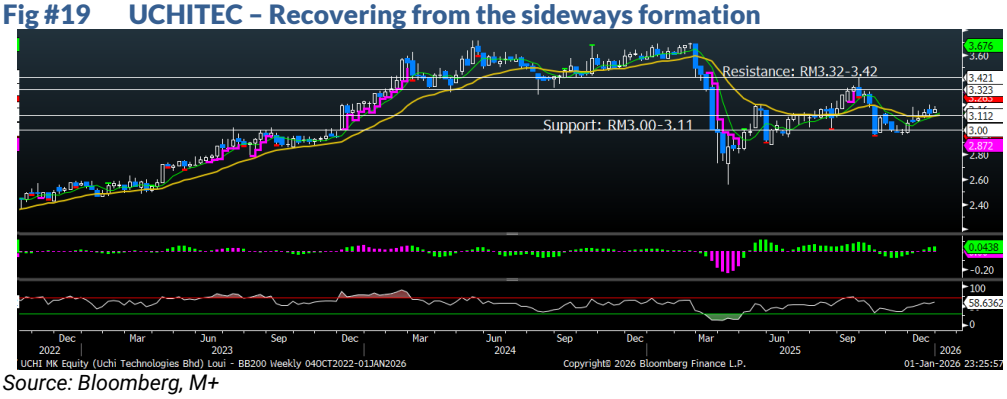


Source: Bloomberg, M+

UCHITEC – Solid Margins and Dividends

- **UCHITEC designs, researches, develops, and manufactures miniature data terminals, fuzzy logic controllers, and control modules.** Besides, it assembles electrical components onto printed circuit boards and trades complete electric modules and saturated paper of PCB lamination.
- **Exceptional margins and profitability.** UCHITEC designs control systems for premium coffee machines and lab equipment. They maintain software-like net margins near 50% due to their specialised R&D and deeply integrated product designs.
- **Solid dividend yield.** Operating with zero debt and high cash reserves, the company usually pays out over 95% of profits. Investors value it for consistent yields, typically ranging between 6% and 9%.

Fig #19 UCHITEC – Recovering from the sideways formation

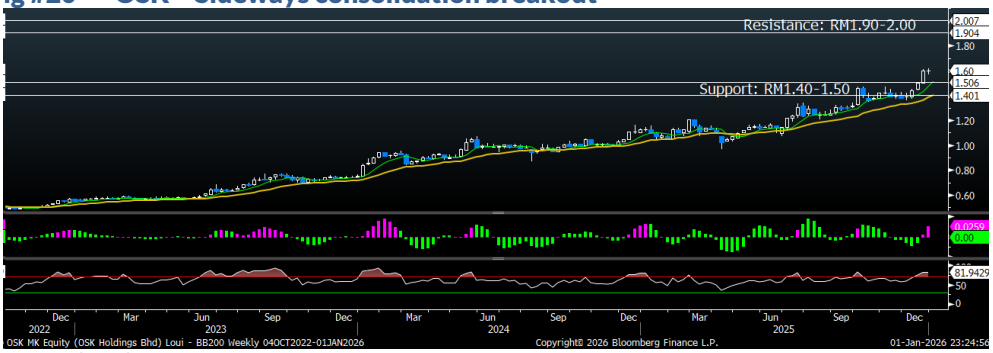


Source: Bloomberg, M+

OSK – Strong Recovery In All Segments

- **OSK engaged in property development, financial services, construction, industries and hospitality business.** Also, OSK owns 10.27% of RHBBANK, which provides a steady stream of dividend income for its shareholders.
- **Bearing fruits after acquiring Universal Cable.** Universal Cable primarily manufactures and sells telecommunication and power cables, complementing the existing product portfolio of Olympic Cable (97.47%-indirectly owned), which produces copper, aluminium, fire-resistant, solar DC, fibre optic, and transmission cables. The current NETR, DC, and AI trends could further boost cable demand going forward.
- **Recovery across all segments.** We believe that following the Covid-19 pandemic, its financial services, hospitality, and property development segments are poised for a strong recovery, driving significant growth in 2026. Note that the hospitality segment may also benefit from Visit Malaysia 2026.

Fig #20 OSK – Sideways consolidation breakout

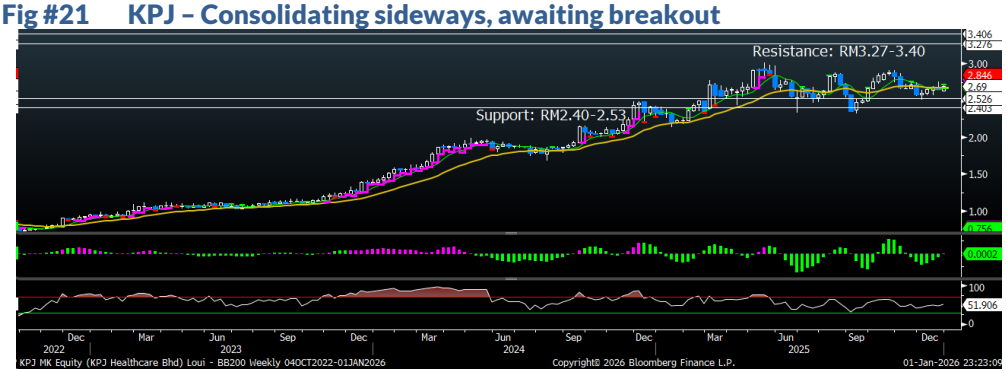


Source: Bloomberg, M+

KPJ – Preparing For The Silver Economy

- **KPJ is a top private healthcare provider** with over 30 hospitals nationwide, and it has an international presence in Indonesia, Thailand, and Bangladesh.
- **Silver economy and medical tourism**. Demand for medical services is poised for significant growth, fuelled by (i) medical tourism during Visit Malaysia 2026, as quality care and Malaysia's strategic geographic location enhance its appeal, and (ii) the expanding silver economy. Revenue from international health travellers grew by 13% in 1H2025.
- **Growing earnings.** Both revenue and PATAMI grew by 9% YoY to RM1.12bn and RM94m, respectively. We also believe the listing of Sunway Hospital could provide excitement to the sector.
- **Robotic surgery.** In July 2025, KPJ Kuching completed its 1,111th robotic-assisted knee replacement, signalling the maturity of their robotics programme.

Fig #21 KPJ – Consolidating sideways, awaiting breakout

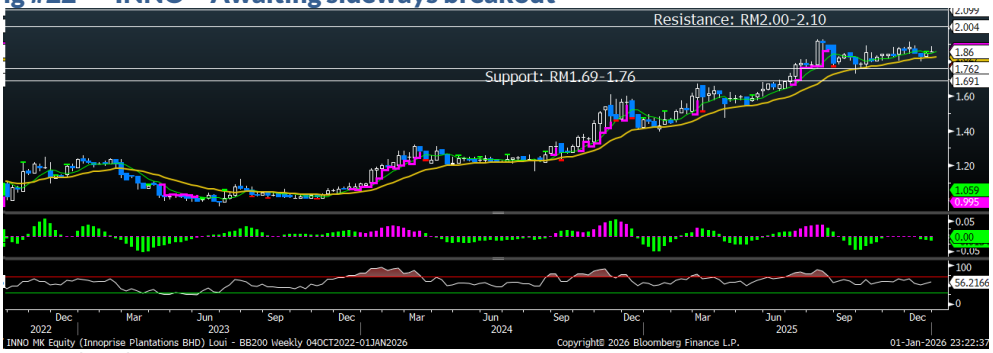


Source: Bloomberg, M+

INNO – Solid Planter with Yields and Dividends

- **INNO cultivates oil palm** on 12,246 hectares in Sabah across six estates and a palm oil mill, while dedicating 3,389 hectares to sustainable Industrial Tree Plantations.
- **Superior FFB yield.** According to the FY24 annual report, INNO recorded an FFB yield of ~22.5MT/ha (+1.3% YoY). This is superior compared to the East Malaysia peer average yield of c.15.29MT/ha, suggesting INNO is a high-efficiency planter.
- **Solid dividend yield of >10%.** Based on the trailing 12-month dividends of 19.0 sen rewarded to shareholders, it is trading at a dividend yield of 10.3%, which is extremely attractive to dividend hunters.

Fig #22 INNO – Awaiting sideways breakout



Source: Bloomberg, M+

SLVEST – Green Initiatives For The Future

- **SLVEST is a Malaysia-based clean energy expert with a presence across Asia-Pacific, covering residential, commercial, industrial, and utility-scale solar farms.**
- **NETR beneficiary.** Malaysia targets 70% renewable energy capacity and net-zero emissions by 2050. Driven by government commitment, solar will become the dominant source as RE capacity reaches 40% by 2035.
- **Robust outlook.** SLVEST's order book stood at RM1.33bn, which will last for another 1-2 years. SLVEST has also secured a cumulative 130MWp from multiple corporate power purchase agreements under the Powervest programme, which is expected to contribute RM50.4m in annual recurrent revenue.

Fig #23 SLVEST – Uptrend intact and breakout

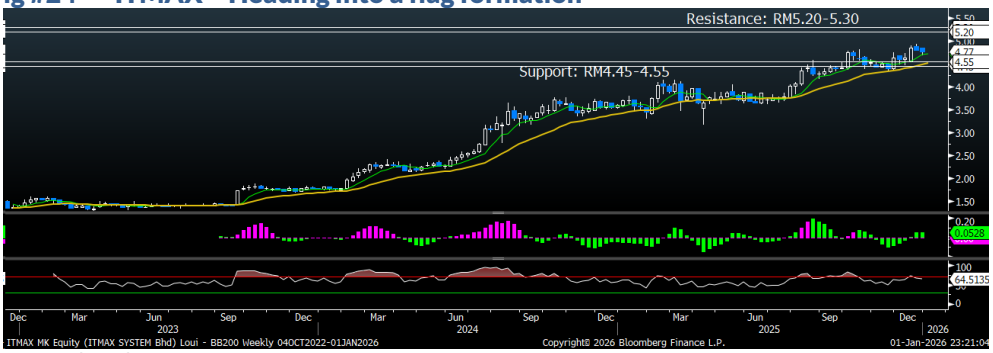


Source: Bloomberg, M+

ITMAX – Riding the IOT Trend and AI Boom

- **ITMAX provides cutting-edge technology solutions** that promote smart and efficient solutions for cities, townships, and enterprises. It holds a dominant position in regions like Kuala Lumpur and is rapidly expanding into Johor, Penang, and East Malaysia.
- **Stable, profitable, scalable.** ITMAX's 10–15-year contracts provide stable, high-margin recurring revenue. With core PAT margins near 40%, its infrastructure allows for future scaling, ensuring long-term profitability and growth.
- **Solid order book.** All recent contract wins have boosted the order book to more than RM1.6bn, which should provide solid earnings visibility going forward.

Fig #24 ITMAX – Heading into a flag formation

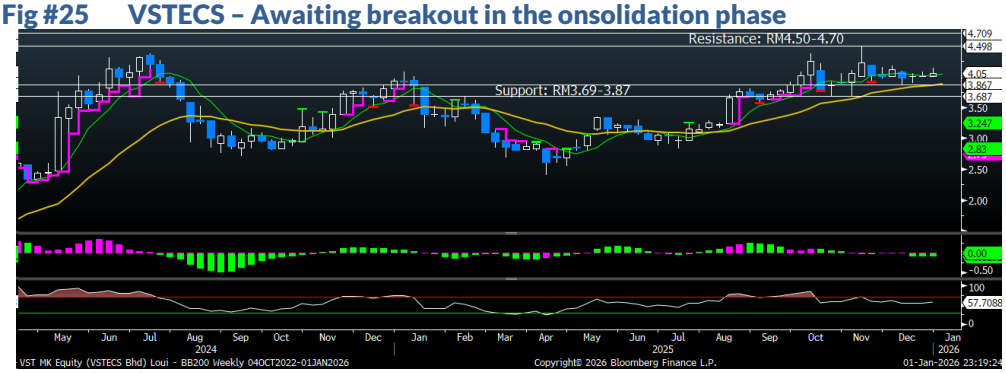


Source: Bloomberg, M+

VSTECS – Gaining Momentum In The ICT Segment

- **VSTECS is Malaysia's leading ICT distributor,** operating three divisions: consumer gadgets, enterprise systems, and ICT services (cloud and system integration). They represent over 40 global brands, including Apple, HP, and Google.
- **AI infrastructure powerhouse.** VSTECS has transformed into a key enabler of Malaysia's data centre boom. They are the first distributor for Amazon Web Services (AWS) in Malaysia and have secured partnerships for AI-ready hardware (NVIDIA-powered servers, AI PCs).
- **Recurring revenue pivot.** The company is shifting toward cloud and managed services, aiming to increase recurring service income to 50% in 2026, which will significantly improve long-term earnings stability and valuation.

Fig #25 VSTECS – Awaiting breakout in the onsolidation phase



Source: Bloomberg, M+

TIMECOM – Proxy For Data Center, Solar and EV

- **TIMECOM is a telecommunications provider** specialising in domestic and international connectivity, data centers, cloud, and managed services, catering to retail, enterprise, and wholesale markets.
- **Benefit from higher data center demand**. TIMECOM, via its associates or JV partners, is capitalising on rising digital demand through its AIMS Data Centre investments. With >90% utilisation, regional expansions in Malaysia and Vietnam will push total capacity over 40MW by 2025, ensuring stable earnings.
- **Expanding into new growth opportunities.** TIMECOM aims to incubate and scale new investments like solar and EV charging by rapidly acquiring market share and exploring synergies to grow the market.

Fig #26 TIMECOM – Uptrend intact with positive momentum



Source: Bloomberg, M+

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As of **Friday, 02 Jan, 2026**, the analyst(s), Loui Low Ley Yee whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
nil.

Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned