

Portfolio Seasons

Malaysia: What next?

External vulnerabilities weigh on MSCI Malaysia

Despite the brief rebound post-election, MSCI Malaysia is down -3.9% vs MSCI ASEAN's +2.8% on 3mth basis. With the index now trading at 13x FY23E PE and more than -2 standard deviation below its 10y mean, it is evident that markets are now pricing in the threat that global growth downside risks pose to Malaysia's economic recovery.

Global banking turmoil has many embers especially US CRE
MIBG economics team now sees a 58% probability of US entering into a recession over the next 12 months, an outcome that will have a negative bearing on the recovery theme of ASEAN exporters (MY, SG, TH and VN). While the initial banking crisis started by Silicon Valley Bank appears to be stabilising, there is increasing concern over US\$1.4t of commercial real estate (CRE) bank loans that are maturing over 2023-2027 and the potential impact refinancing defaults could have on sharply higher recession odds. Small banks with less than US\$250b in assets currently hold 67% of US CRE loans.

Premature to exit cyclical

On interest rate pivots, history is not kind with the S&P, MSCI Asia ex Japan and MSCI Malaysia registering average declines of -53%, -57% and -44% respectively when yield curve inversion peaked during dot-com and GFC. However, with risk on appetite playing out in US / China techs, we believe it is premature to get completely bearish on equities. In our latest rebalancing for Malaysia model portfolios, we highlight new additions in defensives and domestic investment-themed sectors: Utilities (Gas Malaysia, Mega First), Consumer (Genting Bhd, Leong Hup) and Industrials (Gamuda).

Portfolio Strategy

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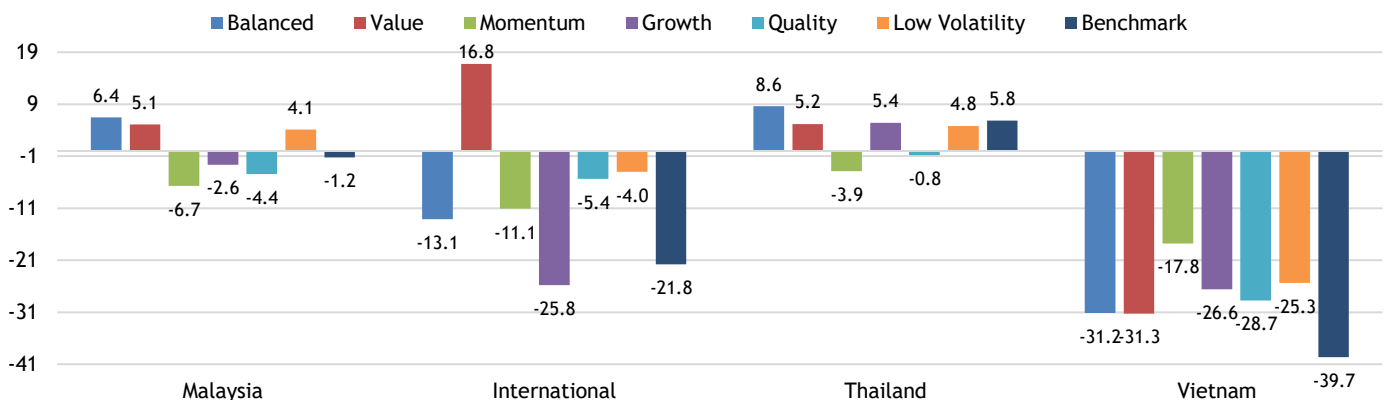
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Fig 2: ASEAN-6 YTD market performance

| | |
|-------|--------|
| VNI | 3.66% |
| STI | 1.65% |
| JCI | 0.38% |
| PSEI | 0.24% |
| BURSA | -1.09% |
| SET | -3.84% |

Source: Bloomberg

Fig 1: MIB Model portfolio performance (since launch)



Note: Portfolio Performance as of 24/03/2023

Source: Factset, Maybank IBG Research

Bank runs & back-stops

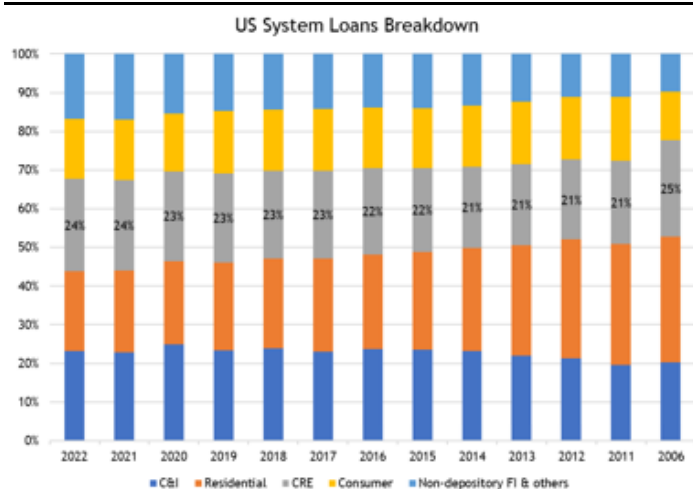
The FDIC classifies US CRE as construction and land development, farmland, multifamily mortgages, non-farm and non-residential property loans. In the wake of the Global Financial Crisis (2007), the Fed maintained Fed Funds rate (FFR) at close to zero to pump-prime the economy, which in turn helped stimulate CRE activities from 2014 right through to the early 2020s. Consequently, CRE's share of US banking system loans grew from 21% in 2010 to 24% as of end 2022 (Fig 3). At this contribution share, CRE activities currently is near parity to the 25% exposure rate pre-GFC.

Unlike residential property loans, which typically fully amortize over a 30-year term, it is more common for commercial real estate loans to amortize over a 10-year term at which point the borrowing entity must refinance a balloon payment. With effective FFR now at 4.85%, the loan structure will not be sufficiently large enough to finance the original loan amounts underwritten 10 years ago unless net operating income of the underlying asset doubles - a scenario which is highly unlikely given the persistent high vacancy rates (Fig 5) in US office markets and remote working trends since COVID-19. If borrowers cannot refinance, then lending institutions will be confronted with higher delinquency rates and non-performing loans.

Trepp Inc, a market leader in data analytics for commercial real estate, estimates that approximately US\$1.4t of CRE bank loans will come due between 2023-2027 (Fig 6) - the equivalent of 48% of total CRE system bank loans. To put this in context, 67% of these loans are held by small local and regional banks with less than US\$250b in total assets. First Republic Bank (for which a consortium of banks led by JPMorgan has launched a private sector bailout on Mar 16) and Signature Bank (seized by FDIC on Mar 12) held the 9th and 10th largest portfolio of commercial real estate loans.

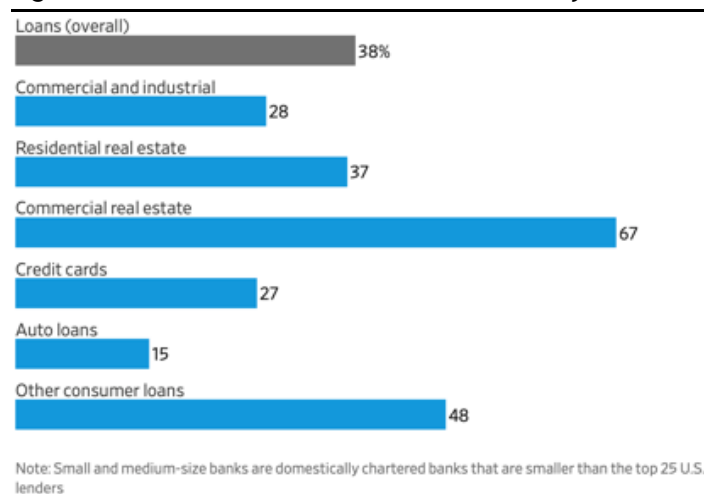
The fear of further bank runs is not unwarranted and comes at a time of skittish investor sentiment. Unlimited deposit guarantees are a solution that can effectively shore up market confidence but US Treasury Secretary Yellen has for the moment declined making this commitment. Instead, the US Treasury has opted for the option to invoke systematic risk exemption - a mechanism that would allow the FDIC Deposit Insurance Fund to cover uninsured deposits above USD\$250k in the event of another bank run.

Fig 3: US systems loans breakdown



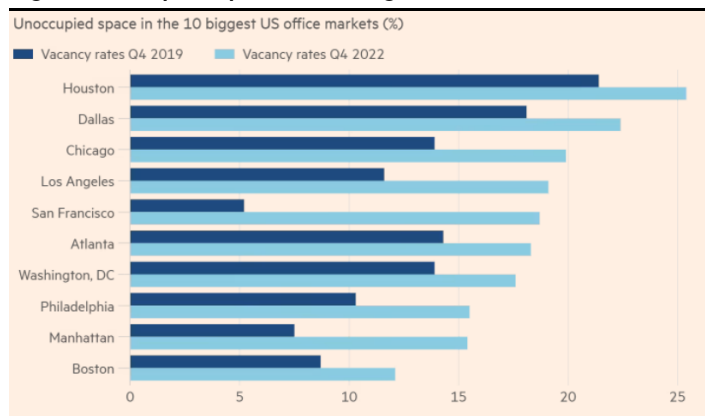
Source: FDIC, Maybank IBG Research

Fig 4: Small and medium size banks' share of US system loans



Source: Wall Street Journal

Fig 5: Unoccupied space in 10 largest US office markets



Source: Financial Times, Moody's

Fig 6: US commercial mortgage loan maturity schedule (US\$b)

| Year | Total Due | Banks | CMBS | Life Cos | GSE | Other |
|-----------|-----------|----------|--------|----------|--------|--------|
| 2023 | 447.42 | 269.76 | 15.04 | 42.42 | 58.36 | 61.84 |
| 2024 | 486.24 | 272.96 | 31.09 | 46.14 | 68.84 | 67.21 |
| 2025 | 520.8 | 275.94 | 53.18 | 48.14 | 82.24 | 61.29 |
| 2026 | 529.58 | 287.56 | 27.54 | 51.19 | 101.98 | 61.3 |
| 2027 | 552.94 | 280.43 | 41.31 | 53.16 | 118.46 | 59.57 |
| 2023-2027 | 2,536.99 | 1,386.67 | 168.16 | 241.06 | 429.88 | 311.21 |

Source: Trepp Inc.

Fig 7: Top US banks exposure to CREs (US\$b)

| Code | ISIN | Name | CRE | Asset | Equity | CRE/Asset | CRE/Equity |
|----------|--------------|---|-------|---------|--------|-----------|------------|
| NYCB-US | US6494451031 | New York Community Bancorp, Inc. | 48.8 | 90.6 | 8.8 | 53.85% | 553.04% |
| ZION-US | US9897011071 | Zions Bancorporation, N.A. | 22.8 | 89.5 | 4.9 | 25.46% | 465.97% |
| SNV-US | US87161C5013 | Synovus Financial Corp. | 20.6 | 59.9 | 4.5 | 34.38% | 460.25% |
| VLY-US | US9197941076 | Valley National Bancorp | 29.4 | 57.6 | 6.4 | 51.06% | 459.32% |
| SBNY-US | US82669G1040 | Signature Bank | 35.2 | 110.6 | 8.0 | 31.82% | 439.28% |
| FCNCA-US | US31946M1036 | First Citizens BancShares, Inc. Class A | 27.3 | 110.7 | 9.7 | 24.66% | 282.55% |
| FHN-US | US3205171057 | First Horizon Corporation | 21.2 | 79.0 | 8.3 | 26.85% | 256.91% |
| FRC-US | US33616C1009 | First Republic Bank | 37.0 | 213.4 | 17.4 | 17.34% | 212.08% |
| MTB-US | US55261F1049 | M&T Bank Corporation | 44.3 | 200.7 | 25.3 | 22.07% | 174.97% |
| CFG-US | US1746101054 | Citizens Financial Group, Inc. | 32.8 | 226.7 | 23.7 | 14.47% | 138.46% |
| USB-US | US9029733048 | U.S. Bancorp | 53.2 | 674.8 | 50.8 | 7.88% | 104.79% |
| PNC-US | US6934751057 | PNC Financial Services Group, Inc. | 47.0 | 560.4 | 45.8 | 8.39% | 102.68% |
| TFC-US | US89832Q1094 | Truist Financial Corporation | 53.5 | 559.0 | 60.5 | 9.57% | 88.41% |
| WFC-US | US9497461015 | Wells Fargo & Company | 140.3 | 1,900.9 | 179.9 | 7.38% | 77.99% |
| COF-US | US14040H1059 | Capital One Financial Corp | 30.3 | 455.2 | 52.6 | 6.66% | 57.62% |
| JPM-US | US46625H1005 | JPMorgan Chase & Co. | 132.1 | 3,665.7 | 292.3 | 3.60% | 45.19% |
| TD-US | CA8911605092 | Toronto-Dominion Bank | 28.8 | 1,405.8 | 81.7 | 2.05% | 35.27% |
| BAC-US | US0605051046 | Bank of America Corp | 76.8 | 3,051.4 | 273.2 | 2.52% | 28.11% |
| C-US | US1729674242 | Citigroup Inc. | 27.1 | 2,422.4 | 201.2 | 1.12% | 13.47% |

Source: Business Insider, Maybank IBG Research

Equities switch to risk-on mode

While financial reforms have strengthened the banking systems since GFC, it is instructive that when the 2yr-10yr UST yield curve inversion peaked in 2000 (dot-com) and 2006 (pre-GFC), the S&P500, MSCI Asia ex Japan and MSCI Malaysia's average drawdowns ran as acute as -53%, -57% and -44% respectively.

A rate pause could happen as early as the next FOMC meeting in May where the Federal Reserve's summary of economic projections point to terminal rates peaking at 5.1% vs 4.875% currently. Notwithstanding this event, we think it may be premature to turn completely bearish on equities given that the global banking turmoil has for now stabilised following the Fed's signaling that it is prepared to make funds available. Additionally, it is also important to acknowledge that risk-on appetite in US/China Techs and Semis is on the rise. OPEC+ nations surprise output cuts could also rekindle interests in the commodity complex and ASEAN commodity exporters like Malaysia. (see report [*Malaysia Oil & Gas - OPEC+ cuts output dtd 4 Apr 2023*](#))

Over the last 3mths, MSCI Malaysia did manage to generate a +4.6% returns post-election but the market has since contracted by -3.9% vs MSCI ASEAN's +2.8%. Excluding Vietnam where its earnings outlook has come under significant pressure from a series of high profile corporate corruption scandals and changes in the government, MSCI Malaysia's 3mth EPS revision was the only negative print among ASEAN-5. The three biggest sector drags to EPS revision were: Health Care -21%, Materials -10% and Communication Services -4%.

On 2023E earnings, MSCI Malaysia's 13x forward PE is now sitting below -2 standard deviations of its 10 year mean which we feel overly discounts the country's economic recovery potential. On this same metric, MSCI Malaysia is priced around the same PE range of Singapore and Indonesia but offers more downside support considering that current valuations already sit at the 5-year minimum range (Fig 16) - which implies extreme bearishness.

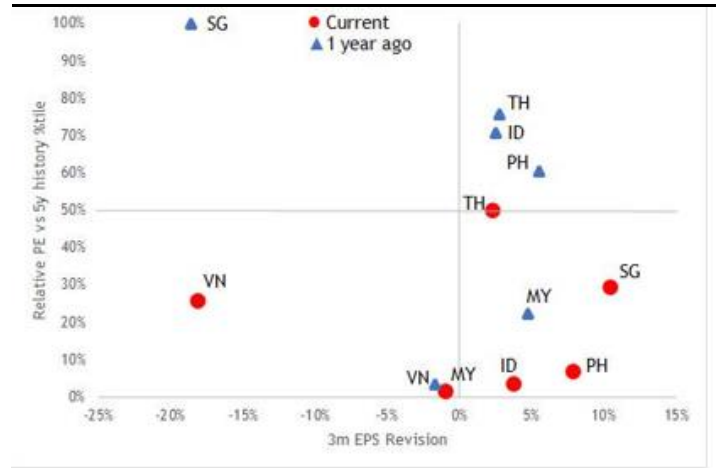
We constructed two pair trades (Fig 14 and 15) to augment this view. Using MSCI Malaysia GICS sectors, our first pair trade focuses on the energy sector vs utilities which will show the impact that falling commodity price trends in 1Q23 have had on the energy clusters' underperformance. In pair trade 2, the Specialty Retail cluster's (where MR DIY dominates by market cap) outperformance over cyclicals also shows a lean for consumer down-trading themes. ([Link to MIBG sector pair trade and constituents.](#))

If we are right that Malaysia's market has been consolidating on excessive fears of external weakening, then these same pair trades may also be indicating that a reversal may soon be in play for cyclicals.

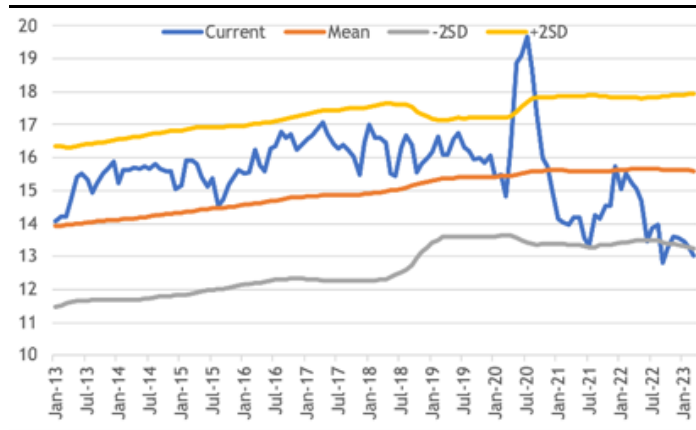
Fig 8: Market drawdowns during Dot-com crash and GFC

| | Year 2000 | Year 2006 |
|--|-----------|-----------|
| Date (Peak Inversion) | 10-Apr-00 | 15-Nov-06 |
| 10Y-2Y (Peak Inversion) | -0.477 | -0.1947 |
| Date Peak Performance S&P500 | 1-Sep-00 | 9-Oct-07 |
| Date Peak Performance AxJ | 10-Apr-00 | 29-Oct-07 |
| Date Peak Performance Malaysia | 19-May-00 | 6-Dec-07 |
| <u>Drawdown after peak performance</u> | | |
| S&P 500 Drawdown | -49% | -57% |
| AxJ Drawdown | -52% | -61% |
| Malaysia Drawdown | -44% | -44% |

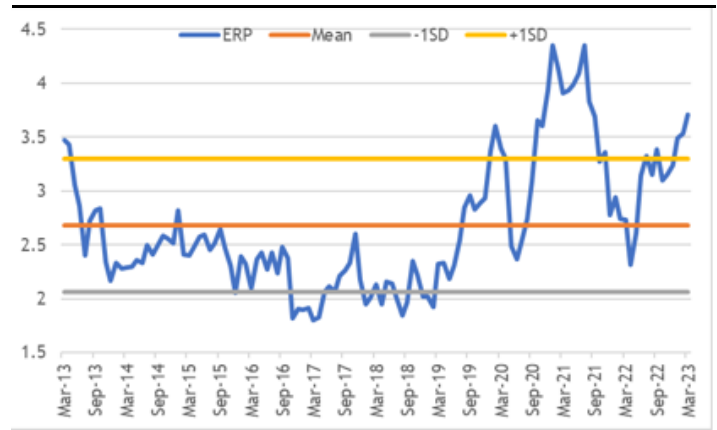
Source: Factset, Maybank IBG Research

Fig 9: MSCI ASEAN PE %tile vs 3mth EPS change

Source: : Factset, Maybank IBG Research, data as of 31-Mar-2023

Fig 10: MSCI Malaysia PE band

Source: : MSCI, Maybank IBG Research, data as of 31-Mar-2023.

Fig 11: MSCI Malaysia market's equity risk premium band

Source: : MSCI, Maybank IBG Research, data as of 31-Mar-2023

Malaysia model portfolio rebalancing

In this round of rebalancing for our Malaysia model ports, we add new positions in Utilities (Gas Malaysia, Mega First), Consumer (Genting Bhd, Leong Hup), Industrials (Gamuda) and Energy (MMHE).

Gas Malaysia (GMB MK)

Recent concerns over falling crude oil prices are now overblown with the surprise OPEC+ output cuts. Given the significant time lag between crude oil prices and domestic gas prices, we still expect higher YoY average domestic gas prices in 2023, which implies higher spreads in FY23.

Mega First (MFCB MK)

The Don Sahong hydroelectric dam which was commissioned in 2020 in Laos continues to benefit from high availability and a strong USD. FCF generation was expectedly strong, with net gearing now at just 9%. MIBG's forecasts have yet to reflect MFCB's growing solar portfolio which has a cumulative capacity of 40MW by 2024.

Cahya Mata Sarawak (CMS MK)

Excluding net cash plus ST/LT investments of 68sen/shr as at end Dec 2022, the stock now trades at just 3.1x FY23E PER. We view that CMS low valuation does not fairly account for the group's dominant position as a cement manufacturer and infrastructure services provider in Sarawak.

Malaysia Marine and Heavy Engineering (MMHE MK)

Secured its 1st job win in FY23 from CPOC worth MYR1.4b to undertake the engineering, procurement, construction and installation (EPCI) of five wellhead platforms in the Malaysia-Thailand Joint Development Area. The possibility of MMHE surpassing MIBG's MYR2b estimate cannot be ruled out because the market is in an upcycle.

Gamuda (GAM MK)

Outstanding E&C orderbook was MYR14.5b (17% domestic, 83% overseas) as of end-Jan 2023. This is expected to grow to MYR20.5b post acquisition of a civil construction business in Australia, which is expected to complete in mid-2023. Gamuda (in a consortium) has submitted its tender for Package CMC 303 of the KVMRT3, which is believed to be worth MYR13.3b. Gamuda is also eyeing the KVMRT3 system works which could be worth at least MYR5b.

Leong Hup International (LHIB MK)

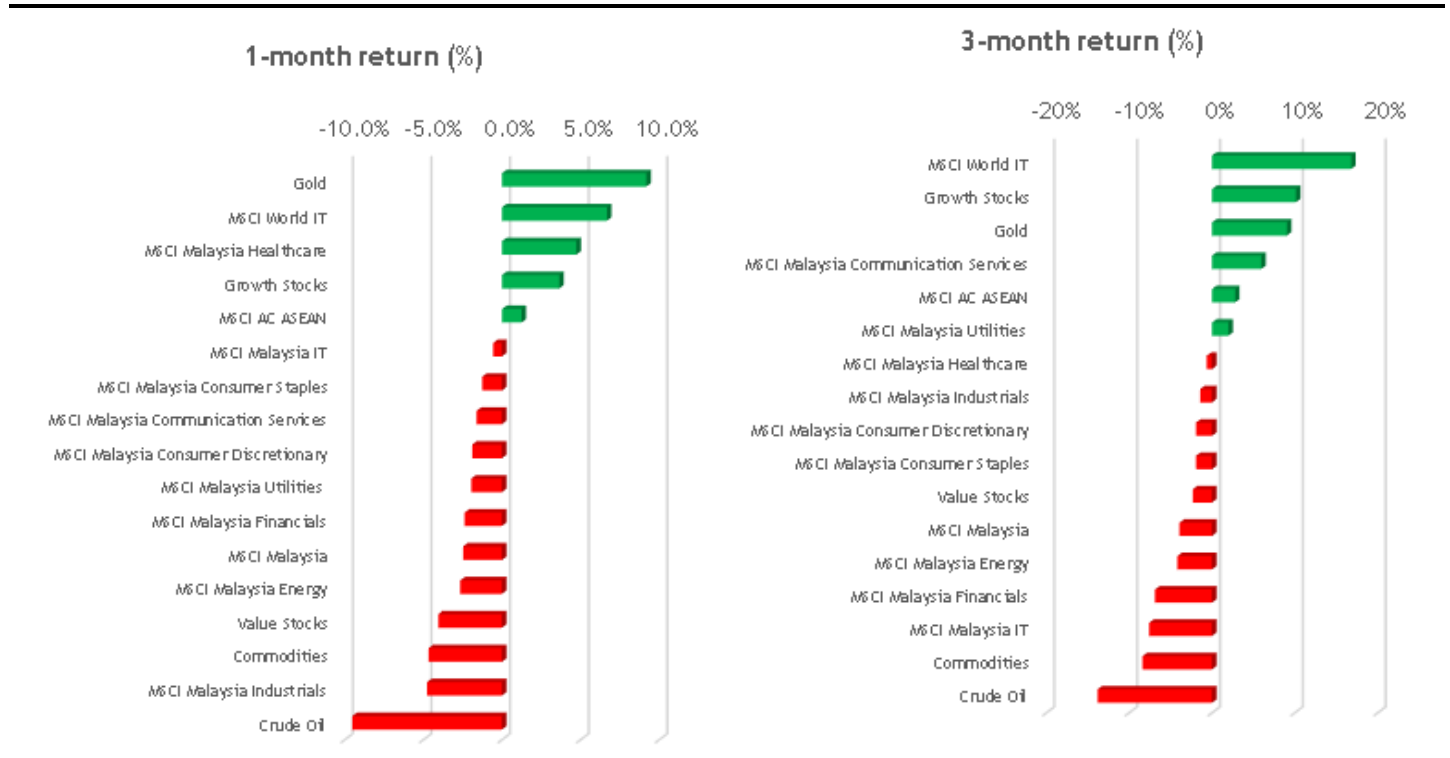
Malaysia's poultry price controls are expected to end by Jul 2023 which should lift ASP outlook.

Fig 12: MIB Malaysia model portfolio additions and deletions

| Portfolio Deletions | BB Code | Model Portfolio | Portfolio Additions | BB Code | Model Portfolio |
|------------------------|-----------|-----------------|--|---------|-----------------|
| PETRONAS Chemicals | PCHEM MK | Balanced | Gas Malaysia | GMB MK | Balanced |
| AEON Credit Service | ACSM MK | Balanced | Mega First Corp. | MFCB MK | Balanced |
| Astro | ASTRO MK | Value | Cahya Mata Sarawak | CMS MK | Value |
| Press Metal Aluminium | PMAH MK | Momentum | Malaysia Marine & Heavy Engrg Holdings | MMHE MK | Momentum |
| Inari Amertron | INRI MK | Momentum | Gamuda | GAM MK | Momentum |
| Malaysian Pacific Inds | MPI MK | Growth | Genting | GENM MK | Growth |
| Malaysian Pacific Inds | MPI MK | Quality | Gas Malaysia | GMB MK | Quality |
| KLCC Property | KLCCSS MK | Low Volatility | Leong Hup International | LHIB MK | Low Volatility |

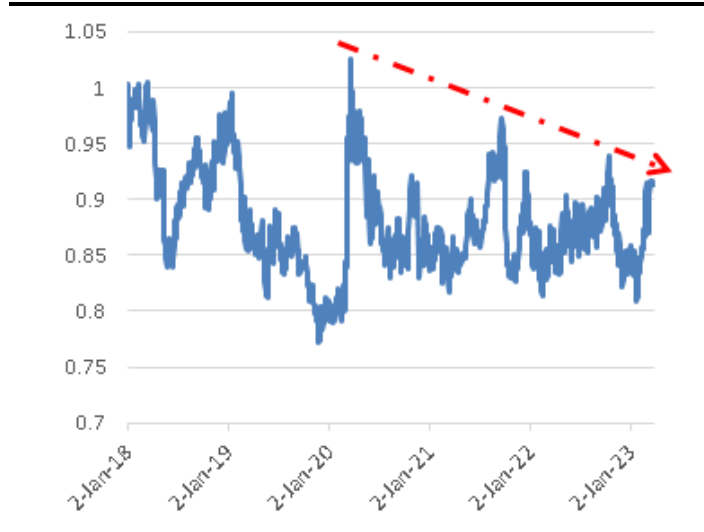
Source: Maybank IBG Research

Fig 13: 1mth and 3mth multi asset class performance



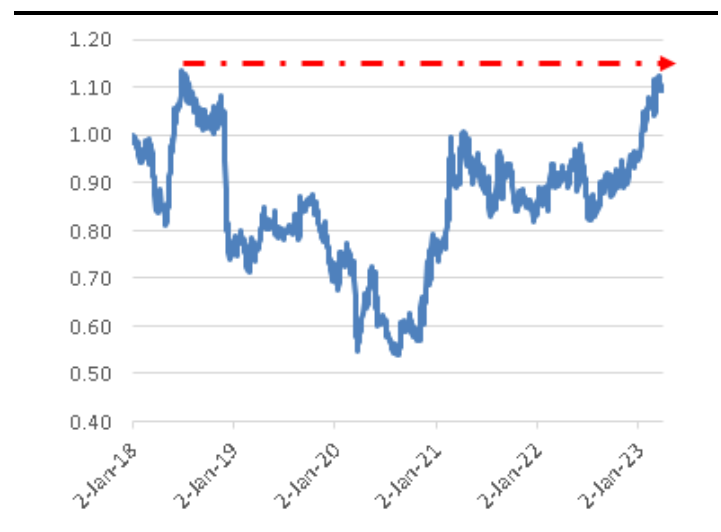
Source: MSCI, Maybank IBG Research

Fig 14: Pair trade 1 - Utilities vs Energy



Source: Factset, Maybank IBG Research

Fig 15: Pair trade 2 - Specialty Retail vs Cyclical



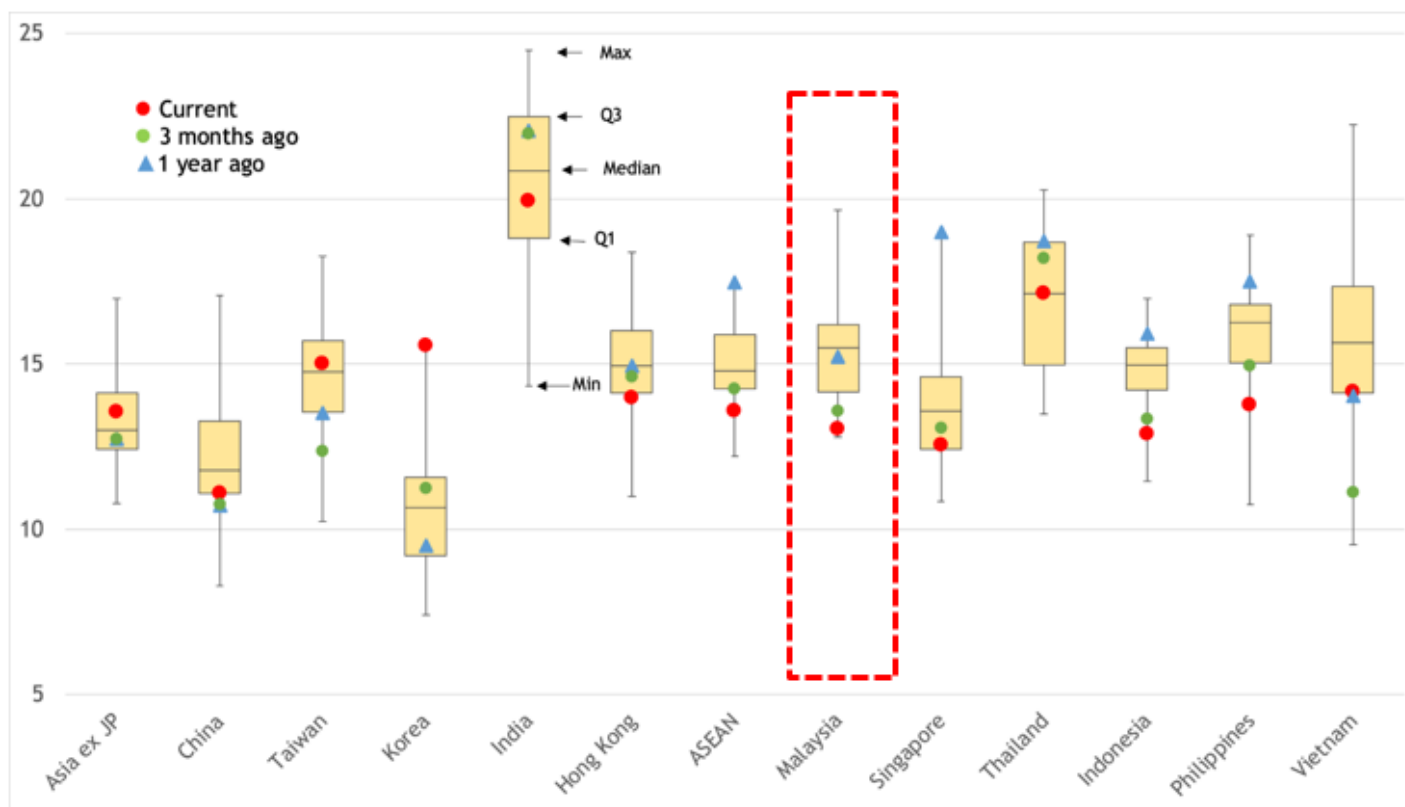
Source: Factset, Maybank IBG Research

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Asia ex Japan market valuation

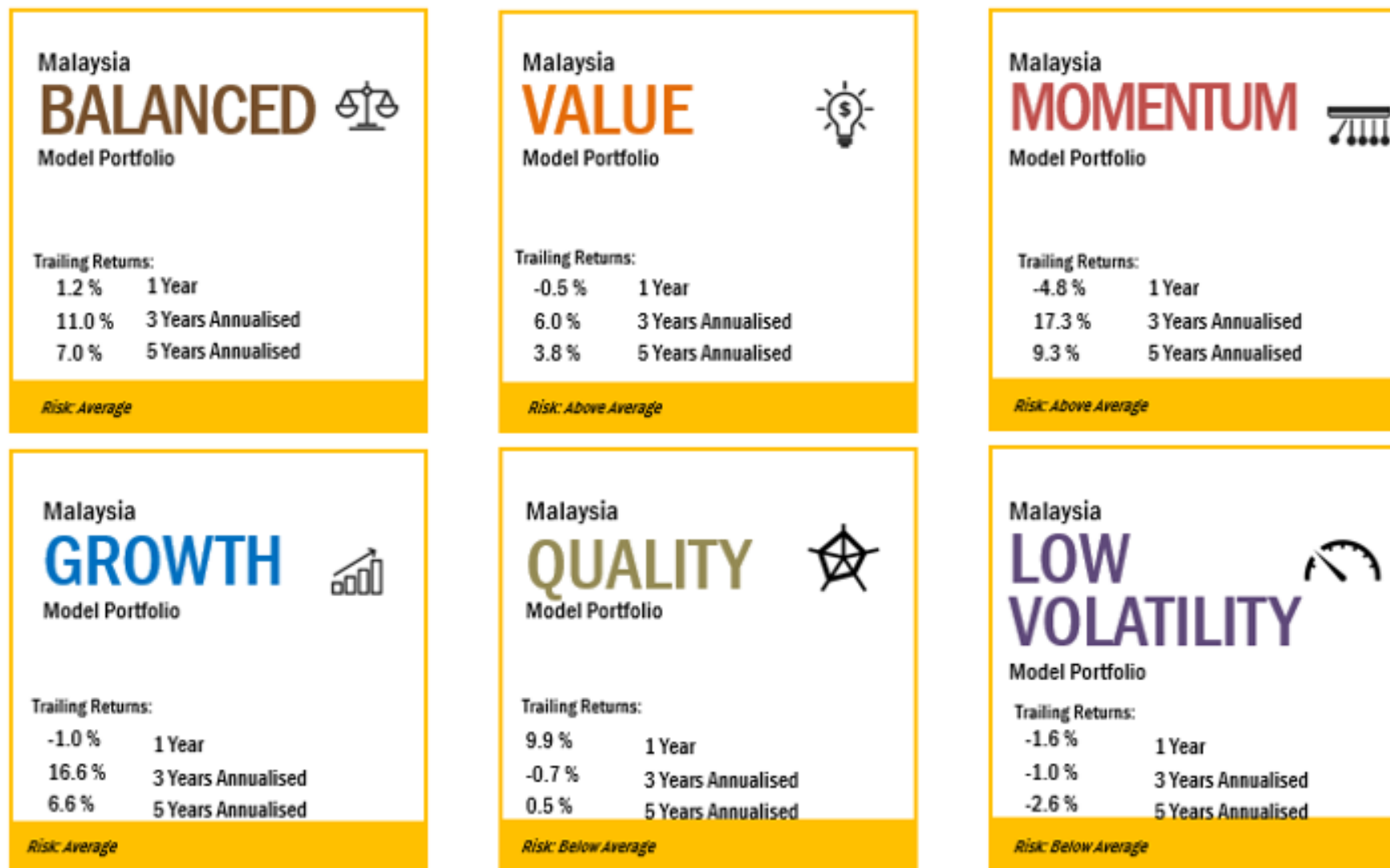
Fig 16: MSCI AC Asia ex Japan 12m forward PE box plot by countries



Source: Factset, MSCI, Maybank IBG Research; 5-year data as of 31 Mar 2023

Note: A box plot displays the five-number summary of a dataset, namely minimum, 1st quartile, median, 3rd quartile and maximum (Min, Q1, Median, Q3, Max).

MIBG Malaysia Model Portfolios



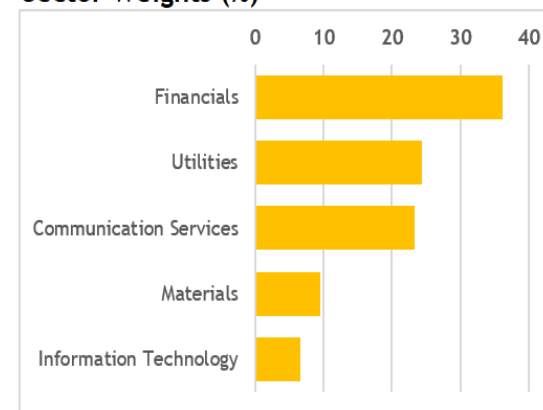
Balanced Model Portfolio

Holdings

| Company Name | Sector | Portfolio Weight (%) | Price (Local) | Dividend Yield (%) |
|--------------------------|------------------------|----------------------|---------------|--------------------|
| TIME dotCom | Communication Services | 20.00 | 5.55 | 5.7 |
| Hong Leong Bank | Financials | 19.87 | 20.24 | 2.9 |
| Gas Malaysia | Utilities | 15.93 | 3.16 | 7.2 |
| Scientex | Materials | 9.48 | 3.47 | 2.6 |
| RHB Bank | Financials | 8.95 | 5.57 | 7.2 |
| Mega First | Utilities | 8.49 | 3.50 | 2.2 |
| Hong Leong Financial Grp | Financials | 7.29 | 18.04 | 2.7 |
| Vitrox | Information Technology | 3.33 | 7.98 | 0.2 |
| Telekom Malaysia | Communication Services | 3.33 | 4.98 | 3.3 |
| Inari Amertron | Information Technology | 3.33 | 2.44 | 3.8 |

Source: Factset; Prices as of 30 Mar 2023. Model portfolio weights as of 30 Mar 2023.

Sector Weights (%)



GICS Sector Weights as of 30 Mar 2023

Performance table

| Cumulative Returns (%) | YTD | 1M | 3M | 6M | 1Y | 3Y |
|------------------------|------|------|------|------|------|------|
| Portfolio Style | 0.6 | -1.3 | 1.1 | 0.6 | 1.2 | 36.9 |
| MSCI Malaysia | -2.8 | -2.4 | -2.0 | -1.6 | -5.5 | 3.4 |

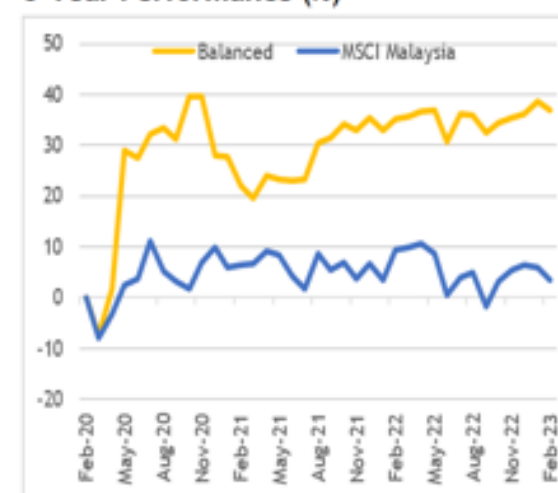
| Annual Returns (%) | 2020 | 2019 | 2018 |
|--------------------|------|------|------|
| Portfolio Style | 19.8 | 4.0 | 14.4 |
| MSCI Malaysia | 1.9 | -3.0 | -4.0 |

| Sharpe Ratio /Risk-Return (3Y) | Style | MSCI Msla |
|--------------------------------|-------|-----------|
| Sharpe Ratio | 0.54 | 0.03 |
| Volatility (%) | 19.5 | 13.8 |
| Max Drawdown (%) | -14.3 | -11.6 |
| Max Drawdown Duration (months) | 27 | 31 |

Source: Factset, MSCI, Maybank IBG Research

Note: Performance prior to 10 Aug 2021 based on backtest results. MSCI Malaysia represents MYR total return of MSCI MYR Index including dividends. All performance data (MYR) as of 28 Feb 2023.

3-Year Performance (%)



Value Model Portfolio

Holdings

| Company Name | Sector | Portfolio Weight (%) | Price (Local) | Dividend Yield (%) |
|--------------------------|------------------|----------------------|---------------|--------------------|
| RHB Bank | Financials | 20.00 | 5.57 | 7.2 |
| Hong Leong Financial Grp | Financials | 20.00 | 18.04 | 2.7 |
| AMMB | Financials | 20.00 | 3.72 | 0.0 |
| Sime Darby | Industrials | 10.68 | 2.16 | 4.8 |
| Mega First | Utilities | 9.44 | 3.50 | 2.2 |
| Malakoff | Utilities | 6.44 | 0.695 | 6.9 |
| Allianz Malaysia | Financials | 3.45 | 13.900 | 0.0 |
| Sarawak Oil Palms | Consumer Staples | 3.33 | 2.360 | 1.7 |
| Bumi Armada | Energy | 3.33 | 0.630 | 0.0 |
| Cahaya Mata Sarawak | Industrials | 3.33 | 1.150 | 2.7 |

Source: Factset; Prices as of 30 Mar 2023. Model portfolio weights as of 30 Mar 2023.

Performance table

| Cumulative Returns (%) | YTD | 1M | 3M | 6M | 1Y | 3Y |
|------------------------|------|------|------|------|------|------|
| Portfolio Style | 0.3 | -1.0 | 1.7 | -0.3 | -0.5 | 19.0 |
| MSCI Malaysia | -2.8 | -2.4 | -2.0 | -1.6 | -5.5 | 3.4 |

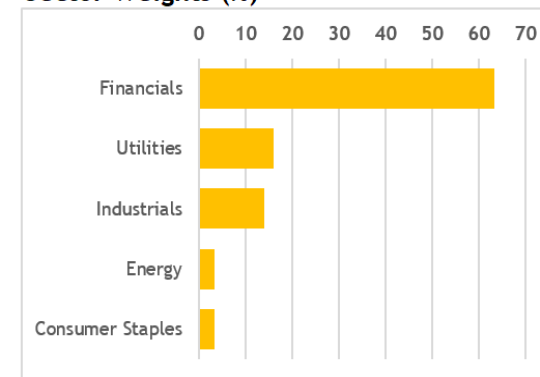
| Annual Returns (%) | 2020 | 2019 | 2018 |
|--------------------|------|------|------|
| Portfolio Style | 0.4 | 10.3 | 3.9 |
| MSCI Malaysia | 1.9 | -3.0 | -4.0 |

| Sharpe Ratio /Risk-Return (3Y) | Style | MSCI Msia |
|--------------------------------|-------|-----------|
| Sharpe Ratio | 0.31 | 0.03 |
| Volatility (%) | 20.5 | 13.8 |
| Max Drawdown (%) | -20.8 | -11.6 |
| Max Drawdown Duration (months) | 10 | 31 |

Source: Factset, MSCI, Maybank IBG Research

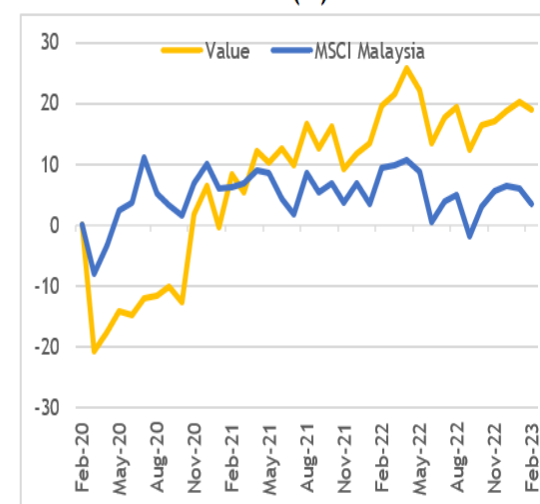
Note: Performance prior to 10 Aug 2021 based on backtest results. MSCI Malaysia represents MYR total return of MSCI MYR Index including dividends. All performance data (MYR) as of 28 Feb 2023.

Sector Weights (%)



GICS Sector Weights as of 30 Mar 2023

3-Year Performance (%)



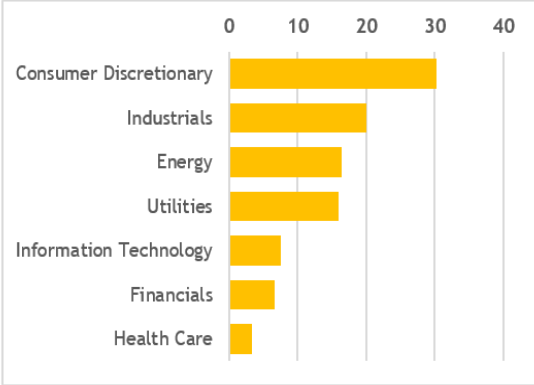
Momentum Model Portfolio

Holdings

| Company Name | Sector | Portfolio Weight (%) | Price (Local) | Dividend Yield (%) |
|--------------------------|------------------------|----------------------|---------------|--------------------|
| Berjaya Food | Consumer Discretionary | 20.00 | 0.910 | 3.5 |
| Gamuda | Industrials | 20.00 | 4.07 | 3.0 |
| Gas Malaysia | Utilities | 15.93 | 3.16 | 7.2 |
| Malaysia Marine & Heavy | Energy | 13.00 | 0.610 | 2.4 |
| Padini | Consumer Discretionary | 10.17 | 4.00 | 1.9 |
| Vitrox | Information Technology | 7.57 | 7.98 | 0.2 |
| Hibiscus Petroleum | Energy | 3.33 | 0.990 | 1.8 |
| Hong Leong Financial Grp | Financials | 3.33 | 18.04 | 2.7 |
| Alliance Bank Malaysia | Financials | 3.33 | 3.38 | 6.6 |
| IHH Healthcare | Health Care | 3.33 | 5.75 | 1.2 |

Source: Factset; Prices as of 30 Mar 2023. Model portfolio weights as of 30 Mar 2023.

Sector Weights (%)



GICS Sector Weights as of 30 Mar 2023

Performance table

| Cumulative Returns (%) | YTD | 1M | 3M | 6M | 1Y | 3Y |
|------------------------|------|------|------|------|------|------|
| Portfolio Style | -1.0 | -2.1 | 1.0 | 3.7 | -4.8 | 61.3 |
| MSCI Malaysia | -2.8 | -2.4 | -2.0 | -1.6 | -5.5 | 3.4 |

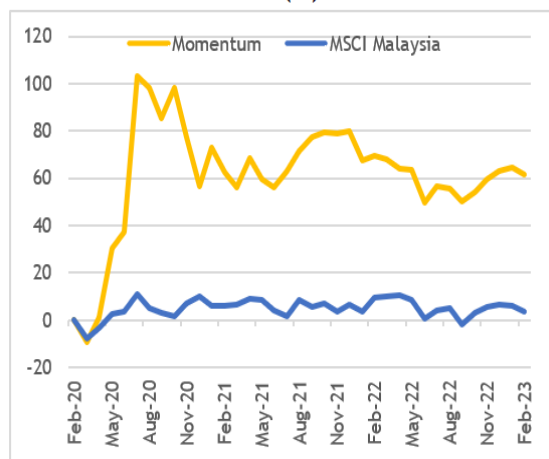
| Annual Returns (%) | 2020 | 2019 | 2018 |
|--------------------|------|------|------|
| Portfolio Style | 43.7 | 11.5 | -1.8 |
| MSCI Malaysia | 1.9 | -3.0 | -4.0 |

| Sharpe Ratio /Risk-Return (3Y) | Style | MSCI Msia |
|--------------------------------|-------|-----------|
| Sharpe Ratio | 0.54 | 0.03 |
| Volatility (%) | 37.6 | 13.8 |
| Max Drawdown (%) | -26.4 | -11.6 |
| Max Drawdown Duration (months) | 31 | 31 |

Source: Factset, MSCI, Maybank IBG Research

Note: Performance prior to 10 Aug 2021 based on backtest results. MSCI Malaysia represents MYR total return of MSCI MYR Index including dividends. All performance data (MYR) as of 28 Feb 2023.

3-Year Performance (%)



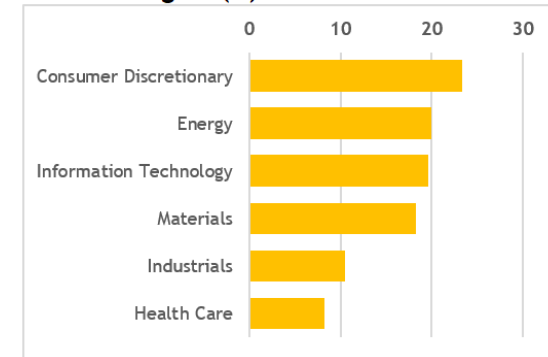
Growth Model Portfolio

Holdings

| Company Name | Sector | Portfolio Weight (%) | Price (Local) | Dividend Yield (%) |
|-------------------------|------------------------|----------------------|---------------|--------------------|
| Yinson | Energy | 20.00 | 2.55 | 0.8 |
| Genting | Consumer Discretionary | 20.00 | 4.59 | 3.5 |
| Press Metal Aluminium | Materials | 18.24 | 4.92 | 1.4 |
| Vitrox | Information Technology | 16.31 | 7.98 | 0.2 |
| IHH Healthcare | Health Care | 8.25 | 5.75 | 1.2 |
| IJM Corp | Industrials | 3.69 | 1.60 | 3.7 |
| Frontken | Industrials | 3.52 | 3.10 | 1.4 |
| Inari Amertron | Information Technology | 3.33 | 2.44 | 3.8 |
| Bermaz Auto | Consumer Discretionary | 3.33 | 2.280 | 5.8 |
| Malaysia Airports Hldgs | Industrials | 3.33 | 6.76 | 0.6 |

Source: Factset; Prices as of 30 Mar 2023. Model portfolio weights as of 30 Mar 2023.

Sector Weights (%)



GICS Sector Weights as of 30 Mar 2023

Performance table

| Cumulative Returns (%) | YTD | 1M | 3M | 6M | 1Y | 3Y |
|------------------------|------|------|------|------|------|------|
| Portfolio Style | 2.4 | -2.2 | 6.7 | 8.2 | -1.0 | 58.5 |
| MSCI Malaysia | -2.8 | -2.4 | -2.0 | -1.6 | -5.5 | 3.4 |

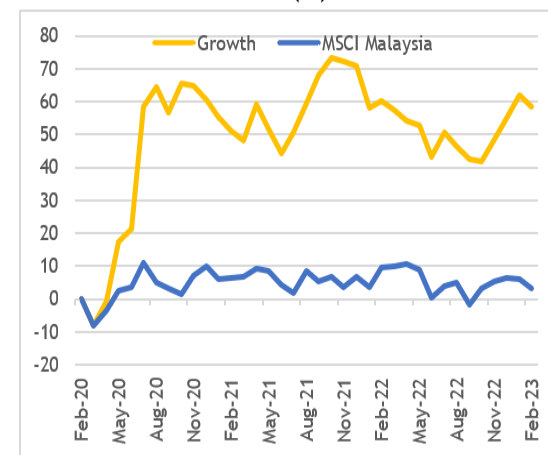
| Annual Returns (%) | 2020 | 2019 | 2018 |
|--------------------|------|------|-------|
| Portfolio Style | 57.4 | 7.7 | -12.6 |
| MSCI Malaysia | 1.9 | -3.0 | -4.0 |

| Sharpe Ratio /Risk-Return (3Y) | Style | MSCI Msia |
|--------------------------------|-------|-----------|
| Sharpe Ratio | 0.66 | 0.03 |
| Volatility (%) | 25.0 | 13.8 |
| Max Drawdown (%) | -18.1 | -11.6 |
| Max Drawdown Duration (months) | 16 | 31 |

Source: Factset, MSCI, Maybank IBG Research

Note: Performance prior to 10 Aug 2021 based on backtest results. MSCI Malaysia represents MYR total return of MSCI MYR Index including dividends. All performance data (MYR) as of 28 Feb 2023.

3-Year Performance (%)



Quality Model Portfolio

Holdings

| Company Name | Sector | Portfolio Weight (%) | Price (Local) | Dividend Yield (%) |
|---------------------|------------------------|----------------------|---------------|--------------------|
| Fraser & Neave | Consumer Staples | 20.00 | 25.86 | 2.3 |
| Bursa Malaysia | Financials | 20.00 | 6.43 | 4.1 |
| Heineken Malaysia | Consumer Staples | 20.00 | 26.80 | 4.0 |
| Gas Malaysia | Utilities | 15.93 | 3.16 | 7.2 |
| MBM Resources | Consumer Discretionary | 6.29 | 3.40 | 12.6 |
| CTOS Digital | Industrials | 4.46 | 1.30 | 1.4 |
| Greotech Technology | Information Technology | 3.33 | 4.91 | 0.0 |
| UWC | Information Technology | 3.33 | 3.41 | 0.9 |
| Inari Amertron | Information Technology | 3.33 | 2.44 | 3.8 |
| Vitrox | Information Technology | 3.33 | 7.98 | 0.2 |

Source: Factset; Prices as of 30 Mar 2023. Model portfolio weights as of 30 Mar 2023.

Performance table

| Cumulative Returns (%) | YTD | 1M | 3M | 6M | 1Y | 3Y |
|------------------------|------|------|------|------|------|------|
| Portfolio Style | 8.6 | 0.9 | 9.3 | 11.5 | 9.9 | -2.2 |
| MSCI Malaysia | -2.8 | -2.4 | -2.0 | -1.6 | -5.5 | 3.4 |

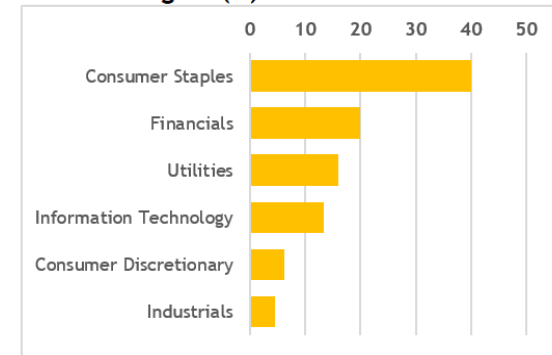
| Annual Returns (%) | 2020 | 2019 | 2018 |
|--------------------|------|------|------|
| Portfolio Style | -0.3 | 6.2 | 7.4 |
| MSCI Malaysia | 1.9 | -3.0 | -4.0 |

| Sharpe Ratio /Risk-Return (3Y) | Style | MSCI Msia |
|--------------------------------|-------|-----------|
| Sharpe Ratio | -0.13 | 0.03 |
| Volatility (%) | 12.5 | 13.8 |
| Max Drawdown (%) | -20.6 | -11.6 |
| Max Drawdown Duration (months) | 27 | 31 |

Source: Factset, MSCI, Maybank IBG Research

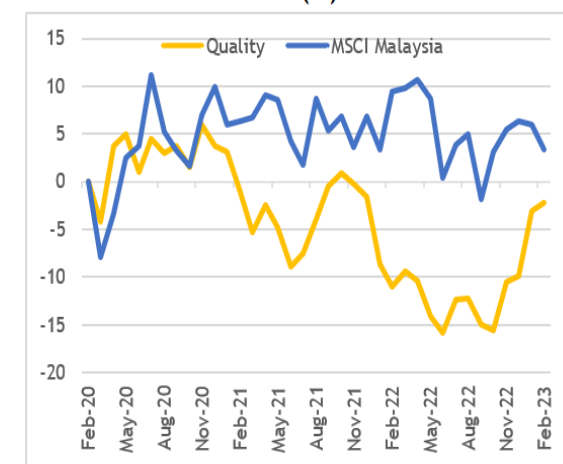
Note: Performance prior to 10 Aug 2021 based on backtest results. MSCI Malaysia represents MYR total return of MSCI MYR Index including dividends. All performance data (MYR) as of 28 Feb 2023.

Sector Weights (%)



GICS Sector Weights as of 30 Mar 2023

3-Year Performance (%)



Low Volatility Model Portfolio

Holdings

| Company Name | Sector | Portfolio Weight (%) | Price (Local) | Dividend Yield (%) |
|-------------------------|------------------------|----------------------|---------------|--------------------|
| Gas Malaysia | Utilities | 19.91 | 3.160 | 7.2 |
| Petronas Gas | Utilities | 17.24 | 16.48 | 4.3 |
| Scientex | Materials | 13.87 | 3.47 | 2.6 |
| Hong Leong Bank | Financials | 13.67 | 20.24 | 2.9 |
| IGB REIT | Real Estate | 10.24 | 1.73 | 5.7 |
| Sports Toto | Consumer Discretionary | 8.41 | 1.47 | 6.6 |
| KPJ Healthcare | Health Care | 6.52 | 1.12 | 1.6 |
| LPI Capital | Financials | 3.48 | 12.080 | 5.0 |
| Allianz Malaysia | Financials | 3.33 | 13.90 | 0.0 |
| Leong Hup International | Consumer Staples | 3.33 | 0.535 | 0.0 |

Source: Factset; Prices as of 30 Mar 2023. Model portfolio weights as of 30 Mar 2023.

Performance table

| Cumulative Returns (%) | YTD | 1M | 3M | 6M | 1Y | 3Y |
|------------------------|------|------|------|------|------|------|
| Portfolio Style | 2.6 | -0.2 | 3.3 | 2.6 | -1.6 | -3.0 |
| MSCI Malaysia | -2.8 | -2.4 | -2.0 | -1.6 | -5.5 | 3.4 |

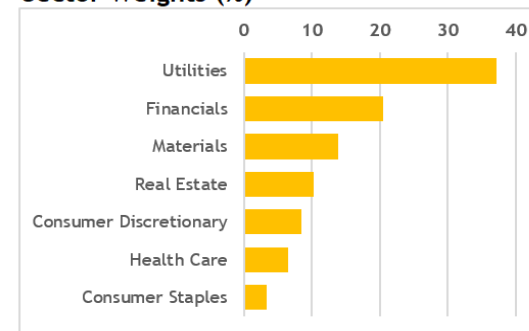
| Annual Returns (%) | 2020 | 2019 | 2018 |
|--------------------|------|------|------|
| Portfolio Style | -8.6 | -4.7 | 5.3 |
| MSCI Malaysia | 1.9 | -3.0 | -4.0 |

| Sharpe Ratio /Risk-Return (3Y) | Style | MSCI Msia |
|--------------------------------|-------|-----------|
| Sharpe Ratio | -0.16 | 0.03 |
| Volatility (%) | 12.4 | 13.8 |
| Max Drawdown (%) | -11.0 | -11.6 |
| Max Drawdown Duration (months) | 36 | 31 |

Source: Factset, MSCI, Maybank IBG Research

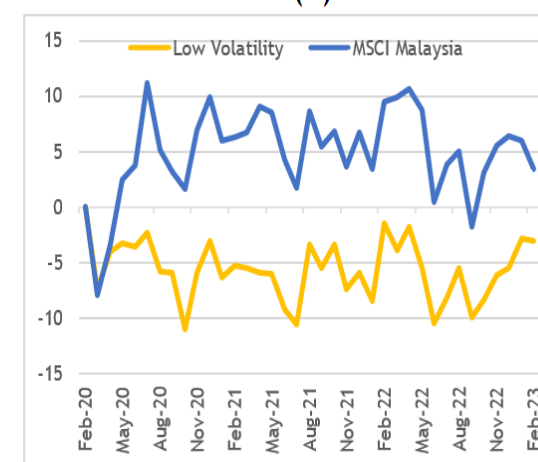
Note: Performance prior to 10 Aug 2021 based on backtest results. MSCI Malaysia represents MYR total return of MSCI MYR Index including dividends. All performance data (MYR) as of 28 Feb 2023.

Sector Weights (%)



GICS Sector Weights as of 30 Mar 2023

3-Year Performance (%)



Appendix: MIBG Model Portfolio Framework

Quantitative factors for each model portfolio

| Style Name | Factor Name | Factor Description |
|----------------|-------------------------------------|---|
| Value | Earnings Yield | next 12m forecast eps scaled by price (country neutral) |
| Value | Book Value Yield | last reported book value per share scaled by price (sector neutral) |
| Value | Free Cash Flow Yield | last 12m FCF per share scaled by price |
| Value | EBIT/EV Multiple | last 12m EBIT scaled by Enterprise Value |
| Value/Momentum | Earnings Revision | 3m change in next 12m forecast eps |
| Momentum | Long-term Price Momentum (12m) | past 12m USD total return |
| Momentum | Short-term Price Reversal (1m) | past 1m USD total return - <i>lower better</i> |
| Momentum | Risk-adjusted Price Momentum | past 12m USD total return excluding past 1m scaled by past 12m total return standard deviation |
| Growth | Short-term Historical Growth | past 12m eps growth and past 12m sales per share growth |
| Growth | Long-term Historical Growth | past 5y CAGR EPS and past 5y CAGR sales per share |
| Growth | Forward Earnings Growth | FY2 eps forecast vs FY1 eps forecast |
| Growth | EBIT Margin Growth | last 12m EBIT scaled by sales vs 1y ago |
| Growth | Analyst Sentiment | 3m change in analyst rating and eps upgrades vs downgrades over past 3m |
| Quality | Return on Equity | last 12m net income scaled by average equity |
| Quality | Return on Invested Capital | last 12m net income scaled by average invested capital |
| Quality | Debt to Equity | last reported debt to equity - <i>lower better</i> |
| Quality | Earnings Certainty | FY2 eps standard deviation scaled by mean and standard deviation of 5y annual eps growth - lower better |
| Quality | Yield | last 12m dividend yield |
| Low Volatility | Return Volatility | past 12m standard deviation of USD total return - lower better |
| Low Volatility | Return Volatility (country neutral) | past 12m standard deviation of local total return (country neutral) - lower better |
| Low Volatility | Return Volatility (sector neutral) | past 12m standard deviation of USD total return (sector neutral) - lower better |
| Low Volatility | Beta | 3y market beta - lower better |

Source: Maybank IBG Research

Note: Balanced model portfolio uses all factors specified above. Yield factor added to Quality style as of 6 April 2022.

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