

4Q26 Outlook and Strategy

Capturing the Next Growth Cycle

Summary

- US equities may face a more challenging environment, as elevated Treasury yields, persistent inflation and renewed Middle East tensions could limit further valuation expansion, particularly for high-multiple growth stocks. Nevertheless, sustained AI infrastructure spending and resilient corporate earnings should provide underlying support. We expect market leadership to increasingly favour companies with visible earnings growth, strong cash flows and exposure to AI compute, power infrastructure and enterprise adoption.
- Malaysia enters 4Q26 with resilient fundamentals despite cautious sentiment. GDP growth accelerated to 6.0% YoY in 2Q26, while continued investment in data centres, semiconductors, power infrastructure, NIMP 2030 and NETR provides structural support. A softer Ringgit favours exporters, although elevated yields, oil prices, foreign outflows and GE16 uncertainty could limit upside. We see selective opportunities across Technology, Semiconductors, Construction/Infrastructure and Gloves, focusing on visible orders and earnings growth.

Seasonality Analysis

- FBM KLCI - September weakness, December strength.** The index fell 4.7% in September 2026, consistent with its historically weak September average of -1.6%. October offers a more favourable outlook, averaging +1.0% with a 68.0% winning rate, while November is relatively flat. December is historically the strongest month, averaging +2.3% with a 92.0% winning rate, suggesting potential year-end support from window dressing and institutional positioning.

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%	1.9%	-2.3%	-1.1%	3.7%	0.1%	-4.7%				-2.2%
Avg Monthly Return	0.5%	0.5%	-0.6%	1.1%	-0.7%	-0.1%	2.2%	-0.2%	-1.6%	1.0%	0.0%	2.3%	4.7%
Up	14	15	12	17	10	15	16	13	9	17	10	23	14
Down	12	11	14	9	16	11	10	13	17	8	15	2	12
Up/Down Ratio**	1.2	1.4	0.9	1.9	0.6	1.4	1.6	1.0	0.5	2.1	0.7	11.5	1.2

**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: TradingView, M+Global

Market Review and Outlook

Loui Low

louilow@msec.com.my

(603) 2201 2100

FBMKLCI	1630.36
Resistance	1650-1670
Support	1600-1620

Indices	3Q26 (%)
KLCI	-0.8%
FBM50	3.6%
FBMACE	14.7%
Construction	15.4%
Energy	12.5%
Utilities	9.0%
Plantation	3.9%
Healthcare	2.2%
Transport	0.0%
Ind Products	-0.1%
Technology	-1.3%
Financial Services	-2.0%
Telco & Media	-2.6%
REITs	-4.9%
Consumer	-6.9%
Property	-8.2%

4Q26 Stock picks	S1	S2	R1	R2
CBHB	1.030	1.000	1.200	1.240
CHEEDING	0.585	0.565	0.730	0.750
HKB	0.625	0.590	0.715	0.750
KOSSAN	1.130	1.080	1.330	1.370
CLOUDPT	0.470	0.450	0.600	0.635
INFOM	1.550	1.470	1.980	2.050
OGX	0.425	0.380	0.600	0.625
QES	0.555	0.540	0.655	0.675
SCICOM	2.170	2.110	2.540	2.590
THMY	1.970	1.880	2.400	2.500
UMSINT	8.450	8.140	9.750	10.000
UWC	6.560	6.320	7.760	8.000
VITROX	9.570	9.260	11.240	11.500



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

- **FBM Small Cap eyes 4Q recovery after mild dip.** The FBM Small Cap Index eased 0.5% in September 2026, outperforming its historical average of -1.0%. Looking ahead, October offers a more favourable outlook, averaging +1.2% with a 64.0% winning rate, while November remains softer at -0.2%. December typically strengthens, averaging +0.9% with a 64.0% winning rate. Hence, we anticipate a potential 4Q26 recovery, supported by improving seasonality and year-end window-dressing activities.

Fig #2 FBM Small Cap Heat Map (2001-2026)

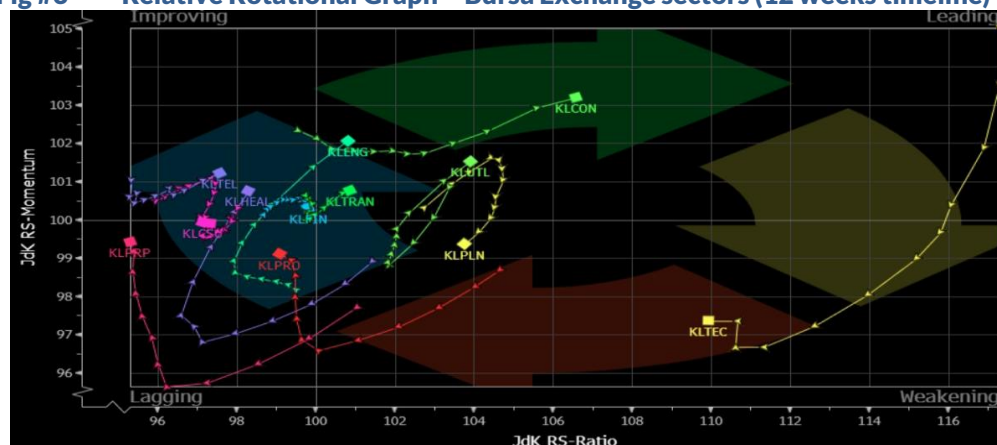
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Return
2001	6.3%	-9.0%	-13.0%	1.5%	3.7%	-0.4%	15.4%	0.4%	-17.1%	3.0%	12.4%	1.5%	-0.4%
2002	4.9%	-4.7%	8.8%	9.1%	-7.7%	-4.6%	-0.7%	-2.2%	-11.1%	1.6%	-2.0%	-1.7%	-11.7%
2003	2.2%	-5.3%	-3.5%	0.9%	9.1%	7.2%	8.7%	4.4%	-0.2%	11.9%	-5.0%	0.0%	32.7%
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%
2026	1.5%	-1.5%	-7.1%	6.6%	-1.0%	-0.4%	2.0%	2.6%	-0.5%				1.7%
Avg Monthly Return	1.8%	-0.1%	-1.1%	3.8%	-0.9%	0.1%	3.5%	-2.3%	-1.0%	1.2%	-0.2%	0.9%	6.6%
Up	18	13	12	19	8	13	21	10	15	16	9	16	14
Down	8	13	14	7	18	13	5	16	11	9	16	9	12
Up/Down Ratio**	2.3	1.0	0.9	2.7	0.4	1.0	4.2	0.6	1.4	1.8	0.6	1.8	1.2

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

Source: TradingView, M+Global

- **Construction and Utilities are emerging as key leaders.** Construction has strengthened firmly into the Leading quadrant, while Utilities and Transportation continue to show improving relative momentum. Technology retains strong relative strength but remains in Weakening, suggesting some near-term loss of momentum. Meanwhile, Consumer, Telco and Financials are gradually improving, while Property remains among the weaker sectors.

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



Source: Bloomberg

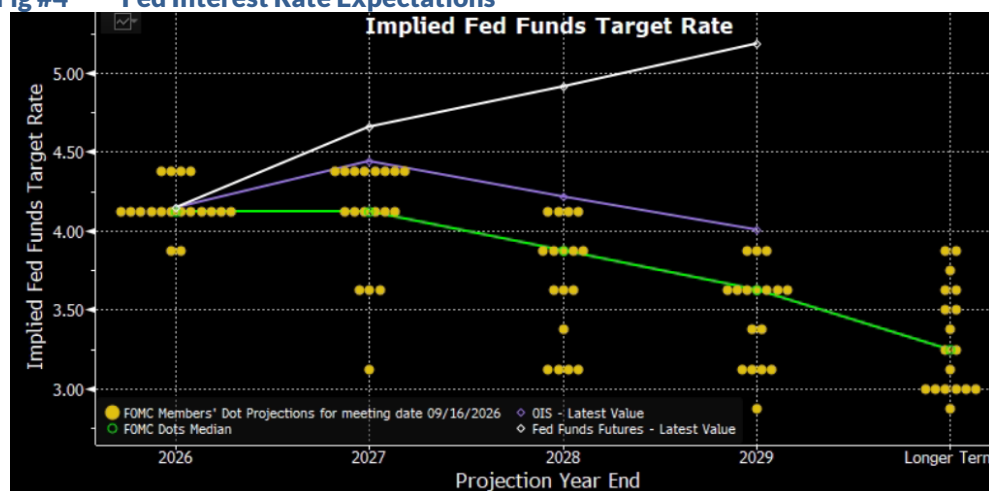


JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

US Review and Outlook

- **Higher yields test the AI rally.** US equities remained resilient in 3Q2026, with the S&P 500 gaining about 3.6% QTD despite rising Treasury yields and inflation concerns. The index ended 29 September at 7,670.84, bringing its YTD gain to 12.1%, while the Nasdaq was up 15.3% YTD. Meanwhile, the 10-year Treasury yield climbed above 5.0%, adding valuation pressure, particularly on growth stocks.
- **Fed tightening returns.** The Fed raised rates by 25bps to 3.75%–4.00% in September as inflation remained elevated despite resilient economic activity. August headline CPI rose 3.4% YoY, while core CPI increased 2.4%. Higher energy prices remain an inflation risk, keeping Treasury yields and incoming inflation data key market drivers.
- **Middle East risks remain.** Renewed US–Iran tensions have weakened earlier expectations for sustained geopolitical de-escalation. Uncertainty surrounding the Strait of Hormuz keeps oil-price risks elevated, with potential spillovers into inflation, transportation costs and consumer spending.
- **AI fundamentals remain resilient.** AI earnings momentum remains strong despite macro headwinds. Broadcom's 3QFY2026 revenue surged 86% YoY to USD29.6bn, with free cash flow reaching USD13.7bn. However, elevated yields could make investors increasingly selective, favouring companies with visible earnings, strong cash flow and execution certainty.

Fig #4 Fed Interest Rate Expectations



Source: Bloomberg

- **US sector leadership remains mixed**, with the relative rotation graph showing leadership concentrated in selected sectors. Information Technology (S5INFT) remains in the Leading quadrant, although momentum is still below 100 and only beginning to recover, suggesting relative strength remains intact but has yet to regain strong momentum. Healthcare (S5HLTH) and Industrials (S5INDU) are also positioned in the Leading quadrant, though their recent trajectories point toward some moderation. Financials (S5FINL) sits in the Weakening quadrant but is showing a clear upward turn in momentum, suggesting potential for renewed leadership if the recovery continues. Meanwhile, Utilities (S5UTIL), Communication Services (S5TELS) and Consumer Discretionary (S5COND) remain largely in the Lagging/Improving transition, while Energy (SPN) has seen momentum ease after previously displaying stronger relative performance.



By Malacca Securities

Figure 1 is a scatter plot showing the relationship between Jdk RS-Ratio (X-axis) and Jdk RS-Momentum (Y-axis) for various Jdk classes. The X-axis ranges from 91 to 110, and the Y-axis ranges from 95 to 103. The plot is divided into four quadrants: Improving (top-left), Leading (top-right), Lagging (bottom-left), and Weakening (bottom-right). Data points are labeled with class names: SSUTIL, SUTILS, SCOND, SSINDU, SPN, SPF, S5HLTH, and SSINFT. The plot shows that as the Jdk RS-Ratio increases, the Jdk RS-Momentum generally increases, with some classes showing a sharp drop in momentum at high ratios.



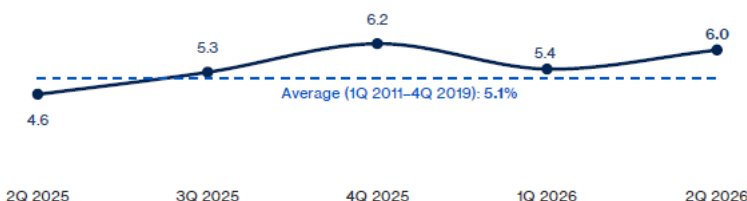
- **Theme 3: AI Software Monetisation.** The AI investment cycle is gradually moving beyond infrastructure towards actual enterprise adoption and monetisation. After several years of heavy spending on chips and data centres, investors are increasingly looking for evidence that AI can translate into productivity improvements, commercial contracts and sustainable earnings.
 - **Palantir (PLTR)** – Palantir provides direct exposure to enterprise AI adoption through its software and Artificial Intelligence Platform. In 2Q2026, revenue surged 93% YoY to USD1.94bn, while US commercial revenue jumped 149%, supported by strong contract activity and enterprise adoption.
- **Theme 4: Healthcare & Obesity Innovation.** Healthcare provides a structural earnings driver that is less dependent on AI capital expenditure and the broader technology cycle. Obesity treatments remain one of the industry's strongest growth areas, supported by expanding adoption, manufacturing capacity and next-generation drug pipelines.
 - **Eli Lilly (LLY)** – Lilly remains supported by strong demand for Mounjaro and Zepbound. In 2Q2026, revenue increased 48% YoY to USD23.0bn, prompting management to raise FY2026 revenue guidance to USD85–87bn, while positive Phase 3 retatrutide results strengthen its longer-term obesity pipeline.
- **Theme 5: Financials: Higher Yields & Credit Resilience.** Higher interest rates can support asset yields, but the investment case is becoming more balanced as funding costs, loan growth and credit quality gain importance. In a higher-for-longer environment, banks with strong deposit franchises, diversified earnings and robust capital positions should remain key names to monitor.
 - **JPMorgan Chase (JPM)** – JPMorgan's scale and diversified earnings provide resilience as higher asset yields are balanced against funding and credit risks. In 2Q2026, net income reached USD21.2bn, while average loans rose 10% YoY, deposits increased 7% and its standardised CET1 ratio remained strong at 14.1%.

Malaysia Review and Outlook

- **Malaysia GDP growth accelerated to 6.0% YoY in 2Q26** from 5.4% in 1Q26, bringing 1H26 growth to 5.7%. Growth was supported by resilient household spending, sustained investment and robust external demand. Manufacturing expanded 7.3%, driven by a 14.4% surge in electrical, electronic and optical products amid strong AI demand, while information and communication grew 8.3% on continued data-centre expansion.

Fig #6 Malaysia Real GDP Quarterly Growth YoY%
Stronger GDP growth of 6% in 2Q 2026

Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

Source: Bank Negara Malaysia, DOSM

- **Ringgit consolidates, but a weakening bias remains.** Following its depreciation



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

from around RM3.90/USD in early 2026, the Ringgit generally hovered between RM4.00–4.15/USD during 3Q26, closing September near RM4.07–4.08/USD. Despite pressure from elevated US Treasury yields and a hawkish Fed, the currency remained relatively steady. A softer Ringgit should continue to favour export-oriented sectors, particularly technology and E&E companies with significant USD-denominated earnings.

Fig #7 Ringgit trend (2023-2026)



TradingView

Source: TradingView, M+Global

- **Brent oil rebounded strongly in 3Q26.** After falling towards USD70–72/bbl in late 2026, **Brent** recovered above USD100/bbl in 3Q26 as persistent Middle East tensions and supply concerns restored the geopolitical risk premium. Brent was last at around USD103/bbl at end-September, remaining well above its 2Q26 low. Elevated oil prices could keep inflationary pressures and global bond yields higher heading into 4Q26.

Fig #8 Brent oil Weekly (2023-2026)



TradingView

Source: TradingView, M+Global

- **Further foreign fund outflows in 3Q26.** Foreign investors recorded net outflows of RM2.65bn in 3Q26, moderating from RM5.12bn in 2Q26. Reflecting the weaker sentiment, the FBM KLCI retreated by more than 6% from its quarterly peak of 1,753.22 points. Looking ahead, sentiment may remain cautious amid uncertainty



over the timing of GE16, elevated global bond yields and higher oil prices. Meanwhile, the relative strength of US equities, supported by the ongoing AI supercycle, could continue to draw global liquidity away from emerging markets, keeping foreign participation subdued and limiting the FBM KLCI's near-term upside.

Fig #9 Foreign funds participation net inflow/ outflow (RM' bn)

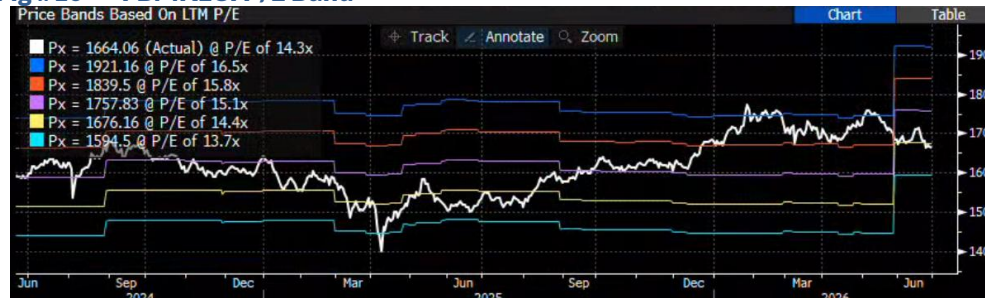


Source: Bursa Market Place (as at end-3Q26)

Market Performance and Review

- **The MSCI World and S&P 500 remain at premiums**, trading at P/E ratios of 23.5x and 26.5x respectively, above their 10-year averages of 20.7x and 23.0x. The premium remains supported by the structural AI theme and accelerating data-centre investment, with major US hyperscalers continuing to raise CAPEX for AI infrastructure. Nevertheless, elevated valuations face stronger macro headwinds entering 4Q26, as higher-for-longer interest rates and elevated Treasury yields could constrain further multiple expansion.
- **The FBM KLCI continues to trade at a discount**, at a P/E ratio of 14.3x versus its 10-year average of 16.7x. Entering 4Q26, attention is shifting towards Malaysia's resilient domestic fundamentals and Budget 2027, with 2Q26 GDP expanding 6.0% YoY and investment momentum supported by NIMP 2030, NETR and the National Semiconductor Strategy. While elevated global yields and cautious sentiment towards large-cap financials have weighed on the index, we expect selective interest in companies with visible earnings growth and exposure to data centres, power infrastructure and semiconductors.

Fig #10 FBMKLCI P/E Band



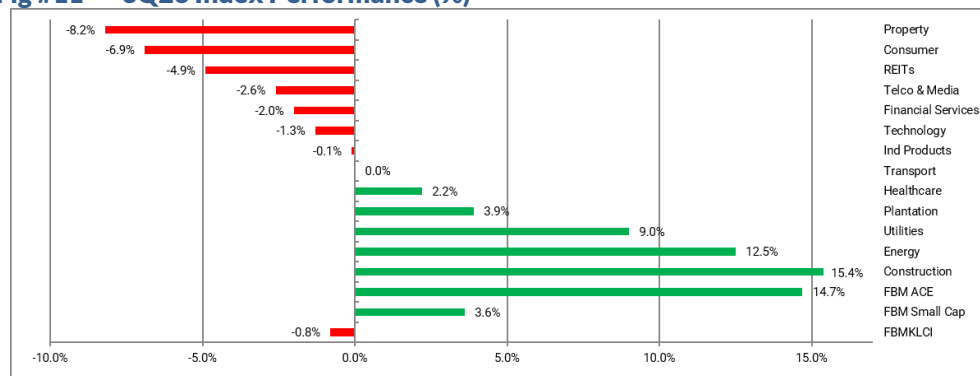
Source: Bloomberg

- **KLSE ended 3Q26 on a mixed note.** In 3Q26, the FBM KLCI slipped 0.8%, while the FBM Small Cap gained 3.6% and the FBM ACE advanced 14.7%. Sector-wise, Construction was the strongest performer, rising 15.4%, followed by Energy (+12.5%) and Utilities (+9.0%). On the other hand, Property (-8.2%), Consumer (-6.9%) and REITs (-4.9%) were the key laggards.



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

Fig #11 3Q26 Index Performance (%)



Source: Bloomberg, M+Global

4Q26 Strategy – Selective Growth, Earnings in Focus

- Market caution, but opportunities remain beneath the surface.** The FBM KLCI enters 4Q26 below 1,700, weighed by continued foreign selling, elevated global yields, higher oil prices and uncertainty surrounding GE16. Despite the cautious backdrop, domestic economic conditions remain resilient, while sustained spending on digitalisation, semiconductors, data centres and power infrastructure continues to generate pockets of earnings growth. We therefore favour a bottom-up approach centred on earnings visibility, particularly across technology and infrastructure.
- Ringgit weakness provides an added export tailwind.** The Ringgit largely traded within RM4.00–4.15/USD during 3Q26 after weakening from around RM3.90/USD earlier in the year. Elevated US yields could keep the currency on a softer footing heading into 4Q26. While currency movements are not our primary investment thesis, a weaker Ringgit should provide an additional earnings tailwind for export-oriented companies with sizeable USD-denominated revenue, particularly within the technology and E&E sectors.
- Technology – structural growth with a currency tailwind.** Technology remains a key pillar of our 4Q26 positioning, supported by enterprise digitalisation, AI investment and continued technology spending. **CLOUDPT, INFOM and SCICOM** provide exposure to enterprise digitalisation, IT infrastructure and services, while **OGX and THMY** broaden participation across the technology ecosystem. Combined with potential Ringgit support, we see both structural demand and currency translation providing earnings catalysts heading into 4Q26.
- Semiconductor – capturing the upcycle with added FX support.** **QES, UMSINT, UWC and VITROX** provide exposure across semiconductor equipment, precision engineering, automation and inspection solutions. Sustained investment in AI and advanced semiconductors should support orders and utilisation, while Ringgit weakness could provide additional earnings leverage for companies with meaningful USD-denominated sales. Following the sector's rerating, however, we remain selective and favour companies where stronger industry demand can translate into tangible earnings growth.
- Infrastructure – building the backbone of digital expansion.** **CBHB, CHEEDING and HKB** provide exposure to the physical infrastructure supporting Malaysia's digital and industrial expansion. Rising data-centre capacity, semiconductor investment and electricity demand should translate into greater requirements for substations,



transmission infrastructure, utilities and related engineering works. As the investment cycle moves from announcements towards execution, we expect opportunities to increasingly flow downstream into the contractors and infrastructure providers enabling these developments.

- **Glove – positioning for an earnings recovery.** **KOSSAN** provides a differentiated recovery angle alongside our technology and infrastructure selections. Its 2Q26 net profit more than doubled YoY to RM64.47m, supported by stronger glove sales and improved operating efficiency, while its cleanroom segment benefited from better ASPs and volumes. Looking ahead, sustained improvement in utilisation, pricing and margins would provide stronger confirmation of an earnings recovery, while the higher-value cleanroom business offers an additional growth avenue. Industry overcapacity remains the key risk.

Fig #12 3Q26 Stock Picks Performance

3Q26 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	99SMART	7/4/2026	3.380	4.000	4.130	3.380	3.250	3.190	3.15	-6.8%	Initiated on 7-Apr-2026
2	CBHB	7/4/2026	0.495	0.760	0.795	0.630	0.605	0.590	1.090	120.2%	Initiated on 7-Apr-2026
3	KGB	7/4/2026	4.930	9.000	9.500	7.780	7.420	7.270	8.630	75.1%	Initiated on 7-Apr-2026
4	MNHLDG	7/4/2026	1.800	3.400	3.500	2.740	2.590	2.540	3.940	118.9%	Initiated on 7-Apr-2026
5	NE	7/4/2026	0.740	1.300	1.400	1.020	0.940	0.920	1.110	50.0%	Initiated on 7-Apr-2026
6	OSK	7/4/2026	1.640	2.200	2.300	1.870	1.800	1.760	1.800	9.8%	Initiated on 7-Apr-2026
7	SCGBHD	7/4/2026	1.880	2.600	2.700	2.230	2.130	2.090	2.930	55.9%	Initiated on 7-Apr-2026
8	SLVEST	1/7/2026	2.990	3.380	3.500	2.950	2.880	2.820	4.360	45.8%	Initiated on 7-Apr-2026
9	BMGREEN	1/7/2026	1.870	2.150	2.280	1.670	1.540	1.510	1.590	-15.0%	Initiated on 1-Jul-2026
10	EG	1/7/2026	1.830	2.200	2.310	1.720	1.600	1.570	1.730	-5.5%	Initiated on 1-Jul-2026
11	KOBAY	1/7/2026	2.570	3.200	3.500	2.330	2.160	2.120	2.210	-14.0%	Initiated on 1-Jul-2026
12	SPRITZER	1/7/2026	2.920	3.300	3.500	2.700	2.500	2.450	3.610	23.6%	Initiated on 1-Jul-2026
13	TIMECOM	1/7/2026	6.170	6.800	7.000	6.000	5.860	5.740	5.800	-6.0%	Initiated on 1-Jul-2026
Average Return										34.8%	

Source: M+Global

- **3Q26 Performance review.** As of 30th Sep 2026, our 3Q26 stock selections delivered an average return of 10.6%. For stocks carried forward from 1Q26, we exclude gains recorded from April to June and measure only their performance from July to September, providing a more accurate reflection of returns attributable to 3Q26. Performance was led by **CBHB (+63%)**, **SLVEST (+46%)** and **MNHLDG (+36%)**, while gains were partially offset by **BMGREEN (-15%)**, **KOBAY (-14%)** and **99SMART (-11%)**.

Fig #13 4Q26 Sector and Stock-Pick Themes

Companies	Sector	AI / Data Center	Semiconductor / Automation	Power / Electricity / Infrastructure	Net Cash / Dividend Yield	Quality scoring	Momentum Scoring	Combined Scoring
CBHB	Construction	✓		✓	✓	B	A	A
CHEEDING	Construction			✓	✓	B	C	B
HKB	Construction			✓	✓	C	A	A
KOSSAN	Healthcare				✓	D	D	D
CLOUDPT	Technology	✓			✓	A	D	C
INFOM	Technology	✓			✓	A	A	A
OGX	Technology	✓		✓	✓	A	A	A
QES	Technology	✓	✓		✓	A	A	A
SCICOM	Technology	✓			✓	A	A	A
THMY	Technology		✓		✓	A	A	A
UMSINT	Technology		✓		✓	B	A	A
UWC	Technology	✓	✓			B	A	A
VITROX	Technology	✓	✓		✓	A	A	A

Source: M+Global

- **4Q26 Stock Picks.** For 4Q26, we are undertaking a broad portfolio rebalancing to capture emerging opportunities across technology, semiconductors and infrastructure. We retain **CBHB** within our simulated portfolio, reflecting our continued conviction in its exposure to data-centre and power infrastructure spending. Meanwhile, we introduce **CHEEDING**, **CLOUDPT**, **HKB**, **INFOM**, **KOSSAN**,



OGX, QES, SCICOM, THMY, UMSINT, UWC and VITROX. Technology forms the core of our positioning, supported by AI and semiconductor investment, digitalisation and a softer Ringgit tailwind for exporters, while selected construction names provide exposure to the ongoing infrastructure investment cycle. KOSSAN adds a differentiated recovery angle as glove-sector conditions gradually improve. Overall, the refreshed portfolio prioritises companies where structural tailwinds are increasingly translating into orders and earnings growth.

CBHB – Powering the Data Centre Boom

- **CBHB is an engineering specialist** providing electrical, mechanical, civil and structural solutions, with strong exposure to high-voltage substations and data centres.
- **Data-centre order flow.** Continued investment in Johor's data-centre ecosystem should sustain demand for high-voltage electrical infrastructure.
- **Strong earnings momentum.** 2Q26 net profit more than doubled YoY to RM24.5m, alongside revenue of RM120.9m.

Fig #14 CBHB – Uptrend remains intact



Source: TradingView, M+Global

CHEEDING – Riding the Grid Expansion Cycle

- **CHEEDING specialises in overhead and underground utility infrastructure** and substation engineering of up to 500kV, and is a preferred TNB contractor.
- **Grid investment tailwind.** Rising electricity demand should support Malaysia's transmission and distribution infrastructure spending.
- **Power infrastructure opportunity.** Its capabilities across transmission lines, underground cables and substations position the group to benefit from continued grid investment.



Fig #15 CHEEDING - Base building formation



TradingView

Source: TradingView, M+Global

HKB - Building on Sarawak's Growth

- **HKB is a Sarawak-based contractor** focused on building and infrastructure construction.
- **Record order book.** Outstanding orders reached approximately RM851m, supported by major wins including the RM283.9m Wisma JKR Sarawak project and RM41.4m multi-storey building contract.
- **Earnings inflection.** 3QFY26 revenue jumped 93.4% YoY to RM49.5m, while PAT improved to RM3.0m from a RM1.7m loss, as construction activity accelerated.

Fig #16 HKB - Poised for a further upside breakout



TradingView

Source: Bloomberg, M+

KOSSAN - Gloves Back on the Mend

- **KOSSAN is an integrated rubber-products manufacturer** spanning gloves, technical rubber products and cleanroom products.
- **Earnings recovery.** 2Q26 revenue rose 48.8% YoY to RM568.9m, while net profit more than doubled to RM64.5m.
- **Recovery gaining traction.** Higher ASPs and sales volumes, alongside improved production efficiency, supported stronger performance across its divisions.



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

Fig #17 KOSSAN - Base-building formation



Source: TradingView, M+

CLOUDPT - Connecting the Digital Economy

- **CLOUDPT provides data-centre and enterprise networking**, cybersecurity, servers, storage, data management, cloud and hybrid-IT solutions.
- **Digitalisation tailwind.** Enterprise cloud adoption, cybersecurity investment and IT modernisation should support demand.
- **Data-centre exposure.** Its networking, servers, storage and hybrid-IT capabilities position the group to benefit from continued digital infrastructure investment.

Fig #18 CLOUDPT - Flag formation breakout



Source: TradingView, M+Global

INFOM - Riding the Enterprise Digital Shift

- **INFOM provides technology infrastructure operations**, maintenance and support services, alongside the design and delivery of technology infrastructure solutions.
- **Strong earnings growth.** FY26 revenue increased 41.4% YoY to RM278.1m, while PATMI rose 66.0% to RM35.2m.
- **Digital spending tailwind.** Continued investment in mission-critical technology infrastructure should support demand for its solutions and services.



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

Fig #19 INFOM- Uptrend remains intact



TradingView

Source: TradingView, M+

OGX - From Digital Networks to Energy Storage

- **OGX provides IT infrastructure solutions** spanning networking, cybersecurity and enterprise data-centre infrastructure.
- **BESS growth avenue.** Its recent expansion into battery storage broadens the group's addressable market beyond traditional IT infrastructure.
- **Complementary opportunity.** Energy storage could provide an additional growth avenue alongside its established enterprise and data-centre infrastructure business.

Fig #20 OGX- Supported along RM0.38-0.405



TradingView

Source: TradingView, M+Global

QES - Inspecting the Next Chip Cycle

- **QES provides inspection, measurement and automated equipment solutions** serving semiconductor and advanced manufacturing customers.
- **Strategic technology partnership.** Its collaboration with Unicom expands QES's exposure to X-ray and advanced semiconductor inspection solutions.
- **Improving order momentum.** Outstanding orders reached RM155m at end-August 2026, providing improved earnings visibility.



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

Fig #21 QES- Rebounding from support as uptrend builds



Source: TradingView, M+Global

SCICOM - Scaling the Digital Services Engine

- **SCICOM provides BPO**, customer lifecycle management, digital platforms and technology-enabled solutions to governments and enterprises.
- **AI-enabled services.** Expansion into automation, analytics and AI-powered solutions broadens its offering beyond traditional BPO.
- **Scalable business model.** Higher service volumes and new client wins could provide operating leverage across its technology-enabled operations.

Fig #22 SCICOM- Sideways consolidation phase



Source: TradingView, M+Global

THMY - Testing the Next Generation of Electronics

- **THMY designs and provides automated test solutions** for E&E products alongside industrial automation solutions.
- **Testing complexity tailwind.** AI, cloud computing and high-performance technologies are driving increasingly sophisticated testing requirements.
- **Strong earnings momentum.** 1QFY27 revenue increased 42.5% YoY to RM20.2m, while PAT more than doubled to RM6.2m.



Fig #23 THMY – Flag-formation breakout



TradingView

Source: TradingView, M+Global

UMSINT – Gearing Up for the Chip Upcycle

- **UMSINT manufactures integrated systems and precision components** primarily for semiconductor equipment customers, alongside an aerospace business.
- **Semiconductor momentum.** 2Q26 semiconductor revenue increased 28% YoY to S\$75.5m, supported by stronger integrated-system and component demand.
- **Capacity expansion.** Continued production ramp-up and regional expansion position the group to capture stronger semiconductor equipment demand.

Fig #24 UMSINT – Awaiting a sideways consolidation breakout



TradingView

Source: TradingView, M+Global

UWC – Moving Up the Semiconductor Value Chain

- **UWC provides precision engineering and manufacturing services**, with growing exposure to front- and back-end semiconductor equipment.
- **Strong semiconductor demand.** 4QFY26 revenue surged 71.1% YoY to RM186.2m, while net profit jumped 129.7% to RM37.6m.
- **Higher-value exposure.** Growth was supported by stronger semiconductor demand, front-end project execution and increased demand for back-end equipment.



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

Fig #25 UWC – Flag formation breakout



TradingView

Source: TradingView, M+

VITROX – Sharper Vision for the AI Chip Boom

- **VITROX provides automated machine-vision and inspection solutions** serving semiconductor and electronics manufacturing.
- **Advanced packaging tailwind.** Growth in HBM, SiP and CoWoS is increasing inspection complexity and precision requirements.
- **Strong earnings acceleration.** 2Q26 revenue rose 104.8% YoY to RM374.9m, while PAT surged 202.3% to RM85.0m.

Fig #26 VITROX - Uptrend remains intact



TradingView

Source: TradingView, M+Global



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

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

