

2Q26 Outlook and Strategy

Trade Tariffs, Global Tensions, and the Flight to Safety

Summary

- US markets ended in the red during 1Q as selling interest emerged following the Middle East geopolitical tension and persistent inflation pressures overshadowing the earlier concerns over Trump's tariff. The Energy sector was the top-performing sector, while tech and communication services led the declines. The Fed held rates steady at 3.50–3.75% in March, signalling only one cut expected for the remainder of 2026, a more hawkish guidance for the time being.
- Closer to home, the Ringgit continued to strengthen, hovering around the RM3.97–4.02 zone. Malaysia's GDP surprised to the upside at 6.3% in 4Q25. Foreign inflows remained constructive on the back of data centre capex and structural policy blueprints (13MP, NETR, NIMP 2030).
- We favour selected stocks in the Automotive, Building Materials, NETR-related, power infrastructure, consumer, solar and O&G sectors.

Seasonality Analysis

- **FBM KLCI rose marginally for 1Q26.** Following the bullish January move, the key index and broader market was impacted by the geopolitical tension in the Middle East as the US started the strike on Iran. Despite the bullish move, 1Q26 performance faded to 0.6%, after February and March recorded -1.4% and -1.5% losses. Based on the statistics, we believe there should be a rebound in Apr-26 as the up-down ratio is encouraging at 1.8.

Fig #1 FBM KLCI Heat Map (2001-2026)

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%
2026	3.6%	-1.4%	-1.5%										0.6%
Avg Monthly Return	0.5%	0.5%	-0.6%	1.0%	-0.7%	-0.1%	2.2%	-0.2%	-1.5%	1.0%	0.0%	2.3%	4.8%
Up	14	15	12	16	10	15	15	12	9	17	10	23	15
Down	12	11	14	9	15	10	10	13	16	8	15	2	11
Up/Down Ratio**	1.2	1.4	0.9	1.8	0.7	1.5	1.5	0.9	0.6	2.1	0.7	11.5	1.4

**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

Market Review and Outlook

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FBMKLCI	1676.86
Resistance	1720-17300
Support	1640-1650

Indices	1Q26 (%)
KLCI	0.6%
FBMSCAP	-7.1%
FBMACE	-12.8%
Plantation	7.9%
Ind Products	5.3%
Energy	3.9%
Property	3.6%
Healthcare	3.5%
Financial Services	1.6%
Transport	-1.6%
REITs	-2.9%
Utilities	-2.9%
Consumer	-6.0%
Technology	-9.1%
Telco & Media	-10.0%
Construction	-14.3%

2026 Stock picks	S1	S2	R1	R2
BETA	0.53	0.50	0.70	0.74
PMETAL	7.50	7.25	8.50	8.74
SCGBHD	1.77	1.60	2.00	2.18
MNHLDG	1.50	1.40	2.15	2.25
CBHB	0.46	0.42	0.64	0.70
99SMART	3.20	2.99	4.03	4.20
ARMADA	0.33	0.31	0.44	0.47
DIALOG	2.25	2.11	2.55	2.72
OSK	1.50	1.40	1.90	2.00
SLVEST	1.97	1.81	2.66	2.86
SCICOM	1.40	1.32	1.75	1.84
NE	0.65	0.57	0.95	1.00
KGB	4.09	3.75	5.27	5.53



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- **The FBM Small Cap ended sharply lower.** Despite the positive KLCI, FBM Small Cap fell -1.5% and -7.1% for February and March, respectively due to the US-Iran tensions. Nevertheless, we expect this is likely to be oversold and based on the statistics on FBM Small Caps since 2001, we expect a rebound in April as the up/down ratio stood at 2.6, with an average returns of 3.7%.

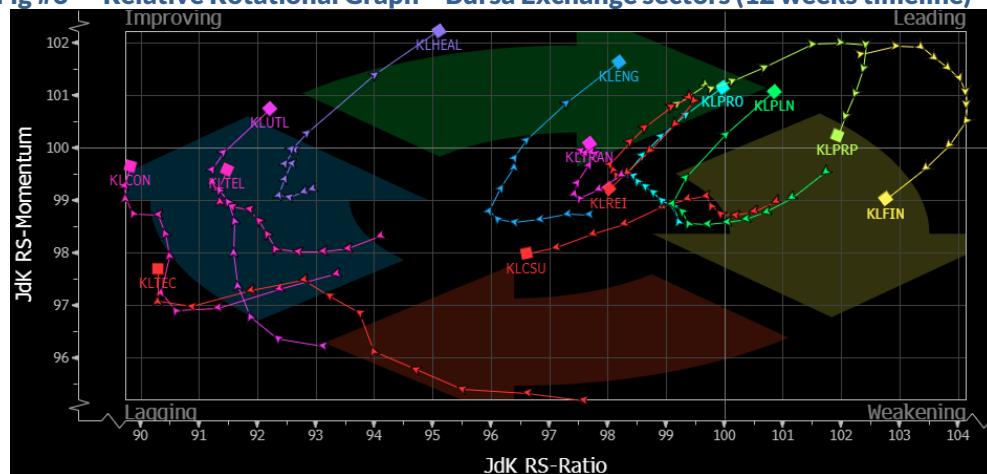
Fig #2 FBM Small Cap Heat Map (2001-2025)

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%	4.1%	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%	3.6%	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%
2026	1.5%	-1.5%	-7.1%										-7.1%
Avg Monthly Return	1.8%	-0.1%	-1.1%	3.7%	-0.9%	0.1%	3.6%	-2.5%	-1.0%	1.2%	-0.2%	0.9%	6.3%
Up	18	13	12	18	8	13	20	9	15	16	9	16	13
Down	8	13	14	7	17	12	5	16	10	9	16	9	13
Up/Down Ratio**	2.3	1.0	0.9	2.6	0.5	1.1	4.0	0.6	1.5	1.8	0.6	1.8	1.0

**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

- **Notable retreat after US-Iran tensions.** Over the past 12 weeks, the Technology and Consumer sectors have weakened, the latter was impacted by the marginal weakening position on ringgit. Meanwhile, the Plantation, Energy, Healthcare, and Utilities sectors remained stronger, supported by the spike in crude oil, crude palm oil prices coupled with tighter supply in chemical products following rising US-Iran tensions.

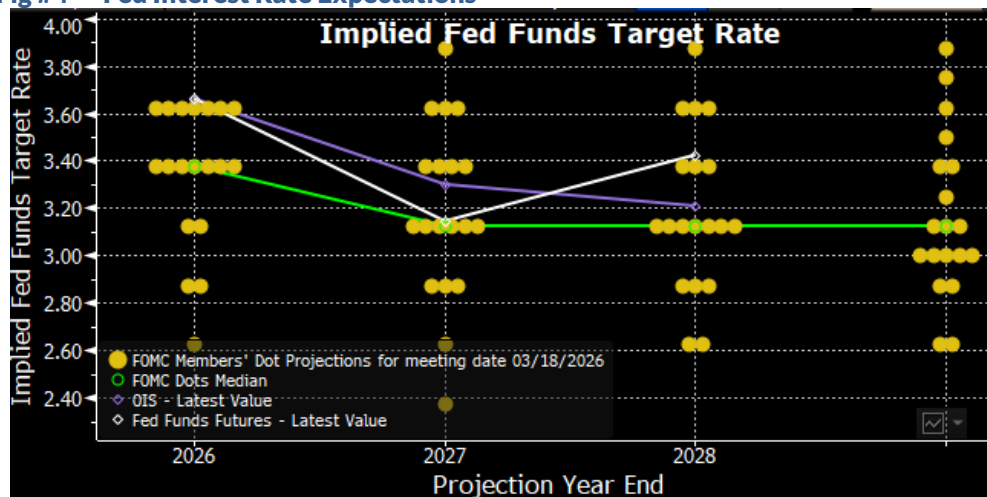


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US Review and Outlook

- **Middle East shock – from momentum to uncertainty.** After a strong close to 2025, US major indices declined significantly in 1Q26; the DJIA fell 3.58%, the S&P 500 declined 4.63%, and the Nasdaq Composite dropped 7.11%. A new conflict in the Middle East, persistent core inflation readings, and uneven tech earnings collectively weighed on the market sentiment. However, the Energy sector was the clear standout, surging more than 35% for the quarter.
- **The Fed "higher-for-slightly-longer" stance.** During the March 2026 meeting, the FOMC kept the Fed Funds Rate at 3.50–3.75%, marking the second consecutive pause following three rate cuts in 2025. From the dot plot, the Fed may be looking at cutting one cut in 2026 (from two previously projected). Jerome Powell mentioned that the economic activity is "expanding at a solid pace" but inflation remains "elevated", due to the energy price shocks linked to geopolitical turmoil.

Fig #4 Fed Interest Rate Expectations



Source: Bloomberg

- **AI Networking & Semiconductor Infrastructure.** The AI boom has moved past the 'Gold Rush' phase of buying the tools (GPUs) and into the 'Picks and Shovels' phase of building the infrastructure.
 - **Marvell Technology (MRVL)** – Custom AI silicon leader riding the hyperscaler ASIC wave, Nvidia invested \$2bn.
 - **Ubiquiti (UI)** – Disruptive networking play with superior margins and a loyal customer base.
- **Defence, Aerospace & Industrial Logistics.** Washington's "US-First" posture is fuelling a multi-year defence cycle.
 - **BWX Technologies (BWXT)** – Monopoly naval nuclear supplier with growing SMR optionality.
 - **XPO (XPO)** – Less-Than-Truckload freight leader with real pricing power in a re-shoring-driven market.
 - **FTAI Aviation (FTAI)** – Aircraft engine lessor capitalising on a structural global supply shortage.
- **Resilient Consumer & Off-Price Retail.** The American consumer is still spending, but with a more cautious mindset.
 - **Casey's General Stores (CASY)** – Convenience and fresh-food leader with a best-in-class loyalty ecosystem.



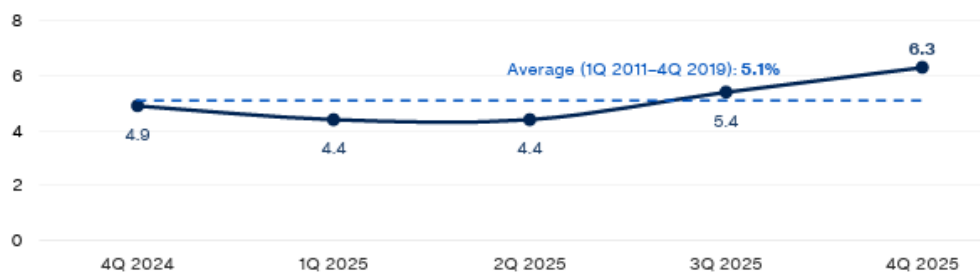
- **Burlington Stores (BURL)** – Budget-conscious shoppers who prioritize necessity and find "deals" essential for their household.
- **Healthcare Innovation & Biotech Value.** Illumina still owns genomic sequencing with a recurring reagent model that compounds quietly as clinical adoption grows. Royalty Pharma sidesteps binary trial risk entirely, generating predictable yields that rival fixed income. Medline, the largest US medical distributor, benefits from an ageing population and the shift toward outpatient care.
 - **Illumina (ILMN)** – Genomic sequencing platform with durable recurring revenues.
 - **Royalty Pharma (RPRX)** – High-yield royalty aggregator with minimal binary risk.
 - **Medline (MDLN)** – Dominant medical distributor riding consolidation and demographic tailwinds.
- **Financial Market Infrastructure.** Tradeweb is the quiet compounder in the list. The shift from voice to electronic trading in bonds and rates is still early, regulatory pressure for transparency reinforces the platform's value, and high switching costs make the business stickier than it looks.
 - **Tradeweb Markets (TW)** – Fixed-income electronic trading platform riding the digitisation of bond markets

Malaysia Review and Outlook

- **In 4Q2025, Malaysia's economy saw a surge of 6.3% in GDP**, bringing the full-year GDP to 5.2%; this was due primarily to the resilient services sector and robust private consumption, reflecting strong domestic momentum.

Fig #5 Malaysia Real GDP Quarterly Growth YoY%

Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

Source: Bank Negara Malaysia, DOSM

- **The Ringgit strengthened marginally by 0.25% in 1Q26.** The Ringgit fluctuated around RM3.882-4.076, but closed around RM4.046 at end-1Q26. We have noticed that this trend may not be sustainable as USD is regaining momentum as the Fed may maintain hawkish stance amid the US-Iran tensions.



Fig #6 Ringgit trend (2023-2026)



Source: Bloomberg

- **Brent Oil rocketed more than 70% in 1Q26.** With Trump's administration announcing a major announcement on Iran, where the US has begun "major combat operations in Iran" in Feb-26, the Brent oil price has surged significantly above USD100. This has contributed to the closure of the Straits of Hormuz, which may negatively impact global supply chains, inflationary pressure may spike if this war remains unresolved.

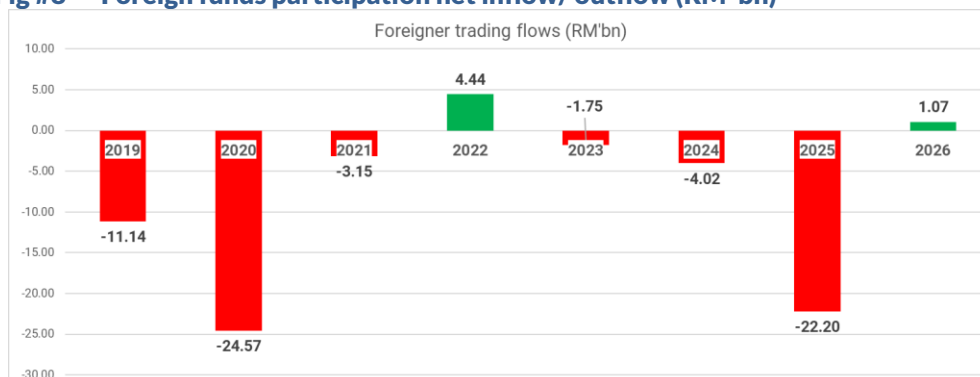
Fig #7 Brent oil Weekly (2020-2026)



Source: Bloomberg

- **Foreign funds inflow in 1Q26.** In 1Q26, foreign funds saw an inflow of RM1.074bn as compared to an outflow of RM9.964bn in 1Q25. With this inflow in the 1Q26, the FBM KLCI managed to inch marginally higher by 0.6%, but still below the 1,700 psychological level. Nevertheless, we remain optimistic that fund flows may continue to be constructive amid the uncertain US-Iran tensions as we believe the flight to safety towards Asia is encouraging.

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



Source: Bursa Market Place (as at end-1Q26)

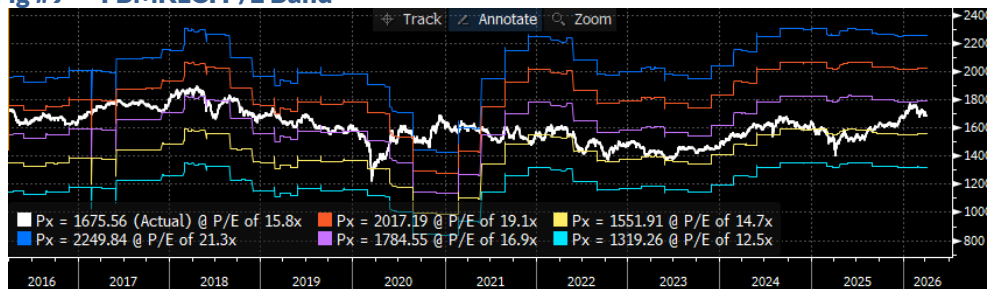


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Market performances and review

- **The MSCI World and S&P 500 remain at premiums**, with P/E ratios of 23.1x and 25.8x respectively, compared to their 10-year average P/E ratios of 20.3x and 22.5x. This premium is still supported by the ongoing AI theme and high expectations surrounding the data centre developments, following the large CAPEX being invested by major US players such as Meta, Google, Microsoft, and Nvidia. However, we believe the spread is declining.
- **The FBM KLCI is still trading at a discount** with a P/E ratio of 16.0x, which is lower than its 10-year average of 16.9x. This P/E has been increasing from the 14x zone after large-cap stocks were being focused on in 1Q due to strengthening of the Ringgit. We believe the FBM KLCI may continue to close the gap, in view of the rising uncertainties in the Middle East tension, coupled with decent execution of the government initiatives such as NETR and NIMP.

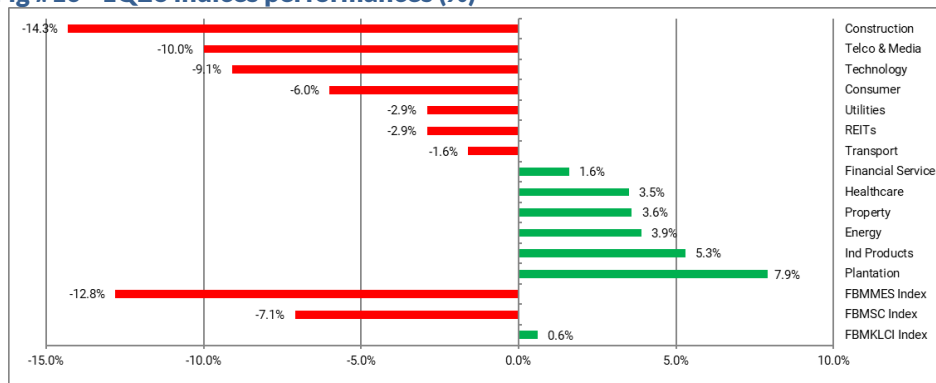
Fig #9 FBMKLCI P/E Band



Source: Bloomberg

- **KLSE ended 1Q on a mixed note.** In 1Q26, the FBM KLCI rose marginally by 0.6%, but both the FBM Small Cap and FBM ACE fell -7.1% and -12.8%, respectively. Sector-wise, the leading sector includes Plantation (+7.9%), Industrial Products (+5.3%) and Energy (+3.9%). On the flip side, the Construction (-14.3%), Telco & Media (-10.0%) and Technology (-9.1%) were the laggards.

Fig #10 1Q26 indices performances (%)



Source: Bloomberg, M+ Global

2Q26 Strategy – Flight to safety in Asia and RM turns weak

- **Geopolitical realignment - from tariffs to safety.** The narrative of regional stability has shifted from complex tariff negotiations to a broader geopolitical "flight to safety" following the escalation of US–Iran tensions. The looming threat of conflict in the Middle East has fundamentally redirected global capital flows toward Southeast Asian "safe havens".



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- **Ringgit at an inflection point, weakening bias emerging.** The Ringgit's strength appears to be fading, after peaking at RM3.88/USD in Feb-2026, it has since pulled back to around RM4.00/USD (+4.06% in Mar-2026), pressured by escalating Middle East tensions. While the narrowing OPR–Fed funds rate differential provides structural support, the Ringgit could struggle to reclaim the RM3.88/USD level if geopolitical headwinds persist or the Fed delays further rate cuts. For investors, this inflection warrants a reassessment: a softer Ringgit reduces the tailwinds previously enjoyed by the Consumer, REITs, and Banking sectors, while offering some relief to export-oriented stocks such as Technology and Gloves.
- **Visit Malaysia 2026 & medical tourism.** The "Visit Malaysia 2026" campaign is gaining momentum following a record-breaking 2025 (42.2m visitors), though the visitor profile is shifting. A 40% drop in Middle Eastern arrivals, due to the regional conflict could temporarily weigh on premium hospitality and medical tourism. However, the long-term structural thesis for Malaysian healthcare remains robust, fuelled by the "silver economy" and the recent listing of Sunway Hospital as a major sector catalyst. While investors monitor short-term fluctuations in high-end segments, the broader tailwinds for the aviation, consumer, and healthcare sectors remain intact as the government successfully pivots its tourism strategy.
- **Data centre powerhouse & AI hub.** Malaysia's digital economy maintained its momentum through 2025, with MDEC securing RM87.4bn in total digital investments, a massive surge compared to 1H25 figures. This is driven by the "Made by Malaysia" AI vision and high-profile partnerships such as ARM–Malaysia and YTL–Nvidia. The country has solidified its status as a regional DC powerhouse, particularly within Johor's tech value chain, though this growth now faces shifting geopolitical narratives heading into 2Q2026.
- **Sustainable energy amid rising utility costs.** Geopolitical tensions have prompted global leaders to formulate energy crisis responses. We believe Malaysia's previous solar initiatives, coupled with the upcoming Solar ATAP rollout, have transformed RE from a long-term policy goal into an immediate economic hedge. As surging global oil prices and domestic subsidy rationalisation drive electricity tariffs higher, commercial and industrial players are pivoting toward solar as a critical defence against operational inflation. This ensures a robust, non-cyclical pipeline for Solar EPCC leaders in Malaysia. The sector currently offers strong earnings visibility, underpinned by a structural shift where alternative energy is no longer a luxury, but a necessity for energy security.
- **Favouring companies with solid balance sheets.** Amidst rising geopolitical tensions, we believe companies with robust balance sheets, strong net-cash positions, and reliable dividends will outperform. Furthermore, the recent removal of the withholding tax (WHT) on REITs could paradoxically shift capital toward other dividend-yielding equities as investors recalibrate their portfolios. We are specifically looking for entry points in REITs with yields exceeding 8% to compensate for the removal of the 10% WHT incentive, while other sectors offering healthy yields of 5–6% remain in favour. Selected automotive and consumer-related stocks also present compelling defensive investment opportunities.



Fig #11 Factors/ Elements/ Theme for 2Q26 sectors and stock picks

Companies	Sector	AI/ Data Center	Power/ Electricity/ NETR/ Infrastructure	O&G	VMY2026/ Medical Tourism	Net cash/ Dividend Yield	Quality scoring	Momentum Scoring	Combined Scoring
BETA	Automotive					✓	A	A	A
PMETAL	Building Material		✓				A	A	A
SCGBHD	Building Material		✓			✓	B	B	A
MNHLDG	Construction	✓	✓			✓	B	B	A
CBHB	Construction	✓	✓			✓	B	A	A
99SMART	Consumer				✓	✓	A	A	A
ARMADA	Energy			✓		✓	B	E	D
DIALOG	Energy			✓		✓	C	B	B
OSK	Financial				✓	✓	C	A	A
SLVEST	Solar		✓	✓			B	B	B
SCICOM	Technology	✓				✓	A	A	A
NE	Technology	✓				✓	C	B	B
KGB	Technology	✓				✓	A	A	A

Source: M+ Global

- **2Q26 Stock Picks.** We are going to reset the portfolio factoring the current uncertain environment. We like automotive, building materials, NETR-related, power infrastructure, consumer, solar and O&G sectors.

BETAMEK – Automotive Infotainment Solution Provider

- **BETAMEK is primarily engaged as an automotive electronics manufacturing services (EMS) provider,** best known for supplying infotainment and vehicle electronics solutions to Perodua.
- **Perodua contract.** BETAMEK has secured a six-year contract worth RM176m from Perodua to supply electronic components for a new vehicle model, starting in Dec-2025. This deal bolsters the group’s long-term revenue visibility and reinforces its position as a key electronics partner for Malaysia’s leading automaker.
- **On track for record net profit and solid dividend yield.** Based on its 9M25 results, the company has achieved a net profit of RM24.7m, nearing FY24’s total earnings of RM25.1m. Meanwhile, the trailing 12-month Dividend Per Share stands at 5.5 sen, translating to a robust dividend yield of 10% based on a share price of 55.5 sen.

Fig #12 BETAMEK – Cup and handle formation



Source: Bloomberg, M+

PMETAL – Leading SEA Integrated Aluminium Producer

- **Press Metal has evolved into Southeast Asia’s largest integrated aluminium producer,** maintaining a massive annual smelting capacity of 1,080,000 tonnes and a global presence as a leader in the industry.
- **Widening usage of aluminium.** PMETAL is strategically supporting the global transition by providing essential aluminium for the solar, EV, and AI data centre sectors, while also anchoring the power grid expansion and energy storage cycle.
- **Decent earnings growth and earnings visibility going forward.** Supported by elevated aluminium prices (\$3,400–\$3,500/tonne) and moderating input costs, PMETAL is set to deliver a historic performance in FY2026, with all sectors now growing in tandem to create a perfect earnings storm.



Fig #13 PMETAL - Uptrend intact position

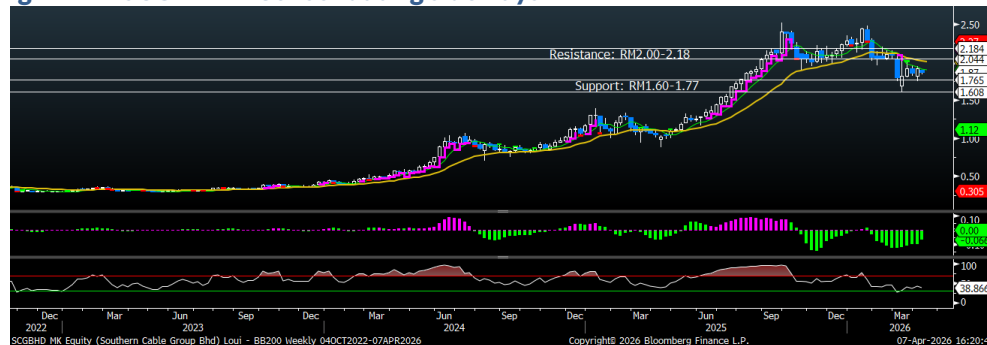


Source: Bloomberg, M+

SCGBHD – Steady Growth Amid Rising Demand In Cables And Wires

- **SCGBHD is a leading manufacturer of cables and wires** for various applications, including power, communications, and industrial use.
- **Decent growth in earnings and margins.** The group managed to grow its earnings continuously for the past 4 years and 8 quarters, fuelled by rising demand for cables and wires amid a global power infrastructure boom. We favour SCGBHD in view of rising 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.
- **Solid orderbook.** As of Feb-2026, SCGBHD has an unbilled order book of RM886.7m which may sustain the earnings visibility over the next two years.

Fig #14 SCGBHD - Consolidating sideways



Source: Bloomberg, M+

MNHLDG - Underground Utilities and Engineering Expert

- **MN Holdings is an underground utilities and substation engineering specialist** that provides the foundational power infrastructure for Malaysia.
- **Orderbook that could last >2 years.** Recently, MNHLDG has won a RM245m contract, translating to a record orderbook level of RM1.30bn. As the data center pipeline is booming, we expect more wins going forward. Tenderbook stood at RM2.9bn.
- **Diversifying into new products.** As a MEP provider, it should benefit from the NETR and surge in high-voltage power requirements for AI clusters.



Fig #15 MNHLDG - Poised for a flag formation breakout



Source: Bloomberg, M+

CBHB - One Of The Power Distribution Specialists

- **CBHB is an electrical engineering firm specializing in High Voltage (HV) and Medium Voltage (MV) systems critical for the stable operation of data centres and large-scale industrial plants.**
- **Data center contract wins in Dec-25.** CBH has been awarded two contracts worth RM130m for electrical works at a data centre in the southern region of Peninsular Malaysia.
- **3 consecutive quarters of QoQ earnings growth.** Since listing, the net profit has been growing steadily, while the net margins have increased to 21.6%, suggesting that the execution is on point revolving around the power-related infra works.

Fig #16 CBHB - Breakout of the consolidation phase



Source: Bloomberg, M+

99SMART - Lion Share In 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.
- **MyKasih and VM2026.** The company is set to benefit from the MyKasih programme and Visit Malaysia 2026 tailwinds, supporting its high-volume, low-margin model. We believe the downtrading is genuine and 99SMART is a prime beneficiary as consumers shift from premium retailers to its accessible mini-markets for affordable essentials.
- **Growing e-commerce platform, while targeting B2B customers.** 99SMART is targeting to reach 25 distribution centres by 2027, which will reduce “cost-per-delivery” as store density increases. This will help improve margins going forward, with rapid scaling of its bulk-sales e-commerce platform targeting B2B customers.



Fig #17 99SMART - Oversold rebound move



Source: Bloomberg, M+

ARMADA – A Fresh Start

- **ARMADA is a global offshore energy infrastructure company** focused on owning and operating FPSOs that support offshore oil and gas production
- **Capital reduction improves balance sheet.** The RM1.95bn capital reduction wipes out RM1.45bn in legacy losses from Kraken FPSO impairments. This accounting reset shifts the company from a technical deficit to a RM498.59bn retained earnings position, effectively cleaning up the balance sheet.
- **Potentially higher dividend payouts going forward.** Note that the company has been paying 1 sen DPS for FY24 and FY25, respectively. Following the capital reduction exercise, we believe ARMADA has created retained earnings buffer, allowing for higher, more sustainable dividends as the focus shifts from debt-repayment to investor returns.

Fig #18 ARMADA- Rebounding up formation, awaiting breakout



Source: Bloomberg, M+

DIALOG – Riding the Spike In Oil Prices

- **DIALOG is a leading integrated technical service provider in the oil, gas, and petrochemical sector**, with strategic infrastructure assets including storage and terminal operations.
- **Storage Rate Re-pricing.** Under this geopolitical instability environment, there could be a repricing of the storage rate on the back of strategic stockpiling, spot rental rates may increase, which eventually could benefit DIALOG’s earnings.
- **Cendramas Production Sharing Contract (PSC).** DIALOG has secured a 25% non-operating stake in the Cendramas PSC alongside operator Medco (50%) and EnQuest (25%). With this, the 20-year PSC (effective Sep-2026) located offshore Peninsular Malaysia, it should boost its long-term upstream recurring income, diversifying from its storage or terminal business segment.



Fig #19 DIALOG – Turning uptrend phase



Source: Bloomberg, M+

OSK – Strong Recovery In All Segments

- **OSK is a diversified group involved in financial services, property, hospitality, and industrial activities including cable manufacturing.** Also, OSK owns 10.27% of RHBANK, which provides a steady stream of dividend income for its shareholders.
- **OSK Group has expanded its Australian presence,** via its subsidiary, OSK Asset Management (A) Pty Ltd, which launched in Mar-2026. Authorized by ASIC, it offers corporate financial services and custodial solutions, complementing OSK Capital Australia’s tailored financing to diversify revenue and scale international growth.
- **Growth is accelerating across all segments.** The cable business is capitalizing on the data centre surge, complemented by expected earnings contributions from the hospitality (riding the VMY2026) and financial services sectors.

Fig #20 OSK – Uptrend move with a potential breakout



Source: Bloomberg, M+

SLVEST – Renewable Energy Specialist

- **SLVEST is Malaysia’s leading clean energy specialist,** providing EPC solutions for solar farms and transitioning into an IPP. It has presence across Asia-Pacific, covering residential, commercial, industrial, and utility-scale solar farms.
- **NETR and CGPP 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.
- **Solid orderbook.** As of end-2025, the group has a robust pipeline with an unbilled orderbook worth RM1.543bn, which will provide earnings visibility over next 3 years. Meanwhile, the Group is actively targeting large-scale renewable energy opportunities in Malaysia, specifically focusing on the LSS5 and LSS5+ quotas.



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Fig #21 SLVEST - Retracement phase rebound



Source: Bloomberg, M+

SCICOM - Integration Of AI Solutions

- **SCICOM is a business process outsourcing** and managed services provider with a client base spanning private-sector outsourcing and government-linked service segments.
- **Strategic alliance with Telekom Malaysia.** This marks a shift from traditional BPO to high-margin AI solutions. By integrating predictive analytics into TM’s massive government and enterprise client base, it is scaling revenue rapidly without the traditional overhead of increased headcount.
- **PAT above RM10m.** Over the past two quarters, its net profit stood at more than RM10m level, which suggests that there is a significant jump in new high-value contracts, which may have successfully replaced older, lower-margin legacy business, proving the company’s fundamental strength to institutional investors.
- **Strong yield play.** Based on the current trailing-12M DPS of 8.25 sen, it will translate to a dividend yield of 5.8%.

Fig #22 SCICOM - Weekly chart retraced to support, forming rebound



Source: Bloomberg, M+

NE - Proxy For Data Center, Solar and EV

- **NORTHEAST is a precision engineering specialist** focused on high-precision components for photonics, electrical, and aerospace-related applications.
- **Rising AI and data center demand.** In view of the boom in AI and DC, the group is confident to grow its earnings, supported by resilient demand in key sectors like photonics, semiconductors, and telecommunications.
- **Kicked off FY2026 with a strong first quarter.** Despite the overall market was being affected by the US tariff sentiment, the group managed to maintain execution without hitting the bottom line, indicating that the group is seeing the benefits of a shift toward higher-value precision engineering. The quarterly performance confirms that the strategic focus on product mix and operational execution is paying off.



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Fig #23 NE - Rebounding bottom formation

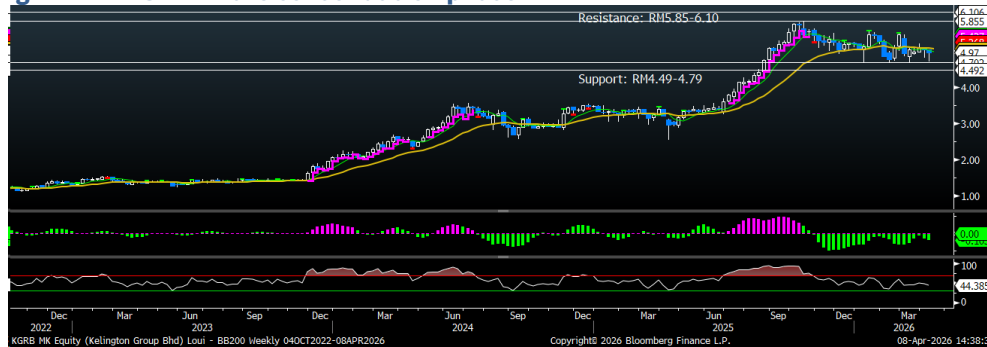


Source: Bloomberg, M+

KGB - Tapping The Semiconductor and AI Boom

- **KGB is a leader in Ultra High Purity (UHP) gas** and chemical delivery systems, essential for data centre and semiconductor fabrication.
- **Growing earnings and margins.** Since FY20, KGB’s net profit has increased from RM17.1m to RM151.1m in FY25, while the margins have risen to 11.9% in FY25 as compared to 4.4% in FY20.
- **Solid balance sheet and tenderbook.** As of FY25, the orderbook stood at RM1.38bn, while the tenderbook indicated at RM4.6bn.
- **Massive global expansion.** KGB is pursuing global expansion by targeting high-growth semiconductor markets in Europe and India, specifically leveraging the European Chips Act following a key contract win in Germany. Also, management is shifting its focus toward securing high-value projects with stronger margin profiles to drive future profitability.

Fig #24 KGB - In the consolidation phase



Source: Bloomberg, M+



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As of **Wednesday, 08 Apr, 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



MARKET CHAT

Wednesday, 08 Apr, 2026



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