AFFIN PHEIM ASSET MANAGEMENT

(Formerly known as Pheim Asset Management SDN BHD)

	Current	Last mth	Index Return, Local Curr		Index Return, US$		PER,X		10-yr PER ,X (positive EPS only)		
INDEX	LEVEL	LEVEL	Monthly	Year to Date	Monthly	Year to Date	FY 2026F	FY 2027F	-1 std dev	10Y mean	+1 std dev
FTSE Bursa Malaysia KLCI	1,651.17	1725.88	-4.33%	-1.72%	-5.63%	-2.25%	15.16	15.18	13.63	15.53	17.44
Straits Times Index STI	5,675.88	5755.36	-1.38%	22.16%	-1.86%	23.02%	13.94	17.23	10.59	12.77	14.95
SHANGHAI SE COMPOSITE	3,842.20	3986.298	-3.61%	-3.19%	-3.43%	0.89%	14.60	13.77	11.36	12.87	14.37
CSI 300 INDEX	4,357.62	4625.09	-5.78%	-5.88%	-5.60%	-1.91%	15.28	14.49	11.89	13.56	15.22
HANG SENG CHINA AFF.CRP	4,070.11	4170.36	-2.40%	1.36%	-2.51%	0.55%	6.40	7.40	5.39	5.98	6.57
HANG SENG CHINA ENT INDX	8,220.08	8513.18	-3.44%	-7.78%	-3.55%	-8.52%	10.64	10.43	7.63	8.72	9.81
HANG SENG INDEX	24,613.27	25566.99	-3.73%	-3.97%	-3.83%	-4.74%	12.16	11.69	9.58	11.17	12.76
JAKARTA COMPOSITE INDEX	6,071.14	6525.478	-6.96%	-29.79%	-7.93%	-34.42%	15.43	10.67	12.14	14.86	17.59
KOSPI INDEX	6,838.04	6820.02	0.26%	62.26%	1.13%	72.39%	13.88	6.57	8.32	11.43	14.54
PSEi - PHILIPPINE SE IDX	5,679.48	5956.33	-4.65%	-6.17%	-5.59%	-12.03%	8.35	9.02	9.86	13.84	17.82
STOCK EXCH OF THAI INDEX	1,559.01	1595.16	-2.27%	23.76%	-3.53%	15.70%	12.68	14.31	12.81	14.82	16.83
HO CHI MINH STOCK INDEX	1,768.62	1832.12	-3.47%	-0.89%	-3.03%	0.37%	14.69	12.64	11.80	13.95	16.11
TAIWAN TAIEX INDEX	47,940.13	46128.47	3.93%	65.52%	3.34%	63.23%	20.39	20.81	12.25	16.15	20.05
S&P/ASX 200 INDEX	8,789.35	9075.956	-3.16%	0.86%	-6.09%	5.08%	21.18	18.96	13.0	16.1	19.3
DOW JONES INDUS. AVG	50,906.05	53185.9	-4.29%	5.91%	-4.29%	5.91%	24.09	22.01	18.95	21.80	24.65
S&P 500 INDEX	7,651.54	7686.14	-0.45%	11.77%	-0.45%	11.77%	27.78	22.28	19.5	23.4	27.3
NASDAQ COMPOSITE	26,861.06	26370.89	1.86%	15.57%	1.86%	15.57%	33.35	24.37	23.4	28.1	32.9
MSCI WORLD	4,902.65	4967.92	-1.31%	10.66%	-1.31%	10.66%	24.07	20.77	17.3	20.5	23.7
MSCI AC FAR EAST xJP	1,097.93	1094.33	0.33%	32.26%	0.33%	32.26%	15.21	11.26	11.2	13.5	15.8
FTSE Asean USD	618.41	640.55	-3.46%	6.06%	-3.46%	6.06%	10.97	12.00	10.0	12.0	14.0
STXE 600 (EUR) Pr	634.89	651.1	-2.49%	7.21%	-4.82%	3.58%	17.62	16.29	13.7	16.6	19.5
NIKKEI 225	66,753.72	66311.93	0.67%	32.61%	2.21%	31.82%	20.83	21.29	14.95	18.89	22.83

Source: Bloomberg

Market Outlook Ex-Japan

Markets in September 2026 were generally on a softer side. However, the US market and major technology-heavy markets in Asia remained relatively resilient, despite heightened volatility driven by rising bond yields, renewed geopolitical tensions and concerns over inflation. Investor sentiment was supported by continued optimism surrounding the AI investment cycle and resilient corporate earnings, although higher borrowing costs increasingly weighed on risk appetite toward the end of the month. Major AI-exposed markets rebounded in September, with South Korea's KOSPI and Taiwan's TAIEX Index recovering by 0.26% and 3.93% MoM, respectively, in US dollar terms. The Federal Open Market Committee raised the Federal Funds Rate by 25 basis points to a target range of 3.75%–4.00% at its 16–17 September meeting, while the European Central Bank raised its deposit facility rate by 25 basis points to 2.50% at its 10 September meeting, marking the first time in this cycle that both institutions tightened in the same month. Brent crude settled above US$107 per barrel by month-end, driving global bond yields to near two-decade highs, with the US 10-year Treasury yield approaching 5.23% and the German Bond yield reaching 3.62%. Against this backdrop, multiple Federal Reserve officials signalled that further rate increases remain likely, and market pricing for an October hike exceeded 50% by month-end. The combination of higher rates and elevated energy costs weighed heavily on rate-sensitive equity sectors and emerging market assets, though a launch by Meta Platforms of its Muse personal AI agent did spark bullish commentary and a mid-month AI rally. The World Index declined 1.31% in September, while the MSCI Far East Ex. Japan index gained 0.33%. Within the Asia region, ASEAN equities retracted 3.46%. The best performing indices were Taiwan TAIEX Index (+3.93%) and Nikkei 225 (+0.67%). All ASEAN indices declined during the month, with Singapore being the best-performing market despite falling 1.38%, followed by Vietnam which declined 3.47%. The worst performing ASEAN market was Indonesia which fell 6.96%. Regional currencies mostly weakened against the US Dollar. The best performing currencies were Japanese Yen (+1.49%) and Korean Won (+0.72%), while the weaker ones were Malaysia Ringgit (-1.29%) and Thai Baht (-1.26%).

US equities posted mixed performance during the month, with the Dow Jones Industrial Average (DJIA), and S&P 500 declining 4.29%, 0.45% respectively, weighed down by rate-sensitive industrials and financials as Treasury yields surged to near two-decade highs. while the Nasdaq Composite Index outperformed with a gain of 1.86%, driven by a sharp mid-month rally in semiconductor and mega-cap technology stocks following Meta's Muse launch and Nvidia's continued bullish commentary on AI infrastructure demand. Brent crude settling above US$107 per barrel by month-end added to inflationary concerns and weighed on consumer-facing sectors. The macroeconomic backdrop remained challenging. The August inflation data showed headline Personal Consumption Expenditures (PCE) at 3.4% YoY and core PCE at 3.0% YoY, matching the previous month's revised rate, both remaining well above the Federal Reserve's 2.0% target. The re-acceleration in both headline and core PCE, driven in part by energy cost pass-through, reinforces the case for continued monetary tightening. Second-quarter 2026 real GDP growth was confirmed at 1.50% on an

annualized quarter-on-quarter basis, below the market consensus of 2.2%, reflecting a softening in domestic demand momentum. The combination of above-target and re-accelerating inflation alongside below-trend growth presents a particularly difficult policy environment for the Federal Reserve. The Federal Open Market Committee raised the Federal Funds Rate by 25 basis points to a target range of 3.75%–4.00% at its 16–17 September meeting. Fed Governor Michael Barr stated that further rate increases are likely needed to ensure inflation returns to target in a timely fashion, noting that risks to the Fed's inflation goal have risen. Citigroup pushed out its forecast for the first Fed rate cut to 2027, citing stronger-than-expected employment data and the absence of the seasonal rise in unemployment that had previously supported an earlier easing timeline. Market pricing for an October hike exceeded 50% by month-end, with the September PCE release expected to be a key determinant of the Committee's next move.

The STOXX Europe 600 Index declined 2.49% in September 2026, reversing the modest gain recorded in August, as the ECB's rate hike and surging energy prices weighed on rate-sensitive and consumer-facing sectors. Property stocks were among the hardest hit, as short-term European interest rates climbed sharply following the ECB's decision. Energy stocks provided a partial offset, benefiting from Brent crude's sustained move above US$100 per barrel. The European Central Bank raised its deposit facility rate by 25 basis points to 2.50% at its 10 September meeting. The September 2026 Eurozone flash CPI estimate, released on 30 September, showed headline inflation is projected to reach 3.6% to 3.8%, rising from 3.2% in August due to surging energy costs, still well above the ECB's 2.0% target. Core CPI held steady at 2.4% YoY, unchanged from August, suggesting that second-round effects on underlying inflation remain contained. Market pricing following the September hike implies further tightening remains possible, with the trajectory of energy prices and core inflation the key variables for the ECB's October deliberations.

The China Securities Index 300 (CSI 300) plunged to 5.78% and the Shanghai Composite declined 3.61%, while the Hang Seng Index decreased 3.73%, and the Hang Seng China Enterprises Index (HSCEI) came down to 3.44%. Growth momentum remained uneven. August industrial production accelerated to +5.2% YoY from +4.5%, while September official manufacturing PMI recovered to 50.1 from 49.8 and RatingDog PMI rose to 52.1. The improvement was concentrated in manufacturing, technology, and export-facing activity rather than household demand. Exports and technology remain the key growth engine. Jan–Aug foreign trade increased almost 18%, with mechanical/electrical products accounting for roughly 64% of exports. AI-related manufacturing and domestic semiconductor/AI ecosystems continued to attract capital and policy support. Domestic demand remains the principal macro weakness. August retail sales grew only 0.4% YoY, below the 0.8% consensus and down from 0.6% in July. Credit transmission remains weak. August new RMB loans were only RMB60bn, versus roughly RMB400bn expected. M2 grew 7.5%, but the divergence between liquidity and borrowing demand remains significant. Property remains the largest structural drag, despite early stabilization signals. Jan–Aug property investment fell 19.9%, sales floor area dropped 12.1%, new starts -24.8% and developer funding -21.0%. Policy support became more explicit toward month-end. The State Council called for stronger counter-cyclical adjustment, faster bond issuance and infrastructure implementation, while the measures announced on 29 September added targeted credit support and a nationwide mortgage-interest subsidy for qualifying first-time buyers. The Xi-Trump summit outcome is regarded by some as short of substance. What has been announced is extension of the “tariff truce” agreed at the APEC summit held in Busan last year by two months, and tariff reductions covering around US$60bn of bilateral goods and an agreement to engage in AI dialogue.

The Korea Composite Stock Price Index (KOSPI) returned 0.26%. Growth remained strong, but the September data introduced a clear two-speed economy. Q2 GDP was confirmed at +0.6% QoQ / +3.7% YoY, while August industrial activity subsequently showed a 1.3% MoM decline in total production, 1.8% decline in retail sales and 9.5% fall in equipment investment. The August weakness was heavily distorted by automobile production, holidays and strikes. The semiconductor/export cycle remained exceptionally strong. August exports jumped 68.7% YoY to US$98.25bn, with semiconductor exports up 209% to US$46.65bn, a record. September 1–20 semiconductor exports were reportedly up 259.4% YoY, keeping the AI-memory cycle firmly in expansion territory. August CPI accelerated to 3.1% YoY from 2.8%, while core CPI reached 3.4%, its fastest pace since May 2023. Headline inflation was nevertheless below the 3.2% consensus, partly because of base effects and fuel-price measures. After two consecutive 25bp hikes in July and August, taking the Base Rate to 3.00%, its September Monetary Policy Report said inflation could remain above target for a prolonged period and that further hikes would depend on inflation, growth, and financial stability. Fiscal policy turned substantially more expansionary. The proposed 2027 budget rose 12.8% to KRW821tn, including a KRW162.3tn Future Response Fund aimed at AI, semiconductors, regional development, and other strategic investment.

The Taiwan Stock Exchange Weighted Index (TAIEX) gained 3.93% in September 2026. Taiwan's growth momentum materially strengthened in September. August exports hit a record US$82.4bn, +41.0% YoY, while August export orders reached a record US$103.0bn, +71.4% YoY. Industrial production rose 23.47% YoY and manufacturing output 24.61% YoY. Investment is broadening within manufacturing but remains heavily technology led. 2Q26 domestic manufacturing fixed-asset purchases reached NT$956.3bn, +53.7% YoY, with electronic components accounting for 81.1% of manufacturing investment. Domestic demand is improving but is still a secondary growth engine. August retail sales rose

6.5% YoY, while food/beverage sales increased only 1.8%. Employment remained resilient and July total earnings increased 8.25% YoY. August CPI was 2.04% YoY, while PPI surged 16.75%. The CBC raised its 2026 CPI forecast to 2.03% and core CPI forecast to 2.16% but expects inflation to fall below 2% in 2027. The CBC kept rates unchanged at 2.0%, but its stance has become less accommodative. The Bank raised its 2026 GDP forecast to 11.48%, expected 2027 growth of 5.82%, and tightened the housing-credit framework only moderately by raising the LTV cap for second homes from 60% to 70%. Fiscal and structural policy remained supportive, with a proposed NT$607.6bn supplementary budget, a new long-term offshore-wind roadmap, and continued advanced-packaging investment.

The Straits Times Index (STI) declined 1.38%. The STI's resilience relative to most ASEAN peers reflects Singapore's unique positioning as a beneficiary of both the AI infrastructure build-out and the regional financial hub premium, and inflow from the Equity Market Development Programme implemented in 2025. City Developments Limited (CDL) was a notable detractor, declining 8.1% on 28 September following a business overhaul announcement that disappointed investors. Singapore's second-quarter 2026 real GDP grew 5.9% YoY and 1.4% on a seasonally adjusted QoQ basis, reflecting broad-based expansion. Manufacturing industrial production surged 15.41% YoY in August 2026, a sharp acceleration from 6.8% in July, reflecting the sustained strength of Singapore's electronics and precision engineering sectors. Non-oil domestic exports (NODX) expanded 46.2% YoY in August 2026, accelerating from 24.2% in July, driven by electronics and pharmaceutical exports. The Ministry of Trade and Industry forecast the full-year 2026 GDP growth to be 4.5%–5.5%.

The FTSE Bursa Malaysia KLCI declined 4.33% in September 2026, the second-weakest performance among the markets covered in this commentary. The Malaysian Ringgit weakened 1.29% against the US dollar. The market's softness occurred against a backdrop of strong underlying economic fundamentals, with Malaysia's second-quarter 2026 real GDP expanding 6.0% year-on-year, beating the Bloomberg consensus estimate of 5.2% and accelerating from the 5.4% growth recorded in the first quarter. Producer price inflation continued to rise, with Malaysia's PPI increasing to 10.7% YoY in August 2026, from 9.7% in July, reflecting elevated input costs across the manufacturing and commodities sectors. Merchandise exports surged 45.5% YoY to MYR 191.05 billion in August 2026, while imports totalled MYR 162.96 billion, resulting in a trade surplus of MYR 28.09 billion. ASEAN plantation stocks, including Malaysian names, were highlighted by CGSI as potential beneficiaries of El Niño-driven supply risks, with the brokerage raising its 2027 crude palm oil price assumption to MYR 4,800 per ton from MYR 4,500 per ton.

The Stock Exchange of Thailand Index declined 2.27% during the month, despite improving domestic sentiment and continued support from the Bank of Thailand's accommodative monetary policy stance. The central bank maintained its benchmark interest rate at 1.00%, which it considered appropriate to support the ongoing economic recovery. Meanwhile, Thailand's 2Q26 GDP grew 1.9% YoY, indicating continued but moderate economic growth, though the pace of expansion remained well below that of regional peers. The August trade data showed exports rising 24.3% YoY to US$34.62 billion, while imports rose 25.1% YoY to US$37.10 billion, resulting in a trade deficit of US$2.48 billion. Industrial production expanded 4.44% YoY in August, though the pace of recovery remains subdued relative to regional peers. The US government's scrutiny of potential tariff transshipment through Thailand that was flagged in August still remains an ongoing risk to the country's trade negotiations with Washington, and the trajectory of this issue will be a key variable for Thai export-oriented equities in the months ahead.

The Jakarta Composite Index declined 6.96% in September, the weakest performance among all markets covered in this commentary. The Indonesian Rupiah weakened 0.96% against the US dollar. The JCI's sharp reversal from its strong 6.51% gain in the previous month. GoTo Group shares fell 14% following the removal of a price floor mechanism, contributing to the index's weakness. Indonesian stocks recorded seven consecutive days of net foreign selling through 28 September, underscoring the breadth of the capital outflow pressure. Bank Indonesia held its benchmark interest rate at 5.75% at its 23 September meeting. Indonesia's headline CPI stood at 3.28% YoY in September 2026, increased form 3.19% in the prior month, remaining within the central bank's target band. Short-dated Indonesian government bonds were reported to be gaining favour among investors as they shifted away from Bank Indonesia's SRBI securities, with the central bank's hedging incentives designed to attract foreign inflows and support the Rupiah. The smooth parliamentary approval of Destry Damayanti as Bank Indonesia Governor continues to provide a degree of institutional continuity that supports investor confidence in the central bank's policy framework.

The Philippine Stock Exchange Index declined 4.65% in September 2026. Global funds recorded at least fifteen consecutive trading days of net selling of Philippine equities through early September, with a further five-day selling streak extending through 21 September. A brief reversal occurred on 25 September, when global fund buying hit an eight-month high, but this proved insufficient to offset the cumulative outflows of the month. The persistent selling reflects the Philippines' structural sensitivity to higher US interest rates given its current account deficit and remittance-dependent economy, compounded by the absence of a near-term sentiment may remain cautious as domestic catalyst to attract fresh foreign capital. Consumer price inflation eased to 6.10% YoY in August 2026, from 6.20% in July, reported by the Philippine Statistics Authority on 3 September. While the moderation is a positive development, headline CPI

remains well above the Bangko Sentral ng Pilipinas' target range, limiting the central bank's ability to provide monetary accommodation. Manufacturing producer price inflation increased to 3.01% YoY in August 2026, from 3.00% in July, suggesting an increase in upstream cost pressures.

The VN-Index declined 3.47% in September 2026 after recorded gain in August, as the global risk-off environment and a stronger US dollar weighed on the market. The decline occurred despite a landmark structural development: Vietnam's formal inclusion in FTSE Russell's Global Equity Indexes took effect on 21 September 2026, with over 100 Vietnamese companies including Vingroup JSC, Hoa Phat Group JSC, Vietnam Prosperity Joint Stock Commercial Bank, and Vinhomes JSC added to the emerging market gauge. Global funds were reported to have bought a net US$54.2 million of Vietnamese shares in the week leading up to the inclusion, the most in six weeks, as foreign investors positioned ahead of the reclassification. Vietnam's economic fundamentals continued to support a constructive medium-term outlook. Industrial production expanded 14.40% YoY in August 2026, consistent with the 14.5% recorded in July, reflecting sustained strength in electronics and manufacturing exports. Consumer price inflation rose to 4.89% YoY in August 2026, from 4.45% in July, edging closer to the government's 5.0% ceiling.

MARKET OUTLOOK

The shift to a dovish monetary stance in the US at the start of 2026 had been upended by the war in the Middle East which disrupted the flow of oil exports and pushed up oil prices and brought about consequential price increases. After more than six months of strikes and hostilities, the ongoing conflict involving the US and Iran continues to create uncertainty in global energy markets. The conflict has led to closure of oil exports routes from the Middle East, pushing Brent crude higher, with elevated oil prices driving up prices of goods and becoming an increasingly important driver of global inflation expectations and equity sector rotation. Meanwhile, US' tariffs have not gone away, but have morphed into different forms. But countries are quick in learning how to live with them and manage their economic and business policies to their best advantage.

Investor interest in AI-related sectors has remained strong, supported by continued announcements of AI-related capital expenditure. That helps keep US market valuations are at historical high. Questions have been raised as to whether the enormous AI-related capital expenditure will generate sufficient returns to justify current market expectations. Perhaps, time will tell. However, market volatility may remain elevated given prevailing macroeconomic uncertainties. Meanwhile, expectations that global interest rates may remain higher for longer further weighed on high-growth technology stocks. Adding to this will be the what will happen to the US Government Bond yield which has hit a 20-year high. These developments will have to be keenly watched.

Geopolitical developments and policy directions in major economies, particularly the US and China, remain on our radar screen. The recent Trump-Xi summit is somewhat reticent on the state of play on the geopolitical situation in the Far East. It is an area to keep a keen watch on.

In Asia, the focus remains on the pace of China's economic recovery, which has been weaker than expected. Chinese refiners have suspended exports of gasoline, diesel and jet fuel for October to preserve domestic inventories amid ongoing disruptions to global fuel supplies. The move could further tighten regional refined-product markets, particularly for diesel and jet fuel, potentially raising fuel prices, refining margins and transportation costs globally. Meanwhile, Chinese property sector continues to face challenges, and any sign of stabilization and growth will have positive catalyst for China's economy and risk assets. The Chinese government continues to bring forth measures to help the economy. The Chinese government remains constructive on policies to spur economic activities to achieve economic growth target. Priorities in terms of business sectors that would receive policy support could be expected to vary over time. We will be watchful of such changes. The various measures are positive for market sentiments. It may take time for the initiatives to bear fruit. The focus will be on addressing the challenges in the property market, lifting consumer sentiments and consumption, countering the effects of restrictive measures imposed by the US, and promoting the industries that would spearhead the country's advances in key sectors.

On external trade, countries with high export dependency for growth in the Asia region including ASEAN will face significant challenges arising from the US tariff policies. The disruption in supply chain realignment may result in temporary mismatch in corporate earnings delivery against market expectation during the initial stage of tariff implementation. To date, while ASEAN countries' exports to the US have been impacted by the tariffs, these countries have been able to mitigate the impact on the economic growth through trade diversifications. Many of these countries have now to also contend with having to manage disruptions in energy supplies and the ensuing price escalations.

While at least one further interest rate cut is expected by the end of 2026, the outlook for risk assets continues to face several headwinds. These include the lagged effects of still-elevated interest rates on business activity and economic growth, uncertainty surrounding U.S. policy, sustainability of the historically high U.S. equity valuations, persistent geopolitical tensions and their impact on global energy supplies, as well as slower-than-expected economic growth in China.

Nevertheless, we remain cautiously optimistic about the investment opportunities within the investment space we are in. Despite the recent recovery, chinese equities remain under-owned after several years of sustained market weakness, and based on selected valuation metrics, current valuations appear relatively attractive. Coupled with the Chinese government's recent policy support measures, these factors provide scope for further upside over the medium term.

(Source: Bloomberg, The Edge, Reuters and respective country's National Statistics Department)

INVESTMENT STRATEGY

We continue to apply our strategy of focusing on identifying fundamentally healthy companies with low valuations, low leverage, high growth, robust management and a strong track record, and adherence to our investment philosophy of "Never Fully Invest at All Times" which has served us well over the years.

We thank you once again for your continued faith in us and hope to remain good stewards in our endeavor to protect and grow your capital.

MALAYSIA

Market Summary

The FBMKLCI Index decreased to 4.33% to close the month of September at 1651.17 points. The RM depreciated 1.29% against USD.

Economic News

Malaysia's Producer Price Index (PPI) accelerated to 10.7% YoY in August 2026, driven mainly by higher prices in the mining and manufacturing sectors, signalling continued upstream cost pressures.

Malaysia Airports' domestic passenger traffic increased 5.2% MoM to 8.4 million passengers in August, bringing cumulative 8M26 traffic to 67.4 million, reflecting resilient domestic travel demand.

Market attention is turning to Budget 2027 on 9 October, particularly potential measures related to cost of living, labour policies, and economic growth initiatives. Discussions on a higher minimum wage remain ongoing, with no final decision announced.

Bank Negara Malaysia held its overnight policy rate at 2.75% but removed language describing its stance as "appropriate" from its monetary policy statement, signaling a possible future rate hike and its first in over three years. Swap rates climbed on the announcement. Bank Negara Malaysia (BNM) is considering greater risk-taking flexibility for financial institutions to support financing for energy transition and sustainable investment projects.

Domestic politics remained in focus as political parties continued discussions on future electoral cooperation ahead of upcoming state elections and the next general election cycle.

Geopolitical tensions in the Middle East, together with elevated energy prices and adverse weather conditions, continue to pose upside risks to global inflation. Food prices also remained firm as higher cereal, sugar, and vegetable oil prices supported the rise in global food indices.

Malaysia's Manufacturing PMI eased to 49.9 in September from 50.2 in August, reflecting softer new orders and production. However, employment expanded for a second consecutive month, while manufacturers maintained precautionary inventory buffers amid geopolitical uncertainties.

(Source: CIMB Monthly Wrap and CLSA Monthly Wrap)

Corporate News

MISC Berhad is benefiting from a sharp recovery in global tanker rates following disruptions to crude oil transportation routes, supporting stronger performance across its petroleum shipping segment. The recent shutdown of Saudi Arabia's East-West Crude Oil Pipeline has increased reliance on seaborne transportation and ship-to-ship transfers, resulting in significantly higher charter rates for VLCC, Suezmax, and Aframax tankers. In addition, MISC is exploring a strategic investment in Yinson Holdings, which could combine Yinson's offshore project execution expertise with MISC's strong balance sheet, maritime capabilities, and access to Petronas-related opportunities. While the proposed transaction would increase leverage, it has the potential to strengthen MISC's long-term presence in the offshore energy infrastructure space. Key catalysts for the company include sustained strength in tanker charter rates, execution of its fleet renewal program, expansion of offshore energy projects, potential synergies from the proposed Yinson stake acquisition, and continued demand for energy transportation services amid evolving global energy trade flows.

(Source: Company disclosure and CIMB Research report)

Tenaga Nasional Berhad (TNB) continues to advance its energy transition strategy through two major initiatives: the Hybrid Hydro Floating Solar (HHFS) project at Tasik Kenyir and the Hydro Life Extension Programme (HELP) at Sungai Perak. The flagship Kenyir HHFS Phase 1 project combines 595Mwac of floating solar capacity with a 297.5MW battery energy storage system (BESS), supported by a long-term Corporate Renewable Energy Supply Scheme (CRESS) agreement with DayOne Data Centers. The project strengthens TNB's renewable energy portfolio while providing environmental benefits through higher solar efficiency, no land clearing requirements, and significant carbon emission avoidance. Meanwhile, the RM5.8bn HELP will rehabilitate and upgrade five hydro stations within the Sungai Perak Hydroelectric Plant complex, extending the operational lifespan of these strategic assets and ensuring long-term hydro generation reliability.

(Source: Company disclosure and RHB research report)

Samaiden Group recently secured a 99.99Mwac Large-Scale Solar (LSS5+) project, increasing its total LSS5+ exposure to approximately 200Mwac, equivalent to about 10% of Malaysia's awarded LSS5+ capacity. The award further strengthens Samaiden's position as a leading solar EPCC player and enhances the visibility of its project pipeline. The company currently has a sizeable tender book of around RM3.5bn, with more than half linked to Corporate Renewable Energy Supply Scheme (CRESS) projects. Key catalysts include accelerating conversion of its tender book into secured contracts, driven by strong renewable energy demand from data center operators and the government's CRESS acceleration programme, which targets project completion by 2028. In addition, growing corporate demand for green electricity, increasing renewable energy investments, and Samaiden's expanding portfolio of recurring income assets are expected to support the company's long-term growth and strengthen its role in Malaysia's energy transition.

(Source: Company disclosure and Maybank research report)

Gamuda's 4QFY7/26 core net profit rose 5% yoy and 36% qoq to RM348m, bringing FY26 core net profit to RM1.05bn (+5% yoy). This met expectations at 100% of Bloomberg consensus. 4QFY26 construction revenue jumped 27% yoy to RM4.9bn due to local projects (+42% yoy to RM2.1bn), which contributed 43% of total construction revenue (4QFY25: 39%), while overseas revenue was also up by 18% yoy. Its higher margin local construction projects will only reach the more advanced stage of the 'S curve' in 1HFY27F, implying more robust construction earnings ahead. Gamuda's 4QFY26 net profit margin for local construction was 8.3% (4QFY25: 4.8%). 4QFY26 property net profit was RM94m (-41% yoy), with local property showing a 74% decline to RM20m, which Gamuda attributed to a timing issue. FY26 property presales were RM3.2bn, falling short of its RM4bn target due to a delay in approvals for its Hanoi project, while its FY27F target of RM10bn is unchanged.

(Source: Company disclosure and CGSI research report)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. Overall, the FBM KLCI remains relatively resilient compared with regional peers despite recent market weakness, with the index closed at (-4.33) in September 2026 and briefly falling to the 1,630-point level amid foreign fund outflows, profit-taking in heavyweight banking stocks, elevated US bond yields, and geopolitical tensions in the Middle East. While near-term sentiment is likely to remain cautious due to persistent global inflation risks, higher energy prices, and volatility in global bond markets, valuations have become more attractive following the correction. We are closely

monitoring Budget 2027, potential minimum wage adjustments, and initiatives by Bank Negara Malaysia (BNM) to facilitate greater financing for the energy transition. Looking ahead, Malaysia continues to be supported by its strong banking sector, ongoing infrastructure and renewable energy investments, improving airport passenger traffic, and increasing participation in data center and digital infrastructure developments. Should uncertainties gradually ease and domestic policy catalysts materialize, the KLCI may experience selective recovery driven by earnings resilience in banks, utilities, construction, REITs, and energy transition-related beneficiaries. Overall, while volatility may persist in the near term, Malaysia's solid economic fundamentals, defensive market characteristics, and attractive dividend yields support a constructive medium- to long-term outlook for the FBM KLCI from our assessment. We will continue to evaluate investment opportunities in line with our investment framework.

INDONESIA

Market Summary

The Jakarta Composite Index declined 6.96% in the September to close at 6.071.14 points. Rupiah depreciated 0.96% in the September against the USD.

Economic News

Indonesia's inflation rose to 3.28% YoY in September 2026 from 3.19% in August, mainly driven by higher food prices as El Niño-related supply disruptions pushed volatile food inflation to a three-month high. Core inflation moderated to 2.84%, indicating underlying price pressures remained manageable.

Indonesia's trade surplus widened sharply to US$3.55bn in August 2026, supported by stronger exports to key markets including the US, China, and ASEAN. Export growth outpaced imports, reflecting resilient external demand despite global uncertainties.

Indonesia's Manufacturing PMI rebounded to 52.4 in September, returning to expansion territory and reaching its strongest level since February. The improvement was driven by stronger output, new orders, export demand, and hiring activity, indicating renewed momentum in the manufacturing sector.

The government is reviewing an increase in the Personal Income Tax Exemption Threshold (PTKP) as part of its 2027 stimulus measures. The proposal, together with broader tax incentives for lower-income workers, aims to strengthen household purchasing power and support domestic consumption.

The proposed Agrarian Reform Bill appears less restrictive than initially feared by investors. While it retains requirements related to smallholder participation and land ownership limits, the latest draft is viewed as more balanced, reducing concerns over potential disruptions to the plantation and palm oil sectors.

Bank Indonesia (BI) maintained its policy rate at 5.75% for a third consecutive meeting while introducing stronger foreign exchange hedging incentives to support rupiah stability amid higher US interest rates and global market volatility.

BI continues to prioritize currency stability through market-based measures rather than further rate hikes. Indonesia's foreign exchange reserves increased to US$146.5bn in August, providing a stronger buffer against external pressures and currency volatility.

Despite rising food inflation, the central bank maintained its 2026 GDP growth outlook, reflecting confidence in domestic demand, investment activity, and improving manufacturing conditions.

Tax relief for workers earning below Rp10 million per month has been extended until 2027, benefiting around 7.5 million workers.

VAT exemptions for homes priced up to Rp2 billion and subsidized 6% mortgage rates have been extended until 2027.

(Source: Reuters, Maybank Regional Updates and Macro report)

Corporate News

PT Vale Indonesia (INCO IJ) is one of Indonesia's largest nickel producers, operating an integrated mine-to-matte business in Sorowako with its own hydropower infrastructure, while also expanding downstream processing through HPAL projects in Pomalaa, Bahodopi and Sorowako. The latest investment story centers on a recovery in operational performance following the completion of Furnace 3's rebuild, easing logistics bottlenecks at Bahodopi and Pomalaa, and the implementation of Indonesia's new HPM 363 regulations, which lowers royalty costs for limonite ore and improves downstream economics. Management expects nickel matte production to recover to 67.6kt in FY26 and 71kt in FY27, while ore shipments continue to ramp up as logistics constraints are resolved.

(Source: BRI Danareksa research report)

Bank Syariah Indonesia (BRIS) has announced plans to undertake a rights issue of up to 6.8 billion new Series B shares, primarily to strengthen its capital base and comply with Indonesia's upcoming minimum free-float requirements. The exercise is expected to enhance the bank's financing capacity while supporting its ambition to become a larger and more competitive Islamic banking institution. The rights issue could also increase market liquidity and broaden investor participation by significantly expanding the bank's public shareholding. Operationally, BRIS continues to benefit from strong growth in its consumer financing segment and resilient asset quality, reinforcing its position as Indonesia's largest Islamic bank.

(Source: CGSI research report)

Japfa Comfeed Indonesia (JPFA) continues to strengthen its downstream consumer food business, delivering strong growth despite a challenging FMCG environment. Growth has been driven by increasing demand for premium products, including sausages, ready-to-cook offerings, and fresh chicken products, while sales through modern retail channels have expanded significantly. The company's integrated poultry supply chain remains a key competitive advantage, providing greater control over raw material sourcing, costs, and product quality. A major strategic focus is the expansion of its processing capacity through the upcoming Nganjuk mega-slaughterhouse, which is expected to support higher value-added product production and improve utilization of its internal live-bird supply. The facility will also enhance operational efficiency through by-product recycling initiatives.

(Source: RHB research report)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. Overall, JCI also one of the cheapest markets after Philippine with the Jakarta Composite Index (JCI) currently trading at 8.9-9.0x forward P/E following a sharp 6.96% correction in September 2026. The sell-off was largely driven by foreign fund outflows, global geopolitical uncertainties, elevated interest rates, and regulatory changes that weighed on sentiment, particularly in the technology sector. However, after entering oversold territory, the market has shown signs of a technical rebound and is gradually recovering above the 6,100 level. Indonesia's long-term investment fundamentals continue to be supported by several structural growth drivers such as robust domestic consumption, a healthy banking sector, growing foreign direct investment, and continued development of the EV battery ecosystem, critical minerals, industrial estates, data centers, and renewable energy projects supported by various government policies continue to give more visibility to this sector. We will continue to evaluate investment opportunities in line with our investment framework.

SINGAPORE

Market Summary

The FSSTI Index decreased 0.42% month-on-month to close the month of September 2026 at 5,675.88 points. YTD the

index has increased 22.16%. The SGD depreciated 0.24% month-on-month against the USD, and closed at SGD 1.28 for the month of September. YTD the SGD has appreciated 0.64% against the USD.

Economic News

According to the MAS Survey of Professional Forecasters, Singapore's 2026 GDP growth forecast was revised upward to 5.0% from 3.5% previously, driven by stronger-than-expected exports, manufacturing activity, and global AI-related capital expenditure. Manufacturing growth is now projected at 8.4%, while NODX growth is expected to reach 17%. Inflation expectations were also revised slightly lower to around 2.1%.

According to the Department of Statistics Singapore, Singapore's unemployment rate improved to 1.9%, the lowest level since Q4 2024, supported by resilient economic growth and continued employment gains. However, layoffs increased to their highest level since 2020, particularly across the manufacturing, communications, and finance sectors, while job vacancies declined, and wage growth expectations moderated.

According to the Department of Statistics Singapore, Singapore's inflation rate edged up to 2.3% YoY in August 2026 from 2.2% in July, marking the highest level since July 2024. The increase was mainly driven by higher food, transport, and retail-related costs.

Corporate News

EGP is Singapore's leading independent transmission & distribution EPC contractor, providing EPCC and maintenance services for power grid infrastructure projects. It is one of only 16 companies holding the highest-tier BCA SY04 L6 Unlimited certification, a key requirement for large-scale transmission projects in Singapore. EGP has built a strong competitive moat through its 30-year relationship with Singapore's national grid operator, having completed over 90 projects with zero reportable incidents. The company currently commands around 37.5% of Singapore's switchgear market and benefits from a highly visible S$296.2m orderbook, equivalent to roughly 7.6x FY25 revenue, with contracts extending through 2031. The investment thesis is underpinned by a structural growth cycle in Singapore's grid infrastructure. The country's power transmission and distribution systems (PTDS) market expanded from S$585m in 2022 to S$2.24bn in 2025 and is projected to reach S$2.79bn by 2030, driven by grid modernization, renewable energy integration and increasing electricity demand from AI data centers. EGP's expertise in extra-high-voltage (EHV) projects positions it as a direct beneficiary of these investments. In addition, the rapid buildout of AI and data centers in Singapore is creating incremental demand for substations, switchgear, and grid upgrades. As new data centers face stricter sustainability and power-efficiency requirements, EGP's established utility relationships and substation integration capabilities are expected to drive further contract wins.

(Source: Company disclosure, UOB Kay Hian Research Report)

Lum Chang Creations continues to benefit from growing demand for heritage restoration and asset enhancement works across Singapore. FY26 earnings were in line with expectations, with net profit rising 71% YoY to SGD22.3m despite revenue declining 11% due to project timing and revenue recognition. Profitability improved significantly as gross margin expanded from 19.7% to 35.5% on a more favourable project mix. The company currently holds an orderbook of approximately SGD142m, including major projects such as Teck Ghee Station, Orchard Road Presbyterian Church and the redevelopment of the Registries of Civil and Muslim Marriages Building.

(Source: Company disclosure, RHB Research Report)

Frencken completed a SGD100m placement to fund both organic and inorganic expansion, strengthening its balance sheet for future growth opportunities in the semiconductor sector. Management is expected to pursue strategic investments and acquisitions, particularly in recurring-revenue semiconductor and technology businesses.

(Source: Company disclosure, Maybank Research Report)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. Singapore's equity market remains supported by improving macroeconomic fundamentals, with the Ministry of Trade and Industry raising its 2026 GDP growth forecast to 4.5%–5.5%, reflecting stronger-than-expected resilience following the Iran conflict and continued momentum from the global AI investment cycle. While sectors exposed to AI-driven

technology demand are expected to benefit from a more favourable outlook if current investment trend continues, industries affected by Middle East supply disruptions continue to face challenges. Bloomberg consensus forecasts STI EPS growth of 12.46% in 2026 and 8.44% in 2027, underpinned by the constructive earnings environment. However, the STI is currently trading at 16.4x 2026 P/E, around 15% above its 10-year median of 14.21x. Current market valuations appear less compelling relative to historical levels, supporting a selective and quality-focused investment approach.

THAILAND

Market Summary

The Thai SET Index fell 2.27% month-on-month to close the month of September 2026 at 11559.01 points. YTD the index has gained 23.76%. The Thai baht appreciate 1.20% month-on-month against the USD and closed at 33.57 THB for the month of September.

Economic News

Thailand's headline inflation accelerated to 2.53% YoY in August 2026, up from 1.95% in July and above market expectations of 2.2%, marking the first increase in four months and the fastest pace since May. The rise was mainly driven by higher domestic fuel prices following increased global oil prices linked to ongoing Middle East tensions. Despite the increase, inflation remained within the Bank of Thailand's 1%-3% target range. Food and non-alcoholic beverage inflation rose 2.99%, while non-food inflation increased 2.23%. Meanwhile, core inflation accelerated to 1.44%, its highest level since May 2023, reflecting broader underlying price pressures.

(Source: Trading economic)

Thailand's trade deficit widened to USD2.48bn in August 2026 from USD1.96bn a year earlier, marking the 11th consecutive month of deficits. However, the shortfall was narrower than market expectations of USD3.9bn. Imports rose 25.1% YoY, supported by government stimulus measures aimed at strengthening domestic consumption and investment, while exports increased 24.3% YoY, driven mainly by a 27.1% YoY expansion in industrial product shipments. Export performance remained strong across major markets, with shipments to the US surging 48.7% YoY, while exports to China and Japan grew 15.5% and 19.6%, respectively. For 8M26, Thailand recorded a cumulative trade deficit of USD37.8bn, as import growth of 36.1% continued to exceed export growth of 18.9%, reflecting resilient domestic demand and ongoing investment activity.

(Source: Ministry of Commerce, Thailand.)

Corporate News

EGCO has agreed to acquire an indirect 45.05% stake in Astoria Energy II (AE II), a 615MW combined-cycle gas power plant in New York, which will add approximately 277MW of attributable capacity and expand its US generation portfolio. AE II benefits from a long-term tolling agreement with the New York Power Authority (NYPA) until 2031, providing stable and predictable cash flows while eliminating direct exposure to power, fuel, and carbon price volatility.

(Source:Kasikorn Investment Bank Research Report)

KTC delivered a positive outlook during its analyst meeting, with company management expecting 2H26 performance to remain strong and broadly in line with 1H26, supported by improving loan demand and credit card spending. Despite targeting loan growth of 0-2% in 2026, management remains selective in lending, focusing on higher-income customers and preserving portfolio quality. Asset quality remains healthy, with management indicating that credit costs could trend toward 5.0-5.3%, below the current target of 5.5%. The new core IT system implemented in July is operating smoothly and supporting efficiency improvements.

(Source:UobKayHian Thailand Research Report)

Delta Electronics International (Singapore), a major shareholder of DELTA Thailand, plans to issue USD1.5bn of zero-coupon exchangeable bonds in two tranches to fund working capital and future expansion. The exchange prices of Bt266.8 and Bt301.6 per share imply premiums of 15% and 30% to the Bt232 reference price, respectively. Full conversion would represent 172.1mn DELTA shares, or 1.38% of outstanding shares. Compared with the USD525mn exchangeable bond issued in January 2025, the current transaction is significantly larger.

(Source:Kasikorn Research Report)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. The outlook for Thailand in 2H2026 has become more balanced as stronger domestic investment and policy support offset external headwinds from the Gulf conflict. While higher energy and commodity prices continue to pressure sectors such as transport, chemicals and heavy industry, government assistance and efforts to secure alternative supplies have helped mitigate the impact. At the same time, industrial expansion remains robust, supported by accelerating machinery and equipment investment, stronger construction activity and a surge in BOI investment applications exceeding THB1tn in 1Q26. Additional support comes from the THB200bn consumption stimulus program and ongoing fiscal initiatives aimed at boosting economic activity. Looking into 2027, the implementation of committed industrial projects and a potential recovery in the property sector may support growth momentum.

PHILIPPINES

Market Summary

The Philippines Composite Index declined 4.65% in the September to close at 5,679.48 points. Peso depreciated 0.42% against USD in the September.

Economic News

Philippines Manufacturing PMI fell to 49.6 in September from 54.9 in August, returning to contraction territory for the first time since April as weaker demand, elevated oil prices, and intense international competition weighed on manufacturing activity.

The National Food Authority (NFA) is increasing rice procurement efforts to build strategic reserves ahead of a potential super El Niño, which is expected to reduce domestic rice production. Authorities indicated that current stock levels remain sufficient to cushion any supply shortfall.

Bank lending growth accelerated to 11.3% YoY in August, the fastest pace in three months, reflecting sustained demand for credit from both businesses and consumers. The trend points to continued resilience in domestic economic activity despite a challenging macro environment.

The Department of Agriculture is considering a higher tariff on imported pork to support local hog farmers. However, industry groups have warned that the measure could further increase food inflation and raise costs for consumers, food manufacturers, and the food-service sector.

Inflation remains a key concern, with September CPI expected to rise to around 6.8% YoY, within the BSP's projected 6.4%-7.4% range. Higher fuel prices, adverse weather conditions, and food supply pressures have kept inflation above the central bank's target range for seven consecutive months.

External trade improved in August 2026, with export growth accelerating to 27.8% YoY, driven by strong manufacturing and electronics shipments. Import growth moderated to 16.6% YoY, resulting in the trade deficit narrowing to US$3.8bn from US$6.3bn in July.

Philippine GDP growth forecasts were revised lower by international institutions due to weaker public spending, elevated food and energy prices, and the impact of El Niño. These factors continue to weigh on the near-term economic outlook.

The Energy Regulatory Commission (ERC) is proposing to apply the Secondary Price Cap (SPC) separately for the Visayas and Mindanao grids. The move could significantly reduce wholesale electricity prices and help ease cost pressures on consumers and businesses.

Philippine banks remain constructive, supported by rising interest rates, healthy double-digit loan growth, resilient asset quality, and attractive valuations relative to historical levels and profitability metrics.

PHL headline inflation surged to 7.2% in September, driven by soaring food and transport costs. The Philippine Statistics Authority said the result was a sharp increase from 6.1% in August.

(Source The Philippine Statistics Authority, Maybank Regional Updates and Macro report)

Corporate News

ACEN continues to reposition itself from a rapid-growth renewable energy developer into a more disciplined and returns-focused operator, prioritizing execution, cash flow generation, and capital efficiency. The company remains a dominant player in the Philippines' Green Energy Option Program (GEOP), commanding around 60% market share, while pursuing selective expansion in high-potential markets such as India and Australia. A key recent development is ACEN's continued partnership strategy in India, including its latest transaction with Diamond India Renewables One (DIRO), which allows the company to de-risk projects, recycle capital, and monetize development gains without overextending its balance sheet. ACEN is also increasing its focus on battery energy storage systems (BESS), viewing energy storage as a critical complement to renewable generation and a key enabler of reliable power supply. Meanwhile, collaborations between ACEN RES and ACMobility are expanding the company's clean energy ecosystem through integrated renewable energy and EV charging solutions for commercial customers.

(Source: Maybank Sales Commentary)

Mynt, Inc., the operator of GCash, remains the leading fintech platform in the Philippines with around 94 million users, over 100 million app downloads, and a broad ecosystem spanning payments, digital banking, lending, investments, and insurance. The company is preparing for its upcoming IPO with offering price of PHP 6.60, which would make it the Philippines' first pure-play listed fintech company. As the e-wallet business matures, management is increasingly focused on monetizing its massive user base through higher-value financial services, particularly lending, where Gcash leverages both partner banks and its subsidiary Fuse Financing to offer microloans and credit products. Lending has become a key earnings driver due to its higher margins and strong scalability.

(Source: Asiasec Equities Inc Research Report)

Converge ICT is well positioned to benefit from the Philippines' accelerating AI infrastructure buildout following the rollout of the Philippines AI+ Infrastructure Masterplan (PAIIM) 2026-2033. The plan earmarks US$14.6bn for AI compute and data center development, anchored by a 1.5GW AI data center hub in the Clark-Bataan Corridor under the Pax Silica vision. As new AI and data center facilities are developed from 2027 onwards, demand for high-capacity fiber connectivity, backbone network integration, and international cable links is expected to rise significantly. Given Converge's extensive fiber infrastructure and growing enterprise business, the company stands to secure a multi-year pipeline of connectivity and managed network contracts, providing an additional growth driver beyond its traditional residential broadband segment while strengthening its position as a key digital infrastructure enabler in the Philippines.

(Source: CLSA Research Report)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. Overall, the Philippines market remains one of the most attractive and cheapest markets in ASEAN from a long-term growth perspective in our view. Despite recent weakness, with the PSEi trading around 5,700 points, down around 6% from a year ago and significantly below its 2018 peak of above 9,000 points, valuations have become increasingly with the market trading at roughly 7.5x forward P/E. Looking ahead, several structural themes could drive a rerating of the market. The renewable energy sector is gaining greater visibility through the government's Green Energy Auction Program and continued investment in power infrastructure, while the push to develop the country's critical minerals industry is improving the outlook for mining companies, particularly those exposed to nickel and other EV-related minerals. At the same time, continued growth in electric vehicle adoption could support demand across related sectors such as the renewable energy, power, and mining value chains. Combined with the country's strong domestic consumption story, young demographics, and ongoing infrastructure investments, these themes provide a constructive

medium- to long-term outlook for Philippine equities, although near-term volatility may persist due to macroeconomic and global market uncertainties. We will continue to evaluate investment opportunities in line with our investment framework.

SOUTH KOREA

Market Summary

The KOSPI Index gained 0.26% in US dollar terms in September to close at 6,838.04 points.

Economic News

Q2 GDP was confirmed at +0.6% QoQ / +3.7% YoY, while August industrial activity subsequently showed a 1.3% MoM decline in total production, 1.8% decline in retail sales and 9.5% fall in equipment investment. The August weakness was heavily distorted by automobile production, holidays and strikes rather than a broad-based collapse.

(Source: Yonhap News)

The semiconductor/export cycle remained exceptionally strong. August exports jumped 68.7% YoY to US$98.25bn, with semiconductor exports up 209% to US$46.65bn, a record. September 1–20 semiconductor exports were reportedly up 259.4% YoY, keeping the AI-memory cycle firmly in expansion territory.

(Source: Yonhap News)

The BOK remained firmly restrictive. After two consecutive 25bp hikes in July and August, taking the Base Rate to 3.00%, its September Monetary Policy Report said inflation could remain above target for a prolonged period and that further hikes would depend on inflation, growth and financial stability.

(Source: Bank of Korea)

Fiscal policy turned substantially more expansionary. The proposed 2027 budget rose 12.8% to KRW821tn, including a KRW162.3tn Future Response Fund aimed at AI, semiconductors, regional development and other strategic investment.

(Source: Reuters)

Corporate News

HD HYUNDAI HEAVY INDUSTRIES, W1tn engine-capacity investment is its largest since the 2007–08 shipbuilding cycle, driven by tight global power supply and surging AI/data-centre demand. Existing onshore engine capacity is fully booked through 2028, with the inquiry pipeline exceeding 9GW, supporting confidence in utilization. Onshore dedicated HiMSEN capacity (proprietary 4-stroke medium-speed engine) will rise to 4GW by 2030, implying ~W4tn+ incremental revenue at full run-rate (~W1tn/GW), with revenue scaling from 2027 and reaching the trillion-won range from 2028. Onshore engines carry a 5–10%+ margin premium to marine engines and remain 20–30% cheaper than Wärtsilä (Nasdaq Helsinki: WRT1V), providing scope for both ASP and margin expansion. The company combines the largest order backlog among major Korean shipbuilders with the highest 2Q26 consolidated operating margin among listed peers. The engine division current blended margin is ~24%, while AIDC/onshore engines are expected to generate above-average margins. Beyond engines, TerraPower SMR core-component orders (~W1tn for the initial two units) provide a potential new growth avenue from 2028–30. Management expects to maintain ~40% of net income as dividends while funding the expansion from strong operating cash flow and its ~W3.5tn end-2025 cash position.

HPSP Co.Ltd, makes semiconductor equipment used for high-pressure annealing (HPA). Annealing is a semiconductor manufacturing process used to repair/improve the silicon wafer after implantation/deposition/etching, improve the electrical characteristics of semiconductor devices by reducing defects at interfaces and improving transistor performance. Memory adoption to become the key growth driver. HPSP's growth story is increasingly shifting toward memory, with memory applications expected to account for > 50% of sales from 2026. The key catalyst is the wider adoption of high-pressure annealing (HPA) as NAND technology advances toward V9 (300+ layers). Until 2025, only one NAND customer was using HPA, and only for selected high-end products. That customer is now planning to deploy HPA across all production lines from 300+ layer NAND onward, while the number of NAND customers using HPA in mass production has increased to three. For the same amount of wafer capacity, upgrading an existing NAND

production line to V9+ requires a similar number of new HPA tools as building equivalent new capacity. This means HPSP can generate substantial equipment demand from technology migration as well as greenfield capacity expansion, even if overall NAND industry capacity growth remains modest. NAND is therefore expected to become HPSP's largest

(All company news and data are sourced from their individual financial disclosures and from the analyst briefing and meeting.)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. South Korea macro thesis modestly more bullish, but with a materially higher policy constraint. Robust Q2 GDP growth, July current-account surplus, August semiconductor exports, record terms-of-trade improvement and continued AI infrastructure demand all reinforce the durability of the semiconductor-led expansion. The domestic cycle is less synchronized. August industrial production, retail sales and equipment investment all declined, and the BOK continues to flag housing and household-credit risks. The key factor is whether record semiconductor demand continues to generate earnings/cash-flow upgrades without triggering a combination of memory-cycle normalization, inflation persistence and further BOK tightening. We will continue to evaluate investment opportunities in line with our investment framework.

HONG KONG & CHINA

Market Summary

The CSI 300 Index declined 5.78% in US dollar terms in September to close at 4,357.62 points.

The Hang Seng Index declined 3.73% in US dollar terms in September to close at 24,613.27 points.

Economic News

Growth momentum remained uneven rather than clearly deteriorating. August industrial production accelerated to +5.2% YoY from +4.5%, while September official manufacturing PMI recovered to 50.1 from 49.8 and RatingDog PMI rose to 52.1. The improvement was concentrated in manufacturing, technology, and export-facing activity rather than household demand.

(Source: National Bureau of Statistics of China)

Domestic demand remains the principal macro weakness. August retail sales grew only 0.4% YoY, below 0.8% consensus and down from 0.6% in July. FAI fell 7.2% YoY in Jan–Aug, with private/non-government investment down 10.1%. This reinforces the baseline of weak consumption and private investment.

(Source: Reuters)

Property remains the largest structural drag, despite early stabilization signals. Jan–Aug property investment fell 19.9%, sales floor area 12.1%, new starts 24.8% and developer funding 21.0%. However, August new-home prices improved at the margin, particularly in Tier-1 cities, and price declines narrowed across all city tiers.

(Source: National Bureau of Statistics of China)

Exports and technology remain the key growth engine. Jan–Aug foreign trade increased almost 18%, with mechanical/electrical products accounting for roughly 64% of exports; August trade growth remained double-digit. AI-related manufacturing and domestic semiconductor/AI ecosystems continued to attract capital and policy support.

(Source: Reuters Connect)

Corporate News

Sieyuan Electric (002028 SZ) one of China's most comprehensive power-equipment manufacturers, with products

spanning primary grid equipment, protection and automation systems, renewable-energy solutions, energy storage, and turnkey EPC (Engineering, Procurement & Construction) services. Key competitive advantages: vertically integrated business model, proprietary UHV (Ultra-High Voltage) technologies, and end-to-end energy-storage capabilities. In the domestic market, the company has been gaining market share and made breakthrough in the UHV market. Overseas, its fast delivery cycle and strong brand also make it ahead of other players. In 2025, revenue increasingly shifted toward EPC and energy storage as the company pursued its "power grid + new energy" dual-engine strategy. Overseas revenue also rose to ~27% of total sales, growing 85.8% YoY, positioning Sieyuan to benefit from both China's grid-upgrade cycle and accelerating global investment in power infrastructure and energy transition over the next 3–5 years.

Trip.com (9961 HK) reported in-line 2Q26 results. Total net revenue rose 6% yoy to Rmb15.6b, -3% QoQ. Reported net loss: RMB2.4bn, vs. net income of RMB4.9bn a year ago, due to RMB5.2bn (USD 770m) anti-monopoly penalty from State Administration for Market Regulation (SAMR) – Net income would have been RMB2.7bn. Guidance for 3Q26 revenue growth of 1-6% yoy, reflecting weaker domestic travel demand and ongoing regulatory adjustments, with further pressure expected in 4Q26 from a full-quarter regulatory impact. Trip.com is changing practices around hotel distribution and pricing mechanisms, which could restrict competition or influence how hotels work with competing online travel platforms. Management indicated that the transition could create some financial volatility while the company adjusts to the new regulatory framework. Beijing's crackdowns on monopolistic practices have a history of narrowing incumbents' moats. The SAMR action is the first major platform antitrust case since Alibaba/Meituan (2021) and is framed as part of Beijing's anti-"involution" campaign. No concurrent SAMR action on Trip.com competitor Tongcheng (0780 HK) and Meituan travel (part of Meituan 3690 HK).

(All company news and data are sourced from their individual financial disclosures and also from the analyst briefing and meeting.)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. We see a modest improvement in cyclical momentum but persistent structural weaknesses. September provided better evidence that manufacturing, exports, AI investment and producer prices are supporting growth, while September PMI returned above 50. However, retail sales, private investment, property and credit demand remain weak, preventing a broad domestic-demand recovery. The late-month policy package increases the probability of 15nglish15tion15 in 4Q26, particularly for infrastructure and selected housing demand, but the transmission mechanism remains the key question. For equities, the evidence continues to favour technology/15nglish15tion, AI infrastructure, selected capacity-discipline beneficiaries and exporters over a broad domestic-demand reflation trade. We will continue to evaluate investment opportunities in line with our investment framework.

TAIWAN

Market Summary

The Taiwan TAIEX Index gained 3.93% in US dollar terms in September to close at 47,940.13 points.

Economic News

Taiwan's growth momentum materially strengthened in September. August exports hit a record US$82.4bn, +41.0% YoY, while August export orders reached a record US$103.0bn, +71.4% YoY. Industrial production rose 23.47% YoY and manufacturing output 24.61% YoY.

(Source: Ministry of Finance, Taiwan)

Domestic demand is improving but is still a secondary growth engine. August retail sales rose 6.5% YoY, while food/beverage sales increased only 1.8%. Employment remained resilient and July total earnings increased 8.25% YoY.

(Source: Ministry of Economic Affairs)

The CBC kept rates unchanged at 2.0%, but its stance has become less accommodative. The Bank raised its 2026 GDP forecast to 11.48%, expects 2027 growth of 5.82%, and tightened the housing-credit framework only moderately by raising the LTV cap for second homes from 60% to 70%.

(Source: Central Bank of Taiwan)

Fiscal and structural policy remained supportive, with a proposed NT$607.6bn supplementary budget, a new long-term offshore-wind roadmap, and continued advanced-packaging investment.

(Source: 16nglish.ey.gov.tw).

Corporate News

Winbond (2344 TW) announced an agreement to acquire 100% of Infineon's NOR Flash and F-RAM business for US$1.12bn cash (NT$35.39bn). The transaction is expected to close in 2H27, subject to regulatory approvals. The acquisition gives Winbond greater exposure to specialty memory for automotive, industrial and infrastructure applications. The deal increases product breadth and geographic/customer diversification, reducing reliance on consumer applications, which face greater pricing pressure from Chinese suppliers. Winbond currently holds 23% global NOR Flash market share, versus GigaDevice 17.3%, Macronix 16.9% and Infineon 11.4%. Combining Winbond and Infineon would lift Winbond's share to nearly 40%, significantly widening its scale advantage over peers. Winbond currently has ~33K wafers/month of 12-inch NOR capacity, with another ~4K wafers/month expected from its Taichung fab in 2027. Adding estimated ~18K wafers/month of Infineon capacity would bring combined capacity to approximately 55K wafers/month after closing. The NT$35.39bn all-cash consideration appears manageable relative to Winbond's expected cash generation. The estimated cash could exceed NT$150bn by 4Q26 and reach ~NT$400bn by end-2027.

Quanta Computer (2382 TT) announced August revenue of NT$423.97bn, up 16% MoM and 177% YoY, exceeding market expectations. August notebook shipments declined 7% MoM to 2.6m units, while revenue increased 16% MoM. This indicates a significant increase in cloud server revenue, driven by demand for both AI and general-purpose servers, while the mix of higher-priced notebooks also appears to have increased. AI servers accounted for approximately 75–80% of Quanta's total server revenue in 1H26. AI server revenue is expected to continue growing QoQ in 3Q26, although the growth rate should moderate from the high base established in 2Q26. Quanta therefore maintains its target of doubling AI server revenue in 2026, with AI servers reaching approximately 80% of total server revenue.

(All company news and data are sourced from their individual financial disclosures.)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. September materially strengthened Taiwan's macro thesis as record August exports, high growth in export orders, and sizable manufacturing investment growth confirm that the AI/semiconductor cycle remains exceptionally strong and is generating new capacity investment. Domestic demand is improving, supported by modest retail-sales growth, resilient employment, and total wage growth. With TAIEX at record levels, strong fundamentals are increasingly reflected in valuations. The thesis remains constructive, further upside depends on sustained AI capex and earnings upgrades. We will continue to evaluate investment opportunities in line with our investment framework.

VIETNAM

Market Summary

The Vietnam Ho Chi Minh Stock Index (VNI) fell 3.47% month-on-month to close the month of September at 1,768.62 points, leaving the index down 0.89% YTD from its 31-Dec-2025 base of 1,784.49. The Vietnamese Dong appreciated 0.43% month-on-month against the USD and closed at 3.8515 for the month of September.

Economic News

Vietnam's reclassification by FTSE Russell took effect on 21 September, with the market moving from Frontier to Secondary Emerging status. The upgrade became official on that date. Foreign investors positioned ahead of the event. Foreign investors were net buyers of more than VND2.6 tn in the week to 18 September. HoSE matched value on the 18 September index-rebalancing session reached VND22,011 bn, the highest in roughly two months. The inflow faded once the upgrade took effect. On the first session as an emerging market, foreign investors were net sellers of VND683 bn and the VN-Index lost 16 points to fall back below 1,800. Net foreign selling reached about VND4 tn in the first week after the upgrade. Selling continued into month-end, with more than VND900 bn of net foreign selling on 30 September,

led by VHM and TCB. Global funds remained net sellers for the year, having withdrawn USD3.5 bn from Vietnamese shares as of mid-September (Bloomberg). Vanguard said it may invest around USD2.5 bn in Vietnam over the next few years.

August annual inflation accelerated to 4.89% from 4.45% in July, led by higher transportation, housing and food prices (National Statistics Office, NSO). CPI rose 0.47% month-on-month, ending two consecutive monthly declines, while core inflation rose 4.55% year-on-year and stayed below headline CPI.

August exports rose 26% year-on-year to USD54.80 bn and imports rose 37.9% to USD54.91 billion, leaving a trade deficit of USD110 mn. That was the narrowest gap across nine straight months of deficits (Bloomberg). For 8M 2026, the cumulative trade deficit reached a record USD20.46 bn, as imports grew 35.3% against export growth of 22.4%. Industrial production rose 14.4% year-on-year in August and retail sales rose 14.9% (NSO).

Corporate News

Masan Group (MSN) Q1 2026 NPAT pre-MI doubled year-on-year to a record VND1,974 bn. The group subsequently reported a record Q2 profit and proposed raising its 2026 profit target by up to 46%. MSR's tungsten business is the main earnings swing factor. MSR's H1 2026 revenue rose 3.71x year-on-year to more than VND11.13 tn, and net profit reached more than VND2.2 tn against a VND216 bn loss a year earlier. Q2 alone contributed nearly VND8.14 tn in revenue and VND1.67 tn in profit. In September, MSR announced a 10% interim cash dividend for 2026, its first; Masan Vision, which holds 92.9% of MSR, is expected to receive about VND1.02 tn. Management expects the second half to stay positive with tungsten prices elevated on AI-related investment and estimates that lower export taxes on fluorspar and bismuth could add around USD2.5 mn to H2 profit.

Hoa Sen Group (HSG) is Vietnam's leading 17alvanized steel sheet producer and is building out the Hoa Sen Home building materials and furniture retail chain. Its fiscal year runs from October to September. For 9M FY2025–26, consolidated sales volume was an estimated 1,319,545 tonnes (75% of plan), revenue VND27,358 bn (78% of plan) and NPAT VND568 bn. That NPAT equals 114% of the VND500 bn full-year target. The fiscal third quarter drove the result, with volume of 461,739 tonnes, revenue of VND10,000 bn and NPAT of VND382 billion. By end-May, domestic HRC prices were up 12–15% YTD and Hoa Sen's 17alvanized selling prices up 6–8%. Book value stands at about VND14,700 per share after the 30% stock dividend in May 2026. The fiscal year closed on 30 September, so full-year results are next.

Refrigeration Electrical Engineering (REE) is a diversified infrastructure holding company with businesses in power (hydro, wind, solar), water, M&E contracting and office leasing. H1 2026 profit rose 9% to VND1,346 bn on revenue of VND4,897 bn (+6.9%). Hydropower output fell 9.5% to 2,470 mn kWh, but hydro revenue rose 9.6% to VND1,609 bn and profit rose 11.6% to VND501 bn on higher selling prices. The energy segment contributed VND695 bn of profit (+6.7%). M&E and trading profit more than doubled (+109%) to VND89 billion as projects were handed over. Management reported nearly VND6,000 bn of new M&E contracts signed in H1, targeting VND7,000–8,000 bn for the year. The pipeline includes Long Thanh, Phu Quoc and Tan Son Nhat airport works, 2027 event venues and Viettel data centres.

Gelex Group (GEX) is an industrial holding company whose core businesses are electrical equipment (Gelex Electric, GEE) and infrastructure (Gelex Infrastructure, GEL), and it is positioned for Vietnam's power grid build-out. Q2 2026 consolidated revenue rose 43.1% year-on-year to VND14,480 bn and pre-tax profit rose 16.8% to VND1,805 bn. H1 revenue reached VND25,202 bn (+39.7%), and pre-tax profit of VND2,611 bn was 72.2% of the full-year target (company release). At GEE, H1 net revenue rose 41.8% to more than VND16.72 tn and net profit rose nearly 28% to about VND1.35 tn. That puts GEE at about 61% of its revenue target and nearly 63% of its pre-tax profit target (The Investor). GEL's H1 pre-tax profit of nearly VND1.18 tn has already exceeded its full-year target.

PetroVietnam Refining and Petrochemical (BSR) owns and operates the Dung Quat refinery. H1 2026 output reached 4.05 mn tonnes (up nearly 6%), consolidated revenue VND100,922 bn (+47%) and NPAT VND12,636 bn, almost 7x a year earlier. Q2 revenue exceeded VND55,000 bn and NPAT reached VND4,097 bn. The H1 result is about six times the full-year NPAT plan of VND2,162 bn. The refinery ran at about 124% of design capacity, Brent averaged around USD93.54/bbl in H1, and higher product prices and refining margins accounted for 85.6% of revenue growth. The Dung Quat Ethanol plant restarted, and E10 RON95 has been supplied to market since May. The Dung Quat upgrade and expansion project has moved into the EPC phase. The company targets completion by end-2028, with an equity requirement of VND25,300 bn over 2026–2030.

(All company news and data are sourced from their individual financial disclosures.)

AFFIN PHEIM ASSET MANAGEMENT

(Formerly known as Pheim Asset Management SDN BHD)

Outlook

The following outlook represents our assessment based on current information and is subject to change without notice. September confirmed that the FTSE Russell upgrade was largely priced in before it took effect. Foreign buying peaked in the run-up to the 18 September rebalancing and reversed into net selling of about VND4 tn in the first post-inclusion week. The VNI ended the month down 3.47% and back in negative YTD territory. The macro backdrop is mixed. Activity is still robust: August industrial production was up 14.4%, retail sales up 14.9%, and 8M disbursed FDI was at a five-year high. Against that, September PMI new orders were the weakest of the current upcycle. Inflation is running near 4.9% year-on-year with gasoline and tuition pressures still feeding through. The cumulative trade deficit is a record USD20.5 billion, which leaves the dong's recent firmness dependent on the SBV's management. The September CPI and Q3 GDP prints in early October will set the tone. A stronger-than-expected Q3 growth reading may support investor sentiment. At the stock level, the Q3 earnings season could favour names with idiosyncratic earnings drivers over broad beta. With passive inclusion now complete, the durability of foreign flows depends on earnings delivery and FTSE's subsequent tranche additions. The Vanguard commitment and participation from active EM funds could provide support for medium-term fund flows.

Sources:

The information, data, forecasts, and key metrics presented in this report have been compiled from various sources deemed reliable, including Bloomberg, company announcements and filings in Bursa Malaysia, the Department of Statistics Malaysia (DOSM), Malaysian Investment Development Authority (MIDA), Ministry of Investment, Trade and Industry (MITI), as well as published research reports from investment and research houses. Additional insights and qualitative assessments are derived from discussions with company management, management briefings, analyst

meetings, and management guidance where applicable. While reasonable efforts have been made to ensure the accuracy and completeness of the information, no representation or warranty is provided regarding its accuracy or completeness.

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AFFIN PHEIM
ASSET MANAGEMENT

(Formerly known as Pheim Asset Management SDN BHD)

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