STRATEGY

Regional

# ASEAN Equity Strategy

# Year Ahead 2026: Sanguine

## ASEAN-6: Overweight MY, SG, VN; Neutral ID, TH, PH

Resilient underlying economic drivers in the face of US tariffs coupled with expectations of sustained monetary easing and reform momentum mean we are broadly constructive on ASEAN equity markets going into 2026. As per the bifurcated performance in 2025 (Fig 3), we continue to advocate a two-tier positioning i.e. per Fig 1, we Overweight Malaysia (investment upcycle, policy support), Singapore ("certainty premium", liquidity surge) and Vietnam (region-topping growth, structural reforms). We are Neutral Indonesia (soft consumption recovery, pro-growth pivot), Thailand (c.2% GDP growth, extended political uncertainties) and the Philippines (limited thematics, FX/governance overhangs). Refer to pgs. 2-4 for market/sector targets/valuations/foreign flows, followed by ASEAN-6 by-country strategy /positioning, active funds OWs/UWs, MIBG Quants highlights (pgs. 5-68).

## Macro backdrop, Earnings/valuations supportive

A combination of higher global AI capex spending, easing monetary policy, low inflation (2-3% range), rising FDI, tariff exemptions (e.g. electronics account for 27% of ASEAN exports), relative effective tariff rate advantage (18.6% vs. China's 29.9%) and selective fiscal support mean ASEAN-6 GDP growth deceleration in 2026 is forecast to be modest, to +4.6% (2025E: +4.8%). Per Figs 2-6, ASEAN equity markets are attractively valued, trading at low-mid teens PERs (PH the outlier, on just 9x), with dividend yields averaging >4% and 20206F earnings growth in the high-single digits, with VN forecast to be a significant outperformer again, at +18% (2025E: +20%).

## Multiple thematics to underpin market upsides

Recommended Overweights (MY, SG, VN) share some common thematics i.e. sustained investment upcycles, supported by robust FDI inflows (incl. data centers (DCs)) and multi-year infra projects, AI supply chain-related drivers and rapid tourism growth. Other thematics to monitor include ID SWF Danantara's ability to "crowd in" foreign capital for big-ticket projects (e.g. downstreaming, clean energy), the outcome of TH's general elections (1Q26), consumption upside from budget reallocation towards social services/direct assistance in PH, and capital market initiatives in SG (EQDP, SGX-NASDAQ bridge) and VN (sweeping reforms/deepening, IFCs).

## ASEAN-6: Sector positioning, Stock picks highlights

Sectors favoured on a pan-ASEAN basis include Banks (valuations, capital management/yields; picks include OCBC SP, CIMB MK, BBL TB, BBRI IJ, BDO PH, TCB VN), Telcos (market repair/ARPU recovery, AI/data infra demand); STH SP, TRUE TB, EXCL IJ) and Healthcare (secular growth, policy support); IHH MK, MIKA IJ, BH TB), while we are selective re Consumer (ECOSHOP MK, SMPH PH, MWG VN) and Tourism (CAPITALA MK, MINT TB, ACV VN). AI/DC thematic proxies range from semicon/infra/power companies (FEHB MK, MNHLDG MK, CSE SP, TNB MK, GULF TB) to construction and property (GAM MK, SDG MK, WHA TB, AMATA TB). SMID picks include BRIS IJ (Shariah bank), ITMAX MK (smart city solutions), FEH SP (global F&B), KEJU IJ (cheese producer), KDH VN (property), ITC TB (pet food), PVS VN (O&G, RE), COLIWOO SP (co-living), CEB PM (budget airline) and SOLAR MK (RE).


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### ASEAN-6: Top BUY ideas

| Stock | BB Ticker | Price | TP | *Upside (%)* |
|---|---|---|---|---|
| **Malaysia** | | | | |
| CIMB | CIMB MK | 8.15 | 8.60 | *11.4* |
| IHH | IHH MK | 8.53 | 9.48 | *11.2* |
| Gamuda | GAM MK | 4.85 | 5.79 | *19.5* |
| Solarvest | SOLAR MK | 3.13 | 3.67 | *17.4* |
| ITMAX | ITMAX MK | 5.00 | 5.58 | *11.7* |
| **Singapore** | | | | |
| SGX | SGX SP | 17.51 | 18.81 | *7.4* |
| Starhub | STH SP | 1.14 | 1.30 | *14.0* |
| Lendlease | LREIT SP | 0.63 | 0.69 | *10.0* |
| CSE | CSE SP | 1.04 | 1.20 | *15.4* |
| Coliwoo | COLIWOO SP | 0.57 | 0.74 | *31.0* |
| **Indonesia** | | | | |
| Vale Indonesia | INCO IJ | 6,300 | 8,000 | *27.0* |
| Medco Energi | MEDC IJ | 1,485 | 1,730 | *16.5* |
| Japfa Comfee | JPFA IJ | 2,590 | 3,200 | *23.6* |
| Bank Rakyat | BBRI IJ | 3,680 | 4,900 | *33.2* |
| Semen Indo | SMGR IJ | 2,630 | 3,400 | *29.3* |
| **Thailand** | | | | |
| Bangkok Bank | BBL TB | 172.00 | 190.00 | *10.5* |
| TRUE Corp | TRUE TB | 11.10 | 15.00 | *35.1* |
| Minor Interna | MINT TB | 23.90 | 34.50 | *44.4* |
| AP (Thailand) | AP TB | 8.90 | 10.50 | *18.0* |
| WHA Corp | WHA TB | 3.22 | 4.80 | *49.1* |
| **Philippines** | | | | |
| Int'l Container | ICT PM | 625 | 650 | *4.0* |
| Jollibee Foods | JFC PM | 206 | 325 | *57.8* |
| SM Prime | SMPH PM | 23 | 42 | *79.3* |
| Century Pac | CNPF PM | 40 | 47 | *18.8* |
| BDO Unibank | BDO PM | 139 | 197 | *41.6* |
| **Vietnam** | | | | |
| Techcombank | TCB VN | 36,650 | 48,000 | *31.0* |
| MBB Bank | MBB VN | 27,300 | 32,500 | *19.0* |
| FPT Corp | FPT VN | 97,400 | 145,000 | *48.9* |
| Hoa Phat | HPG VN | 26,200 | 41,800 | *59.5* |
| Airports Corp | ACV VN | 55,400 | 65,000 | *17.3* |

*Source: Maybank IBG Research, Factset 9 Jan*

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**Fig 1: ASEAN: Recommended Country Weightings, Thematics + Related Sector/Stock Ideas**

| Stock | Mkt Cap. (USD'b) | Mkt Rating (Tactical) | Overarching Thematics | Sector/ Stock Ideas |
|---|---|---|---|---|
| Malaysia | 487.3 | Overweight | Investment/Infra Upcycle (FDI+ DDI); Energy Transition; State (Penang, Johor, Sarawak) Initiatives; Domestic Demand Resilience | CIMB MK; TNB MK; IHH MK; GAM MK; SDG MK; WPRTS MK; ITMAX MK; ECOSHOP MK; FRCB MK; SOLAR MK; MNH MK; NE MK |
| Singapore | 594.5 | Overweight | 'Certainty Premium'; Domestic Resilience; Large-Cap Capital Returns; SMID Value-Up; Scaling AI | CICT SP; COLIWOO SP; CSE SP; FEH SP; LREIT SP; OCBC SP, SE US; SGX SP; STH SP, SUN SP |
| Indonesia | 964.1 | Neutral | Banking System Liquidity Boost; Free Nutritious Meal Program; Metal Downstreaming; Energy Security; 3 Million Housing | BBCA IJ; BBRI IJ; INCO IJ; JPFA IJ; INCO IJ; MEDC IJ; SMGR IJ |
| Thailand | 492.6 | Neutral | Election rally; FDI; Trade | TRUE TB; GULF TB; AP TB; WHA TB; MINT TB; BBL TB |
| Philippines | 226.9 | Neutral | Property; Consumer/Retail | ICT PM; SMPH PM; JFC PM |
| Vietnam | 393.4 | Overweight | Private Sector Boost, Government-led Stimulus, Market Upgrade, Tourism | TCB VN; MBB VN; HDB VN; SSI VN; HPG VN; GAS VN; PVS VN; KDH VN; MWG VN; FPT VN; ACV VN |

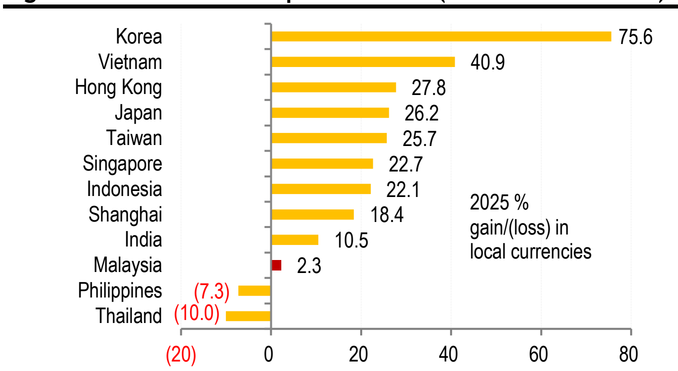
*Source: Bloomberg, Maybank IBG Research (as of 9 Jan 2026)*

**Fig 2: ASEAN: regional market valuations**

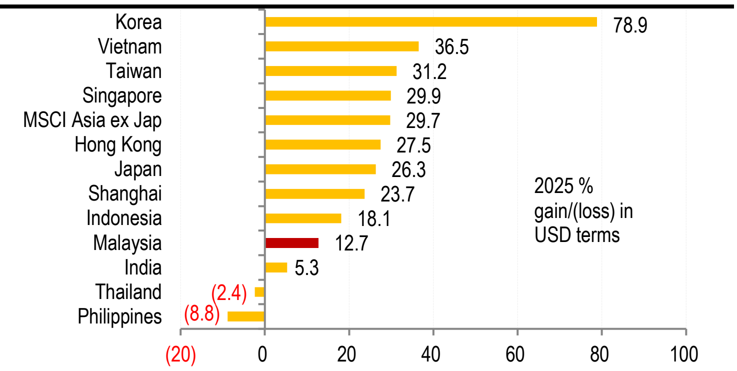
| | Index | PER (x) | | Growth (%) | | ROE (%) | | P/B (x) | | Yield (%) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2025F | 2026F | 2025F | 2026F | 2025F | 2026F | 2025F | 2026F | 2025F | 2026F |
| **Malaysia** | 1,670 | 15.6 | 14.5 | 1.0 | 7.4 | 9.9 | 10.2 | 1.5 | 1.5 | 4.1 | 4.2 |
| **Singapore** | 4,739 | 17.5 | 16.3 | -0.9 | 7.8 | 11.7 | 12.0 | 2.1 | 2.0 | 4.7 | 4.8 |
| **Indonesia** | 8,925 | 14.0 | 12.5 | -17.2 | 11.9 | 15.1 | 15.9 | 2.2 | 2.1 | 6.0 | 6.1 |
| **Thailand** | 1,254 | 15.9 | 15.7 | 18.6 | 1.6 | 10.4 | 10.1 | 1.7 | 1.6 | 3.7 | 3.8 |
| **Philippines** | 6,321 | 11.2 | 10.4 | 7.4 | 8.0 | 14.6 | 14.3 | 1.6 | 1.5 | 3.1 | 3.3 |
| **Vietnam** | 1,856 | 17.6 | 13.8 | 19.4 | 9.3 | 13.5 | 8.6 | 1.2 | 1.6 | 2.2 | 2.5 |

*Source: Maybank IBG Research, MSCI, Bloomberg (as of 8 Jan 2026)*

**Fig 3: Asia: 2025 market performance (benchmark indices)**




*Source: Bloomberg, Maybank IBG Research (chart)*



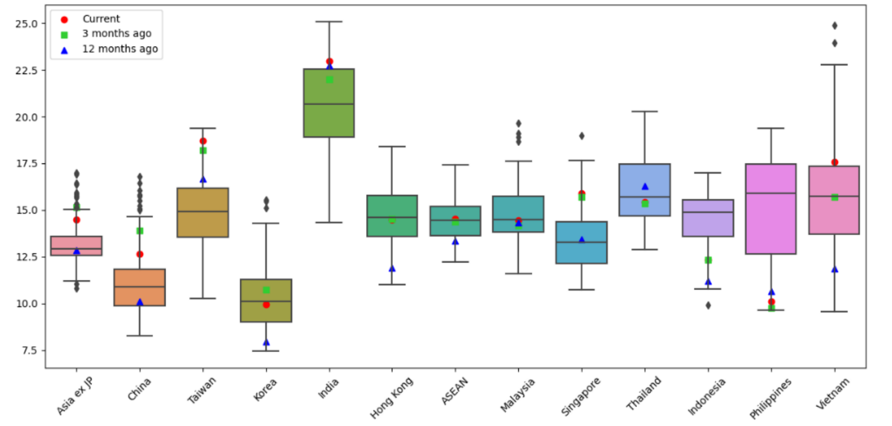

*Source: Bloomberg, Maybank IBG Research (chart)*

**Fig 4: ASEAN: index targets, earnings and sector weightings**

| | Index (pts) | End-2026 target* (pts) | Up/(Downside) % | Basis / Earnings growth / Overweights (OW) / Underweights (UW) |
|---|---|---|---|---|
| Malaysia (KLCI) | 1,670 | 1,730 | +3.6% | 15.0x forward PER, in line with historical mean; MIBG 24/25E/26F KLCI earnings growth at +8.1%/+4.6%/+8.0%, respectively. OW: Banks, Consumer, Construction, Healthcare, REITs, Renewable Energy (RE), Ports & Logistics, Aviation; N: Property, Plantations, Telcos, Utilities, Tech, Auto, Gloves, O&G; UW: Petrochem. |
| Singapore (STI) | 4,739 | 5,600 | +18.2% | Pegged to 5-year mean fwd PE +2SD of 17.1x. OW: Banks & Financials, Consumer, Gaming, Internet, REITs, SMIDs, Telecom; N: Healthcare, Industrials, Plantations, Tech. Manufacturing, Transport |
| Indonesia (JCI) | 8,925 | 9,250 | +3.6% | 12.0x forward FY26E P/E, implying -0.5SD vs. 10yr mean; MIBG 24A/25E/26F JCI earnings growth at +0.1%/+0.3%/+10.3%, respectively. OW: Metals, Banks, Poultry, Healthcare, Cement, Propety, O&G, New Economy; N: Telcos, Consumer, Automotive, Coal. |
| Thailand (SET) | 1,254 | 1,370 | +9.3% | YE2026 SET Index target of 1370 based on 14.5x 2026E P/E (-1.0SD below 10Y avg.); Valuation among cheapest in ASEAN at 11.5x (ex-DELTA) with comparable EPS growth 7%. OW: Telcos, Industrial Estate, Utilities, Property, Finance, Tourism, F&B; UW: Commerce, Petrochem. |
| Philippines (PSEi) | 6,321 | 7,000 | +10.7% | 10.5x 2026E PER; Earnings Yield Spread vs 10YR at >400bps, 2026E earnings growth at +8%, respectively. OW: Consumer, Property/REITs, Tourism; N: Banks, Power/Utilities, Conglos (select); UW: Gaming, Telco. |
| Vietnam (VNINDEX) | 1,856 | 2,000 | +7.8% | 14.5x fwd PER, 5yr mean; MIBG FY24A/25E/26E market earnings growth at post-tariff +19.0%/+20.5%/+17.5%; OW: Infrastructure and consumption plays (Steel, Energy, Residential, IT, Retailing), Capital Market Development (Banks, Brokerage), Tourism (Air Logistics); N: Beverage, Chemicals, Marine Logistics. |

*Source: Bloomberg (as of 8 Jan 2026), Maybank IBG Research. Note: *12mth target(s)*

**Fig 5: MSCI Asia ex-Japan Forward 12m PE Box Plot (10y range by country)**

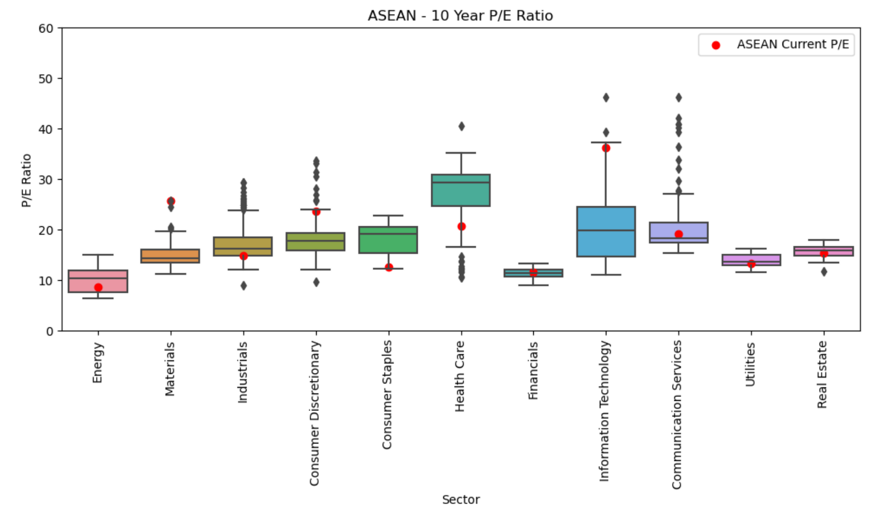



*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*
*Note: A box plot displays the five-number summary of a dataset, namely minimum, 1st quartile, median, 3rd quartile and maximum (Min, Q1, Median, Q3, Max)*

*While ASEAN as a whole is trading near its' 10-year median PER, the underlying picture is bifurcated, with outperformers SG and VN in the upper quartiles while PH and ID are in the lower quartiles.*

*North Asian markets have also seen significant re-ratings as compared to 12mths ago; overall, Asia ex-Japan is now trading just below box plot maximum (vs. box plot 1st quartile 12mths ago).*

**Fig 6: ASEAN 12m Forward PE Box Plot (10y data - by sectors)**

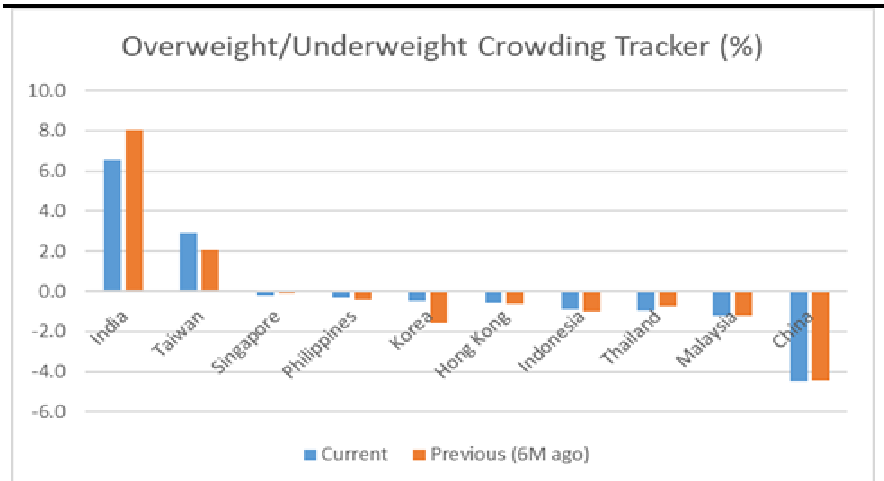



*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*
*Note: Each box plot consists of a box, which shows the interquartile range (IQR) from the 25th percentile to the 75th percentile. The horizontal line within the box represents the median P/E ratio. The whiskers show the range of the data within 1.5 times the IQR from the first and third quartiles. Outliers are represented as dots outside the whiskers.*

*Sectors looking attractive on PER across ASEAN include Consumer Staples, Industrials, Energy, Health Care; modest re-ratings noted for Utilities, Financials, Real Estate.*

*At the high end of historical valuation ranges appear to be Materials, IT/Tech and Consumer Discretionary.*

**Fig 7: Asia ex-Japan Crowding Monitor (Active Funds vs MSCI Asia ex-Japan)**

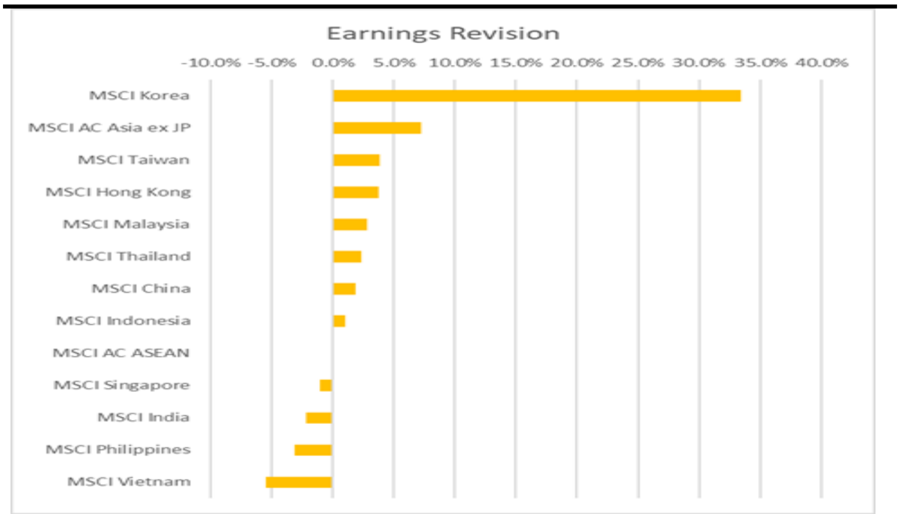



*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*ASEAN markets as a whole are indicated to be underweighted by active funds vis-à-vis MSCI Asia ex-Japan weightings; re North Asia, we note increased weightings for Korea and Taiwan vs. 6mths ago, with flattish trend for China/HK.*

*ASEAN-5 underweights may narrow in 1H26 given relatively favourable tariff landings and potential renewed portfolio inflows stemming from weakening USD / eroding US exceptionalism.*

**Fig 8: 3M Change in 12m Forward EPS (USD)**

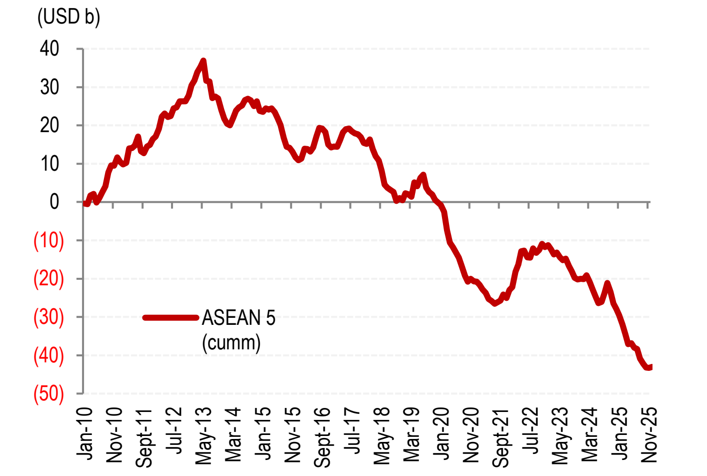



*Source: Factset, Maybank IBG Research (as of 2 Jan 2026)*

*While North Asian markets dominate re positive earnings revision momentum, some ASEAN markets (MY, TH and ID) are also seeing positive traction following encouraging 3Q25 reporting.*

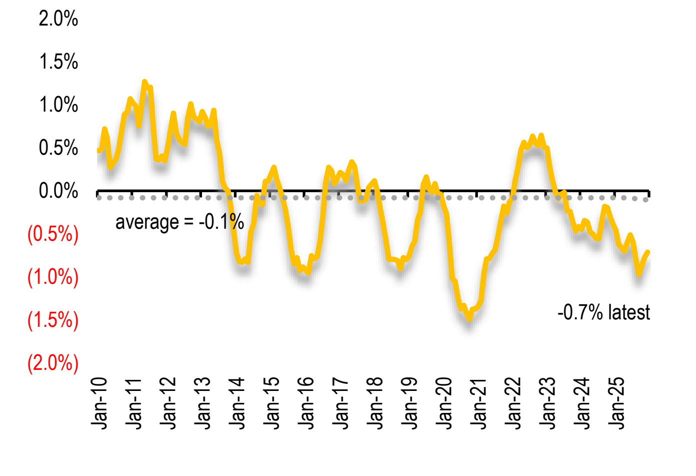
*Last year's top performer VN is currently digesting negative forecast revisions; nonetheless, we forecast 2026 earnings growth to sustain around a region-topping +18% YoY (2025E: +21%). PH is facing GDP drag from an infra-related corruption/governance that is disrupting fiscal support and broadly denting confidence.*

**Fig 9: ASEAN 5 (ex-SG): Cumulative foreign net buy/(sell)**




*Source: Bursa Malaysia, Bloomberg, Maybank IBG Research (calculation, chart)*

**Fig 10: ASEAN 5 equities rolling 12M foreign net buy/(sell) value as a % of market capitalisation**




*Source: Bloomberg, Maybank IBG Research (calculation, chart)*

**Fig 11: Foreign net buy/(sell) in ASEAN 5 equities**

| Monthly (USD mil) | Indonesia | Philippines | Thailand | Vietnam | Malaysia |
|---|---|---|---|---|---|
| Dec-25 | 732 | (210) | 191 | 69 | (500) |
| Nov-25 | 730 | 78 | (386) | (262) | (271) |
| Oct-25 | 782 | (100) | (136) | (845) | (647) |
| Sep-25 | (234) | 46 | (257) | (958) | 18 |
| Aug-25 | 676 | (74) | (670) | (1,606) | (812) |
| Jul-25 | (511) | (29) | 499 | (53) | (222) |
| Jun-25 | (511) | (72) | (244) | (53) | (306) |
| May-25 | 337 | (259) | (151) | 35 | 241 |
| Apr-25 | (1,233) | (54) | (432) | (520) | (427) |
| Mar-25 | (490) | 50 | (647) | (386) | (1,044) |
| Feb-25 | (1,111) | (145) | (195) | (378) | (495) |
| Jan-25 | (229) | (114) | (330) | (255) | (702) |
| 2025 | -1,062 | -883 | -2,758 | -5,212 | -5167 |
| 2024 | 1,154 | (408) | (4,132) | (3,578) | (954) |
| 2023 | (353) | (863) | (5,507) | (1,026) | (498) |
| 2022 | 4,267 | (1,245) | 5,960 | 1,094 | 1,095 |

*Source: Bloomberg, Bursa Malaysia, Maybank IBG Research (compilation)*

# Malaysia Strategy

# 2026 Year Ahead: Riding On Home Advantage

## A clearer sense of market direction

We expect 2026 to be pulsed with a clearer sense of direction and a stronger push to execute on long-promised reforms. Project rollouts are gathering momentum even as FDI inflow remain robust and businesses are revving up capex, while households are benefitting from steadier wages and stable employment, underpinning resilient consumption. Collectively, these positive trends create macro and investor sentiment backdrops that are more constructive for the equity market, with multiple themes setting the stage for earnings recovery and sustained KLCI uptrend through 2026.

## Malaysia growth mostly internally generated

Resilient domestic demand amid volatile external demand remains the narrative for Malaysia's economic growth (2026E: +4.5%; 2025E: +4.7%) on the back of steady private consumption and sustained investment upcycle, as supported by Budget 2026 income-related measures (i.e. civil service pay and pension reviews; continued record allocation for cash handouts); steady growth in private sector salaries; "full employment" situation as per the low and stable jobless rate (2026F: 3.1%; 2025E: 3.0%); sustained robust investment approvals; catalysts like JS-SEZ and New Investment Incentives Framework (NIIF); plus rising consolidated public sector capex. Post-pandemic tourism growth and rising tourist spend will get additional boosts from Visit Malaysia Year 2026. The combination of resilient growth and low inflation (2026F: +1.7%; 2025E: +1.4%) means the Overnight Policy Rate (OPR) will stay at the current mildly accommodative level of 2.75%.

## Investment Upcycle Intact

Investment upcycle remains in motion amid robust lead and coincident indicators i.e. private investment approvals (averaging MYR334b p.a. since 2021 vs. MYR188b p.a. over 2010-2019); capital goods imports; banking system loans for industrial buildings, factories and lands (growing at twice the rate of average system loan growth). This is supplanted by the rising consolidated public sector development spending and capital expenditure (capex), further supported by investments Government-Linked Investment Companies (GLICs) under the Government-Linked Enterprise Activation and Reform Programme or GEAR-uP (2025E: MYR25b; 2025E-2029E: MYR120b) as well as investment projects under Public-Private Partnership (PPP i.e. MYR61b earmarked under the 13th Malaysia Plan 2026-2030).

## Five market themes in 2026, with banks a key anchor

We framed five key themes for 2026 that reflect policy deliveries and capital allocation, led by infrastructure-driven growth, continued energy transition framework, resilient consumer spending & healthcare demand, sustained state-driven development corridors, tech recovery & digital initiatives, with banks as the overarching thematic as the financing backbone for these activities. We believe these themes are firmly aligned with the government's long-term plans, offering a multi-year investment roadmap with significantly improved visibility and execution support.

## YE 2026 KLCI target at 1,730

With a better year ahead expected, we set our YE 2026 KLCI target at 1,730 (15x 2027E PER). From a bottom-up perspective, the KLCI could reach 1,780, driven by large cap banks, Tenaga and Gamuda. By sector weight, we have upgraded banks to POSITIVE (from NEUTRAL) and gloves to NEUTRAL (from NEGATIVE). We remain POSITIVE on construction, consumer, healthcare and renewable energy on key domestic centric drivers. Our Top Picks are Tenaga, CIMB (from Hong Leong Bank), Press Metal, IHH, SD Guthrie, Nestle Malaysia, Gamuda, Westports, Eco Shop, Frontken, Pavilion REIT, Solarvest, MN Holdings, ITMAX and Northeast.

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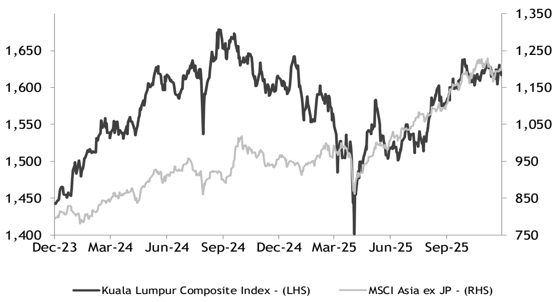
**KLCI vs MSCI**




**Key economic data & forecasts**

| | 2025E | 2026E | 2026E |
|---|---|---|---|
| GDP Growth % | 4.7 | 4.5 | 4.5 |
| MYRUSD (end-prd) | 4.10 | 4.05 | 3.95 |
| OPR % | 2.75 | 2.75 | 2.75 |
| Inflation % (ave) | 1.4 | 1.7 | 1.9 |

**Malaysia equities growth and valuations**

| | | 2025E | 2026E | 2027E |
|---|---|---|---|---|
| KLCI @ 1,617 | PE (X) | 17.1 | 15.9 | 15.1 |
| | | | | |
| KLCI @ 1,730 | PE (X) | 17.1 | 15.9 | 15.1 |
| Earnings Growth | (%) | 4.6 | 8.0 | 7.2 |

*Source: Maybank IBG Research*

**Top Picks**

| Stock | Mkt cap (USD'm) | Price (LC) | TP (LC) | Upside (%) | Div yld (%) |
|---|---|---|---|---|---|
| **Large Caps** | | | | | |
| CIMB | 20,708 | 7.90 | 8.60 | 9 | 6.1 |
| IHH | 18,282 | 8.51 | 9.48 | 13 | 1.5 |
| Tenaga | 17,999 | 12.70 | 14.50 | 17 | 3.2 |
| Press Metal | 13,602 | 6.79 | 7.41 | 11 | 1.6 |
| SD Guthrie | 8,811 | 5.24 | 5.75 | 13 | 3.0 |
| Gamuda | 7,398 | 5.20 | 6.17 | 21 | 2.9 |
| Nestle (M) | 6,414 | 112.50 | 122.00 | 11 | 2.4 |
| Westports | 4,551 | 5.47 | 6.73 | 26 | 4.8 |
| **Small Caps** | | | | | |
| Eco-Shop | 1,845 | 1.32 | 1.70 | 29 | 2.0 |
| Frontken | 1,628 | 4.20 | 5.19 | 24 | 0.9 |
| Pavilion REIT | 1,622 | 1.70 | 2.05 | 25 | 5.7 |
| ITMAX | 1,132 | 4.53 | 5.58 | 24 | 0.5 |
| Solarvest | 660 | 2.89 | 3.54 | 23 | 0.0 |
| MN Holdings | 260 | 1.63 | 2.27 | 39 | 0.0 |
| Northeast | 131 | 0.73 | 1.10 | 51 | 0.0 |

*Source: Factset, Maybank IBG Research*

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# Equity Strategy: Riding on home advantage

After several years defined by policy announcements and planning frameworks, we believe 2026 is the year results of these would take centre stage. Much of the government's strategic roadmaps, especially the 13th Malaysian Plan (13MP), and to some extent, plans encapsulating the New Industrial Master Plan (NIMP) 2030, follow through of the National Energy Transition Roadmap (NETR), coupled with the National Semiconductor Strategy (NSS) and cross-border connectivity projects (namely the Johor-Singapore Special Economic Zone (JS-SEZ)), enters the next phase – execution.

*Shift from planning and policy framework to delivery is critical to gain investor confidence as it demonstrates tangible milestones, clear project visibility and a more predictable base for corporate investment decisions*

The shift from planning and policy framework to delivery is critical in our view to gain investor confidence as it demonstrates tangible milestones, clear project visibility and a more predictable base for corporate investment decisions. We observed a strong investment upcycle in 2025 as indicated by the gross fixed capital formation trends (Fig 42), particularly in the data centres, industrial buildings, power & utilities, and tech. Going into 2026, we continue to expect the investment upcycle trend to sustain while domestic demand is to remain stable continue cash transfers, wage adjustments (civil servants, minimum wages) and resilient employment trends.

### Policy alignment offers multi-year opportunities

Drawing down from the macro side, the growing alignment between fiscal priorities, investment targets and regulatory support sets the pace for investor optimism, in our view. Budget 2026 and the rollout of priority national projects as well as the government's focus on state-level development, JS-SEZ in particular, creates layered catalysts across multiple sectors:

- Contractors - benefiting from data centres builds, mechanical & engineering, rail and infrastructure mobilization.
- Utilities and renewable energy – riding on grid upgrade cycle and energy transition.
- Tech - automation, software and semiconductor supply chain (selective).
- Consumer – supported by strong domestic demand, wages and cash aid.
- Healthcare – domestic demand and medical tourism.
- Banks – overall financing backbone across all themes.

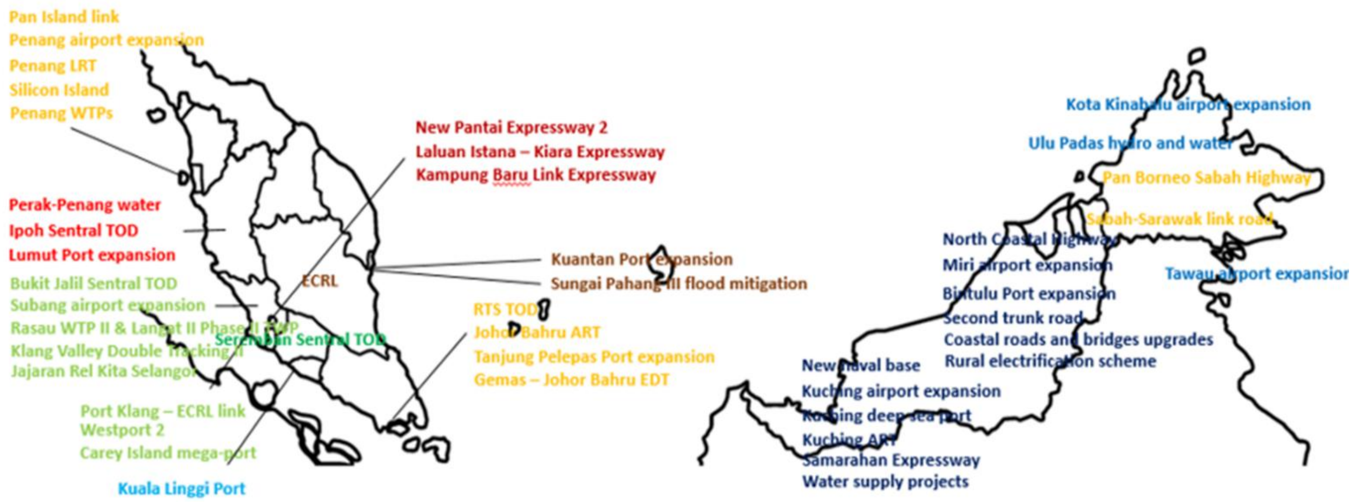
## Five investment themes for 2026

We list FIVE themes as we enter 2026. Being a policy execution year, we believe these themes would offer alpha picks for both large and small caps. The factors discussed in the previous section set the stage for these thematic drivers in 2026 – from infrastructure & connectivity, digital/tech & industrial transformation, green & energy transition, domestic demand resilience and state-driven growth corridors.

## Theme 1: Infrastructure upswing

We believe the 13th Malaysia Plan (13MP), with its focus on high value manufacturing and industrial parks with infra spending as enablers, is a key catalyst for a sustained infrastructure spending upswing. In particular, pre-committed project continuity with a stronger procurement framework and an explicit focus on industrialisation ensures project flows would remain strong in 2026. We expect contractors entering 2026 with fuller order books to face less margin pressure and improved working capital conditions. We also anticipate higher private capex focused on industrial park build-ups and expansion, data centre-adjacent infrastructure and logistic nodes to reinforce supply chains. Overarching sector beneficiaries from the country's broad infra push include plantations, property, construction, ports and tech.

**Fig 1: Major infrastructure projects under construction or planning**




*Source: Various; Companies; Maybank IBG Research*

## Theme 2: Digital/tech and industrial transformation

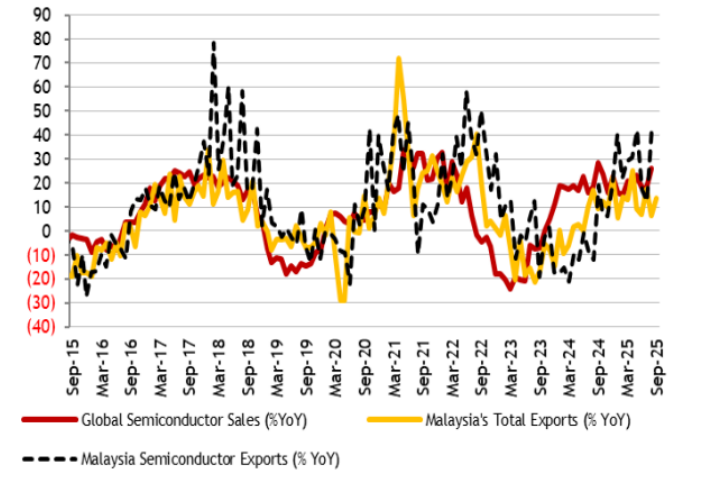
Taking the cue from the National Industrial Master Plan 2030 (NIMP 2030) and the National Semiconductor Strategy (NSS), coupled with the gradual easing of tariff pressures, leaving only sector tariffs that are yet to be addressed, we expect the global supply chain has continued to reconfigure in favour of ASEAN. Malaysia sits at an advantage given its established semiconductor ecosystem, growing engineering workforce and deep supplier network. At the same time, we believe the NIMP and NSS provide and support a strategic direction to deepen Malaysia's economic complexity by moving upstream into IC design, advanced packaging and semiconductor materials.

***Government policies plus tariff pressure easing could see global supply chain continue to reconfigure persistently driving more multi-national companies to diversify***

As such, we believe 2026 should mark the next wave of industrial capex. We have observed selective capex spending among some of the tech players, ramping facilities in anticipation of rising demand. Malaysian tech players are strong is in packaging, testing and EMS - across these (which will link to our Theme 5), we would see further state-level execution and growth via their respective industrial hubs eg Selangor IC Design Centre, Kulim Hi-Tech Park, Bayan Lepas & Batu Kawan in Penang and in Johor (Step West in Sedenak). Separately, in Sarawak, with the state's aim to be hydro-powered to generate green energy, it should be able to attract a lot more investments over time.

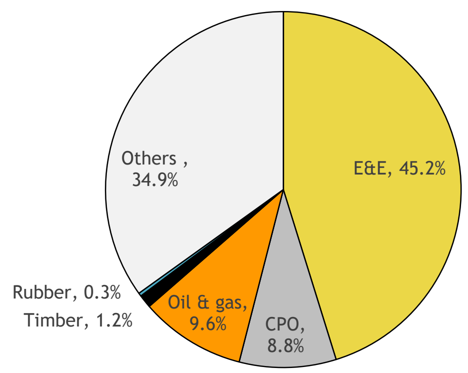
***Expect to see further state-level execution and growth via their respective industrial hubs***

**Fig 2: Global semiconductor sales vs Malaysia's total and semiconductor**




*Source: WSTS, Maybank IBG Research*

**Fig 3: Malaysia exports by sector Oct 2025**



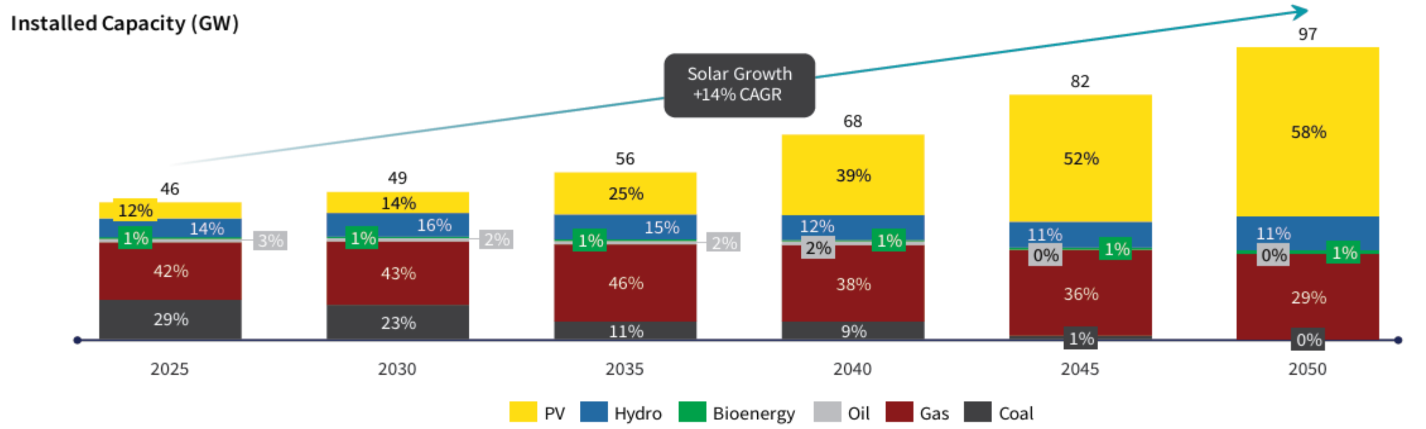

*Source: CEIC, Maybank IBG Research*

## Theme 3: Green transition and energy transition

The three investment pillars embedded in this theme includes **1)** a multi-cycle buildup of renewables and grid infrastructure which would benefit Tenaga, IPPs and solar EPCC players like Solarvest, **2)** a surge in electrification demand from data centres to EVs, **and 3)** a push towards green metals (Press Metal) and decarbonisation. The National Energy Transition Roadmap (NETR) is entering its third year since its launch in Jul 2023 and has placed Malaysia on a defined path towards a greener energy mix. We believe 2026 would be a scale-up stage where we would see utility-scale solar, grid modernisation projects, hydrogen clusters led by Sarawak, and corporate PPAs.

Policy tailwinds are aplenty, in our view. Thanks to NETR, CRESS, LSS5/LSS5+ and BESS tenders, we believe the RE sector should be in for a multi-year re-rating. Opportunities present for companies involved in substations, cables, underground utilities, smart meters, grid digitalisation, BESS interconnection and RE EPCC. From a grid upgrade perspective, Tenaga would be entering the second year of its Regulatory Period 4. Tenaga has committed to MYR43bn over 2025-27 to upgrade the national grid. And we already know that the contingent capex is taking shape. The grid upgrade aims to support rising electricity demand, data centres in focus, renewable energy growth (solar and battery storage, which we expect to be mandatory in future RE programmes) and network upgrade to support future loan growth and energy transition.

**Fig 4: Projected power system installed capacity mix 2050**



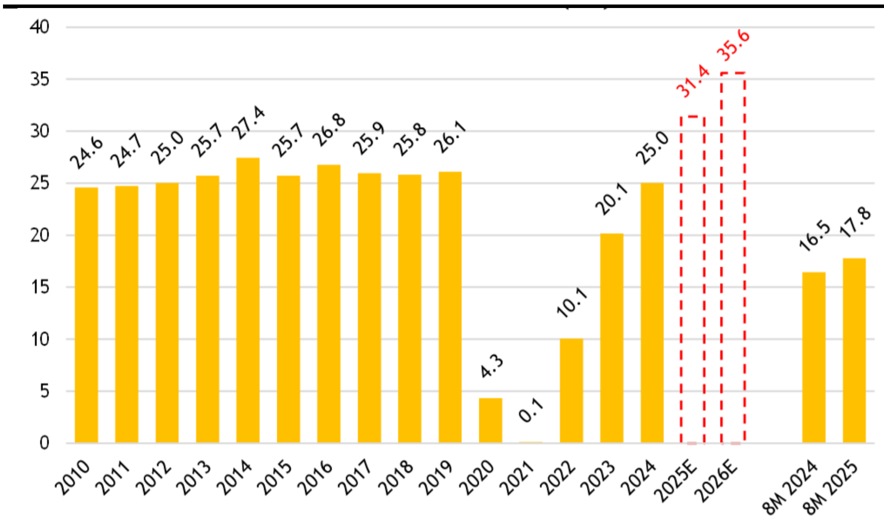

*Source: NETR*

## Theme 4: Domestic demand resilience

*2026 economic outlook remains underpinned by resilient domestic demand; this cuts across key sectors we stay positive on: 1) consumer sector, 2) healthcare, 3) REITs, and 4) tourism*

Although external volatilities have calmed down the past few months, we believe the natural insulation to our investment thesis still lies in domestic demand resilience. Judging from Malaysia's GDP growth in 3Q25, it was evident that domestic demand remained a key driver supporting economic growth. Looking ahead in 2026, we believe economic outlook remains underpinned by resilient domestic demand and this cuts across key sectors we stay positive on: 1) consumer sector, which we expect to be driven by retail trade, consumer staples and perhaps an increase in consumer discretionary spending, 2) healthcare, with structural uplift from domestic healthcare spending and medical tourism, 3) REITs, linking to consumer spending benefiting retail-asset based REITs and 4) tourism, in the run up to Visit Malaysia 2026 (targeting 47m foreign visitors, including day trippers), possibly amplifying the impact to shopping malls, hotels, medical tourism and aviation.

**Fig 5: Tourist arrivals (m)**




*Source: Tourism Malaysia, Maybank IBG Research*

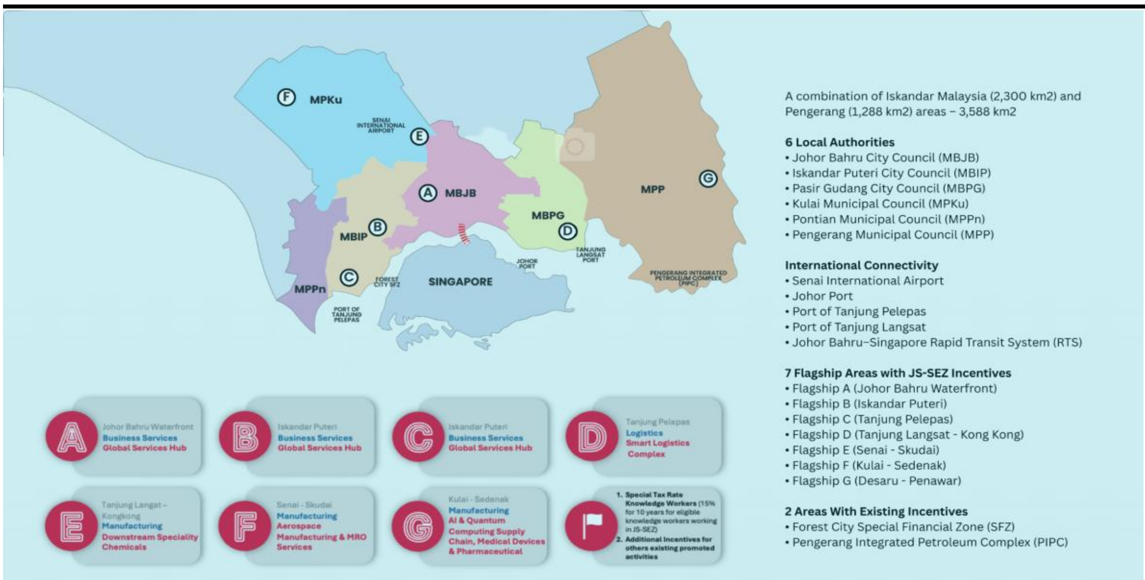
## Theme 5: State-driven growth corridors

We continue to favour the state-driven thematic in 2026 having listed this as one of the key themes for 2025. We believe 2026 would be a manifestation of the groundwork laid in 2025, especially with the official launch of the JS-SEZ in Jan 2025. Over 2025, we also saw the ambitions of Selangor (MBI Inc) and Negeri Sembilan (NS Corp) stepping up efforts to draw their share of investments and related growth upsides – both angled from an industrial property development perspective and building economic growth corridors.

Launched in Jan 2025, the JS-SEZ has gathered momentum, especially in FDI approvals - as we enter 2026, the anticipation of the completion of the Rapid Transit System Link (RTS; to begin operations in 1H2027) with Singapore coupled with recently-launched Electric Train Service (ETS) between KL and JB should further propel mobility within the state and across the causeway. The JS-SEZ's large investments in industrial property-construction-data centre-logistics are also spilling over into the residential and commercial property sectors. With further regulatory harmonisation relating to immigration systems, business permits and mobility programmes in the pipeline, cross-border investments are set to climb further.

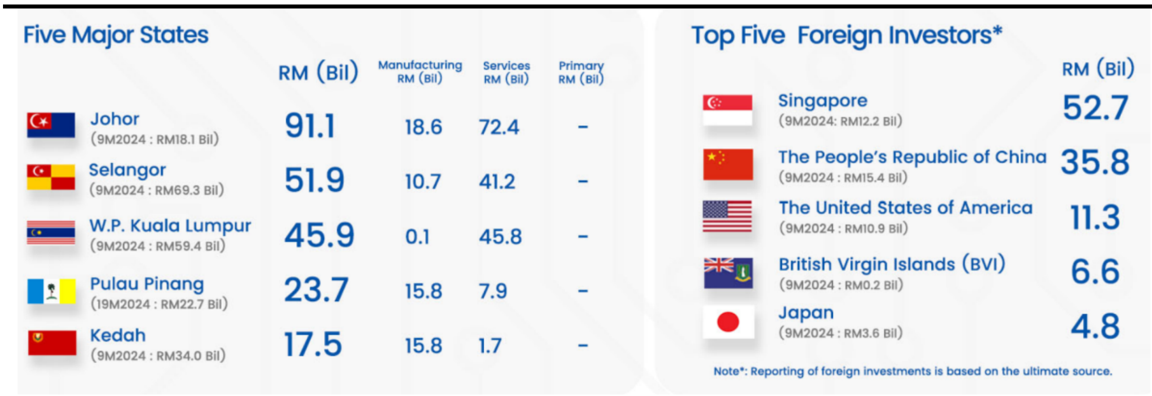
Of note, it was recently reported World Bank Group has entered into a partnership with Johor and Diatrolic Energy to develop the Southern Johor Renewable Energy Corridor, valued at USD6bn. The project is span across 2,000sqkm of hybrid solar and battery every storage system zone in Johor which is expected to generate clean electricity to meet renewable energy needs of both local and multinational companies including data centres. Over time, the project is also expected to enable clean energy transmission to Singapore, supporting the broader ASEAN Power Grid initiative.

**Fig 6: JS-SEZ and its economic zones**




*Source: Invest Johor*

**Fig 7: Investment approvals and top foreign investors (Jan-Sep 2025)**



| Five Major States | RM (Bil) | Manufacturing RM (Bil) | Services RM (Bil) | Primary RM (Bil) |
|---|---|---|---|---|
| Johor (9M2024 : RM18.1 Bil) | 91.1 | 18.6 | 72.4 | - |
| Selangor (9M2024 : RM69.3 Bil) | 51.9 | 10.7 | 41.2 | - |
| W.P. Kuala Lumpur (9M2024 : RM59.4 Bil) | 45.9 | 0.1 | 45.8 | - |
| Pulau Pinang (19M2024 : RM22.7 Bil) | 23.7 | 15.8 | 7.9 | - |
| Kedah (9M2024 : RM34.0 Bil) | 17.5 | 15.8 | 1.7 | - |

| Top Five Foreign Investors* | RM (Bil) |
|---|---|
| Singapore (9M2024: RM12.2 Bil) | 52.7 |
| The People's Republic of China (9M2024 : RM15.4 Bil) | 35.8 |
| The United States of America (9M2024 : RM10.9 Bil) | 11.3 |
| British Virgin Islands (BVI) (9M2024 : RM0.2 Bil) | 6.6 |
| Japan (9M2024 : RM3.6 Bil) | 4.8 |

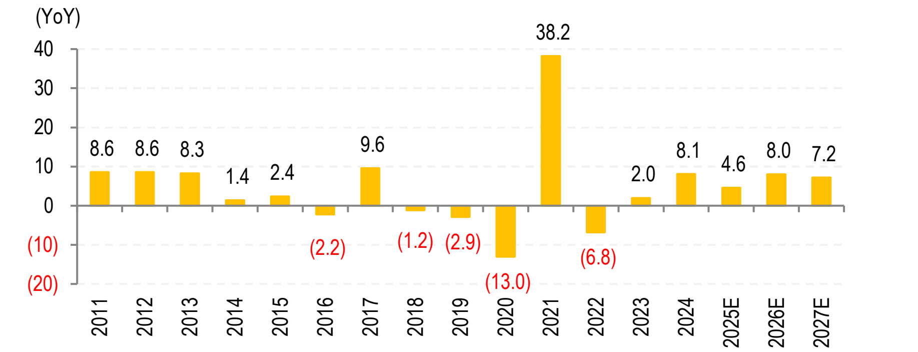
Note*: Reporting of foreign investments is based on the ultimate source.

*Source: Malaysia Investment Development Authority (MIDA)*

## Market strategy & valuation

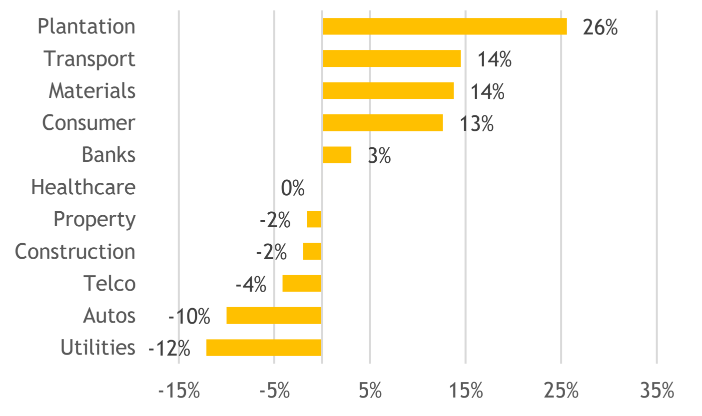
The biggest change to our earnings profile going into 2026 is the upgrade to the banks, which we now have a POSITIVE stance on (from NEUTRAL). We forecast 2025 net profit growth for banks under our coverage of 5.0%/5.5% in 2026/27E (prev 2026E: 4.9%) against 3.6% (prev 2025E: 2.1%) in 2025E. Imputing this, our KLCI earnings growth forecast is now at 8.0%/7.2% in 2026/27E (prev 2026E: 8.2%) against 4.6% in 2025E (prev 2025E: 1.5%). For 2026E, the construction and healthcare sector are expected to deliver strong earnings growth, but the overall earnings growth momentum is expected to be mitigated by utilities due to higher effective tax rates at Tenaga.

**Fig 8: KLCI core earnings growth**



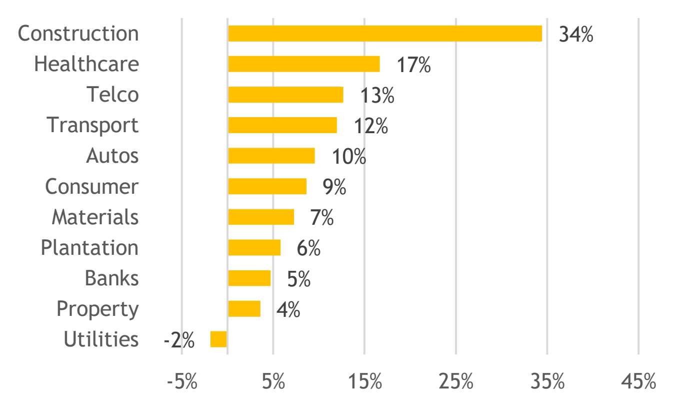

*Note: For stocks not under our coverage, Bloomberg consensus earnings is used; Source: Maybank IBG Research*

**Fig 9: 2025E KLCI earnings growth by sector**




*Source: Maybank IBG Research; * Excludes Petrochemicals*

**Fig 10: 2026E KLCI earnings growth by sector**




*Source: Maybank IBG Research: * Excludes Petrochemicals*

## YE 2026 KLCI target at 1,730

*Our YE 2026 2026 KLCI is set at 1,730 pegged to 7% earnings growth and applying a15x 2027E PER*

We expect 2026 to be a better year for the market. Based on 7% KLCI earnings growth for 2027E and applying a 15x 2027E PER, we set our YE 2026 KLCI target at 1,730. From a bottom-up perspective, the KLCI could reach 1,780 driven mainly by the large cap banks, Tenaga and Gamuda. Though remote, our bear case KLCI for 2026 would be 1,550 based on 14x 2027E PER at 5% earnings growth while our bull case KLCI suggests a 1,850 based on 16x 2027E PER at 7% earnings growth. Should the KLCI index end 2025 higher than 1,660, our 2026 YE KLCI targets would need to be reworked on a positive bias.

*We remain POSITIVE on construction, consumer, healthcare and renewable energy sectors*

**Fig 11: Sector weights**

| POSITIVE | NEUTRAL | NEGATIVE |
|---|---|---|
| Aviation | Automotive | Petrochem |
| Banks | Gaming | |
| Construction | Gloves | |
| Consumer | Media | |
| Healthcare | Oil & Gas | |
| Ports & shipping | Plantation | |
| REITs | Property | |
| Renewable Energy | Telecom | |
| | Technology | |
| | Utilities | |

*Note: Highlighted sectors mean change in weights; Banks were upgraded to POSITIVE from NEUTRAL, while Gloves were upgraded to NEUTRAL from NEGATIVE; Source: Maybank IBG Research*

**Fig 12: Sector specific outlook in 2026**

| Sector | Outlook | Comments | Top picks |
|---|---|---|---|
| Automotive | NEUTRAL | We expect domestic TIV to reach 790k units in 2025E (flat YoY), supported by resilient consumer demand and strong backlogs at local OEMs, though upside may be capped by production constraints and intensifying competition, particularly in the mass-premium segment. On the EV front, localisation investments should accelerate as CBU EV incentives expire by end-2025, alongside the launch of locally produced EV models. We maintain our NEUTRAL stance on the sector, with no current BUY calls, but highlight MBM as a dividend yield play, offering yields of over 8%. | |
| Aviation | POSITIVE | We remain POSITIVE on the aviation industry. We expect the aviation segment, which will be housed under AAX/AAG, to benefit from the gradual return to service of aircraft. A potential thematic for 2026 is Visit Malaysia 2026's impact on MAAX and MAA, the most profitable airlines within the AirAsia group. CAPITALA is our top BUY pick in the sector. | CAPITALA |
| Banking | POSITIVE | Having weathered through economic volatility and much challenges to funding cost in 2025, we expect 2026 to be operationally a more conducive year for the banking sector, with projected aggregate operating profit and net profit growth of 4.7%/5.0% respectively (3.4%/3.8% in 2025E). Valuations undemanding with most stocks trading around their -1SD forward PER valuations. Moreover, dividend yields of 5% provide support. POSITIVE on the sector with the Top 3 sector BUYs being CIMB, AMMB and ABMB. | CIMB, AMMB, Alliance Bank |
| Construction | POSITIVE | We remain POSITIVE on the construction industry. We expect the construction sector to continue benefitting from megaprojects, data centres, renewable energy assets and water assets. ▫ A thematic for 2026 is the 13MP. It mentions many ports, water, flood mitigation, industrial parks, highway and road and hospital projects. GAM, CMS and PLINTAS are our top BUY picks in the sector. | Gamuda |
| Consumer | POSITIVE | Based on our basket of consumer stocks, our projected core net profit growth of +9.4% in 2026E, against +6.5% in 2025E are mainly attributed to NESZ, MRDIY and ECOSHOP. This comes on the back of robust demand expectations in food staples and continued recovery from brand boycotts, coupled with growing demand for mass-market, affordable and high value products within the retail space. Resilient earnings performance expected for consumer staples but operating cost pressures may persist for consumer retail in 2026. Our top BUY pick is ECOSHOP. | EcoShop |
| Gaming | POSITIVE | We remain POSITIVE on the gaming industry. RWG ought to continue growing due to the new mass gaming floor while we do not expect RWLV to recover meaningfully. A key theme for 2026 will be GENM's RWNYC and the potential impact of Visit Malaysia 2026 on GENM's RWG. GENM and GENT are our top BUY picks in the sector. | Genting Malaysia, Genting Bhd |
| Gloves | NEUTRAL | ▫In 1H26, we expect the sector into enter a more balanced phase with downside risks largely priced in. While structural challenges persist, near term supply disruptions from regional competitors offer pockets of relief for Malaysia players. However, competition likely to intensify once the major China producer's Indonesia plant stabilises, we reckon. We have a tactical NEUTRAL stance on the Malaysia glove sector with HOLD ratings on HART, KRI and TOPG. | - |
| Healthcare | POSITIVE | We expect growth momentum in revenue intensity to hold into FY26E, with a slightly more conservative take on inpatient admissions – which we have priced in for across both hospital names. Fundamentals should be supported by Malaysia Year of Medical Tourism 2026 (MYMT 2026) which is expected to drive inbound medical tourism across the nation. Regulatory headwinds have also eased with DRG broad-based implementation delayed to 2027. | IHH Healthcare |
| Oil & Gas | NEUTRAL | We forecast Brent crude oil price to be weaker at an average of USD65/bbl in 2026E (2025E: USD67/bbl) as the oil markets are still expected to be in a supply surplus position, largely on extra volumes from OPEC+, in their move to restore market share. For Malaysia, we expect PETRONAS's domestic capex spending to still be lukewarm in 2026E due to subdued oil prices and tensions between the two local oil majors. As such, domestic-centric OGSE players may not see significant YoY growth in 2026E (or if any at all). Dialog is our top pick for the sector. | Dialog |

*Source: Maybank IBG Research*

**Fig 13: Sector specific outlook in 2026 (cont'd)**

| Sector | Outlook | Comments | Top picks |
|---|---|---|---|
| Petrochemicals | NEGATIVE | We are expecting olefin & polymer prices to remain on a slow downtrend in 2026E as the current downturn continues to ensue due to new, massive capacity additions and build-outs. Net capacity addition in 2025-2028E (49m tpa cumulative) is larger than its preceding 4 years (30m tpa) with 2027E likely the record year for new capacity start-ups. Capacity closures announced so far are unlikely to be sufficient to offset the oversupply environment. We estimate 25m tonnes or more closures would be needed by 2028E to bring the petrochemical cycle to mid-cycle spreads. We do not expect HDPE-naphtha spreads to improve meaningfully (or if any at all) until 2028E at the earliest. We have SELLs on PCHEM and LCTITAN. | - |
| Plantation | NEUTRAL | We stay Neutral on the sector as there is much uncertainty in the global vegetable oils demand projection with ID's B50 and US EPA mandates still unclear at the moment. 2026's CPO price upside will likely be dictated by fresh government policies (especially ID's B50 aspiration) and geopolitics. As palm oil supply growth is likely to be muted in 2026, CPO price upside will likely be driven by demand side equation. We advocate a short term trading strategy in 1Q26 while we await greater clarity from ID and US governments on their allegedly ambitious biofuel targets. Stay 12M NEUTRAL with SDG and SOP as our top BUY picks. | SD Guthrie |
| Property | NEUTRAL | Key sector drivers remain JSSEZ, asset monetisation and listings, and industrial properties. Developers are expanding investment properties for recurring income with plans to list them when mature. With more industrial parks slated under the 13th Malaysia Plan, we see JSSEZ and Malaysia Vision Valley (MVV) standing out due to their proximity to Singapore and the Klang Valley. We maintain our NEUTRAL stance. Our top picks are SDPR (for industrial exposure in MVV and Klang Valley) and SPSB (undemanding valuation). | SP Setia, Sime Darby Property |
| REITs | POSITIVE | We reiterate our Overweight stance on the M-REIT sector heading into 2026, supported by tourism-led earnings momentum, yield-accretive portfolio strategies and a favourable interest-rate backdrop. We project CY26E sector earnings to grow 9.3% YoY (vs CY25E: 12.2%), driven by the Visit Malaysia 2026 campaign, which should meaningfully uplift hotel and retail performance and support rental reversions for tourist-exposed REITs e.g. Sunway REIT, Pavilion REIT, CapitaLand Malaysia Trust (CLMT) and KLCC Stapled Group. Portfolio optimisation is also expected to remain a key theme, with REITs recycling capital out of non-core or mature assets into higher-yielding opportunities. The sector offers an attractive CY26E net DPU yield of 5.7% (vs CY25E: 5.4%). Our top picks are Pavilion REIT and CLMT, backed by strong asset quality, visible catalysts and compelling yield profiles. | Pavilion REIT, Capitaland Mall Trust |
| Renewable Energy | POSITIVE | We continue to remain POSITIVE on the RE sector, as projects under LSS5, LSS5+, MyBeST and CRESS enter into EPCC execution phase supporting earnings outlook of most RE EPCC players. While new programmes ahead are expected to emphasise BESS integration, this presents a significant opportunity for RE players to develop a robust track record in BESS and differentiate themselves from peers. Our top BUY is Solarvest | Solarvest |
| Technology | POSITIVE | We retain a NEUTRAL view on the Semiconductor and EMS sectors. Both cyclical and structural headwinds persist, reinforcing the need for selective positioning. Growth remains concentrated in AI/DC-linked supply chains, while legacy segments continue to exhibit a muted recovery. Broad-based digital adoption also persists as a structural theme, providing a favourable backdrop for domestic software players. Top picks. Within hardware, Frontken, Northeast, and Aurelius Technologies. For software, ITMAX and Ramssol. | Frontken, Northeast, Aurelius Tech, ITMAX |
| Telcos | NEUTRAL | We remain NEUTRAL, with respective prospects of telcos partly priced-in following YTD share price performances. We believe mobile operators could continue be plagued by 5G-related risks in 2026. Potential earnings drag for mobile telcos (equity accounting of DNB's losses) is offset by possible dividend upside from fixed-line players. We have a BUY on TM. | Telekom Malaysia |
| Utilities | NEUTRAL | We remain NEUTRAL, with potential growth drivers being balanced by execution challenges. We await further clarity on regulatory developments surrounding Tenaga (contingent capex recovery mechanism) and gas utilities (new regulatory period, National Gas Roadmap). We have BUYs on Tenaga and Mega First. | Tenaga |

*Source: Maybank IBG Research*

## Fig 14: Top BUY picks - valuation table

| Stock | Bloomberg code | Mkt cap (MYR m) | Price (LC) | TP (LC) | Upside (%) | P/E (x) 25E | P/E (x) 26E | P/B (x) 25E | P/B (x) 26E | Div yld (%) 25E | Div yld (%) 26E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Large Caps** | | | | | | | | | | | |
| CIMB Group Holdings | CIMB MK | 85,279 | 7.91 | 8.60 | 8.7 | 10.8 | 10.3 | 1.2 | 1.1 | 5.9 | 6.1 |
| IHH Healthcare | IHH MK | 74,224 | 8.40 | 9.48 | 12.9 | 33.8 | 29.0 | 2.4 | 2.2 | 1.3 | 1.5 |
| Tenaga Nasional | TNB MK | 73,680 | 12.64 | 14.50 | 14.7 | 16.9 | 15.3 | 1.2 | 1.1 | 3.0 | 3.3 |
| Press Metal Aluminium | PMAH MK | 55,288 | 6.71 | 7.41 | 10.4 | 26.2 | 24.4 | 5.7 | 5.0 | 1.5 | 1.6 |
| SD Guthrie | SDG MK | 36,515 | 5.28 | 5.75 | 8.9 | 16.0 | 16.7 | 1.8 | 1.7 | 3.1 | 3.0 |
| Gamuda | GAM MK | 30,663 | 5.24 | 6.17 | 17.8 | 24.7 | 18.6 | 2.5 | 2.4 | 2.3 | 3.1 |
| Nestle (Malaysia) | NESZ MK | 26,264 | 112.00 | 122.00 | 8.9 | 45.8 | 41.7 | 48.0 | 48.0 | 2.2 | 2.4 |
| Westports Holdings | WPRTS MK | 18,686 | 5.46 | 6.73 | 23.3 | 19.1 | 15.5 | 4.0 | 3.8 | 3.9 | 4.8 |
| **Mid-small caps** | | | | | | | | | | | |
| Eco-Shop Marketing | ECOSHOP MK | 7,474 | 1.30 | 1.70 | 30.8 | 31.9 | 25.5 | 7.1 | 6.4 | 2.3 | 2.4 |
| Pavilion REIT | PREIT MK | 6,829 | 1.74 | 2.05 | 17.8 | 18.7 | 17.1 | 1.2 | 1.2 | 5.2 | 5.6 |
| Frontken Corp. Bhd | FRCB MK | 6,695 | 4.20 | 5.19 | 23.6 | 40.0 | 34.2 | 7.9 | 6.8 | 0.8 | 0.9 |
| ITMAX System Bhd | ITMAX MK | 4,730 | 4.60 | 5.58 | 21.4 | 55.2 | 40.7 | 10.1 | 8.5 | 0.4 | 0.5 |
| Solarvest Holdings | SOLAR MK | 2,751 | 2.93 | 3.54 | 21.0 | 37.4 | 27.8 | 3.7 | 2.9 | - | - |
| MN Holdings | MNHLDG MK | 1,062 | 1.62 | 2.27 | 40.1 | 17.5 | 15.6 | 4.3 | 3.5 | - | - |
| Northeast Group | NE MK | 540 | 0.73 | 1.10 | 50.8 | 20.9 | 16.6 | 2.0 | 1.8 | - | - |

*Source: Maybank IBG Research; (as of 04 December 2025)*

## Fig 15: Malaysia- Active Funds Top 10 Overweight Stocks vs Consensus Rating Change

| Overweight | Active Insti | O/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| CIMB Group Holdings | 19.0 | 11.1 | ↑ 1.7 | → |
| Gamuda | 5.8 | 3.3 | ↓ -1.5 | ↑ |
| Public Bank | 10.5 | 2.7 | ↓ -2.4 | → |
| AMMB | 3.9 | 2.0 | ↓ -1.1 | ↑ |
| Telekom Malaysia | 4.6 | 1.9 | ↓ -3.7 | → |
| Tenaga Nasional | 9.0 | 1.9 | ↑ 2.7 | → |
| Malayan Banking | 12.3 | 1.0 | ↑ 9.1 | ↑ |
| RHB Bank | 3.4 | 0.4 | ↑ 0.6 | → |
| MR D.I.Y. Group (M) | 1.2 | -0.1 | ↓ -1.0 | → |
| Axiata Group | 1.8 | -0.3 | ↑ 8.8 | → |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Malaysia universe.*

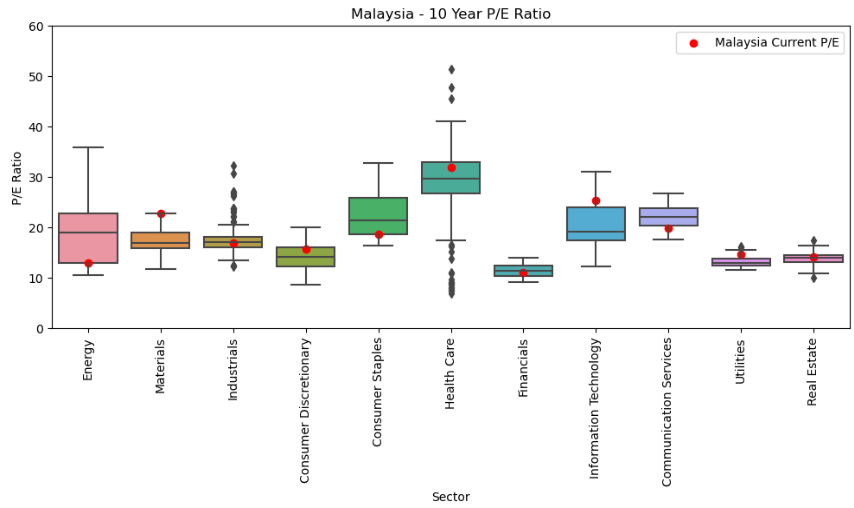
## Fig 16: Malaysia - Active Funds Top 10 Underweight Stocks vs consensus Rating Change

| Underweight | Active Insti | U/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| IHH Healthcare | 4.3 | -2.5 | ↓ -6.0 | ↓ |
| Nestle (Malaysia) | 0.6 | -1.8 | ↓ -0.2 | → |
| CelcomDigi | 1.6 | -1.8 | ↑ 0.5 | ↑ |
| Hong Leong Bank | 2.6 | -1.7 | ↓ -1.9 | ↓ |
| Petronas Gas | 1.5 | -1.7 | ↑ 6.5 | ↑ |
| YTL Power | 0.9 | -1.6 | ↑ 4.3 | ↓ |
| PETRONAS Chemicals Group | 0.9 | -1.6 | ↑ 2.8 | ↓ |
| SD Guthrie | 1.9 | -1.5 | ↑ 8.1 | ↑ |
| Petronas Dagangan | 0.3 | -1.4 | ↑ 16.8 | ↓ |
| Maxis | 1.2 | -1.4 | ↑ 2.1 | ↓ |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

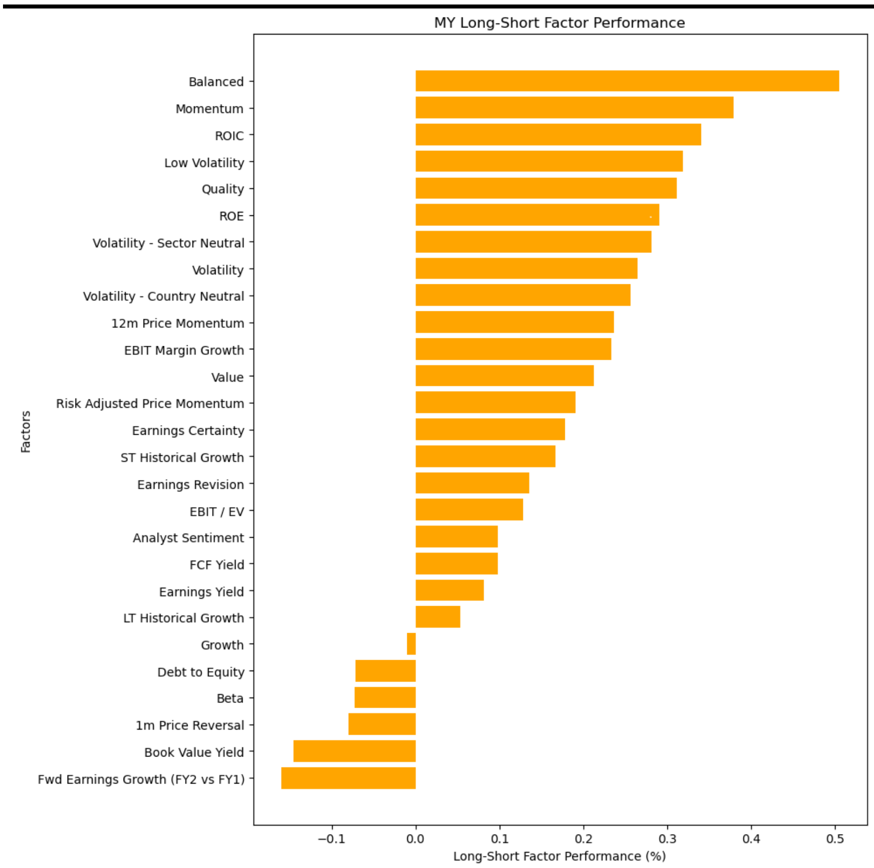
*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Malaysia universe.*

### Fig 17: MSCI Malaysia Sector PE box plot (forward 12M over past 10 years)




*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

### Fig 18: Malaysia Factor Style Performance (Daily Returns, Last 2M % Change)




*Source: Factset, Maybank IBG Research (as of 2 Jan 2026)*
*Note: The long-short factor performance metric is calculated by taking the aggregate returns of the universe constituents in the top decile and subtracting the aggregate returns of the bottom decile.*

- *Re active fund tracker per above, most relative underweighted stock IHH is our top pick re healthcare sector on forecasts of a renewed, extended earnings growth phase as ops. In multiple geographies show positive inflection, led by a re energised India footprint; Nestle (demand, margin recoveries) and SDG (DC/RE proxy). Re relative overweights, CIMB, Maybank and Tenaga have seen the biggest weighting increases vs. 3mth ago.*

- ***Quants**: Malaysia's GDP is expected to land at 4.7% in 2025 and our macro team is forecasting +4.5% in 2026, underpinned by resilient domestic demand growth of +6.0% (2025E: +6.3%) amid steady private consumption (2026E: +5.1%; 2025E: +5.1%) and gross fixed capital formation (2026E: +9.7%; 2025E: +9.7%). Resilient domestic-centric sectors, such as banks, consumer, construction, healthcare and renewable energy are drivers that will support our 2026 YE KLCI target of 1,730 (15x FY27E PER).*

- *Key themes for 2026 emphasize on infrastructure-driven growth, continued energy transition framework, resilient consumer spending & healthcare demand, sustained state-driven development corridors, tech recovery & digital initiatives, with banks benefitting from financing activities. Reflecting this thematic impetus, the Momentum and Quality factor styles have performed well over the last 3 months and will likely continue going into 1H26.*

- *We like Westports and ITMAX which score highly on both the Momentum and Quality styles while also offering solid earnings growth. Solarvest, IHH, AMMB and Pavilion REIT also score well on strong Momentum as they ride on the domestic consumption and infrastructure-driven growth themes. Telekom Malaysia scores high for Quality and is a beneficiary from the increased demand for connectivity arising from Malaysia's data centre boom. Within the consumer space, Eco-Shop which scores high on both ROE and ROIC is MIBG's top consumer pick, where earnings growth is primarily driven by new store openings.*

Maybank

# Singapore Market Outlook 2026

# In the Sweet Spot

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STRATEGY

Regional

## Certainty, reforms & valuations can drive STI to 5,600

Singapore enters 2026 with a rare combination of macro resilience, structural reforms and valuation support. This could underpin a widening "certainty premium" vs. volatile global peers. Renewed large-cap reforms can accelerate capital returns. SMIDs remain inexpensive. MAS reform implementation and directed liquidity should drive significant value unlocking. Scaling AI could lift productivity and margins across sectors. As a result, earnings risks are on the upside. Catalysed with enhanced liquidity from market micro-structure enhancements and low interest rates, we expect the STI rerating towards our new 5,600 target. Top picks: **CICT, Coliwoo, CSE, Food Empire, LREIT, OCBC, Sea, SGX, STH, SUN**

## Themes: Certainty, Large-cap Returns, Value-Up, AI

Four Themes: (1) Singapore is offering political and fiscal stability, and policy credibility amidst fast fragmenting geopolitics. Together with strong domestic resilience, we expect its "certainty premium" to widen, accelerating safe haven flows. (2) In the past 5-years, EPS growth largely drove re-ratings for large-caps undergoing reforms. In other markets multiple expansion dominate. With ROEs still below developed peers, we see renewed catch up momentum as capital returns accelerate. DPS in the next 3-years should grow 9% CAGR vs. 5% in last decade. (3) Despite gains in 2025, SMIDs trade at 1.0x PB: 30-50% below peer markets. Earnings are accelerating. Implementing MAS reforms and EQDP should drive significant value unlocking. Similar reforms in North Asia have delivered 40% re-ratings. (4) Singapore is leading regionally in AI adoption. As use-cases scale, expect operating leverage to drive earnings upside across sectors

## STI target 5,600. Rates, Mkt micro-structure catalysts

We raise 2026E STI target to 5,600 pegged to +2SD 5-year mean PE of 17.1x. Developed markets at advance stages of reform trade at 21x. Singapore now offers a fundamentally more attractive value proposition vs. 2010-2020, where a unipolar, low rate, low unemployment market environment kept uncertainty in check. STI EPS is set to accelerate to +3.6% YoY in 2026E supported by +2.8% GDP growth. 3Q25 saw the lowest earnings disappointments in 2-years and this trend is likely to sustain. We believe larger liquidity from reforms encouraging higher retail participation & accelerating IPOs, together with falling interest rates dialing up risk appetites are key catalysts for market re-rating in 2026E.

## Most positive on REITs, Banks, SMIDs, Internet, Telcos

REITs should be a key beneficiary of falling rates. This can lower funding costs and support asset values, transactions and distributions. Banks should see improving credit growth. Combined with AI-driven productivity gains, ROEs and capital returns could be sustained. Internet offers structural growth with improving monetization. Telcos should gain from defensive cash flows, rising AI and data infrastructure demand and elevated capital returns. SMIDs stand out in value: earnings momentum is strong, valuations trail regionally and MAS reforms offer a strong catalyst.

# 1. Key themes to drive 2026

## 1.1 Singapore should continue to be a major beneficiary of the 'certainty premium'

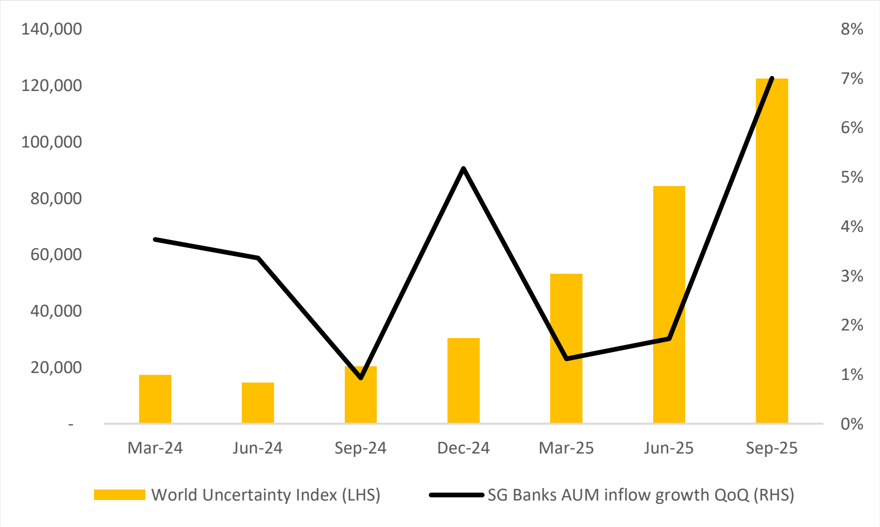
A new order that is multi-polar and multi-sphere is evolving, but its final shape and scope is highly uncertain. High levels uncertainty spilled over to markets in 2025, and this is likely to continue in 2026, in our view.

The STI closed 23% higher in 2025. We believe Singapore's proposition of lower relative uncertainty to other key markets was a key contributor to attracting flows.

Strong global competitiveness rankings as well as good governance rankings provide policy certainty and continuity. Strong financial sector regulations, transparent tax and business-friendly policies together with continued investments in its global financial centre status further strengthens this proposition.

Collectively, this gives Singapore a 'certainty premium' when global geo-politics are trending towards uncertainty, in our view

**Fig 1: Singapore bank AUM inflow vs. World Uncertainty Index**



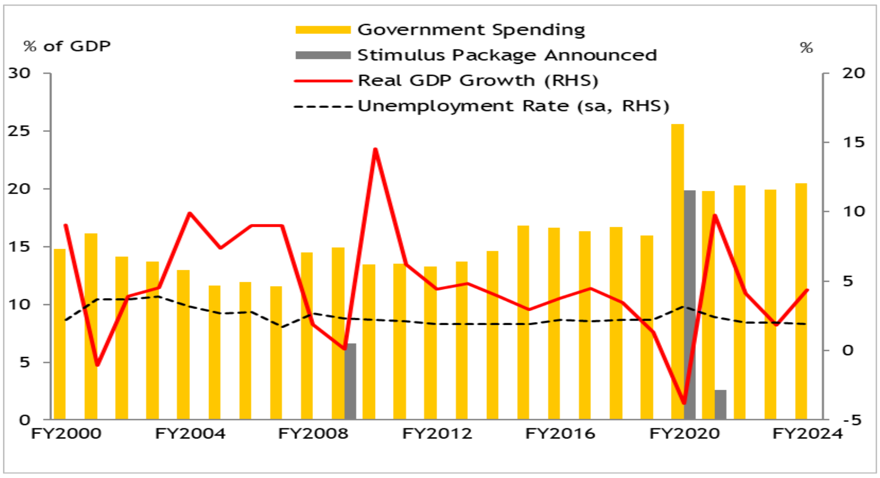

*Source: Company data, World Uncertainty Index, Maybank IBG Research*

We note that during points of strong uncertainty, Singapore sees material AUM inflows as investors seek safe haven and risk diversification. Given trends suggesting continuing uncertainty amidst the evolution of a new geopolitical and economic order, positive AUM momentum to Singapore is likely to persist in 2026, in our view.

Separately, the market offers an additional level of certainty through downside protection. During times of significant economic stress, there is a track record of decisive government fiscal intervention. This is a clear trend as seen during the Global Financial Crisis and Covid, where stimulus packages of 8-20% of GDP were announced– funded partly by drawdowns of past reserves. In past cycles, this has enabled Singapore to keep unemployment levels relatively stable and experience faster recovery following a crisis.

With the potential for a budget surplus in FY26 backed by strong reserves, we believe Singapore is in a strong position to intervene and address potential downside risks going forward.

Fig 2: Singapore government spending, past stimulus and unemployment




*Source: CEIC, Maybank IBG Research*

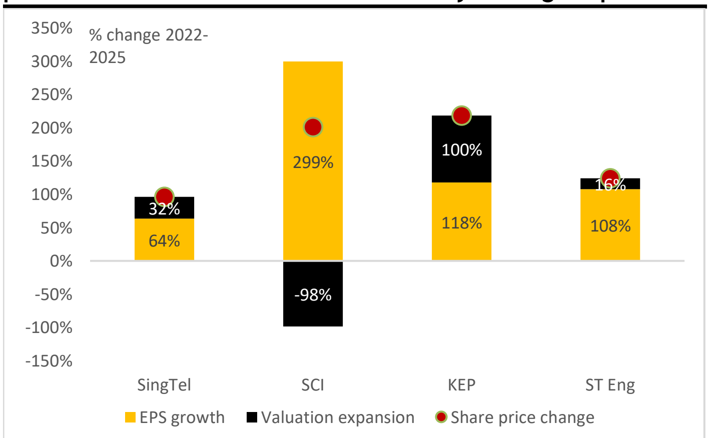
Concurrently, over SGD100bn of mega-projects stretching out to 2030 are announced or ongoing. This amplifies domestic resilience and should provide a degree of offsets from external shocks, in our view.

## 1.2 Renewed resurgence of Large-cap reforms

Singapore's GLCs have been focused on balance sheet management, capital returns and value unlocking since early 2020.

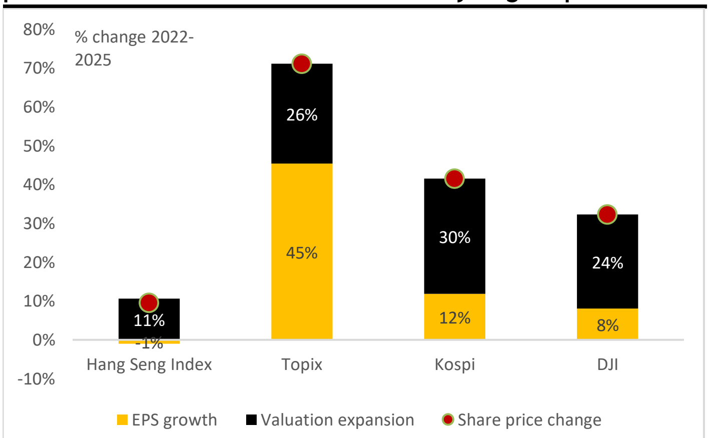
Indeed, reform-oriented GLCs have seen strong re-ratings. We note that a majority of these re-ratings have been the result of EPS increases rather than multiple expansion. To us, this underscores that the GLCs are undergoing structural reforms that are delivering real earnings growth.

Fig 3: Mix of EPS growth vs. multiple expansion in share price performance between 2022-2025 for key SG large caps




*Source: Bloomberg, Maybank IBG Research*

Fig 4: Mix of EPS growth vs. multiple expansion in price performance between 2022-2025 for key large cap indices




*Source: Bloomberg, Maybank IBG Research*

On the other hand, in comparable developed market large-caps, share price re-ratings have been delivered predominantly from multiple expansion.

For Dow Jones industrials, 75% of its re-rating from 2022-25 is from multiple expansion. For the HSI, this is 100%. For KOSPI, which is undergoing its own value unlock program, 71% of re-rating has been delivered through multiple expansion. In comparison, for Singapore large caps, multiple expansion is only responsible for 23% of re-rating. We believe there is significant headroom for Singapore's large-caps to re-rate through multiple expansion going forward, while also continuing to deliver earnings expansion through continued business model improvements.

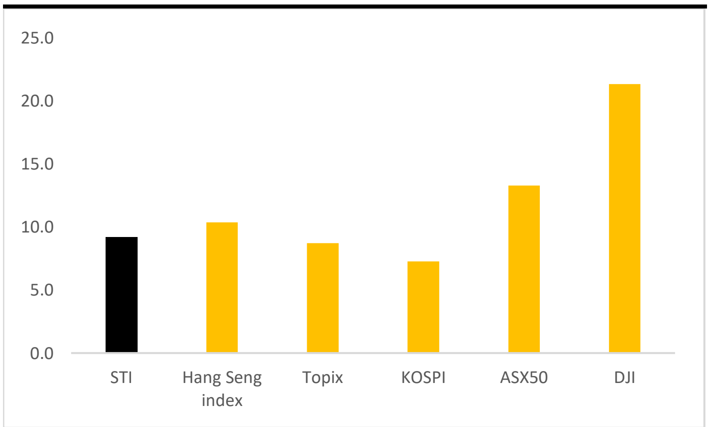
In August 2025, State Investor, Temasek, announced that it is restructuring by setting up three distinct portfolio segments. Within this structure, Temasek plans to focus on active portfolio management to enhance the value of TPCs to support their business models to evolve amidst global disruptions.

We see this as a continuation of the TPC restructuring Temasek embarked on from 2020. However, we think there is significant potential for accelerated value unlocking under the new Temasek structure by having a dedicated portfolio segment aligned specifically for this purpose.

While the TPCs were amongst the earliest to embark on restructuring and value unlocking, this strategy is expanding to non-Temasek companies as well.

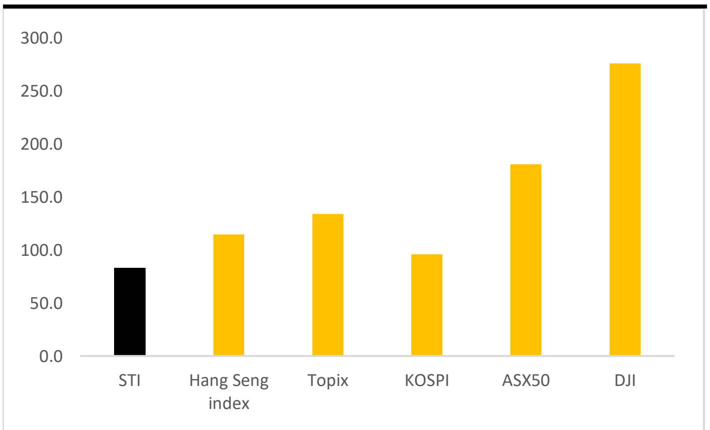
While the pace of restructuring has improved, Singapore remains amongst the lower ROE markets compared to other developed markets with similar large caps.

**Fig 5: 5-year average ROE (%)**




*Source: Bloomberg, Maybank IBG Research*

**Fig 6: 5-year average Debt-to-Equity**

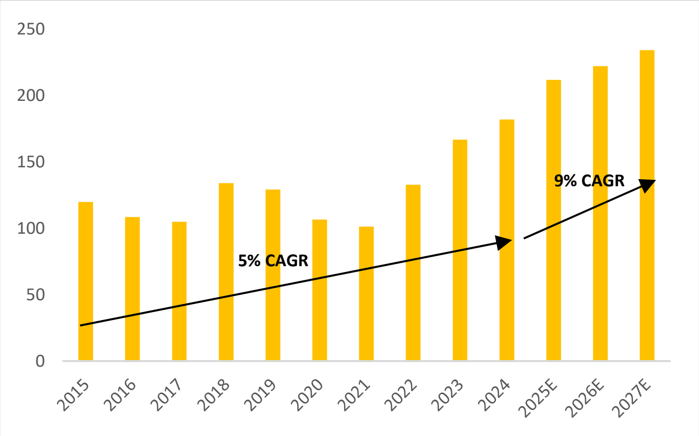



*Source: Bloomberg, Maybank IBG Research*

We believe this leaves significant room for Singapore large-caps to enhance ROEs and streamline their balance sheet structures. As a result, we believe the current concentration of TPC restructuring and increased focus on non-Temasek large-caps in improving returns should lead to a resurgence in large-cap reform momentum.

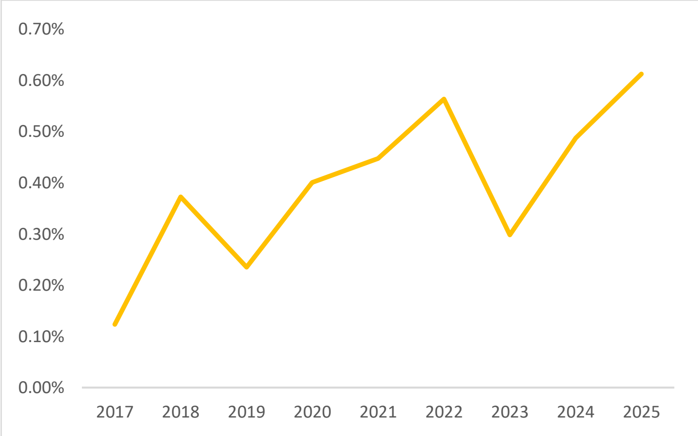
We expect large-cap DPS to accelerate to 9% CAGR 2025-27E, which is nearly double the pace of the past 10-years. Similarly, capital returns via share buyback have accelerated to a pace that is the highest in a decade when measured as a proportion of market turnover. Mostly, this is led by large caps including banks, telcos, industrials as part of capital returns commitments.

**Fig 7: STI DPS (SGD)**




*Source: Bloomberg, Maybank IBG Research*

**Fig 8: Singapore share buy-back as a % of total ADV (%)**




*Source: Bloomberg, Maybank IBG Research*

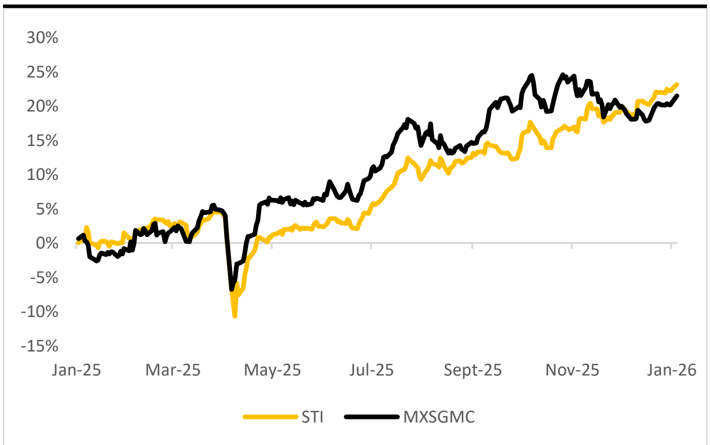
Overall, we believe the convergence of renewed focus on TPC restructuring, increasing demand for capital returns from the wider pool of large-caps and balance sheet streamlining could drive an acceleration in shareholder returns in 2026 from Singapore large-caps.

## 1.3 Accelerating Midcap value unlocking supported by policy reform implementation

The MAS Equity Market Review Group has now published all their recommendations following its formation in August 2024.

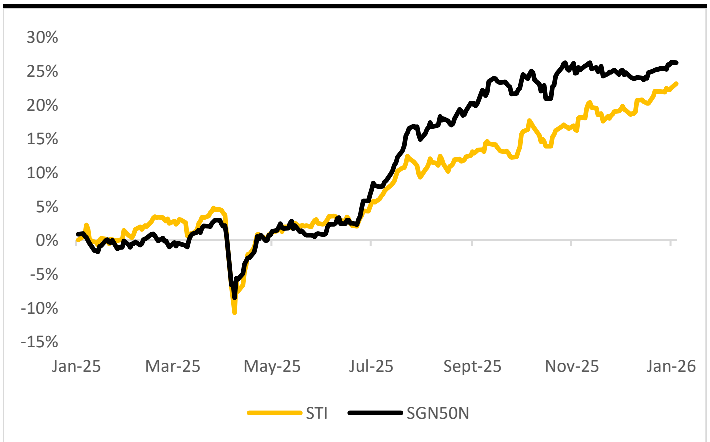
The existing measures have been successful in driving stronger performance for the SMIDs. The MSCI Singapore Midcap index, after outperforming for most of 2025, has underperformed the STI marginally by -3ppts so far in 2026, while the iEDGE Next50 index shows an outperformance of +1.8ppts.

**Fig 9: STI performance vs. MSCI Singapore Midcap index**




*Source: Bloomberg, Maybank IBG Research*

**Fig 10: STI performance vs. iEDGE Next 50 index**



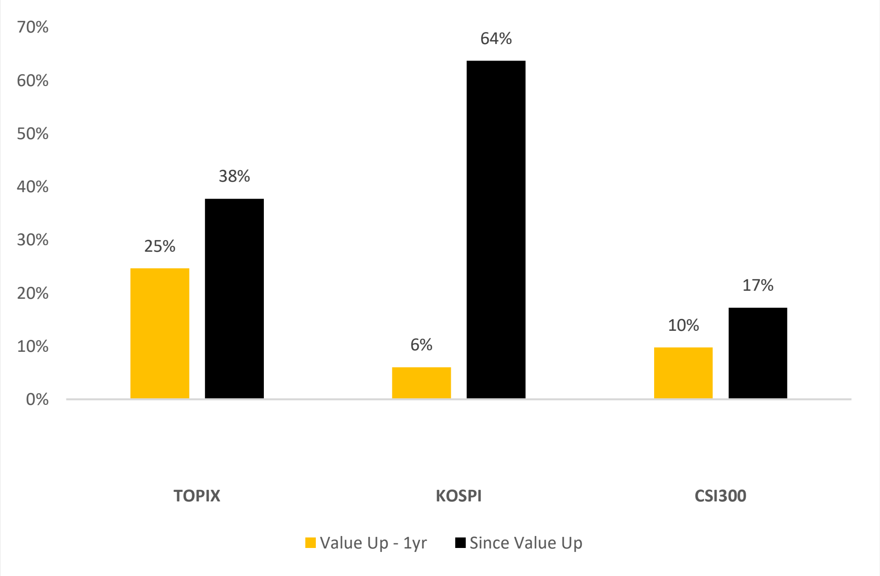

*Source: Bloomberg, Maybank IBG Research*

Thus, we think that there is more room for multiple expansion as together with earnings growth, as MAS reforms are executed in 2026. Key amongst this is the 'Value Unlock' program. This program aims to help companies strengthen investor engagement and shareholder value creation. Note that 55% of SGX listings trade <1x PB, so there is significant room for multiple expansion through a structured strategy of balance sheet restructuring, business optimisation and capital returns.

Historically, successful value unlock implementation has resulted in material re-ratings of the stocks involved. We see evidence of this in North

Asian value up program implementations. On average, Japan, Korea and China have delivered 40% re-ratings following value up implementation vs. 13% in the 1-year leading up to program implementation.

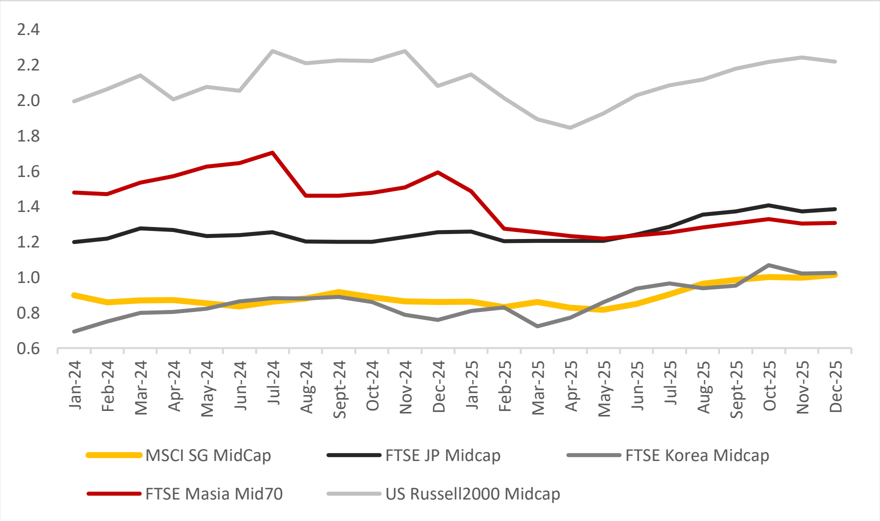
**Fig 11: Key index performance before and after value-up reforms introduced**




*Source: Bloomberg, Maybank IBG Research*

Despite arguments that Singapore's SMIDs have already strongly re-rated, we note that from a PB basis, the sector trails well behind SMIDs in comparable markets. Indeed, midcaps in Japan trade at 1.4x PB, US at 2.1x PB, Malaysia at 1.3x PB. Whereas, Singapore's SMIDs are at 1.0x PB even after the rally in 2025.

**Fig 12: SMID PBs in comparable markets vs. Singapore**




*Source: Bloomberg, Maybank IBG Research*

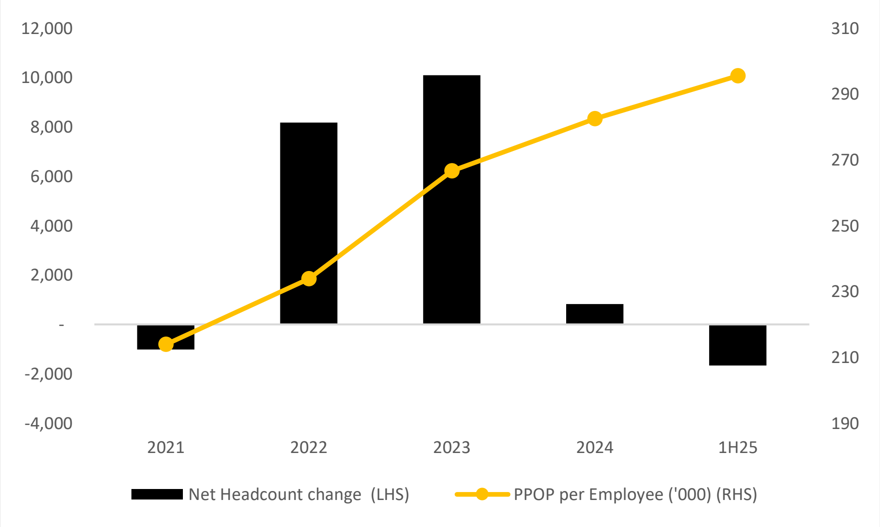
## 1.4 Improving operating leverage from scaling AI

As of 2024, Singapore has a 100% digital adoption rate amongst non-SMEs and a 95.1% rate amongst SME. A survey in 1H25 of 500 AI-using firms by IMDA show high levels of AI adoption across business functions such as IT, customer service, finance & accounting, HR and marketing.

We think many of these AI use cases could reach scale in 2026. This should lead to higher productivity levels being extracted without a material increase in operating costs, in our view.

Indeed, in the case of Singapore Banks, this is already becoming evident. The significant tech investments over the past decade in traditional AI (such as machine learning) has enabled accelerated adoption of new-gen AI (Gen AI/Agentic AI) across the sector in 2025. We note, pre-provision operating profits per employee increased 5% YoY in 2025E indicating productivity per employee is rising. This was amidst slowing net interest income where sector average NIMs fell 23bps between 4Q24 and 3Q25. We also note that between 2023-1H25, the sector's workforce contracted by 843 (~1% of total staffing).

**Fig 13: Singapore banks productivity vs. headcount change**



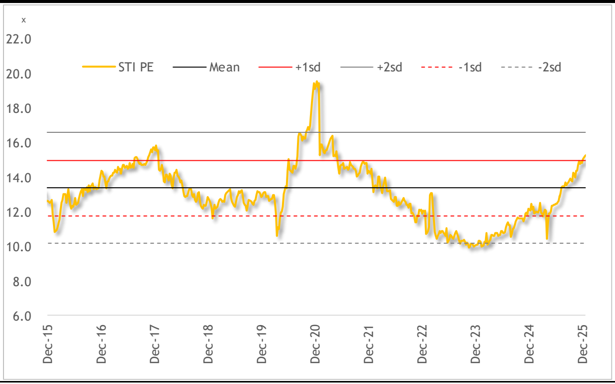

*Source: Company data, Maybank IBG Research*

# 2. Raising STI target to 5,600

## 2.1 STI reflecting structurally higher multiples

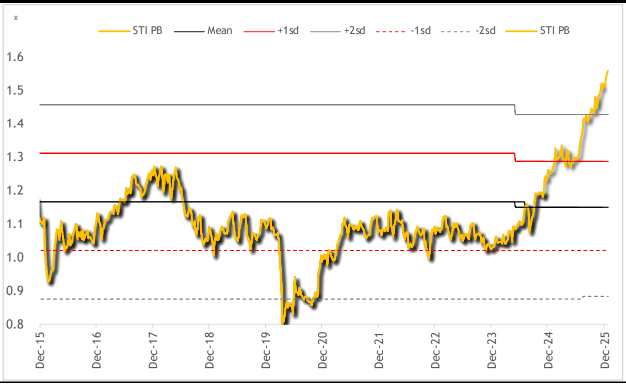
The STI is trading at 1.6x PB and 14.7x PE. Relative to its 10-year history this is elevated. On a PE basis, current valuations are +1 SD above the 10-year mean. PB is above +2SD 10-year mean.

**Fig 14: STI 12-mth forward PE (x)**




*Source: Bloomberg, Maybank IBG Research*

**Fig 15: STI 12-mth forward PB (x)**




*Source: Bloomberg, Maybank IBG Research*

We believe a more relevant comparison should be with other developed market and regional exchanges, especially those that are undergoing market reforms.

**Fig 16: STI valuations compared to developed market and regional peers**

| | PE (x) | PB (x) | Dividend Yield (%) |
|---|---|---|---|
| STI | 14.7 | 1.55 | 4.6 |
| Nikkei 225 | 22.1 | 2.59 | 1.5 |
| KOSPI | 19.5 | 1.46 | 1.4 |
| MSCI China | 15.9 | 1.73 | 2.0 |
| KLCI | 15.8 | 1.57 | 4.1 |
| S&P500 | 27.7 | 5.55 | 1.2 |

*Source: Bloomberg, Maybank IBG Research*

Here we see that the STI trades at a 33% discount to Japan and 25% discount to Korea- markets that underwent structural reforms, similar to what SGX is undergoing now. On a PB basis, the STI trades at a 10% discount to China, where growth has been sluggish for over 5-years and a 72% discount to the US. Concurrently, the STI offers a dividend yield 256bps higher than its peer average.

Therefore, we believe that the convergence of long-term themes and market reforms should fundamentally elevate Singapore's "average" multiples higher in the medium term.

## 2.2 2026E STI target: 5,600

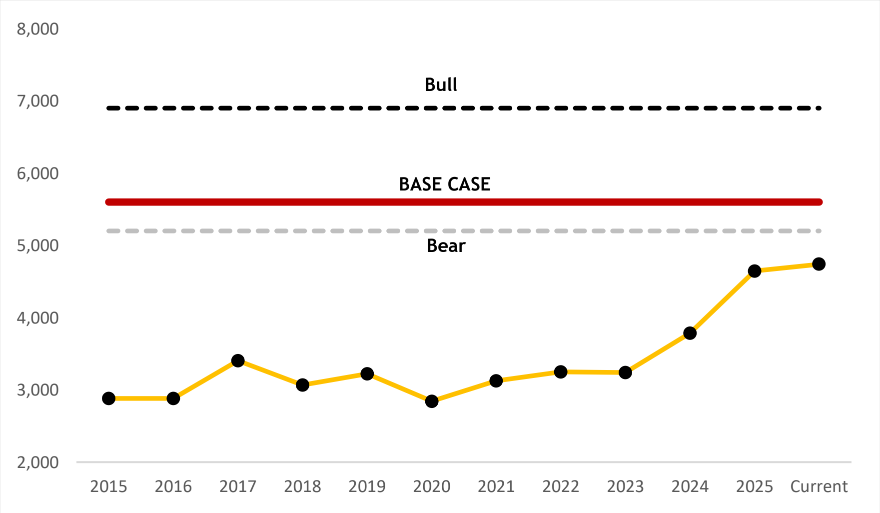
We adopt a target setting methodology that is anchored on PE targeting. We believe this more accurately reflect market cyclicality as well as has the ability to dynamically reflect fundamental earnings upgrades and value unlocking from market reforms.

**Fig 17: MIBG STI Target Setting**

| | Target | PE (x) | Comments |
|---|---|---|---|
| Index EPS 2026E | 326.6 | | |
| Base Target: Pegged to 5-year mean fwd PE + 2SD of 17.1x | 5,600 | 17.1 | 5-year PE mean to capture large cap reform momentum, limit 2010-2020 lost decade exposure. Target rounded up to nearest 100 |
| Bull Target: Pegged to 21x fwd PE | 6,900 | 21.0 | Equal weighted Nikkei225 and KOSPI average to reflect markets at a more advanced stage of market reforms |
| Bear Target: Pegged to 15.8x fwd PE | 5,200 | 15.8 | Pegged to KLCI PE, which offers a comparable dividend yield |
| **Current Index** | **4,740** | | |
| **Upside to Base Target** | **18%** | | |

*Source: Bloomberg, Maybank IBG Research*

**Fig 18: STI target scenarios and historical closing**

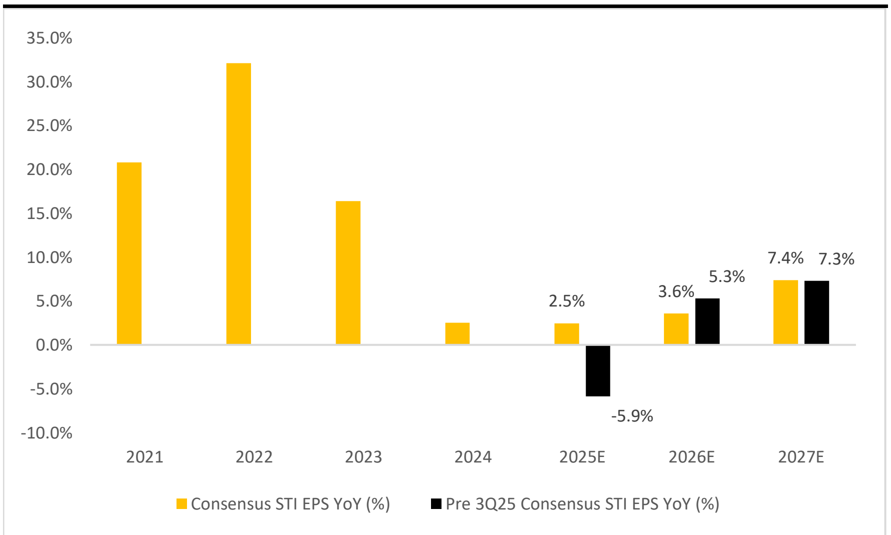



*Source: Bloomberg, Maybank IBG Research*

## 2.3 3Q25 maintaining upgrade momentum

Post 3Q25 results, overall earnings expectations saw material upgrades. Prior to 3Q25, STI 2025E EPS expectations were for a -5.9% YoY contraction led by banks (from weak NIMs), as well as slower REIT and Industrial sector performance. Subsequently, this has reversed to +2.5% YoY growth for 2025E.

**Fig 19: STI EPS growth YoY (%)**




*Source: Bloomberg, Maybank IBG Research*

EPS momentum is forecasted to accelerate to +3.6% YoY in 2026E and +7.4% YoY in 2027E. We believe risks are on the upside for further upgrades in 2026E following full-year 2025E results in February/March 2026.

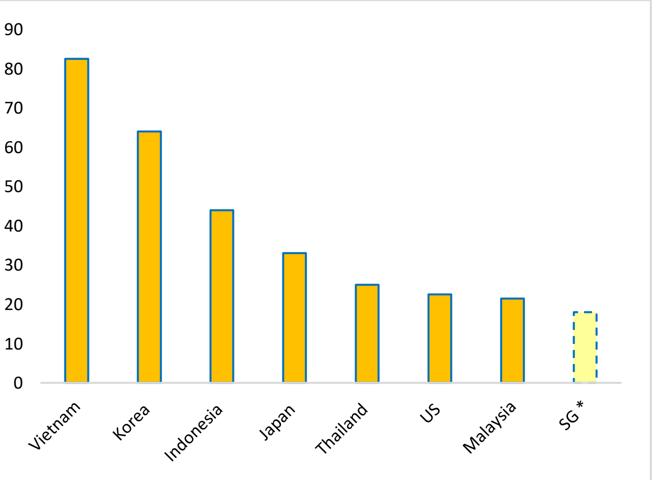
# 3. Dual catalysts to support market momentum in 2026

## 3.1 Enhancements to market micro-structure could encourage more trading, IPOs

As part of MAS reforms, there is a decisive shift towards encouraging more retail investor participation.

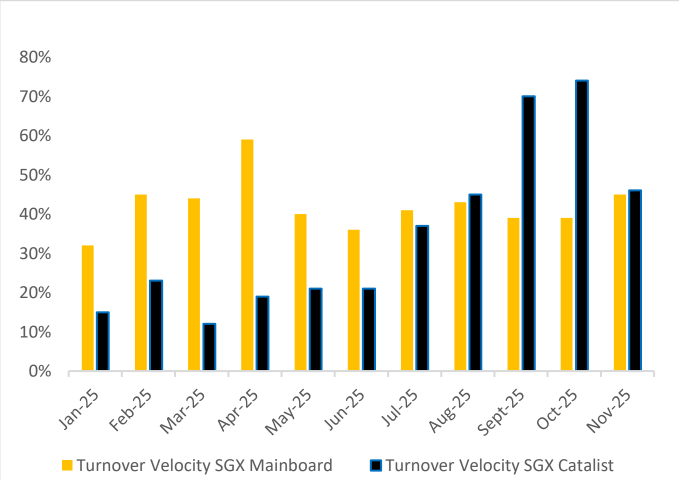
This is important as Singapore's retail market participation lags regional and developed markets materially. While SGX does not disclose retail market participation statistics, unlike many other regional markets, we estimate this to be <20%.

**Fig 20: Retail investor participation (%)**




*MIBG estimate
*Source: Market data, News media, Maybank IBG Research*

**Fig 21: Turnover velocity SGX Mainboard vs. Catalist**




*Source: SGX*

With the announcement of the first stages of reform that included more research coverage of small-and-midcap stocks etc., we note the Catalist market velocity (defined as market turnover as a percentage of market cap) has increased to 46% in November 2025 from 15% in January 2025.

Concurrently, reforms to market supervision and streamlining the IPO process should also encourage more market activities.

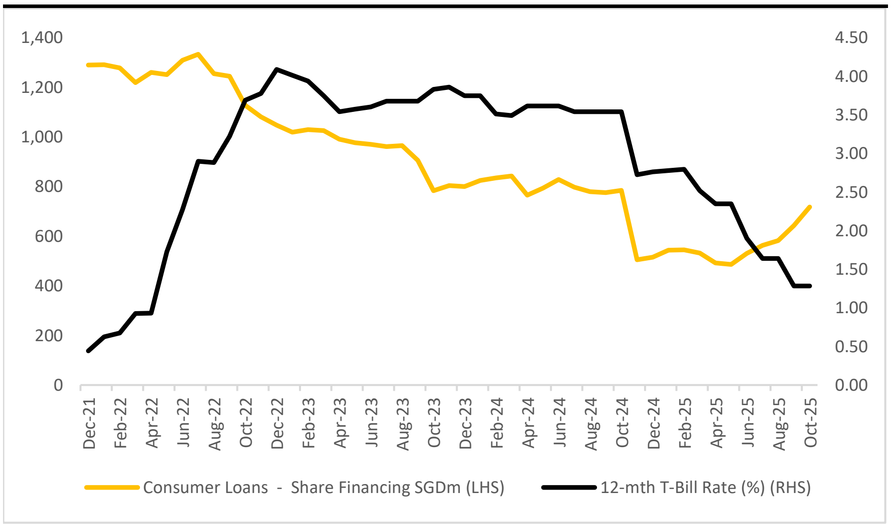
Indeed, in 2025, IPOs reached 12 compared the past 5-year average of 10 per year. We believe the increasing relevant of Singapore as an equity markets venue together with market reforms could be a catalyst for more market depth going forward.

## 3.2 Falling rates positive for liquidity rotation to equities

Singapore's domestic benchmark SORA interest rates have fallen 183bps since the start of 2025, compared to Fed rates of 75bps. Massive liquidity inflows to Singapore, given its safe haven and global financial centre status, is likely to keep interest rates lower in the medium term.

We believe this is positive for liquidity rotation from low yielding deposits to higher yielding equities. Indeed, we observe that share financing margin loans have increased 32% Jan-Oct 2025, while T-Bill rate yields have contracted 149bps in the same period.

**Fig 22: Singapore outstanding share financing loans vs. T-Bill rate**




*Source: MAS, Factset, Maybank IBG Research*

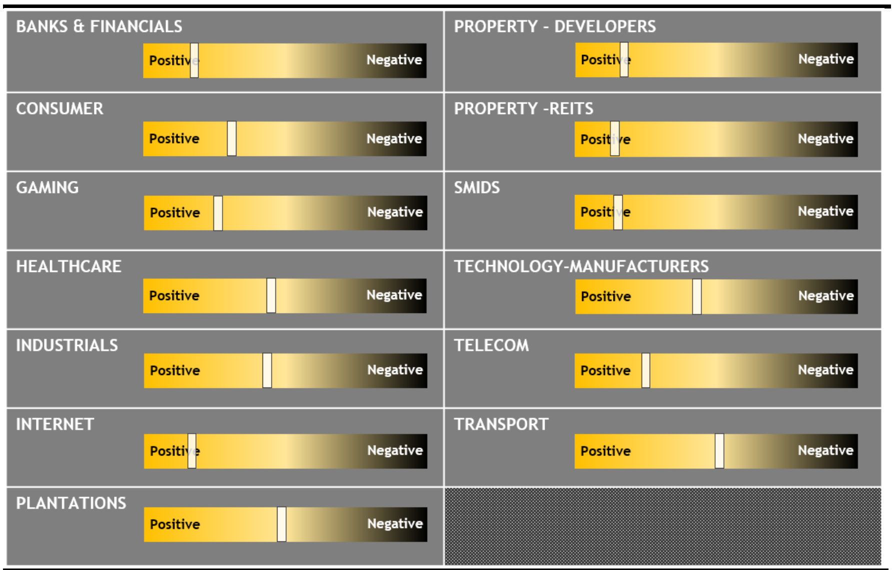
Overall, we believe lower for longer domestic rates along with continued liquidity flow to Singapore should be a key catalyst for market re-rating in 2026

# 4. Sector Weightings and Top Picks

## 4.1 We are most positive on REITs, Banks & Financials, SMIDs, Internet and Telcos

Our sector outlooks are anchored on gearing towards the primary themes for 2026: Certainty Premium, Large Cap capital management, Reform led SMID value up and AI-driven operational efficiencies.

**Fig 23: MIBG Singapore Sector Outlook 2026E**




*Source: Maybank IBG Research*

## 4.2 Top Picks

**Fig 24: Top Picks**

| Stock | BBG Code | M.Cap SGDm | Rec | Price LCY | TP LCY | Upside % | P/E (x) 25E | P/E (x) 26E | ROE (%) 25E | ROE (%) 26E | P/B (x) 25E | P/B (x) 26E | Div Yield (%) 25E | Div Yield (%) 26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OCBC | OCBC SP | 91,067 | Buy | 20.17 | 20.52 | 1.7 | 11.9 | 11.9 | 12.5 | 11.9 | 1.5 | 1.4 | 5.0 | 5.0 |
| Sea Ltd | SE US | 94,206 | Buy | 134.15 | 156 | 16.3 | 51.9 | 37.2 | 23.3 | 25.1 | 6.9 | 5.3 | 0.0 | 0.0 |
| SGX | SGX SP | 18,550 | Buy | 17.31 | 18.81 | 8.7 | 25.3 | 23.1 | 30.0 | 30.2 | 8.0 | 7.2 | 2.7 | 3.0 |
| Food Empire | FEH SP | 1,386 | Buy | 2.52 | 2.92 | 15.9 | 16.6 | 15.0 | 13.6 | 21.7 | 3.3 | 3.0 | 4.9 | 5.4 |
| CSE Global | CSE SP | 739 | Buy | 1.02 | 1.2 | 17.6 | 20.4 | 17.0 | 13.3 | 15.4 | 2.5 | 2.2 | 2.5 | 2.9 |
| CICT | CICT SP | 18,343 | Buy | 2.41 | 2.55 | 5.8 | 21.0 | 19.9 | 5.4 | 5.8 | 1.1 | 1.1 | 4.6 | 4.9 |
| Coliwoo | COLIWOO SP | 267 | Buy | 0.56 | 0.74 | 32.1 | 11.2 | 8.8 | 13.2 | 12.5 | 1.1 | 1.1 | 4.5 | 5.5 |
| LREIT | LREIT SP | 1,851 | Buy | 0.625 | 0.69 | 10.4 | 17.9 | 16.4 | 3.3 | 3.3 | 0.8 | 0.8 | 5.9 | 6.3 |
| Starhub | STH SP | 1,957 | Buy | 1.13 | 1.3 | 15.0 | 17.4 | 12.7 | 21.3 | 18.9 | 3.2 | 3.1 | 5.8 | 6.4 |
| Suntec REIT | SUN SP | 4,183 | Buy | 1.42 | 1.41 | -0.7 | 24.5 | 22.5 | 3.2 | 3.3 | 0.7 | 0.7 | 4.5 | 4.7 |

*Source: Factset, Maybank IBG Research*

**Fig 25: Singapore- Active Funds Top 10 Overweight Stocks vs Consensus Rating Change**

| Overweight | Active Insti | O/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| Sea Sp ADR-A | 24.5 | 10.2 | 9.0 | |
| DBS Group Holdings | 28.1 | 4.6 | -1.6 | |
| Grab Holdings A | 4.6 | 0.8 | -1.6 | |
| Singapore Telecommunications | 11.3 | 0.4 | 10.6 | |
| Singapore Exchange | 3.0 | 0.3 | -12.8 | |
| CapitaLand Integrated | 2.7 | 0.1 | 6.0 | |
| Yangzijiang Shipbuilding | 1.9 | -0.1 | 15.5 | |
| CapitaLand Ascendas | 1.8 | -0.1 | -2.4 | |
| Sembcorp Industries | 1.2 | -0.3 | -9.3 | |
| United Overseas Bank | 7.5 | -1.1 | -12.9 | |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Singapore universe.*

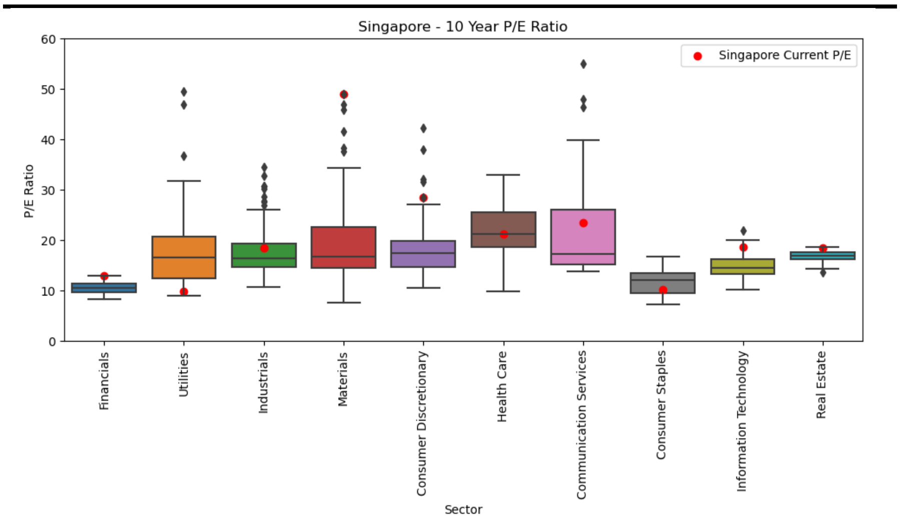
**Fig 26: Singapore- Active Funds Top 10 Underweight Stocks vs Consensus Rating Change**

| Underweight | Active Insti | U/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| Oversea-Chinese Banking | 7.3 | -5.8 | -3.4 | |
| Wilmar International | 0.5 | -2.4 | 2.4 | |
| Singapore Airlines | 0.7 | -2.3 | -2.6 | |
| Keppel | 1.3 | -1.5 | 2.8 | |
| CapitaLand Investment | 0.7 | -1.4 | -6.6 | |
| Singapore Technologies | 2.7 | -1.2 | -2.3 | |
| United Overseas Bank | 7.5 | -1.1 | -12.9 | |
| Sembcorp Industries | 1.2 | -0.3 | -9.3 | |
| CapitaLand Ascendas | 1.8 | -0.1 | -2.4 | |
| Yangzijiang Shipbuilding | 1.9 | -0.1 | 15.5 | |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Singapore universe.*

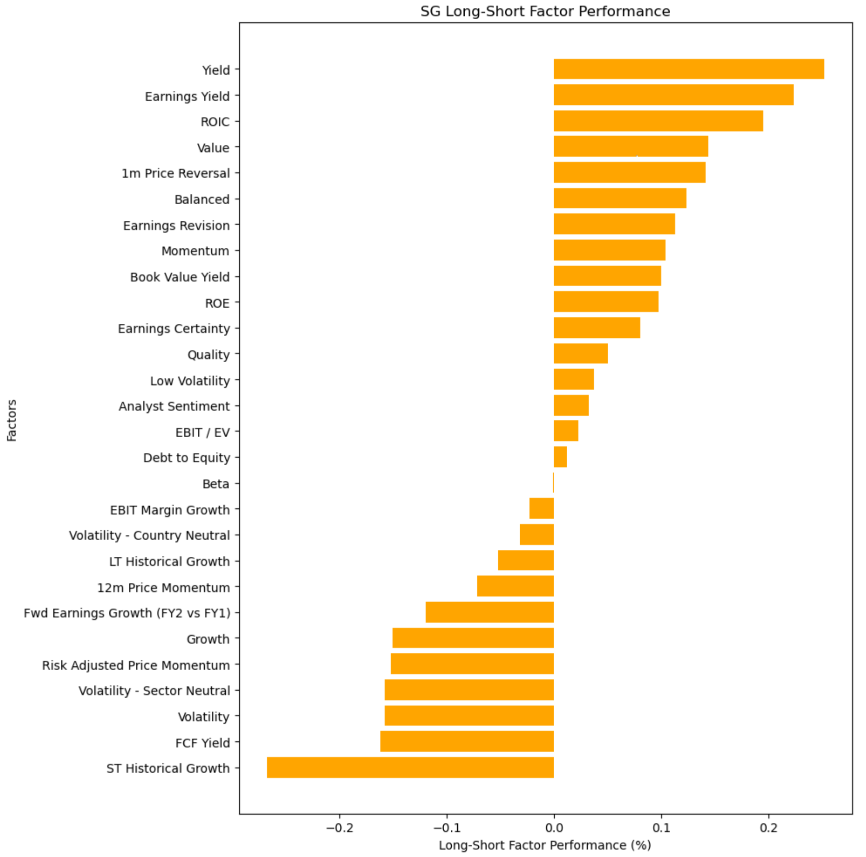
**Fig 27: MSCI Singapore Sector PE Box Plot (forward 12M over past 10 years)**




*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

- *Re active fund tracker, SEA has seen an incremental increase in weightings vs. 3mths ago (we upgraded to BUY on 2nd Jan), as has BUY-rated SingTel (sector consolidation, AI/data infra. Demand). Looking at both sides of the active tracker, it is interesting to note that notwithstanding the market's strong performance through to end-2025, rating momentum is now broadly flat-to-negative for most featured stocks.*

**Fig 28: Singapore Factor Style Performance (Daily Returns, Last 2M % Change)**




*Source: Maybank IBG Research, Factset (as of 2 Jan 2026)*

*Note: The long-short factor performance metric is derived by taking the aggregate returns of the universe constituents in the top decile and subtracting the aggregate returns of the bottom decile.*

- ***Quants**: Singapore's 4Q flash GDP accelerated to +5.7% (vs +4.3% in 3Q) due to manufacturing growth in the biomedical and electronics clusters - the latter continued to benefit from the AI capex boom. The strong performance brings full year 2025 GDP growth to 4.8% in 2025 vs MIBG's expectations for 4.9%. Although our 2026 GDP forecasts dips to 2.8%, this is at the higher end of MTI's 1%-3% range estimates. Our assumptions for growth momentum carrying into 1H26 are underpinned by secular strength of AI driven electronics exports, pick up in construction related activity and the MAS EQDP program supporting the capital market.*

- *MSCI Singapore 3M returns were relatively flat at 0.37%. On 19 Nov, MAS announced further EQDP measures which included SGX-Nasdaq Dual Listing Bridge, S$30m Value Unlock Package (VUP) and second batch of EQDP Asset Managers. While this should sustain flows to the mid/small caps space, overall factor style profiles remain relatively unchanged vs our last review where focus is on Value and Quality styles. This is unsurprising given the 'certainty premium' that MIBG Singapore Research Head Thilan Wickramasinghe accords to the Singapore market. MSCI Singapore is currently trading at 15.9x 2026E PE - which sits at the upper end of its 10-year PE range.*

- *For Value, we like Jardine Matheson (JARD - unrated). For Quality, we like SGX and VNM.*

# Indonesia Strategy

# 2026 Year Ahead: Policy-driven growth

## Upgrade 2026 JCI target to 9,250

We raise our JCI year-end 2026 target from 8,800 to 9,250, supported by a strong rally in retail-driven names since Sep'25; stocks outside our coverage universe are up ~11%, contributing roughly 450 points to the index. For 2026, we project 10.3% EPS growth (vs. 10.5% previously), implying a 12.0x FY26E P/E at our target. We also lift our 2025 year-end JCI target from 8,000 to 8,500, reflecting an 11.9x FY25E P/E on near flat EPS growth. A key risk to our end-2026 view is the potential for more restrictive MSCI rules next year, which could reduce index weights and trigger outflows.

## Policy-driven macro support builds momentum

Our economics team raised Indonesia's GDP growth forecast to 5.1% for 2025 (from 4.9%) and 5.2% for 2026 (from 5.0%), driven by stronger domestic demand and sustained fiscal support. The solid 3Q25 GDP print (5.04% YoY) and a 5.5% jump in government spending highlight this momentum. Fiscal backing will deepen as government consumption rises from 3.1% YoY growth in 2025 to 7.0% in 2026, supported by priority programs and a manageable 2.9% deficit. Investment is also set to firm, with GFCF growth improving from 4.9% to 5.1% as rates fall and liquidity strengthens.

## Gradual purchasing power gains point to a selective consumption recovery

Indonesia's labor market signals only a modest improvement in purchasing power going into 2026. While agricultural workers (28% of the labor force) should see better incomes from elevated soft-commodity prices, manufacturing and service workers (62%) face persistent uncertainty due to high informality (58% of workers) and weak wage enforcement, with over half earning below minimum wage. Expected FY26 nominal and real wage growth of +6% YoY and +3% YoY further point to only soft consumption recovery, with households continuing to prioritise basic necessities and showing limited discretionary spending strength.

## Policy catalysts shape our investment preferences

Indonesia's equity outlook remains constructive into FY26E, supported by major government programs in housing, social welfare, and energy security. We prefer themes directly tied to these policies for their stronger earnings visibility. BBRI should benefit from higher government spending in rural and lower-income regions, while INTP & SMGR are well positioned for recovery under the 3M Housing Program, BSPS, Koperasi Desa Merah Putih, and large infrastructure works. Commodity names stay aligned with national priorities: INCO gains from downstreaming and rising Class-1 nickel demand, and MEDC is a key beneficiary of upstream policy relaxation for energy security, supported by strong gold and copper volumes from AMMN. Furthermore, BBCA will benefit from improving corporate health as the economy strengthens. The poultry sector (JPFA & CPIN) also stand to benefit, with tighter supply and the Free Nutritional Meal Programme (NMP) driving significant demand growth.

## are we writing this & recommended action

What event has triggered us to write this note? What's the rating? Was there a rating/target change? Remind reader what the investment thesis is. What's the rating? Was there a rating/target change? Remind reader what the investment thesis is. What's the rating? Was there a rating/target change? Remind reader what the investment thesis is. What's the rating? Was there a rating/target change? Remind reader what the investment thesis is.

**Analyst**

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Indonesia Research Team

**Country Index vs MSCI**


**Indo: Top Picks**

| Ticker | Price (IDR) | TP (IDR) | Upside (%) |
|---|---|---|---|
| BBRI IJ | 3,670 | 4,900 | 33.5% |
| BBCA IJ | 8,300 | 10,650 | 28.3% |
| INCO IJ | 3,990 | 5,500 | 37.8% |
| JPFA IJ | 2,600 | 2,800 | 7.7% |
| MEDC IJ | 1,320 | 1,730 | 31.1% |
| SMGR IJ | 2,890 | 3,400 | 17.6% |

*Source: Bloomberg, Maybank IBG Research*
*Based on closing price 8 Dec 2025*

**Companies mentioned:**
Amman Mineral Internasional (AMMN IJ, Not rated, CP IDR6,675)

**Abbreviations explained:**
GFCF - Gross Fixed Capital Formation
BSPS - Bantuan Stimulan Perumahan Swadaya (Self-help Housing Stimulant Assistance)

# Market Strategy

Abbreviations explained:
SAL - **Saldo Anggaran Lebih** (Excess Budget Balance)
DHE-SDA - Devisa Hasil Ekspor-Sumber Daya Alam (Foreign Exchange Export Proceeds - Natural Resources)

## Stronger macro, softer USD, better liquidity, and a more compelling entry point

Indonesia enters 2026 with a stronger macro and market foundation, as the Jakarta Composite Index remains attractively valued despite a late-2025 rebound, supported by improving stability, a clearer fiscal impulse, and expectations of gradual monetary easing. Valuations near cyclical lows, early participation in the regional reflation trade, and a front-loaded rupiah correction as a relatively attractive entry point for foreign investors amid a softer USD and improving global liquidity. This outlook is underpinned by four key macro cushions:

1) a conservative fiscal stance supported by a large SAL cash buffer
2) benign inflation that preserves policy space,
3) a softer USD backdrop, and
4) structurally higher onshore FX liquidity driven by DHE-SDA export retention rules.

Together, these factors reduce tail risks to the rupiah, interest rates, and funding costs, allowing the government to pursue expansionary programs in 2026, ranging from social welfare to housing and energy security, without undermining macro stability, while improving policy credibility and setting the stage for more durable foreign capital inflows.

Potential bullish catalysts for the JCI next year:

(1) Lower bond yields raise pressure to reallocate with domestic institutions poised to add equities.
(2) Better liquidity and stronger domestic flows are now key drivers of Indonesia’s equity market.
(3) Improving earnings momentum sets a positive tone for 2026.

This broad-based stabilisation is supported by visible resilience across key sectors: INCO is benefiting from rising nickel ore sales, INTP continues to manage costs effectively, MIKA and KLBF are posting stronger patient and volume growth, and ASII’s diversified businesses, reinforced by its share buyback plan, signal management confidence. With improving earnings visibility across banks, commodities, healthcare, and select consumer names, these developments collectively form a solid fundamental backdrop for the JCI as it moves into 2026.

## Earnings growth outlook for 2026

Our aggregate 2025/26E core profit growth is at 0.3%/10.3% YoY, compared with our estimates, excluding LPKR, GOTO, BUKA and ADRO, at 1.2%/7.7%. We exclude LPKR due to its recent divestment of a stake in SILO and ADRO which divested its coal mining subsidiary to AADI, whilst GOTO and BUKA are yet to achieve positive earnings.

We project stronger EPS growth in 2026 for the following sectors:

1) Banking: 9% (from -2% in 2025E)
2) Consumer & Retail: 20% (from 12%)
3) Renewable Energy: -4% (from -6%)
4) Oil & Gas: 16% (from -12%)
5) Property: 6%( from -9%)
6) Telco: 12% (from 0%)
7) Tower: 15% (from 1%)
8) Technology: 9% (from 6%)
9) Automotive: 2% (from -4%)
10) Infrastructure: 10% (from -16%)

However, we expect metal sector profit growth to slow to 45% in 2026 from 103% YoY in FY25E. Other sectors projected to slow down include building materials to 6%, healthcare to 6%, and media to 9%.

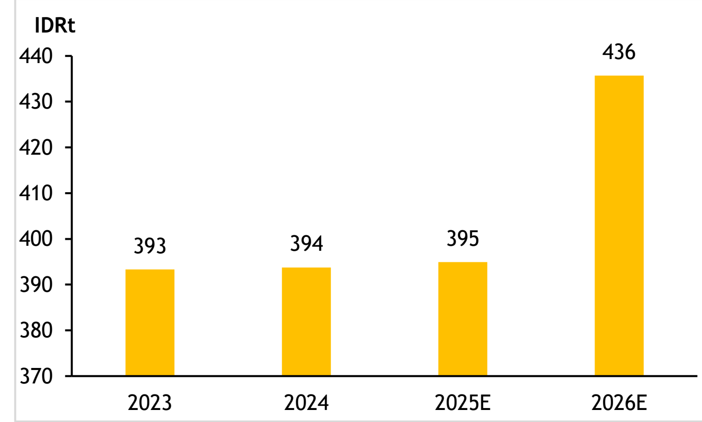
Moreover, the energy sector is expected to have its earnings contract by (-4%) in 2026.

**Fig 1: MIBG's sectoral revenue, EBITDA, and core YoY profit growth**

| Sector | Revenue (YoY) | | | | EBITDA (YoY) | | | | Earnings (YoY) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025E | 2026E | 2023 | 2024 | 2025E | 2026E | 2023 | 2024 | 2025E | 2026E |
| Banking | na | na | na | na | na | na | na | na | 21% | 5% | -2% | 9% |
| Consumer & retail | 3% | 3% | 6% | 9% | 12% | 1% | -3% | 13% | 18% | -7% | 12% | 20% |
| Energy | -9% | 3% | -3% | -6% | -29% | -11% | -7% | -6% | -19% | -11% | -6% | -4% |
| Metal | 13% | 37% | 23% | -10% | -5% | -29% | 117% | 12% | -6% | -48% | 103% | 45% |
| Oil & gas | -3% | -1% | -21% | 1% | -8% | -7% | 6% | 4% | -4% | 8% | -12% | 16% |
| Property | 14% | 27% | -6% | 6% | 2% | 37% | -5% | 8% | 5% | 52% | -9% | 6% |
| Building material | 7% | -2% | 3% | 4% | 4% | -12% | 4% | 3% | 3% | -24% | 10% | 6% |
| Telco | 4% | 3% | 6% | 4% | 4% | 0% | 9% | 7% | 14% | 0% | 0% | 12% |
| Tower | 8% | 8% | 4% | 7% | 6% | 11% | 4% | 7% | 1% | 4% | 1% | 15% |
| Technology | 20% | 28% | 8% | 9% | 9% | 10% | 2% | 9% | 12% | 18% | 6% | 9% |
| Automotive | 13% | 4% | -3% | 3% | 7% | -5% | 2% | 2% | 25% | 1% | -4% | 2% |
| Healthcare | 9% | 9% | 8% | 9% | -4% | 9% | 22% | 12% | 7% | 1% | 15% | 6% |
| Infrastructure | -6% | 20% | 7% | 5% | 14% | 36% | 4% | 5% | 147% | -33% | -16% | 10% |
| Media | -14% | 2% | 4% | 4% | -60% | 7% | 4% | 8% | -50% | 4% | 11% | 9% |
| **Total** | **4.7%** | **5.3%** | **2.9%** | **4.8%** | **3.5%** | **2.9%** | **4.1%** | **7.7%** | **14.0%** | **0.1%** | **0.3%** | **10.3%** |

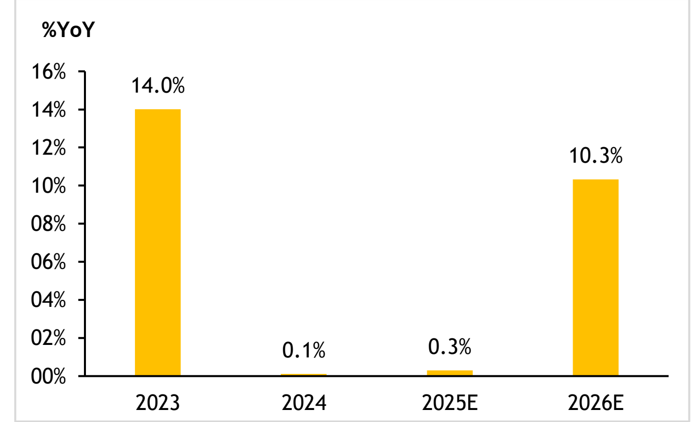
*Source: Bloomberg, Maybank IBG Research*

**Fig 2: MIBG aggregate core profit excl. LPKR, BUKA, GOTO and ADRO (nominal value)**




*Source: Bloomberg, Maybank IBG Research*

**Fig 3: MIBG aggregate core profit growth excl. LPKR, BUKA, GOTO and ADRO**

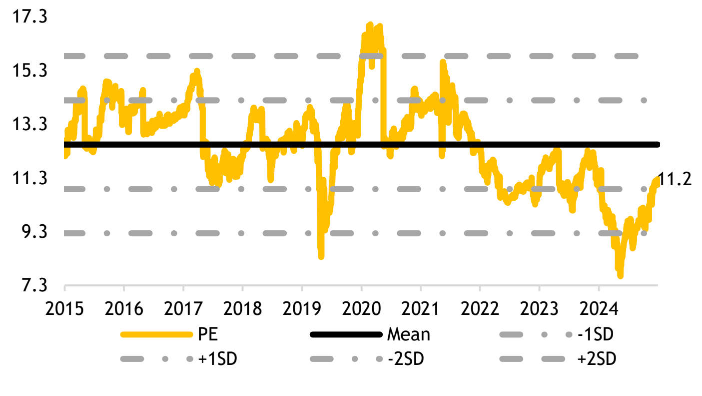



*Source: Bloomberg, Maybank IBG Research*

## Increase our 2026 JCI target to 9,250 (from previously 8,800)

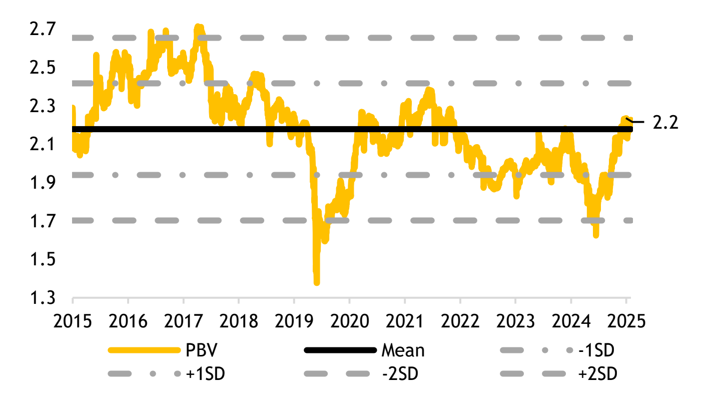
We raise our JCI year-end 2026 target from 8,800 to 9,250, reflecting the sharp rally in retail-driven names since Sep'25 that has continued to lift the index. Stocks outside our coverage have gained 11% over this period, adding an estimated 450 points to the JCI and providing a clear basis for our target upgrade. For 2026, we forecast MIBG aggregate core profit EPS growth of around 10.3% YoY, which corresponds to a FY26E P/E of 12.0x at our 9,250 target. We also increase our year-end 2025 JCI target from 8,000 to 8,500, implying a FY25E P/E of 11.9x on broadly flat EPS growth of –1% YoY.

**Fig 4: JCI's 2026 forward P/E (x)**




*Source: Bloomberg, Maybank IBG Research | As of 25th November 2025*

**Fig 5: JCI's 2026 forward P/BV (x)**




*Source: Bloomberg, Maybank IBG Research | as of 25th November 2025*

## We outline four key themes to watch in 2026:

(1) The Free Nutritious Meal Program (MBG) initiative play:
The 2026 Draft State Budget significantly expands the Free Nutritious Meals (MBG) program, with funding nearly tripling to IDR335t and a full nationwide rollout planned for 82.9m beneficiaries, building on rapid progress that had already reached 38.5m recipients by October 2025. The main beneficiaries include poultry producers **JPFA**, **CPIN**, and **MAIN**, food and dairy suppliers **INDF**, **MYOR**, **CMRY**, **ULTJ**, **and KEJU**, logistics and packaging providers, and MSME-focused lenders such as **BBRI and BTPS**, positioning MBG as a multi-year demand driver across the food supply chain and microfinance ecosystem.

(2) Annual 3m houses initiative play:
Fiscal support for housing increases sharply in RAPBN 2026, with total funding rising to IDR57.7t for the 3M housing programme, more than double the 2025 FLPP allocation, providing clear multi-year volume visibility. This step-up supports demand for cement producers **INTP** and **SMGR**, as well as building materials companies **ARNA** and **AVIA**.

(3) Red & White Cooperatives initiative play:
The Koperasi Desa Merah Putih (KDMP) program is likely to generate selective tailwinds for building materials, banking, FMCG, and telecommunications, though the scale of impact will depend on whether procurement and vendor selection are centralized or handled locally. Potential beneficiaries include cement and materials producers **SMGR** and **INTP**, banks led by **BBRI** with additional upside for **BMRI**, **BBNI**, **and BRIS**, FMCG players **INDF**/**ICBP**, **MYOR**, **and UNVR** through village retail distribution, and telcos **TLKM**, **ISAT**, **and EXCL** as cooperatives adopt digital payments and inventory systems.

(4) Danantara play:
Danantara is expected to become a key structural investment driver in 2026 as it turns fully operational and begins deploying an estimated USD20b+ of capital, equivalent to around 1.4% of GDP, backed by SOE dividends and Patriot Bonds. Its priorities span national transformation projects, selective investments in Indonesian equities and fixed income, Waste-to-Energy initiatives, and SOE co-investment and restructuring, with potential beneficiaries including blue-chip equities (**INCO**) and restructuring candidates **GIAA**, **KRAS**, **TINS**, **and SMGR**, while WtE-related mid- to small-cap upside remains more speculative and dependent on execution and regulatory clarity.

**Companies mentioned:**
Malindo Feedmill (MAIN IJ, Not rated, CP IDR790)
Cisarua Mountain Dairy (CMRY IJ, Not rated, CP IDR5,700)
Ultrajaya (ULTJ IJ, Not rated, CP IDR1,510)
Bank BTPN Syariah (BTPS IJ, Not rated, CP IDR1,320)
Arwana Citramulia (ARNA IJ, Not rated, CP IDR535)
Danantara Indonesia - Indonesia's Sovereign Wealth Fund
Semen Indonesia (SMGR IJ, BUY, CP IDR2,810, TP IDR3,400)
Garuda Indonesia (GIAA IJ, Not rated, CP IDR105)
Krakatau Steel (KRAS IJ, Not rated, CP IDR384)
Timah (TINS IJ, Not rated, CP IDR3,220)

**Abbreviations explained:**
MSME - Micro, Small, and Medium Enterprises
RAPBN - Rancangan Anggaran Pendapatan dan Belanja Negara (Draft State Budget)
FMCG - Fast-moving Consumer Goods
SOE - State Owned Enterprises
FLPP - Fasilitas Likuiditas Pembiayaan Perumahan (Housing Financing Liquidity Facility Program)

**Fig 6: Danantara priority projects in 2026 along with potential stock beneficiaries**

| Priority projects | Potential beneficiaries | Disclosed project commitments |
|---|---|---|
| Kampung Haji project (Makkah) | No direct impact | Implemented under Inpres No.15/2025; 7,500 new jobs targeted. Estimated economic impact is >ID2.5t per year. Classified as a strategic national-impact project. Purpose is to improve Hajj operational logistics, accommodation, and Indonesian pilgrim services. |
| WtE projects | Unconfirmed | Focused on converting municipal waste into electricity to strengthen energy security, improve national waste management and reduce landfill dependence. Impact expectations include 3,500-4,500 jobs during construction and up to IDR1.6t per year to GDP. Positioned as a long-cycle green infrastructure asset class. |
| Capital deployment into bond and equity markets | Sovereign bond, corporate bond and blue-chip equities | Capital deployment into sovereign bonds through Danantara's Treasury division and potential investment into equities with strict quality filters based on ROE, profitability, dividend yield and liquidity. Explicit avoidance of speculative small caps stocks. |
| SOE restructuring | GIAA, KRAS, TINS, SMGR | **GIAA:** Capital injection of USD1.4b to support Citilink fleet restoration, fund Garuda Indonesia maintenance and operational recovery, and settle Citilink fuel-related debt to Pertamina. There is also discussions around a potential integration with Pelita Air.<br><br>**KRAS:** Expected capital injection aimed at addressing liquidity constraints and supporting KRAS's ongoing operational restructuring, enabling the company to improve efficiency and turnaround its businesses.<br><br>**TINS:** Proposing a capital injection from Danantara to support downstreaming initiatives. The company is benefitting from the government's crackdown on illegal mining.<br><br>**SMGR:** Danatara is closely monitoring SMGR with the objective of improving profitability. A turnaround plan is being evaluated to enhance operational efficiency and strengthen earnings sustainability. |

*Source: Company, Maybank IBG Research*

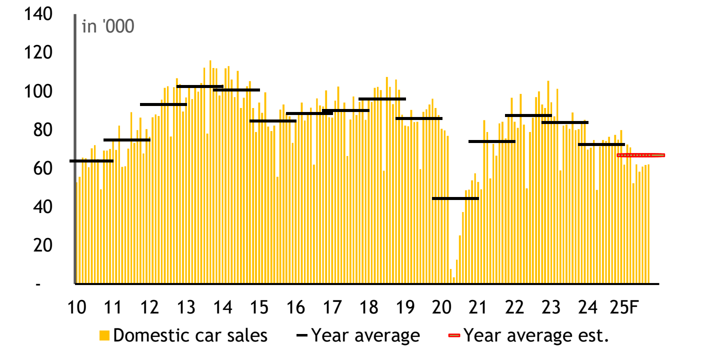
# Uneven but improving: a selective economic recovery

Bank Indonesia's Consumer Survey for Sep'25 saw mixed results in consumer confidence regarding economic conditions. This is reflected in the increase in the Consumer Confidence Index (CCI) to 107 in Sep'25, up from 105 in the previous month, however year-on-year it dropped from 114. The mixed results may be caused by uncertain economic conditions. The Current Economic Condition Index (CECI) and the Consumer Expectation Index (CEI) for Sep'25 were recorded at 115 and 130, respectively.

## Car sales remain unexciting, but motorcycle sales continue to grow

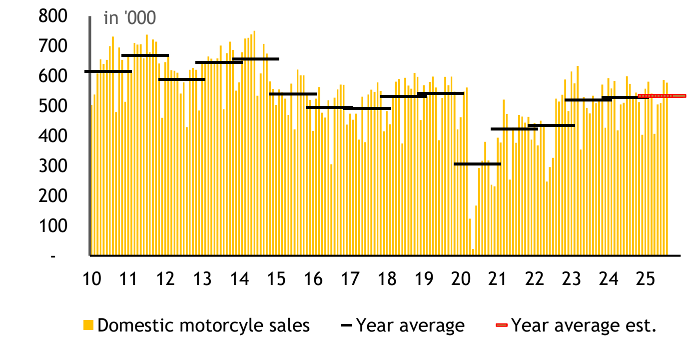
Indonesia's automotive market in 2025 was bifurcated, with car sales falling 10.8% YoY to 634k units amid weak purchasing power and political uncertainty, while motorcycle sales edged up 0.17% YoY to 5.43m units, reflecting resilient two-wheeler demand and downtrading. Despite intensifying competition, Astra International (ASII IJ, BUY, CP IDR6,600, TP IDR6,700) maintained its market leadership with 52% share in cars and 77% in motorcycles.

Fig 7: Domestic car sales ('000 units)




Source: Gaikindo, Maybank IBG Research

Fig 8: Domestic motorcycle sales ('000 units)




Source: Gaikindo, Maybank IBG Research

## 2025 remains a tough year for cement sector; Improving outlook in 2026

FY25E remained difficult for the cement sector, with weak construction activity, intense competition, and soft demand driving an estimated 3% YoY volume decline and low industry utilization despite attempts by SMGR and INTP to raise prices. Looking into FY26E, demand is expected to stabilize with modest 1% YoY growth, supported by government programs and recovering household demand, with upside potential if policy execution accelerates.

## Lending growth has slowed this year, but outlook is promising

After slowing to 7% YoY in Oct'25, bank lending growth is expected to re-accelerate to 10-12% YoY in FY26E, driven by higher government spending, renewed corporate expansion, and a revitalized micro segment. Since the IDR200t liquidity injection into state-owned bank deposits in Sep'25, deposit growth has surged. With the industry loan-to-deposit ratio (LDR) at 84%, banks now have substantial room to increase lending.

Fig 9: Indonesia: Active Funds Top 10 Overweight Stocks vs. Consensus Rating Change

| Overweight | Active Insti | O/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| Bank Central Asia | 37.8 | 23.8 | -7.6 | |
| Bank Rakyat Indonesia B | 16.4 | 8.6 | 9.4 | |
| Bank Mandiri | 14.8 | 8.2 | -17.5 | |
| Telkom Indonesia Persero B | 11.0 | 6.0 | 7.8 | |
| PT Astra International | 8.2 | 4.3 | 10.1 | |
| Bank Negara Indonesia B | 3.7 | 1.5 | 0.6 | |
| Indofood Sukses Makmur | 1.7 | 0.9 | 11.6 | |
| Sumber Alfaria Trijaya | 1.7 | 0.6 | 3.3 | |
| United Tractors | 2.1 | 0.5 | 11.5 | |
| GoTo Gojek Tokopedia | 0.9 | -0.2 | 22.2 | |

Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Indonesia universe.*

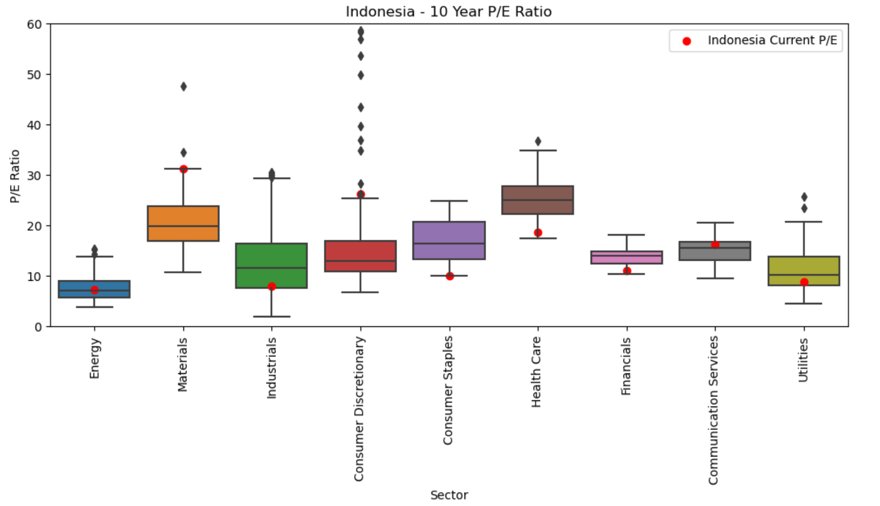
Fig 10: Indonesia: Active Funds Top 10 Underweight Stocks vs. Consensus Rating Change

| Underweight | Active Insti | U/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| Barito Renewables Energy | 0.1 | -18.1 | 64.3 | #N/A |
| Dian Swastatika Sentosa | 0.1 | -10.4 | 149.0 | #N/A |
| Chandra Asri Pacific | 0.2 | -8.5 | 9.6 | #N/A |
| Amman Mineral Internasional | 0.3 | -6.9 | 34.7 | |
| Barito Pacific | 0.3 | -3.9 | 6.6 | #N/A |
| Petrindo Jaya Kreasi | 0.1 | -3.4 | 75.3 | |
| Bumi Resources Minerals A | 0.4 | -2.1 | 4.8 | |
| PT Charoen Pokphand Indonesia | 0.3 | -0.8 | 7.2 | |
| GoTo Gojek Tokopedia | 0.9 | -0.2 | 22.2 | |
| United Tractors | 2.1 | 0.5 | 11.5 | |

Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)

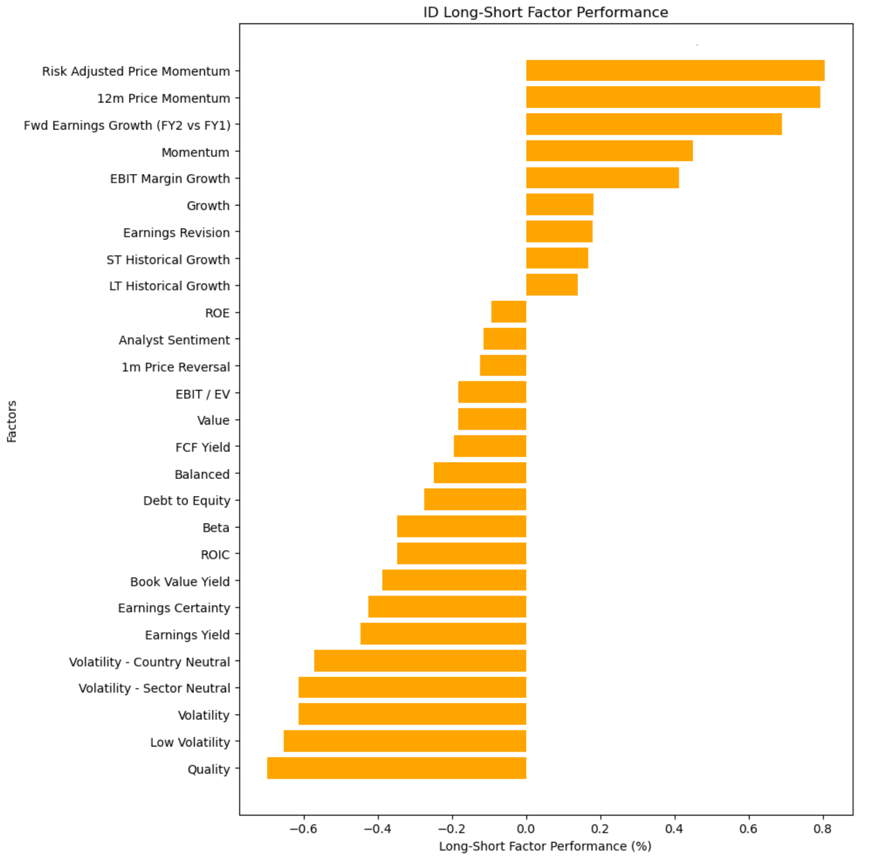
*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Indonesia universe.*

**Fig 11: MSCI Indonesia Sector PE Box Plot (forward 12M over past 10 years)**




*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

**Fig 12: Indonesia Factor Style Performance (Daily Returns; Last 2M % Chg)**




*Source: Maybank IBG Research, Factset (as of 2 Jan 2026)*
*Note: The factor performance metric is a long-short metric calculated by taking the aggregate returns of the universe constituents in the top decile and subtracting the aggregate returns of the bottom decile.*

- *Re active funds tracker, per above, we note significant weighting increases vs. 3mths ago for all the banks (improved outlook on IDR200t SAL liquidity injection in Sept, fiscal support) - we have Buy ratings on most of the Indo banks. Other overweight bluechips such as Telkom, Astra, Indofood Sukses and United Tractors - all are also rated as BUYs - have also seen significant increases in weightings.*
- *Among the relative underweights, most have seen further relative weighting reductions. We have BUY ratings for PT Charoen and GoTo. Per PE Box Plot, excepting Consumer Discretionary, Materials and Telco, all other sectors are trading below 10yr median PERs.*

- ***Quants:** Indonesia's private consumption trend will be of paramount importance to monitor as this component makes up over 50% of Indonesia's GDP. While 3Q25 household consumption growth slowed marginally to 4.9% from 5% in 2Q, retail sales accelerated to 5.9% YoY in Nov from an average of 2.7% YoY trend pace over the past seven months, likely due to government stimulus measures. The fourth Rp30tn stimulus package unveiled in Oct brings total 2025 stimulus to Rp104tn which includes cash handouts to 35m of 70m households.*
- *BI is also expected to ease policy rates further by another 75bps in 2026 after 125bps of cuts since outset of 2025. This would bring policy rate to 4% by end 2026 and near parity to 10y UST. The fact that loans growth has been tepid at 7.3% in Oct and below BI's 8%-11% target for 2025 is unsurprising in our view as lending rates have only declined by only -24bps as of Nov. We believe that additional cuts* in reserve requirement, government's Rp 200tn deposit transfers to SOE banks and BI's Rp200t of government bond purchases, should boost liquidity and support a healthier credit cycle in 2026.
- *We expect Indonesia's growth to land at 5.2% in 2026 vs 5.1% in 2025. Growth and Momentum factor styles will likely stay in play and we like MDKA (Growth) and BRMS (Momentum).*

January 12, 2026

Maybank

STRATEGY

Regional

# Thai Market Compass

# Year Ahead 2026: Ready to rumble

## Looking beyond near-term uncertainty

We maintain our YE26 SET Index target of 1,370. Despite a modest 7% 2025E EPS growth, we think downside risks to earnings look limited and the SET Index remains attractively valued at 11.5x P/E (ex-DELTA), making it the 2nd cheapest market in ASEAN. We recommend investors BUY early in the year as we see potential for an election rally; thus we are POSITIVE on banks, finance, telco, tourism, and property counters. For plays on key 2026 themes of data centers, foreign direct investment (FDI) and trade, we are also POSITIVE on utilities, industrial estates, and F&B.

## Political stability post-election

We expect Mr. Anutin to return as PM post-election. We expect his Bhumjaitai party to win the 2nd most seats in the House and that it could form a majority government with support of Pheu Thai and other parties. While People's Party is likely to win the most seats, we do not think it will win enough to form its own government. A stable government post-election could set the stage for a market rally as political uncertainty has been a key overhang for Thailand since the last election in 2023. Market statistics back to 1992 suggest the best way to play an election rally is to buy 1-mth pre-election and sell 1-mth post-election. This strategy maximises potential return at 4% on average during this 2-month period.

## Key themes for 2026E: FDI, data centers, trade

Data center booms are a major theme for ASEAN in 2026 and Thailand looks set to benefit from the same trend. We also expect FDI in other sectors to recover given 21% YoY growth in BOI applications in 10M25 with potential upside given greater clarity on the tariff front. Along with the government's FastPass policy to accelerate FDI approvals, this should pave the way to unlock private investment in Thailand. On the trade front, we expect the Thailand-EFTA FTA (signed early 2025, effective early 2026), Thailand-EU FTA (expected signing 1Q26) and Thailand-Korea CEPA (end of 2025) to help drive further growth; first in terms of investment, and later for trade. Together, these trade agreements could boost Thai GDP growth by 1.9ppt in the near term.

## Sector and stock selections

We maintain our POSITIVE call on the telecom, utilities, property and industrial estate sectors. We have upgraded 3 sectors from NEUTRAL to POSITIVE: finance, tourism and F&B as we see these as key beneficiaries of the upcoming election. On the other hand, we remain cautious on petrochemicals, electronics and commerce. In terms of stock selection, we recommend MTC, BBL, TRUE, MINT, and AP for exposure to a potential election rally. They are our Top Picks within their respective sectors which stand to benefit most from the election. For thematic plays on data centers, FDI and trade, we like WHA, AMATA, ITC, CCET, and GULF.


**Analyst**

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| Sector | New | Old | Change |
|---|---|---|---|
| Telecom | Positive | Positive | |
| Utilities | Positive | Positive | |
| Residential property | Positive | Positive | |
| Industrial estate | Positive | Positive | |
| Finance | Positive | Neutral | Upgrade |
| Tourism | Positive | Neutral | Upgrade |
| Food & beverage | Positive | Neutral | Upgrade |
| Healthcare | Neutral | Positive | Downgrade |
| Life insurance | Neutral | Positive | Downgrade |
| Transportation | Neutral | Neutral | |
| Energy | Neutral | Neutral | |
| Construction materials | Neutral | Neutral | |
| Banks | Neutral | Neutral | |
| Petrochemicals | Negative | Negative | |
| Commerce | Negative | Negative | |
| Electronics | Negative | Negative | |

*Source: Company, MST*
*Note: P - POSITIVE, N – NEUTRAL, NEG - NEGATIVE*

### Stock selections list for election beneficiaries

| Bloomberg code | Mkt cap (USDm) | Rating | Price (THB) | TP (THB) | Upside (%) |
|---|---|---|---|---|---|
| MTC TB | 2,120 | BUY | 31.50 | 47.00 | 49 |
| BBL TB | 10,270 | BUY | 169.50 | 190.00 | 12 |
| TRUE TB | 11,954 | BUY | 10.90 | 15.00 | 38 |
| MINT TB | 4,373 | BUY | 24.30 | 34.50 | 42 |
| AP TB | 859 | BUY | 8.60 | 10.50 | 22 |

### Stock list for thematic plays

| Bloomberg code | Mkt cap (USDm) | Rating | Price (THB) | TP (THB) | Upside (%) |
|---|---|---|---|---|---|
| WHA TB | 1,556 | BUY | 3.28 | 4.80 | 46 |
| AMATA TB | 606 | BUY | 16.60 | 25.00 | 51 |
| ITC TB | 1,438 | BUY | 15.10 | 18.60 | 23 |
| CCET TB | 1,499 | BUY | 4.52 | 7.20 | 59 |
| GULF TB | 19,798 | BUY | 41.75 | 50.00 | 20 |

*Source: SET, MST*

# Economic outlook

## Growth set to improve in 2H25E

MIBG's economic team forecasts Thailand's GDP growth at 2.1% in 2025, declining to 1.7% in 2026E. This is due to slow consumption growth and decelerating export growth (due in part to high base in 1H25). Growth is likely to pick up to 2.5% in 2027E as private consumption growth improves and export growth re-accelerates.

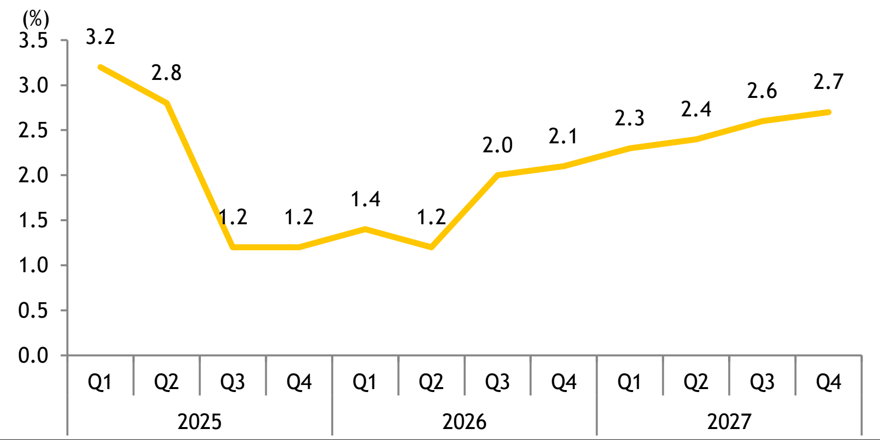
**Fig 1: MIBG's Thailand economic forecasts**

| | 2022 | 2023 | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|---|
| **Real GDP (%)** | **2.6** | **2.0** | **2.5** | **2.1** | **1.7** | **2.5** |
| Private Consumption (%) | 6.2 | 6.9 | 4.4 | 2.5 | 1.7 | 2.9 |
| Government Consumption (%) | 0.1 | -4.7 | 2.5 | 0.5 | 2.4 | 2.6 |
| Gross Fixed Capital Formation (%) | 2.2 | 1.2 | 0.0 | 2.9 | 1.5 | 2.0 |
| Exports of Goods & Services (%) | 6.2 | 2.4 | 7.8 | 5.0 | 0.5 | 2.5 |
| Imports of Goods & Services (%) | 3.4 | -2.5 | 6.3 | 5.4 | (-0.3) | 2.4 |
| Current Account Balance (% of GDP) | -3.5 | 1.5 | 2.3 | 2.0 | 1.6 | 2.0 |
| Fiscal Balance (% of GDP) | -3.4 | -3.3 | -4.0 | -4.5 | -4.0 | -3.8 |
| Inflation Rate (%, period average) | 6.1 | 1.3 | 0.4 | 0.0 | 0.4 | 1.0 |
| Unemployment Rate (%, period average) | 1.3 | 1.0 | 1.0 | 1.2 | 1.3 | 1.2 |
| Exchange Rate (per USD, end-period) | 34.6 | 34.3 | 34.1 | 32.0 | 32.5 | 31.0 |
| Benchmark Interest Rate (% p.a., end-period) | 1.25 | 2.50 | 2.25 | 1.25 | 1.00 | 1.00 |

*Source: CEIC, Maybank IBG Research*

On a quarterly basis, growth will be very slow in 1-2Q26E before accelerating to 2%+ from 3Q26E onwards. The slow growth in 1H26E is due in large part to front-loading effect from exports. Weak tourism further compounds the problem.

**Fig 2: MIBG's Thailand quarterly GDP forecasts**



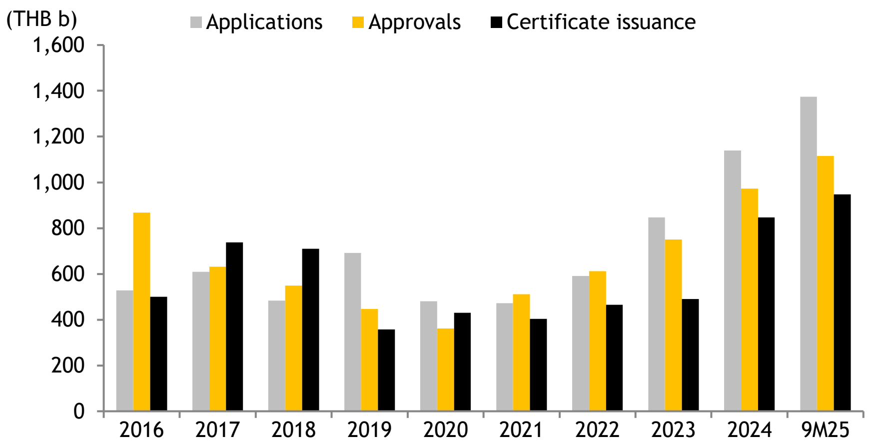

*Source: Maybank IBG Research*

# FDI & FTA

## FDI remains a key driver

We expect private investment, particularly driven by foreign direct investment (FDI), to remain a key bright spot for the Thai economy. In 9M25, we have seen total Board of Investment (BOI) applications, approvals and certificate issuance rise by 90%, 49%, and 41% YoY, respectively. Note that the growth in 9M25 approvals follows 42% growth in applications in 9M24, and growth in certificate issuance of 41% in 9M25 follows 40% growth in 9M24. This implies that approvals and certificate issuance growth will likely accelerate further in the year as they tend to follow applications. Actual investments, in turn, will follow certificate issuances.

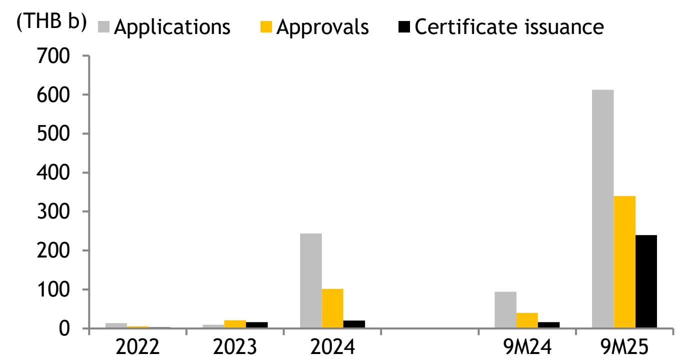
**Fig 3: Surge in BOI applications, approvals, and certificate issuance**




*Source: BOI, MST*

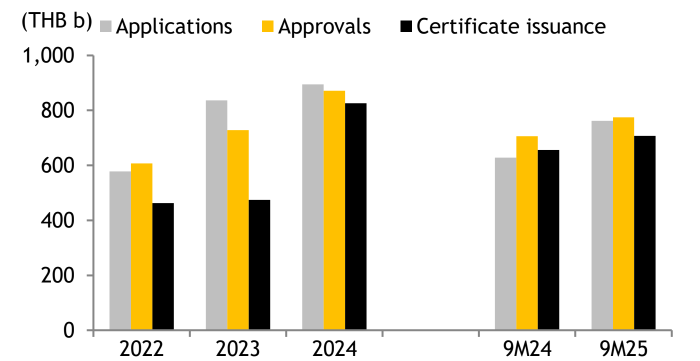
The significant increase in BOI applications has been driven by data center investment. Applications for this segment grew by 550% YoY in 9M25 (albeit from a low base). Equally important is the 21% YoY growth in BOI applications for other sectors over the same period. This comes on the back of the already strong 45% and 7% growth in 2023-24, respectively. We think this confirms our view that Thailand remains an attractive investment destination and that many underlying trends (for example, China+1) remain alive and well.

**Fig 4: Data center saw 550% rise in applications (9M25)**




*Source: BOI, MST*

**Fig 5: Other sectors applications rose 21% (9M25)**




*Source: BOI, MST*

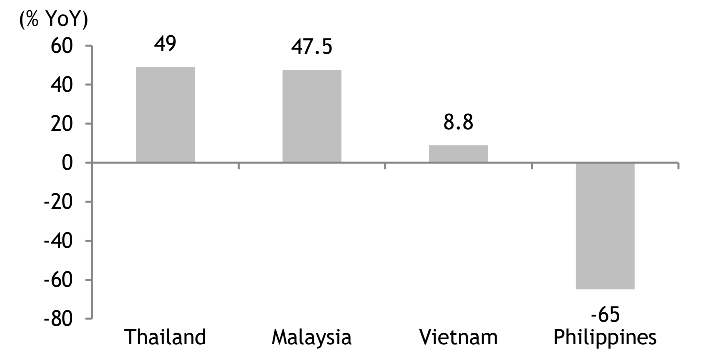
In terms of industry composition, data centers make up almost 45% of total BOI applications in 9M25. This is followed by electronics and appliances (13.4%), autos (5.2%) and agri & food (3.4%). Regionally, the bulk of investments are likely to be made in the eastern seaboard (62% of total) followed by the central region (21.8%).

## Thailand FDI in a regional context

In terms of overall FDI, Thailand has been a relative laggard in the past few years but is now catching up fast. In 2022, the country ranked 5th in ASEAN behind Singapore, Indonesia, Vietnam and Malaysia in terms of FDI. The ranking improves to 4th in 2023-24 but we see potential for Thailand to catch up to both Vietnam and Indonesia in 2026-28E based on approved FDI figures.

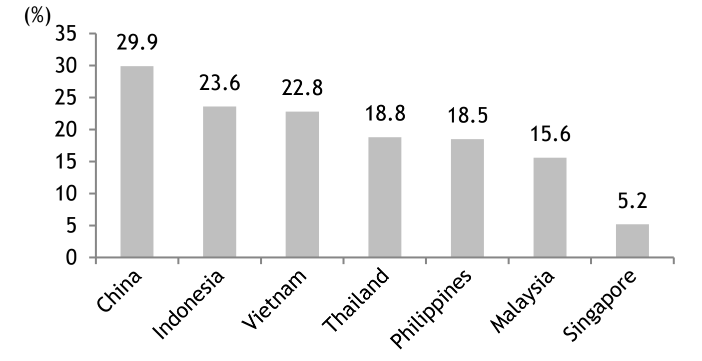
In 2025 YTD, Thailand now ranks 1st in terms of YoY growth for FDI at 49%. This is ahead of Malaysia (47.5%) and Vietnam (8.8%). The scale of Thailand's approved FDI is now on par with these two countries compared to barely half just a few years ago. This bodes well for the level of realized FDI in the coming years.

**Fig 6: Approved FDI YoY growth**




*Source: ASEAN Stats, MST*
*Note: Approved FDI for Thailand, Malaysia, and the Philippines in 9M25; pledged FDI for Vietnam in 10M25*

**Fig 7: Reciprocal tariffs with key exemptions maintained**

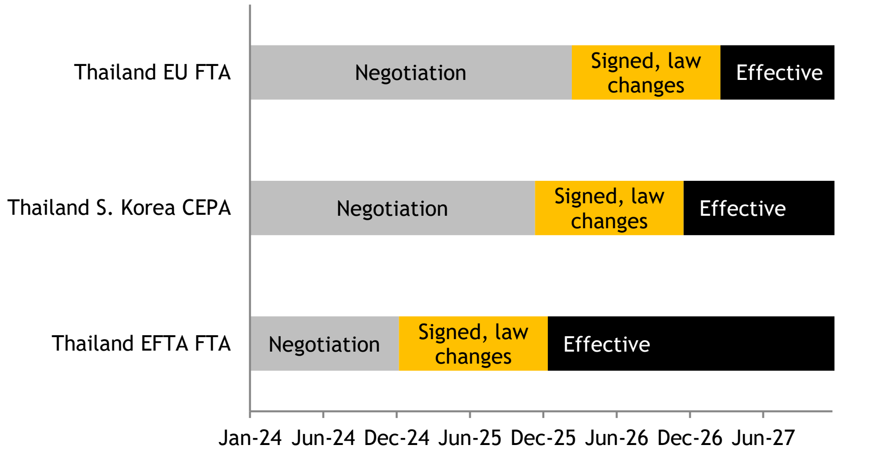



*Source: Federal Register, MST*

## FTAs to further boost investment, trade

We see free trade agreements (FTAs) as another driver of investment and trade growth. Currently, there are 3 trade agreements that have either been signed but not yet effective or are pending negotiation. These are the Thailand-EFTA FTA, Thailand-EU FTA, and Thailand-South Korea CEPA (Comprehensive Economic Partnership Agreement). Another major trade agreement, ASEAN-Canada FTA, could also be concluded by the end of 2026.

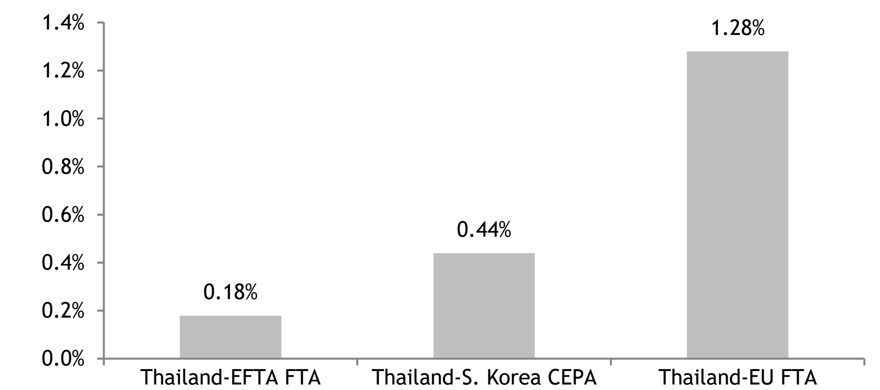
**Fig 8: Timeline for major trade deals**




*Source: MOC, MST*

Based on government estimates, these trade agreements could help boost Thailand's exports and economic growth. The largest agreement, the Thailand-EU FTA, could boost economic growth by 1.28ppt. The agreements with South Korea and EFTA could further lift economic growth by 0.44ppt and 0.18ppt, respectively.

**Fig 9: Potential economic uplift from trade agreements**




*Source: MOC, MST*

# Potential election rally as Anutin likely to return as PM

We expect Mr. Anutin to return as PM following next year's general election, expected in early Feb 2026. This is based on our expectation that his Bhumjaitai (BJT) party will win the 2nd most seats in the Parliament, ahead of Pheu Thai (PT) and just behind the People's Party (PP). We expect BJT to lead the formation of a majority conservative camp.

**Fig 10: Election timeline**

| Event | Timeline | Note |
|---|---|---|
| Parliament dissolution | December 2025 | Called on the night of 11 Dec 2025 |
| Election date | 8 February 2026 | Within 45-60 days after House dissolution, typically a Sunday |
| Election Commission certifies results | Within March 2026 | Within 60 days after election |
| New Parliamentary session | April 2026 | Within 15 days after election results are certified |
| New PM selection | April 2026 | |
| New government | May 2026 | |

*Source: Company, MST*

## BJT could win significantly more seats

Based on our calculations, we expect BJT to win at least 55 more seats at the expense of Pheu Thai and United Thai Parties. This would give it at least 126 seats (and possibly many more), up from just 71 in the last election. On the other hand, we expect the Pheu Thai party to secure no more than 118 votes, down from 141 at the last election. People's Party, on the other hand, will likely secure roughly the same seats as before at about 148 vs 151 at the last election.

**Fig 11: 2023 election results and potential 2026 election outcome**

| Party | 2023 results | | | 2026E forecasts | | | Change |
|---|---|---|---|---|---|---|---|
| | Constituency | Party-list | Total | Constituency | Party-list | Total | |
| People's Party | 112 | 39 | 151 | 112 | 36 | 148 | -3 |
| Pheu Thai | 112 | 29 | 141 | 103 | 15 | 118 | -23 |
| Bhumjaitai | 68 | 3 | 71 | 109 | 17 | 126 | 55 |
| United Thai | 23 | 13 | 36 | 0 | 6 | 6 | -30 |
| Democrats | 22 | 3 | 25 | 18 | 15 | 33 | 8 |
| Klartham | 0 | 0 | 0 | 25 | 0 | 25 | 25 |
| PPRP | 39 | 1 | 40 | 18 | 2 | 20 | -20 |
| Chart Thai Pattana | 9 | 1 | 10 | 0 | 1 | 1 | -9 |
| Prachachart | 7 | 2 | 9 | 8 | 1 | 9 | 0 |
| Thai Sang Thai | 5 | 1 | 6 | 6 | 3 | 9 | 3 |
| Others | 3 | 8 | 11 | 1 | 4 | 5 | -6 |
| **Total** | **400** | **100** | **500** | **400** | **100** | **500** | **0** |

*Source: Company, MST*

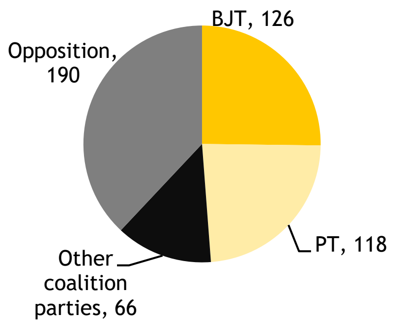
## Base-case scenario: BJT to lead government formation

We expect BJT to lead the next government formation with support of Pheu Thai. We see this as the most likely scenario and the only way for Thailand to form a stable government going forward. Mr. Anutin is seen as the middle-of-the-road candidate that faces the least opposition from either the left and the right. The second most likely scenario is for BJT to form a government with the People's Party. However, we think this could happen if 1) BJT wins more seats than PP or 2) PP lets BJT lead the government. We do not think BJT will join PP if PP were to lead the government.

While People's Party will likely win the most seats, we do not expect it will be able to lead the government formation. Most other parties would likely find PP's policies as being too radical. They could also worry that a PP-led government would be unstable with potential court cases against its party members (as has happened to past iterations of the party). That said, there exists a 3rd scenario (however unlikely) whereby PP and PT join hands to form the government. In our view, this would be the worst-case scenario as the government would likely be highly unstable.

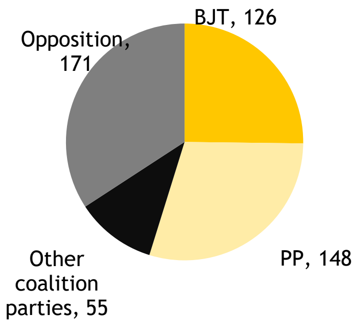
Given we only expect Pheu Thai to come in 3rd place (or possibly lower down the rank), we do not think it will have a chance to lead another government formation.

**Fig 12: Potential scenario 1: BJT+PT (more likely)**




*Source: MST*

**Fig 13: Potential scenario 2: BJT+PP (less likely)**




*Source: MST*

## Playing the election

Based on historical return figures since 1992, we think the best way to play the upcoming election is to buy one month ahead of the election and sell one month later. This strategy maximises potential return based on long-running data, delivering a 4.1% return on average. This strategy has also maximised the probability of a positive return at 58.3% in the past 12 election cycles.

**Fig 14: SET Index performance pre- and post-election**

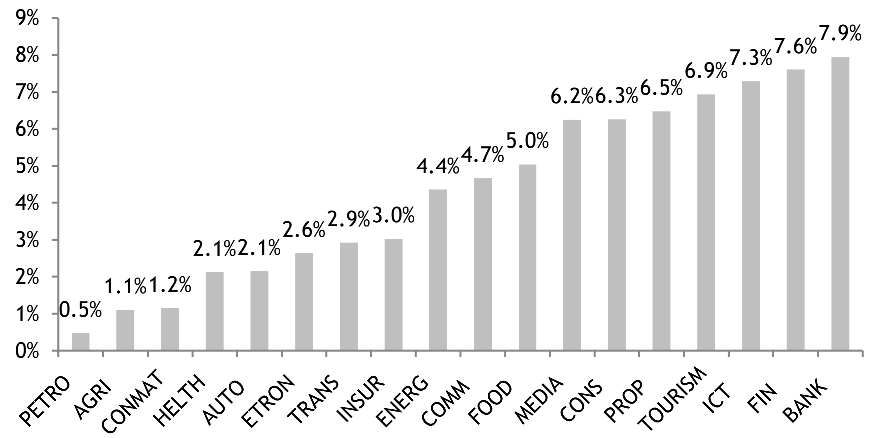
| Election | SET Index | -2M | -1M | +1M | +2M | +3M | -1M/+1M |
|---|---|---|---|---|---|---|---|
| 22-Mar-92 | Justice Unity : SET Index =814 | 4.37% | 2.12% | -3.37% | -8.84% | -7.13% | -1.32% |
| 13-Sep-92 | Democrat : SET Index =802 | 6.87% | 6.29% | 10.53% | 17.14% | 5.74% | 17.48% |
| 2-Jul-95 | Chart Thai : SET Index =1395 | 12.16% | -0.86% | -0.84% | -3.72% | -6.59% | -1.69% |
| 17-Nov-96 | New Aspiration : SET Index =1001 | -4.50% | 7.65% | -13.34% | -17.80% | -30.24% | -6.71% |
| 6-Jan-01 | Thai Rak Thai : SET Index =287 | -1.77% | 5.63% | 16.51% | 4.70% | 1.17% | 23.07% |
| 6-Feb-05 | Thai Rak Thai : SET Index =719 | 9.65% | 3.05% | 2.55% | -5.09% | -5.18% | 5.67% |
| 2-Apr-06 | Thai Rak Thai : SET Index =733 | -1.52% | -2.67% | 6.77% | -4.26% | -6.04% | 3.92% |
| 23-Dec-07 | People's Power : SET Index =814 | -6.05% | 0.75% | -8.97% | 1.66% | -1.90% | -8.29% |
| 3-Jul-11 | Pheu Thai : SET Index =1041 | -4.76% | -1.73% | 9.86% | 0.34% | -9.11% | 7.96% |
| 2-Feb-14 | Pheu Thai : SET Index =1274 | -7.06% | 4.06% | 5.10% | 8.00% | 11.55% | 9.36% |
| 24-Mar-19 | Pheu Thai : SET Index =1646 | 1.59% | -0.78% | 1.65% | -1.30% | 4.56% | 0.86% |
| 14-May-23 | Move Forward : SET Index =1561 | -3.28% | -1.00% | -0.64% | -4.13% | -2.12% | -1.63% |
| | Average return | 0.47% | 1.87% | 2.15% | -1.11% | -3.78% | 4.06% |
| | Median return | -1.64% | 1.43% | 2.10% | -2.51% | -3.65% | 2.39% |
| | Win probability | 41.67% | 58.33% | 58.33% | 41.67% | 33.33% | 58.33% |

*Source: SET, MST*

## Sector performance

Based on historical return data during past election cycles since 1992, we think banks, consumer finance, telecom, tourism and property sectors offer the highest gearing to a potential election rally. Historically, these sectors have delivered the highest returns during the period -1M before election to +1M after the election. Their returns were as follows: banks (+7.9%), finance (+7.6%), telecom (+7.3%), tourism (+6.9%), and property (+6.5%).

**Fig 15: Returns from -1M pre- to +1M post election**




*Source: SET, MST*

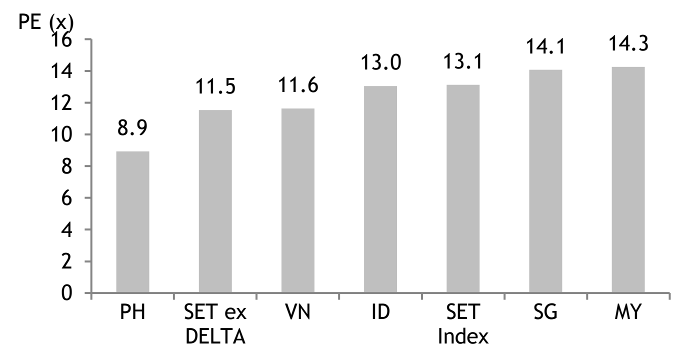
# Stock selection

## Maintain YE26 SET Index target at 1,370

We maintain our YE26 SET Index target at 1,370. We see a high likelihood of an election rally as we expect a stable government post the election. Given political uncertainty has been a key overhang for the Thai market since the last election in May 2023, a stable government would go a long way towards unlocking multiples for the SET Index in the near term.

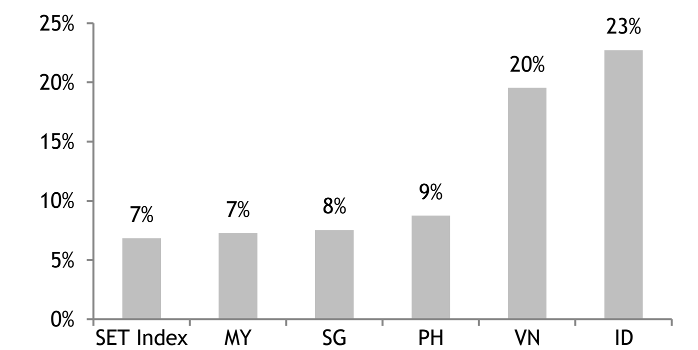
SET Index is trading at 13.1x 2026E P/E which itself is already quite low compared to the historical average of over 15x. However, if we exclude DELTA, we estimate SET Index P/E to be only 11.5x. This makes it one of the cheapest markets in ASEAN just behind the Philippines. On the other hand, the SET Index EPS growth at 7% in 2026E is not far behind growth in Malaysia, Singapore and the Philippines. That said, it cannot compare to the high-growth markets such as Vietnam and Indonesia.

**Fig 16: SET Index P/E ex-DELTA is only 11.5x**




*Source: SET, MST*

**Fig 17: 2026E EPS growth by market**




*Source: Bloomberg, MST*

## Sector weightings and changes

We maintain our POSITIVE calls on the telecom, utilities, residential property and industrial estate sectors. We have upgraded 3 sectors from NEUTRAL to POSITIVE: finance, tourism and F&B as we see these sectors as key beneficiaries of the upcoming election. On the other hand, we have downgraded two sectors (healthcare and life insurance) to Neutral from POSITIVE as we see less need to be defensive. We also remain Neutral on transportation, energy, construction materials and banking sectors. Lastly, we remain NEGATIVE on petrochemicals (prolonged downcycle), commerce (weak consumption, negative SSSG), and electronics (mostly DELTA due to highly demanding valuation).

**Fig 18: Sector weighting and changes**

| Sector | New | Old | Change |
|---|---|---|---|
| Telecom | POSITIVE | POSITIVE | |
| Utilities | POSITIVE | POSITIVE | |
| Residential property | POSITIVE | POSITIVE | |
| Industrial estate | POSITIVE | POSITIVE | |
| Finance | POSITIVE | N | Upgrade |
| Tourism | POSITIVE | N | Upgrade |
| Food & beverage | POSITIVE | N | Upgrade |
| Healthcare | N | POSITIVE | Downgrade |
| Life insurance | N | POSITIVE | Downgrade |
| Transportation | N | N | - |
| Energy | N | N | - |
| Construction materials | N | N | - |
| Banks | N | N | - |
| Petrochemicals | NEG | NEG | - |
| Commerce | NEG | NEG | - |
| Electronics | NEG | NEG | - |

*Source: Company, MST*
*Note: POSITIVE, N – neutral, NEG - negative*

## Election beneficiaries

We see 5 stocks as key beneficiaries of the upcoming election. These are MTC, BBL, TRUE, MINT, and AP. They are our top picks within their respective sectors which stand to benefit the most from the election.

**Fig 19: Election beneficiaries**

| Stock | Bloomberg code | Mkt cap (USDm) | Rating | Price (THB) | TP (THB) | Upside (%) | P/E (x) 25E | P/E (x) 26E | P/B (x) 25E | P/B (x) 26E | ROE (%) 25E | ROE (%) 26E | Div yld (%) 25E | Div yld (%) 26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Muangthai Cap | MTC TB | 2,120 | BUY | 31.50 | 47.00 | 49 | 10.2 | 9.5 | 1.6 | 1.4 | 16.4 | 15.3 | 1.0 | 1.0 |
| Bangkok Bank | BBL TB | 10,270 | BUY | 169.50 | 190.00 | 12 | 6.7 | 7.2 | 0.6 | 0.5 | 8.4 | 7.5 | 5.3 | 5.6 |
| True Corp | TRUE TB | 11,954 | BUY | 10.90 | 15.00 | 38 | 21.3 | 16.0 | 4.5 | 3.8 | 12.4 | 25.8 | 2.3 | 3.1 |
| Minor Inter | MINT TB | 4,373 | BUY | 24.30 | 34.50 | 42 | 17.0 | 13.7 | 1.5 | 1.4 | 10.2 | 11.3 | 2.7 | 3.2 |
| AP Thailand | AP TB | 859 | BUY | 8.60 | 10.50 | 22 | 5.8 | 5.2 | 0.6 | 0.5 | 10.3 | 10.7 | 6.9 | 6.7 |

*Source: Company, MST*

## Plays on data center, FDI and trade

We see pick 5 stocks as exposure to our broad themes for 2026E: data center investments both at home and abroad, increased FDI, and potential trade growth. These 5 stocks are WHA, AMATA, ITC, CCET, and GULF. WHA and AMATA are the two major industrial estate players which we see as the most direct plays on both data centers and FDI. We have added ITC and CCET as our preferred export plays. We see them as benefiting from the potential trade agreements as well as final conclusions on US tariffs. Last, we added GULF as a big-cap utilities exposure. The stock is likely the biggest beneficiary of the upcoming Power Development Plan (PDP) which we expect will be released in 2026. In it, we expect to see higher demand forecasts and potential new capacity to serve potential power demand growth driven by the data center boom.

**Fig 20: Thematic plays on data centers, FDI and trade**

| Stock | Bloomberg code | Mkt cap (USDm) | Rating | Price (THB) | TP (THB) | Upside (%) | P/E (x) 25E | P/E (x) 26E | P/B (x) 25E | P/B (x) 26E | ROE (%) 25E | ROE (%) 26E | Div yld (%) 25E | Div yld (%) 26E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| WHA Corp | WHA TB | 1,556 | BUY | 3.28 | 4.80 | 46 | 9.7 | 8.9 | 1.3 | 1.3 | 14.0 | 14.5 | 5.8 | 6.7 |
| Amata Corp | AMATA TB | 606 | BUY | 16.60 | 25.00 | 51 | 6.2 | 5.3 | 0.8 | 0.7 | 13.5 | 14.2 | 5.8 | 6.7 |
| I-Tail Corp | ITC TB | 1,438 | BUY | 15.10 | 18.60 | 23 | 15.2 | 13.8 | 1.8 | 1.8 | 12.1 | 13.1 | 5.2 | 5.7 |
| Cal-Comp Elec | CCET TB | 1,499 | BUY | 4.52 | 7.20 | 59 | 17.6 | 13.3 | 1.8 | 1.6 | 8.5 | 12.8 | 2.8 | 4.5 |
| Gulf Development | GULF TB | 19,798 | BUY | 41.75 | 50.00 | 20 | 22.0 | 21.2 | 1.7 | 1.6 | 8.1 | 7.8 | 2.7 | 2.8 |

*Source: Company, MST*

**Fig 21: Thailand: Active Funds Top 10 Overweight Stocks vs. Consensus Rating Change**

| Overweight | Active Insti | O/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| SCB X | 18.4 | 13.5 ↓ | -0.7 | ↑ |
| PTT Public | 14.5 | 5.2 ↓ | -9.9 | ↑ |
| Kasikornbank | 8.3 | 3.5 ↓ | -8.6 | ↓ |
| Krung Thai Bank | 5.5 | 1.4 ↓ | -4.2 | ↑ |
| CP All | 5.1 | 1.1 ↓ | -2.4 | → |
| Minor International | 2.2 | 0.9 ↑ | 0.2 | ↑ |
| Bangkok Dusit Medical | 4.0 | 0.8 ↑ | 4.2 | ↓ |
| TMBThanachart Bank | 2.5 | 0.4 ↓ | -21.4 | ↓ |
| Central Pattana | 2.8 | 0.3 ↑ | 6.0 | ↑ |
| Bumrungrad Hospital | 1.5 | 0.2 ↑ | 21.5 | ↓ |

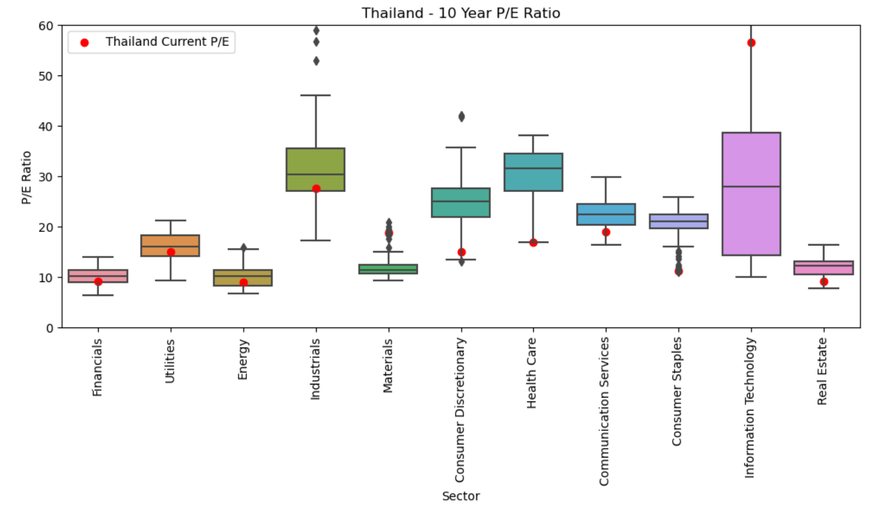
*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*
*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Thailand universe.*

**Fig 22: Thailand: Active Funds Top 10 Underweight Stocks vs. Consensus Rating Change**

| Underweight | Active Insti | U/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| Delta Electronics (Thailand) | 8.0 | -15.8 ↑ | 4.8 | ↑ |
| Airports of Thailand | 4.5 | -3.5 | n/a | ↑ |
| Advanced Info Service | 8.2 | -1.6 ↓ | -0.3 | → |
| PTT Exploration & Prod | 3.1 | -1.5 ↑ | 1.3 | ↑ |
| True Corporation Rg | 2.7 | -1.3 ↓ | -2.7 | ↑ |
| CP Axtra | 0.4 | -1.2 ↑ | 32.5 | ↓ |
| Gulf Development | 5.6 | -0.8 ↑ | 6.2 | ↑ |
| Siam Cement | 1.5 | -0.8 ↑ | 2.2 | ↓ |
| Charoen Pokphand Foods | 1.2 | -0.7 ↑ | 0.6 | ↓ |
| Bumrungrad Hospital | 1.5 | 0.2 ↑ | 21.5 | ↓ |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*
*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Thailand universe.*

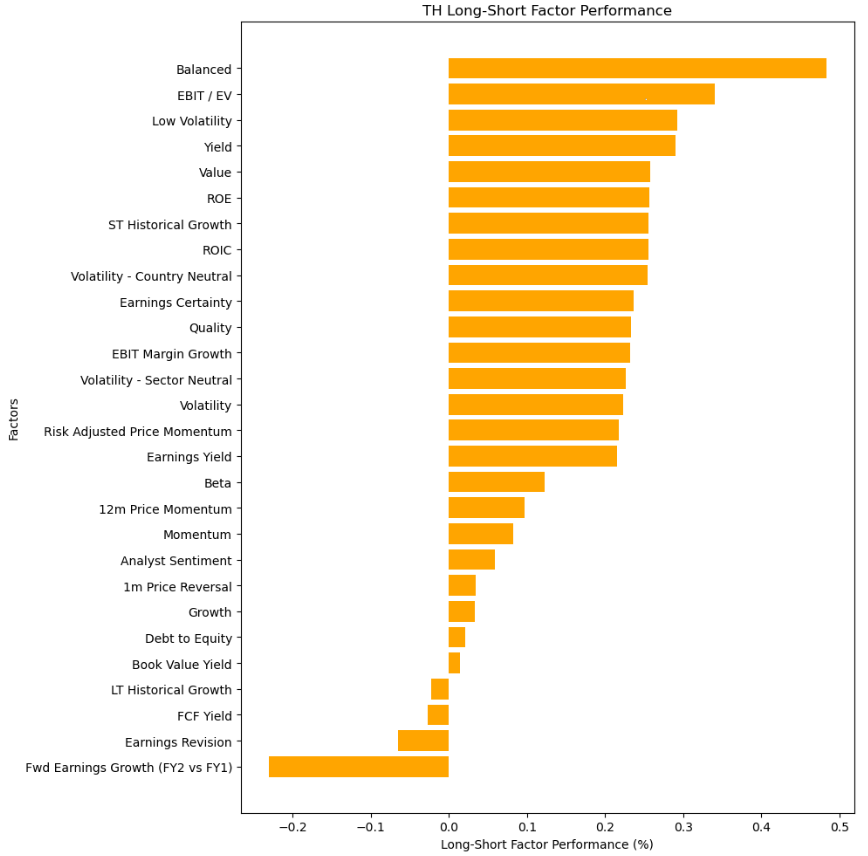
**Fig 23: MSCI Thailand Sector PE Box Plot (forward 12M over past 10 years)**




*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

- *Re active funds tracker per the previous page, we note a mixed weightings trend for the banks, with SCB X up but Kasikornbank, KTB and Thanachart down vs. 3mths ago; the Health Care names (Bangkok Dusit, Bumrungrad) saw a modest increase in weightings.*
- *Among the relative underweights, we have BUY ratings for AOT, CP Axtra, ADVANC, GULF (among our top market picks; positive rating momentum) and TRUE (top telco pick; also showing positive rating momentum). All sectors ex-tech are trading at or (well) below median PERs.*

**Fig 24: Thailand: Factor Style Performance (Daily Returns; Last 2M % Chg)**




*Source: MAYBANK IBG Research, Factset (as of 2 Jan 2026)*
*Note: The long-short factor performance metric is calculated by taking the aggregate returns of the universe constituents in the top decile and subtracting the aggregate returns of the bottom decile.*

- ***Quants**: General election has now been set on 8 Feb and though this date is earlier than our original assumptions, it does not materially alter our current view that the Momentum trade which drove the SET in 4Q25 is now near or possibly even over the cycle as markets have likely positioned ahead of the elections. Per our last note, the SET has generated a simple average return of 1.4% in the 3m running up to GE over past five GEs. Stretching empirical evidence even farther to the past 12 election cycles, MIBG Thailand Research Head Chak Reungsinpinya believes SET can deliver a higher average 4.1% return if investors buy one month ahead of the election, but the probability of a positive return drops to 58.3%.*

- *The election race as a whole is wide open with the latest NIDA poll (covering 4 - 12 Dec) showing that People's Party has 25.28% support whilst Democrat Party is second with 11.80% and Pheu Thai closely third at 11.04%. Bhumjaithai (Anutin's party) only has 9.92% backing. The same poll also shows that only 12.32% of respondents back Anutin as PM whilst 40.6% did not believe there was any suitable candidate.*

- *On macro front, MIBG expects GDP growth to slow from 2.1% in 2025 to 1.7% (the slowest in ASEAN) in 2026 on expectations of slowing export growth, private consumption and public investment. We also expect the BOT to cut policy rates by 25bps in 2026 to 1% in order to support domestic demand - which would be a 25-year low bar the pandemic.*

- *Thailand's factor performance profile has shifted from Value/Momentum to Balanced and Low Volatility where we prefer TCAP and TTB for the respective factor styles.*

Maybank

STRATEGY

Regional

# Philippine Strategy

# Year Ahead 2026: Let it simmer

## Challenges bring opportunities

Although 2025 proved difficult for the Philippines—with growth slowing, infrastructure spending disrupted by corruption investigations, and confidence understandably shaken—the outlook for 2026 is more constructive. The government's efforts to address governance issues and restore credibility in public spending are important first steps toward rebuilding trust. At the same time, inflation has remained benign, supporting household consumption, while a gradually lower interest rate environment should ease financing pressures and encourage businesses to resume expansion. These improvements come at a time when equity valuations are already deeply discounted, creating opportunities for investors willing to look through short-term noise. If reforms progress and macro conditions continue to stabilize, 2026 has the potential to mark a meaningful recovery in sentiment, activity, and market performance.

The opportunity comes at a level where valuations are very attractive with the PSEi trading at only 9x FY26 P/E, cheapest in ASEAN. An emerging key potential catalyst for the Philippines would be the bigger focus on social service support from the government in the form of doleouts that could lead to higher consumer spending.

## Underlying demand intact

Despite the challenges of 2025, the Philippines' underlying domestic consumption story is intact. Our outlook assumes continued resilience in household spending, with private consumption expected to grow **4.8% in 2026.** This steady momentum is anchored by two long-standing pillars of the Philippine economy such as **stable OFW remittances** and the **consistent expansion of the BPO sector**—which continue to provide reliable income support and employment. The sustained domestic consumption growth is also the main pillar for corporate earnings growth in the Philippines.

## Catalysts for consumer and property

We see several near-term catalysts that could drive a re-rating of the consumer and property sectors. We expect a further 50bps policy interest rate cut in 2026, on top of the 200bps of easing since mid-2024, which should be supportive of yield-sensitive segments such as REITs and, more importantly, improve affordability and financing conditions for the property sector, helping underpin a recovery in residential demand. In parallel, the government's shift in spending emphasis from large-scale infrastructure toward social subsidies ('ayuda') is likely to provide a more direct boost to household purchasing power, acting as a key catalyst for a recovery in consumer staples and broader consumption-linked sectors.

## Top Picks to start 2026: Magic 8

Our 'Magic 8' Top Picks are ICT, SMPH, SM, JFC, PGOLD, CNPF, CEB, and BDO. We have preference for consumer-related stocks that target the mass market. We also like ICT for sustained volume growth, CEB for the burgeoning tourism angle and BDO for its sustained strong loan growth.

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**Key economic data & forecasts**

| | 2025E | 2026E | 2027E |
|---|---|---|---|
| GDP Growth % | 4.8 | 4.9 | 5.2 |
| PHPUSD (end-prd) | 58.5 | 59.5 | 57.5 |
| Policy Rate % | 4.5 | 4.0 | 4.0 |
| Inflation % (ave) | 1.7 | 2.2 | 3.3 |

**Top Picks**

| Stock | Mkt cap (USD'm) | Price (LC) | TP (LC) | Upside (%) | Div yld (%) |
|---|---|---|---|---|---|
| ICT PM | 19,863 | 581.0 | 650.0 | 11.9 | 3.3 |
| SMPH PM | 11,422 | 23.4 | 41.5 | 77.4 | 2.4 |
| JFC PM | 3,545 | 186.8 | 325.0 | 74.0 | 2.3 |
| SM PM | 14,607 | 705.5 | 1,150.0 | 63.0 | 1.1 |
| BDO PM | 11,597 | 128.4 | 197.0 | 53.4 | 4.3 |
| CNPF PM | 2,351 | 39.2 | 47.4 | 20.9 | 1.4 |
| PGOLD PM | 1,975 | 40.5 | 49.0 | 21.0 | 4.3 |
| CEB PM | 322 | 31.0 | 48.0 | 54.8 | 0.0 |

*Source: Factset, Maybank IBG Research, (as at 8 Dec 2025)*

# Sector outlook and Top Picks: Magic 8

We are increasingly constructive on Philippine equities, which are trading at compelling valuations after a period of economic slowdown, corruption-related concerns, and peso weakness. Much of the negative sentiment is already priced in, improving the risk-reward profile. With expectations reset, even modest gains in domestic growth, policy credibility, or macro conditions could drive meaningful upside.

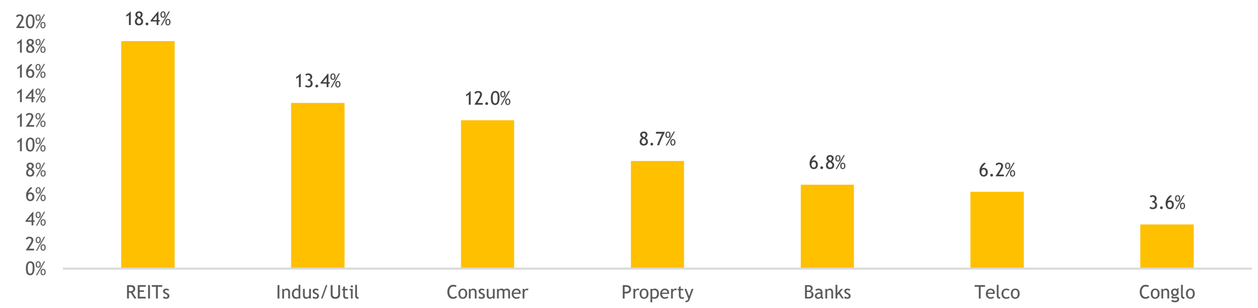
Our Top Picks are consumer-heavy—CNPF, JFC, PGOLD, SMPH (malls), and SM (retail)—on expectations of higher government personnel spending and increased social services (ayuda) amid benign inflation, supporting consumer topline growth. We also favor ICT on sustained volume-driven expansion, CEB as a beneficiary of improving inbound and outbound tourism, and BDO for its resilient loan growth across corporate and consumer segments. We maintain a POSITIVE view on Consumer, Telecommunications, and Property, and a NEUTRAL stance on Banks, Gaming, and Power.

We remain positive on the Consumer sector and keep it as a key overweight for 2026, supported by resilient OFW remittances, continued BPO expansion, higher government social spending (ayuda), and a benign inflation environment. Easing raw material costs and a more constructive peso outlook should further support margins and earnings recovery, with Jollibee Foods Corporation (JFC), Century Pacific Food (CNPF), and Puregold Price Club (PGOLD) as our top picks. We are also constructive on Ports and ICT, as Philippine port volumes are expected to remain positive in 2026 amid resilient emerging market trade and easing freight rates, with International Container Terminal Services (ICT) continuing to benefit from steady organic growth and expansion optionality.

In Telecommunications, while 2025 was challenging due to regulatory uncertainty, clearer policy direction should support a more stable and defensive outlook in 2026. We favor Converge ICT Solutions as our top pick, followed by PLDT and Globe Telecom. We maintain a positive view on Property, driven by developers' shift toward retail and office leasing, provincial-led residential recovery, and the benefits of earlier BSP rate cuts, with SM Prime Holdings (SMPH) as our top pick.

We also remain positive on Tourism, which we see transitioning to structural growth by 2026 on the back of airport capacity upgrades and pro-tourism policies, with aviation as the primary value creator. Cebu Air (CEB) is our top pick as the most direct beneficiary, supported by improving passenger volumes and earnings leverage, alongside downstream beneficiaries such as MacroAsia (MAC). In contrast, we downgrade Banks to neutral as NIM pressure and softer loan demand offset growth, although large corporate and consumer lending remain bright spots; BDO Unibank remains our top pick, followed by Bank of the Philippine Islands (BPI). Lastly, we keep a neutral stance on Power and Utilities amid muted spot prices and modest demand growth, preferring regulated transmission assets over generation exposure, particularly given earnings headwinds for generators such as Semirara Mining and Power (SCC) and ACEN (ACEN).

**Fig 1: PSEi sector net income growth expectations for FY26E**

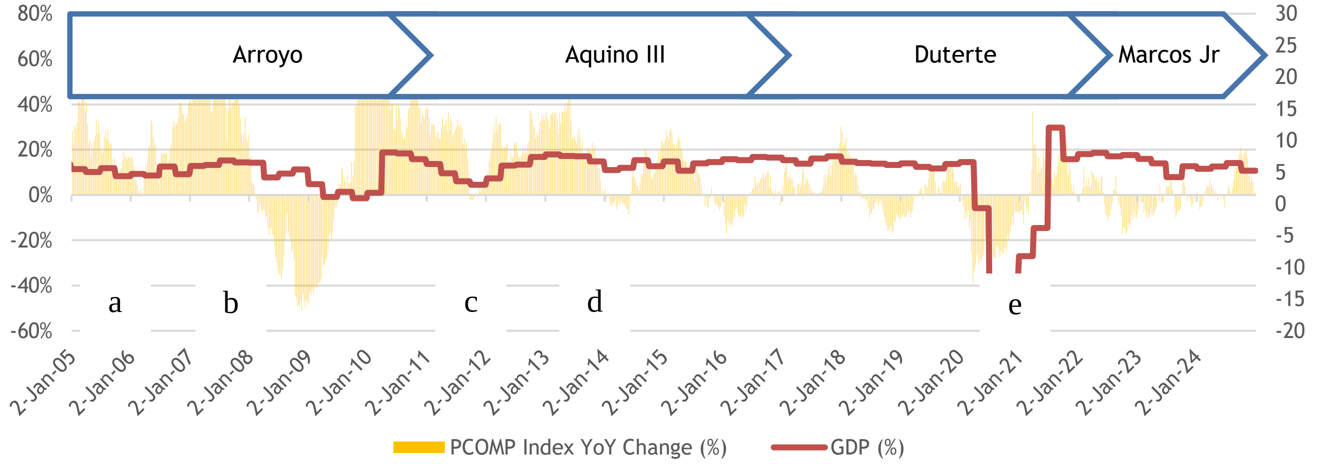



*Source: Company, Maybank IBG Research*
*Note: For the REITs sector (with AREIT only)*

## Trip down memory lane: A look back before we move forward

Historical evidence shows that while governance scandals trigger short-term volatility, medium-term PSEi performance is driven more by global liquidity, macro fundamentals, and risk appetite than politics. In the 2005–06 (a) Hello Garci episode, the PSEi rose +15% in 2005 and +42% in 2006; (b) during the 2007–08 NBN-ZTE period, markets climbed +21% in 2007 before falling −48% in 2008 due to the global financial crisis; (c) amid the 2011–12 Corona impeachment, the index gained +4% in 2011 and +33% in 2012; (d) following the 2013–14 PDAF scandal, the PSEi was flat in 2013 (+1%) then rallied +23% in 2014; (e) and during the 2020–21 Pharmally controversy, the index fell −10% in 2020 before rebounding +8% in 2021. Overall, Philippine equities have typically stabilized and recovered within 12–24 months once uncertainty clears, suggesting that with growth fundamentals intact, the weakness seen in 2025 could set the stage for a delayed equity recovery.

**Fig 2: Chart of PSEi annual returns and GDP growth**




*Sources: Bloomberg, BSP*

## …Moving forward

The government has launched a broad clean-up of flood control-related corruption, combining enforcement, institutional reform, and tighter budget controls. Measures include nationwide audits and prosecutions led by the COA, leadership changes and project suspensions at DPWH, contractor blacklisting, and stricter validation and release of flood-control funds in the 2026 budget, alongside enhanced transparency tools such as geotagging and on-site verification. Congress is also advancing procurement and accountability reforms to strengthen oversight and penalties. While execution risks remain, these steps signal a more serious effort to curb leakages, restore credibility in public spending, and support investor confidence, which will be critical for any meaningful re-rating of Philippine equities.

## A more positive short-term outlook on FX

**A tale of two halves.** Unlike at the start of 2025, when we expected a significantly weaker peso, our house view is that the PHP will appreciate to around 57.50 by mid-2026. We expect USDPHP to ease in 1H 2026 amid a softer US dollar. In our previous Year Ahead 2025 Outlook, we noted that the missing ingredient in our 'adobo recipe' for a Philippine market re-rating was a stronger peso. Unfortunately, that ingredient remained absent for the most part of 2025 and was a key factor behind the underperformance of Philippine equities. With signs that this ingredient may finally be present—at least in the first half of 2026—we see scope for the early stages of a market rally in FY26, given the historically strong correlation between a firmer PHP and equity market performance.

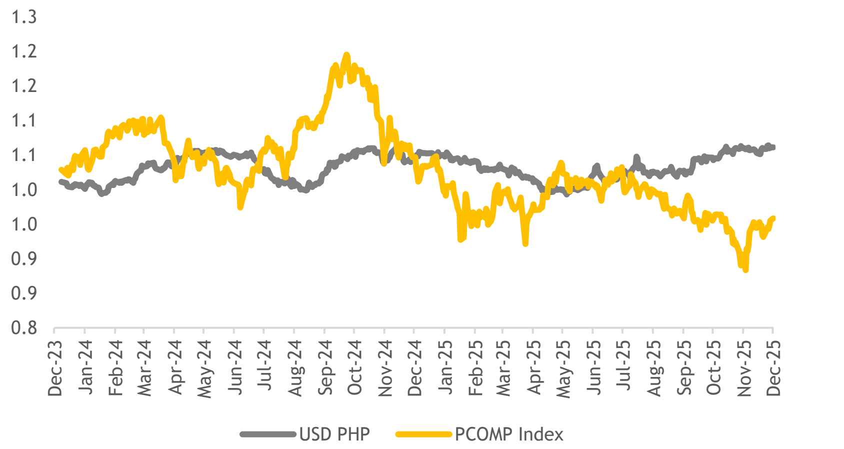
However, the peso could weaken in 2H as the US dollar regains strength, with domestic headwinds also capping performance. The flood-control corruption scandal is weighing on government spending, growth, and foreign investor sentiment, while softer growth raises the likelihood of further monetary easing, with an additional 50bps of rate cuts expected by end-2026, reducing PHP carry appeal. Structurally, the persistent trade deficit remains a drag. Offsetting these pressures, we expect the current account deficit to narrow modestly to 3.5% of GDP in 2026 on a smaller trade gap and resilient OFW and BPO inflows, while the fiscal deficit improves to 5.7% of GDP as revenues rise. Potential inclusion in the JPM GBI-EM Global Diversified Index could also support inflows. Moreover, BSP's discomfort with excessive peso weakness, backed by ample reserves, should help limit depreciation, with remittances remaining a key stabilizing factor in 2026.

**Fig 3: Maybank FX forecasts**

| Forecast | 1Q26 | 2Q26 | 3Q26 | 4Q26 |
|---|---|---|---|---|
| USDPHP | 58.00 | 57.50 | 59.0 | 59.5 |

*Sources: Maybank IBG Research*

**Fig 4: USDPHP vs PSEi: The more positive outlook on PHP in the short term can fuel the start of a rally in FY26 given good correlation between a strong PHP and equity markets**



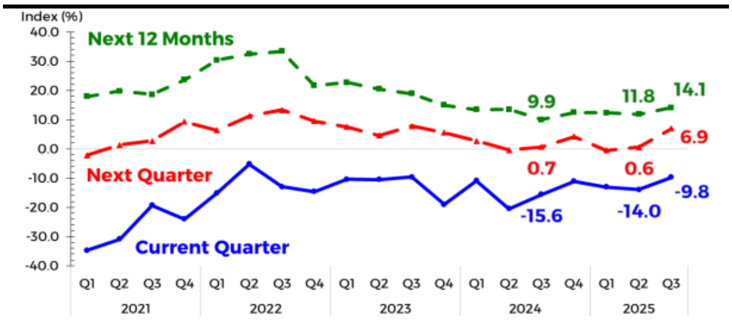

*Sources: Maybank IBG Research, Bloomberg*

## POSITIVE on consumer sector

We remain positive on the consumer sector and keep it as a key overweight for 2026, supported by resilient OFW remittances, continued BPO expansion, and increased government spending on social services and direct assistance (ayuda) as budgets shift away from infrastructure. A benign inflation environment should help preserve real purchasing power and underpin consumer demand, particularly at the mass-market level.

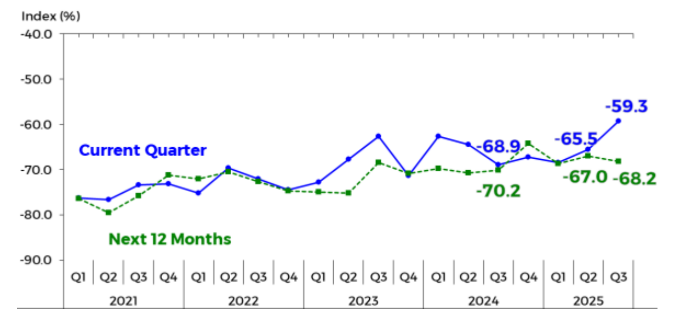
Margin prospects are improving as global prices of key inputs—such as wheat, edible oils, cocoa, sugar, and rice—trend lower, benefiting food manufacturers, while a firmer peso (USDPHP toward 57.50 in 1H26) should further reduce imported input costs. These dynamics are constructive for consumer names including JFC, URC, CNPF, and MONDE. Consumer sentiment is also improving, with the BSP's 3Q25 survey showing confidence at its highest level since late 2023, supported by well-anchored inflation expectations. Combined with expanding social programs such as 4Ps and lower out-of-pocket healthcare costs, the outlook for consumer demand in 2026 remains favorable.

**Fig 5: BSP 3Q Consumer Survey. Overall has been turning more positive since 2023 given a more favourable inflation outlook and rising wages**



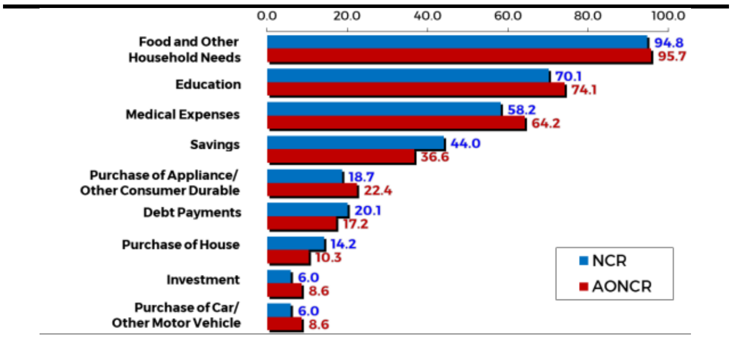

*Source: BSP*

**Fig 6: Sentiment on buying big-ticket items. It helps that rates are also declining supporting borrowing intentions - this should be positive for banks and consumer loan growth**



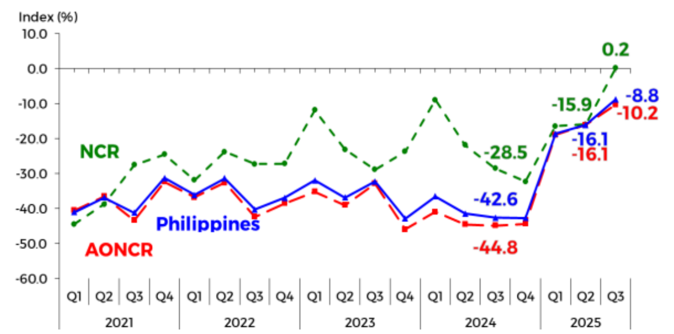

*Source: BSP*

**Fig 7: BSP 3Q Consumer Survey. Usage of OFW Remittances in NCR and Outside**




*Source: BSP*

**Fig 8: BSP 3Q Consumer Survey. Sentiment and intentions to save have risen significantly**



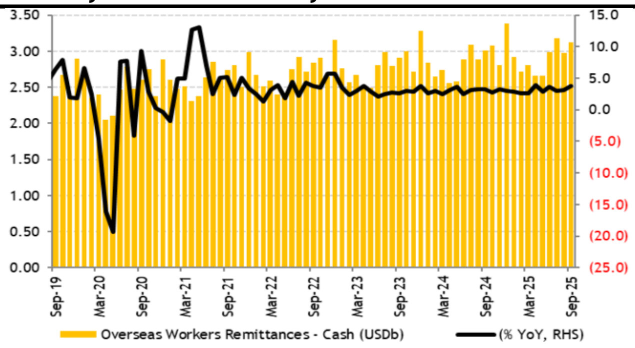

*Source: BSP*

**OFWs remittances and taxes.** Private consumption remains well supported by resilient overseas Filipino worker (OFW) remittances. In 2024, remittance inflows reached USD34.49b (+ 3.0% YoY) and equivalent to around 7.6% of GDP. This momentum has continued into 2025, with cash remittances growing 3.2% YoY in the first nine months. For 2026, we expect that OFW remittances will continue to grow at 2.8%, similar to previous year levels.

Meanwhile, the biggest threat to OFW remittances is the tighter immigration policy and remittances of Trump. Note that the 1% tax on remittances from US based OFWs could be easily avoided if the person uses a US based debit or credit card, bank account or digital wallet. The 1% tax will only be imposed with cash, money orders and cashier's cheque. Meanwhile, the stricter immigration policy could slow down the movement of Filipino nurses to US. But since it appears that Trump is targeting higher skilled employment opportunities for US citizens (AI and tech), coupled with sustained strong demand for nurses, the risk might be temporary in nature.

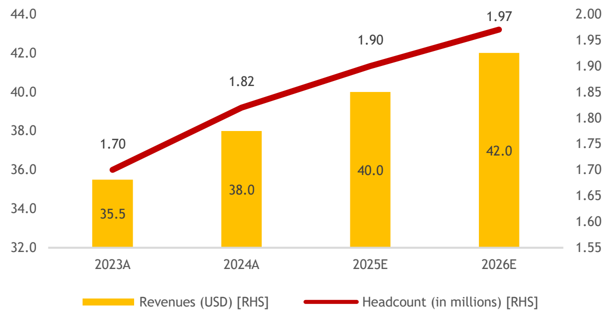
**BPOs and AI.** The Philippine BPO sector is expected to sustain growth despite AI-related concerns, with IBPAP projecting employment to rise from about 1.82m to 1.97m by 2026 and revenues to reach around USD42bn. Growth is supported by strong cost competitiveness, a large English-speaking workforce, and a shift toward higher-value services such as IT-BPM, analytics, and KPO. Rather than displacing demand, AI is currently being integrated as an upskilling and productivity tool, enabling BPOs to move up the value chain. While AI and potential AGI pose longer-term uncertainties, we believe existing AI tools will support, not hinder, sector growth in the near term.

**Fig 9: Steady remittance growth continues (Sep: +3.7% YoY), directly fuelling travel, as families fly to see each other both domestically and internationally.**



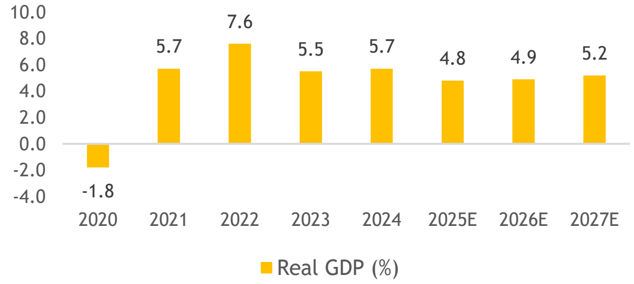

*Source: CEIC, Maybank IBG Research*

**Fig 10: Booming IT BPM projected to reach USD40-42b by 2025/26E, creating high-income employment that feeds into tourism demand.**



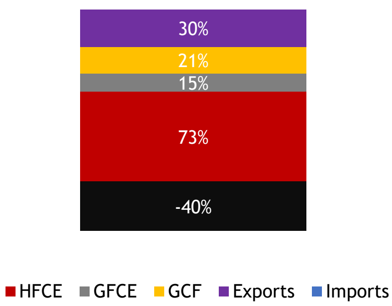

*Source: Information Technology and Business Process Association of the Philippines (IBPAP)*

**Fig 11: GDP growth expected to remain steady in near to medium term before improving in FY27E (%)**




*Source: CEIC, Maybank IBG Research*

**Fig 12: Breakdown of latest GDP continues to show consumer spending is the main driver of the economy**




*Source: PSA*

Fig 13: Key macroeconomic forecasts. Subdued inflation a bright spot for PH. However, we saw a slowdown in 3Q25 after weak GCF

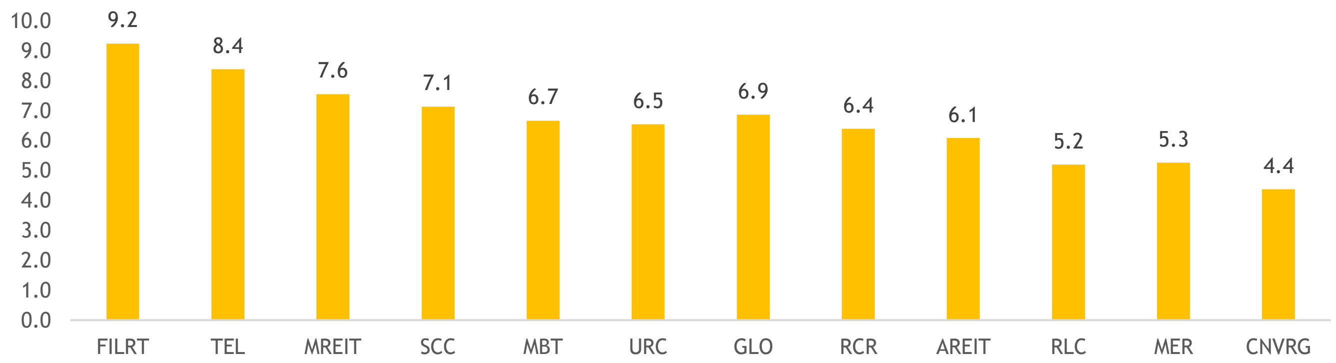
| | FY21A | FY22A | FY23A | FY24A | FY25E | FY26E |
|---|---|---|---|---|---|---|
| **Real GDP (%)** | 5.7 | 7.6 | 5.5 | 5.7 | 4.8 | 4.9 |
| Private Consumption (%) | 4.2 | 8.3 | 5.6 | 4.9 | 4.8 | 4.8 |
| Government Consumption (%) | 7.2 | 4.9 | 0.6 | 7.3 | 9.4 | 4.8 |
| Gross Fixed Capital Formation (%) | 9.8 | 9.7 | 8.2 | 6.3 | 3.1 | 4.5 |
| Exports of Goods & Services (%) | 8.0 | 10.9 | 1.4 | 3.3 | 5.4 | 5.8 |
| Imports of Goods & Services (%) | 12.8 | 13.9 | 1.0 | 4.2 | 5.1 | 4.8 |
| Current Account Balance (% of GDP) | (1.4) | (4.6) | (2.6) | (3.8) | (3.8) | (3.5) |
| Fiscal Balance (% of GDP) | (8.6) | (7.3) | (6.2) | (5.6) | (6.1) | (5.7) |
| Inflation Rate (%, period average) | 3.9 | 5.8 | 6.0 | 3.2 | 1.7 | 2.2 |
| Unemployment Rate (%, period average) | 7.8 | 5.4 | 4.3 | 3.8 | 4.2 | 3.9 |
| Exchange Rate (per USD, end-period) | 51.0 | 55.7 | 55.4 | 58.0 | 58.5 | 59.5 |
| Benchmark Interest Rate (% p.a., end-period) | 2.00 | 5.50 | 6.50 | 5.75 | 4.50 | 4.00 |

*Source: Maybank IBG Research*

## A new hope in FY26? Finding catalysts

2025 has been a disappointing year for Philippine equities, with the PSEi struggling amid soft macro and corporate momentum despite the BSP's policy rate cuts and benign inflation; the expected post-election consumption rebound has yet to materialize, and infrastructure spending and confidence have been dampened by corruption issues, while slower credit growth underscores private-sector caution. Yield-oriented sectors and high-dividend names have generally outperformed in 2025, reflecting investor preference for income in a lower-rate environment, and we expect a similar pattern in early 2026 as markets continue to digest the effects of rate cuts and a lower interest rate backdrop. Near-term volatility may persist, but defensive yield plays and selective sectors — particularly telcos now free of key regulatory overhangs — should provide support

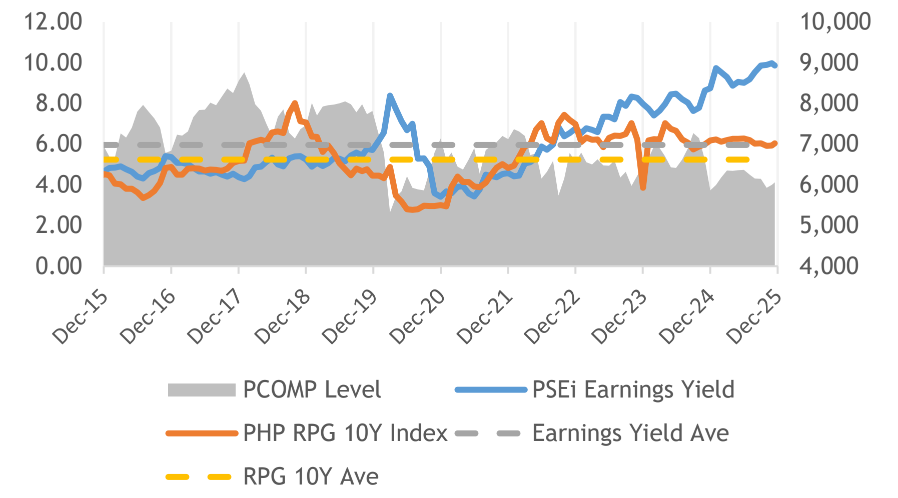
Fig 14: Attractive dividend-yield plays (FY26E)




*Source: Maybank IBG Research (using latest closing prices)*

Aside from watching out for yield plays, PH equities are trading at a deep discount compared to peers at 9x FY26E price to earnings. The attractive valuations, stable currency in 1H26 and sustained consumer spending growth could be key catalyst for re-rating in the early part of 2026. In addition, with almost all equity markets in the world performing well in 2025, we could see more eyes looking at the laggard Philippines to hopefully catch up with the rest of the world.

**Fig 15: Current earnings yield (PCOMP Index) vs 10-year gov't bond yield for the past 10 years. The gov't 10-year rate falling recently, now at below 6.0% (from 6.4%). This could be a catalyst for a multiple re-rating for the Philippines**




*Sources: Bloomberg*

Another key catalyst for PH equity re-rating is the increase in the government budget for social services. As mentioned earlier, this could lead to higher 'ayuda' and better medical healthcare translating to lower health bills and more money in the pockets of Filipinos. This could lead to higher consumer spending for 2026. If we couple this with potential margin expansion due to lower input costs, this could lead to higher earnings growth for consumer staples.

**Fig 16: Government proposed budget for FY26**

| By Sector | 2025 Allocation (PHPb) | Share % | 2026 Allocation (PHPb) | Share % | Change % |
|---|---|---|---|---|---|
| Social Services | 2,121.0 | 33% | 2,314.0 | 34% | 9% |
| Economic Services | 1,853.0 | 29% | 1,868.0 | 27% | 1% |
| General Public Services | 1,083.0 | 17% | 1,202.0 | 18% | 11% |
| Debt Burden | 876.7 | 14% | 978.7 | 14% | 12% |
| Defense | 419.3 | 7% | 430.9 | 6% | 3% |
| TOTAL | 6,353.0 | | 6,793.6 | | 7% |

*Source:*
*2025 budget: https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2025/FY-2025-Budget-at-a-Glance.pdf*
*2026: https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2026/Briefer-on-the-2026-Proposed-National-Budget.pdf*

# Cementing the future

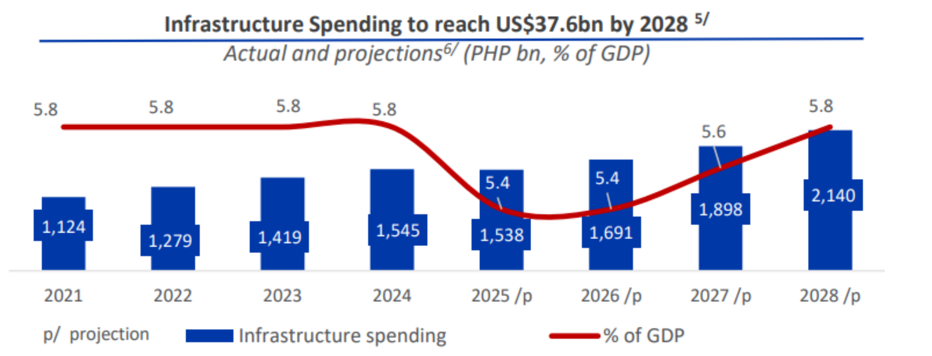
For the Philippines to achieve a sustained long-term market re-rating, a credible revival of infrastructure investment is essential. While the recent slowdown in public spending was necessary to address corruption and eliminate so-called 'ghost projects,' it cannot become structural. Restoring confidence in project execution would support a return to investment-led growth, reduce logistics and business costs, improve labor mobility, and enhance the country's appeal to manufacturing, data center, and services investments. A clean and well-executed infrastructure pipeline would not only lift near-term growth but also signal stronger governance, helping rebuild investor confidence and also support long term corporate earnings growth. This would lead to stronger Philippine equity markets.

Importantly, the infrastructure story is not totally on hold. Several big-ticket initiatives remain underway, including the proposed Luzon Economic Corridor (LEC), which aims to strengthen connectivity between Central Luzon, Metro Manila, and Batangas. Launched in 2022 as a G7-backed Indo-Pacific initiative, the LEC is positioned to improve supply-chain resilience by better linking industrial hubs north and south of Metro Manila to key airports and seaports through expressways and rail networks. If executed effectively, the corridor could meaningfully enhance logistics efficiency and regional integration.

Beyond physical infrastructure, complementary policy reforms are reinforcing the investment case. Measures such as the CREATE MORE Act are designed to improve fiscal incentives and the overall investment climate, particularly for manufacturing, data centres, and emerging AI-related industries. Taken together, continued progress on large-scale connectivity projects and supportive policy reforms suggests that, despite near-term execution challenges, the foundations for longer-term infrastructure-led growth remain intact (see our Philippines Strategy: Cementing the Future).

At present, the government has identified 209 Infrastructure Flagship Projects with an estimated total cost of PHP10.5t, of which 140 are physical connectivity projects such as roads, airports, and seaports. Around seven projects have been completed, 79 are currently under construction, and the remainder are at various stages of approval and preparation. Addressing corruption allegations swiftly and demonstrating that these projects are being implemented properly will be critical to restoring public trust, accelerating execution, and ensuring that infrastructure once again becomes a meaningful driver of growth and employment.

**Fig 17: Proposed government infrastructure spending**




*Source: BSP, data before corruption scandal on flood control projects*

### Fig 18: Philippines - Active Funds Top 10 Overweight Stocks vs. Consensus Rating Change

| Overweight | Active Insti | O/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| International Container Terminal Services | 38.4 | 19.6 ↑ | 4.5 | ↓ |
| BDO Unibank | 15.7 | 3.6 ↓ | -2.3 | → |
| Ayala | 6.0 | 1.1 ↑ | 2.4 | → |
| Ayala Land | 6.0 | 0.7 ↑ | 3.0 | ↓ |
| Jollibee Foods | 2.8 | -0.6 ↓ | -0.5 | ↓ |
| BPI | 9.1 | -1.1 ↓ | -0.9 | ↑ |
| Metrobank | 4.0 | -1.2 ↑ | 4.9 | ↑ |
| PLDT | 0.8 | -3.6 ↑ | 9.7 | → |
| SM Investments | 9.9 | -4.2 ↓ | -9.9 | ↓ |
| SM Prime Holdings | 6.2 | -4.8 ↓ | -8.5 | → |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Philippines universe.*

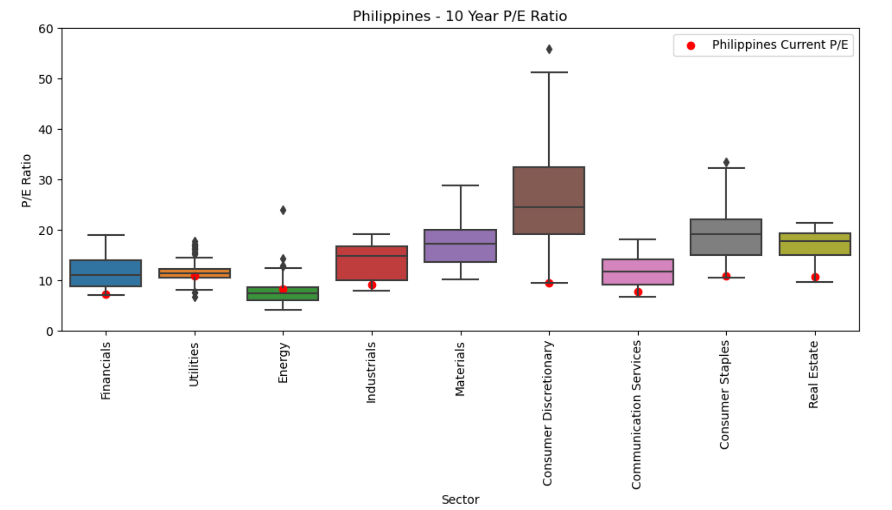
### Fig 19: Philippines - Active Funds Top 10 Underweight Stocks vs. Consensus Rating Change

| Underweight | Active Insti | U/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| Manila Electric | 1.2 | 9.6 ↓ | -10.0 | ↑ |
| SM Prime Holdings | 6.2 | 4.8 ↓ | -8.5 | → |
| SM Investments | 9.9 | 4.2 ↓ | -9.9 | ↓ |
| PLDT | 0.8 | 3.6 ↑ | 9.7 | → |
| Metrobank | 4.0 | 1.2 ↑ | 4.9 | ↑ |
| BPI | 9.1 | 1.1 ↓ | -0.9 | ↑ |
| Jollibee Foods | 2.8 | 0.6 ↓ | -0.5 | ↓ |
| Ayala Land | 6.0 | 0.7 ↑ | 3.0 | ↓ |
| Ayala | 6.0 | 1.1 ↑ | 2.4 | → |
| BDO Unibank | 15.7 | 3.6 ↓ | -2.3 | → |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Philippines universe.*

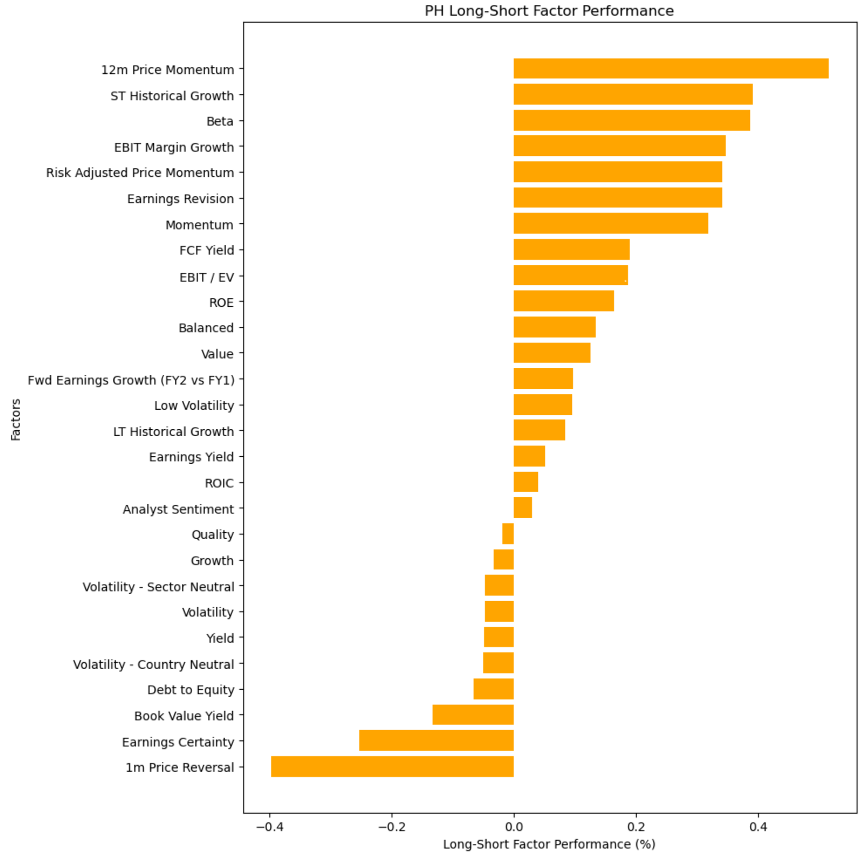
### Fig 20: MSCI Philippines Sector PE Box Plot (forward 12M over past 10 years)




*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

- *Re active funds tracker per above, amidst generally sideways rating change momentum, we note increase in weightings for ICT but erosion for BDO, Ayala and Ayala Land vs. 3mths ago - note we have Buy ratings on all these four relatively defensive stocks.*
- *All sectors except for Energy and Utilities (we have BUY ratings on ACEN and Manila Electric) are trading well below their 10yr PER medians.*

**Fig 21: Philippines Factor Style Performance (Daily Returns, Last 2M % Chg)**




*Source: Maybank IBG Research, Factset (as of 2 Jan 2026)*
*Note: The long-short factor performance metric is calculated by taking the aggregate returns of the universe constituents in the top decile and subtracting the aggregate returns of the bottom decile.*

- ***Quants**: While MIBG expects Philippines GDP to improve marginally from 4.8% in 2025 to 4.9% in 2026, this is still below the country's 10-year trend growth of 5.25%. Against this backdrop, we expect Inflation to remain within the lower end of BSP's 2%-4% range and narrower twin deficits.*

- *We expect CA deficit to narrow to -3.5% of GDP from the estimated -3.8% in 2025 due to the low oil price environment, stronger overseas Filipino worker remittances and continued growth of the BPO sector (8.5% of GDP). Despite AI risks, MIBG Philippines Research Head Kervin Sisayan, argues that Philippines competitiveness in BPO services will continue to remain relevant given its cost competitiveness, large English speaking workforce and also fundamentally, AI is also increasingly integrated into the service delivery chain. Industry forecasts from IBPAP further indicate that BPO employment is expected to increase to about 2mil in 2026 vs 1.82mil in 2025.*

- *MSCI Philippines delivered only a modest but positive 3M return of 1%. The factor performance profile did not change from the last review, where Momentum and Growth styles led. We like PNB and AREIT for these respective styles.*

STRATEGY

Vietnam

# Vietnam Strategy

# Year Ahead 2026:contingencies in place, opportunities ahead

## VNIndex target of 2,000pts; 3 key themes for 2026

FX and inflation pressures should remain under SBV's control, enabling both monetary and fiscal engines to run at full throttle in 2026. Combined with solid FY26E earnings growth and improving market liquidity, these factors should support a continued rally towards 2,000pts. Anchored by 3 investment themes (infrastructure expansion, capital-market development, and the rise of tourism), we expect steel, IT, energy, retail, banking, brokerage and air-logistics sectors to lead the market in 2026.

## Expect macro condition to turn favourable in 2H26

We see several positive factors that will help ease FX pressure, including: (1) the Fed's continued easing cycle; (2) potential inflows of foreign capital; (3) rising real estate supply providing an alternative investment channel to gold; and (4) accelerating economic growth that supports a stronger Vietnamese dong. Meanwhile, we expect the SBV to keep inflation in check, supported by: (1) subdued F&B prices and weak transportation costs; (2) non-overheated domestic demand; and (3) China's deflationary environment and benign inflation across neighbouring ASEAN economies. Seasonal factors and a temporary supply-demand gap have pushed the 12M deposit rate up by 30-50 bps in recent months. We expect deposit rates to rise by an additional 50bps in 1H26 (following the 30-50 bps increase in 2H25), before declining again to around 6.0-6.5% in 2H26 as the central bank maintains its accommodative stance amid easing FX and inflation pressures. Together with solid corporate earnings growth of 18-20% in FY25-26E and stronger market liquidity, supported by bank credit growth of 16-18% YoY and a potential return of foreign investors, these factors will likely sustain the market rally.

## 3 investment themes: infra, markets and tourism

First, public investment is central to the government's plan to lift economic growth to 10% annually over the next decade. Major projects, expressways, railways, airports, seaports, power plants, and IT infrastructure, should directly benefit steel, cement, construction, energy, and IT, and indirectly support real estate, retail, and banks. Second, the capital market is set to leapfrog with the economy. After the FTSE upgrade, Vietnam has a strong chance of entering MSCI's watchlist, supported by reforms addressing foreign ownership limits, mandatory English disclosures, and the IFRS roadmap. The launch of the Ho Chi Minh IFC further strengthens long-term capital-market development. We see strong potential for banks and brokerages. Lastly, Vietnam is emerging as a new ASEAN tourism hub. Recent visa relaxations have unlocked Vietnam's appeal, its natural landscapes, vibrant culture, and diverse cuisine. We favour air logistics and consumer services within this theme.

## 11 stocks to focus on

We forecast the VNIndex to remain range-bound in 1H26 before resuming its rally in 2H26 towards a new all-time high of 2,000pts ~ implying FY26E P/E of 14.5x, ~ 5-ear average. Based on the 3 investment themes, we expect the steel, IT, energy, retail, banks, brokerage, and air-logistics sectors to lead market performance in 2026. Our key focus stocks include: HPG, FPT, MWG, KDH, GAS, PVS (investment and consumption), TCB, MBB, HDB, SSI (capital market), and ACV (tourism) *(refer table on the right)*.

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**Vietnam equities growth & valuation**

| VNIndex | 2024 | 2025F | 2026F |
|---|---|---|---|
| Forward P/E (x) | 12.6 | 14.7 | 12.5 |
| EPS growth (%) | 19.0 | 20.5 | 17.5 |

*Source: Maybank IBG Research. Data as of 31 Dec'25*

**Maybank IBG's stock highlights**

| No | Ticker | Mkt Cap (VND t) | Reco | Price (VND k) | TP (VND k) | Upside (%) |
|---|---|---|---|---|---|---|
| 1 | TCB | 245.2 | Buy | 34.7 | 48.0 | 38.3 |
| 2 | HPG | 207.3 | Buy | 27.0 | 41.8 | 54.8 |
| 3 | FPT | 163.9 | Buy | 96.2 | 145.0 | 52.6 |
| 4 | GAS | 154.4 | Buy | 64.0 | 86.0 | 38.3 |
| 5 | MBB | 153.5 | Buy | 25.2 | 32.5 | 29.2 |
| 6 | HDB | 125.8 | NR | 32.6 | n.a | n.a |
| 7 | MWG | 124.6 | Buy | 85.1 | 102.0 | 21.3 |
| 8 | ACV | 117.3 | Buy | 53.9 | 65.0 | 20.6 |
| 9 | SSI | 68.1 | NR | 32.8 | n.a | n.a |
| 10 | KDH | 38.1 | Buy | 34.0 | 45.1 | 32.8 |
| 11 | PVS | 16.6 | Buy | 32.4 | 38.7 | 19.4 |

*Source: Bloomberg, Maybank IBG Research. Data as of 05 Dec'25.*

**Abbreviations:**
*FX: Foreign exchange*
*FOL: foreign ownership limit*
*SBV: State bank of Vietnam*
*IFC: International financial centre*
*IT: Information technology*

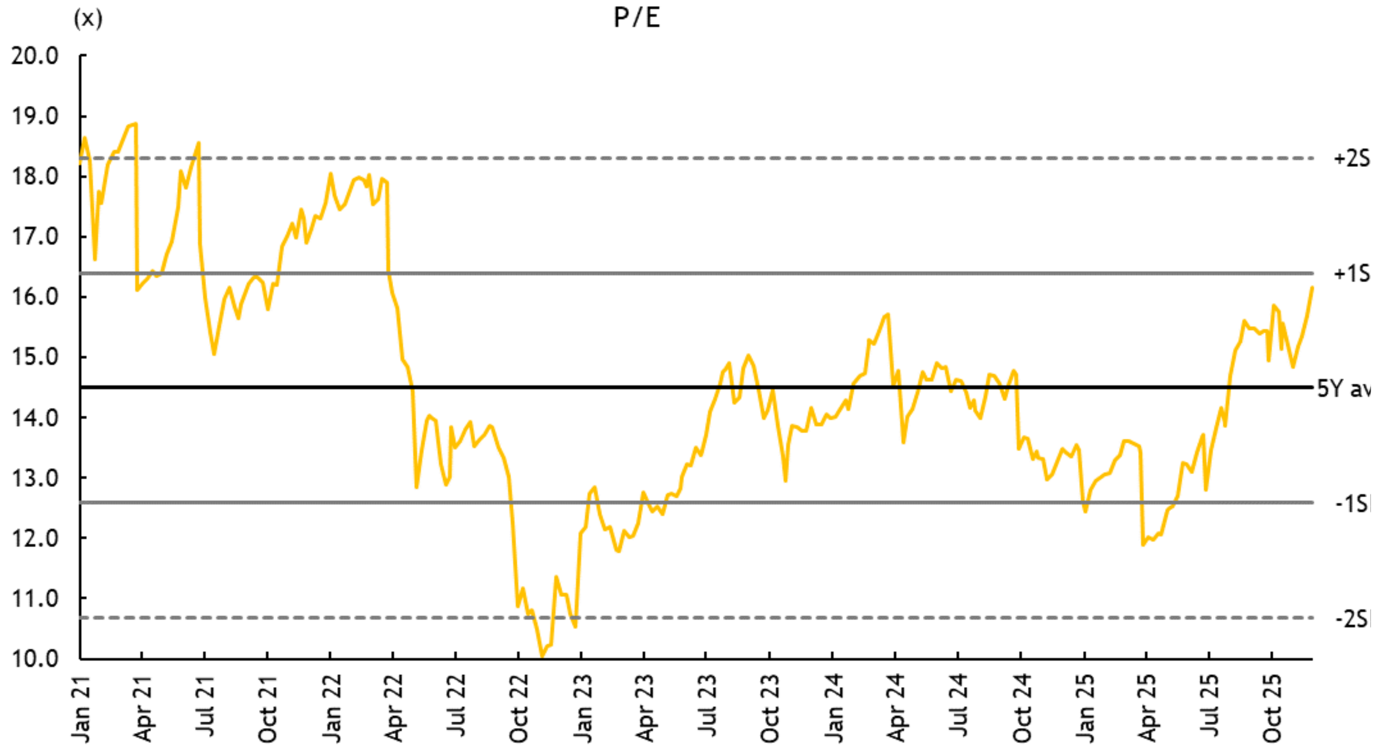
# Market outlook

Vietnam's stock market has overcome tariff-related headwinds and delivered one of the strongest rallies in its history in 2025. We expect this momentum to continue into 2026, supported by:

- A consistently accommodative stance from the central bank
- Solid earnings growth of 18–20% in FY25–26E
- Improving market liquidity, averaging VND40t per session (+50% YoY) by end-2026, which should help sustain valuations, thanks to strong domestic credit growth and the potential return of foreign investors following a market upgrade

We have a VNIndex target of 2,000pts, implying 14.5x FY26E P/E (~5-year average).

**Fig 1: Forecast VNIndex valuation to sustain in 2026 due to better liquidity**




*Source: PIIE. Data as of 05 Dec'25.*

**Fig 2: Sector view**

| Sector | Mkt cap (USDm) | Earnings gwth (%) | | | P/E | | | Sector rating | Top picks |
|---|---|---|---|---|---|---|---|---|---|
| | | 24 | 25E | 26E | 24 | 25E | 26E | | |
| Air logistics | 8,032 | -323 | 28.0 | 11.2 | 20.9 | 16.5 | 14.9 | Pos | ACV |
| Banks | 96,021 | 18.9 | 15.1 | 18.7 | 9.5 | 9.6 | 8.1 | Pos | Investment: MBB, TCB. Trading: HDB, STB, VCB, VPB |
| Beverages | 8,062 | 5.7 | 0.4 | 5.7 | 15.8 | 14.8 | 14.0 | Neu | VNM |
| Chemicals | 2,946 | 10.7 | 30.6 | 6.5 | 15.1 | 10.0 | 9.4 | Neu | DGC |
| Energy | 11,307 | -34.8 | 20.0 | 20.6 | 14.3 | 15.5 | 12.9 | Pos | PVD, PVS, GAS |
| IT | 6,565 | 21.9 | 17.9 | 19.9 | 30.2 | 17.8 | 14.8 | Pos | FPT |
| Marine logistics | 2,704 | 1.2 | 17.2 | 9.8 | 16.8 | 13.6 | 12.4 | Neu | GMD |
| Residential | 25,135 | -20.7 | 38.6 | 17.5 | 16.7 | 16.3 | 13.9 | Pos | Investment: KDH, NLG, VHM Trading: DXG, PDR |
| Retailing | 11,647 | 221.1 | 52.5 | 26.7 | 36.4 | 23.1 | 18.3 | Pos | MWG, MSN |
| Steel | 8,431 | 80.4 | 38.1 | 33.0 | 14.5 | 13.4 | 10.0 | Pos | HPG |

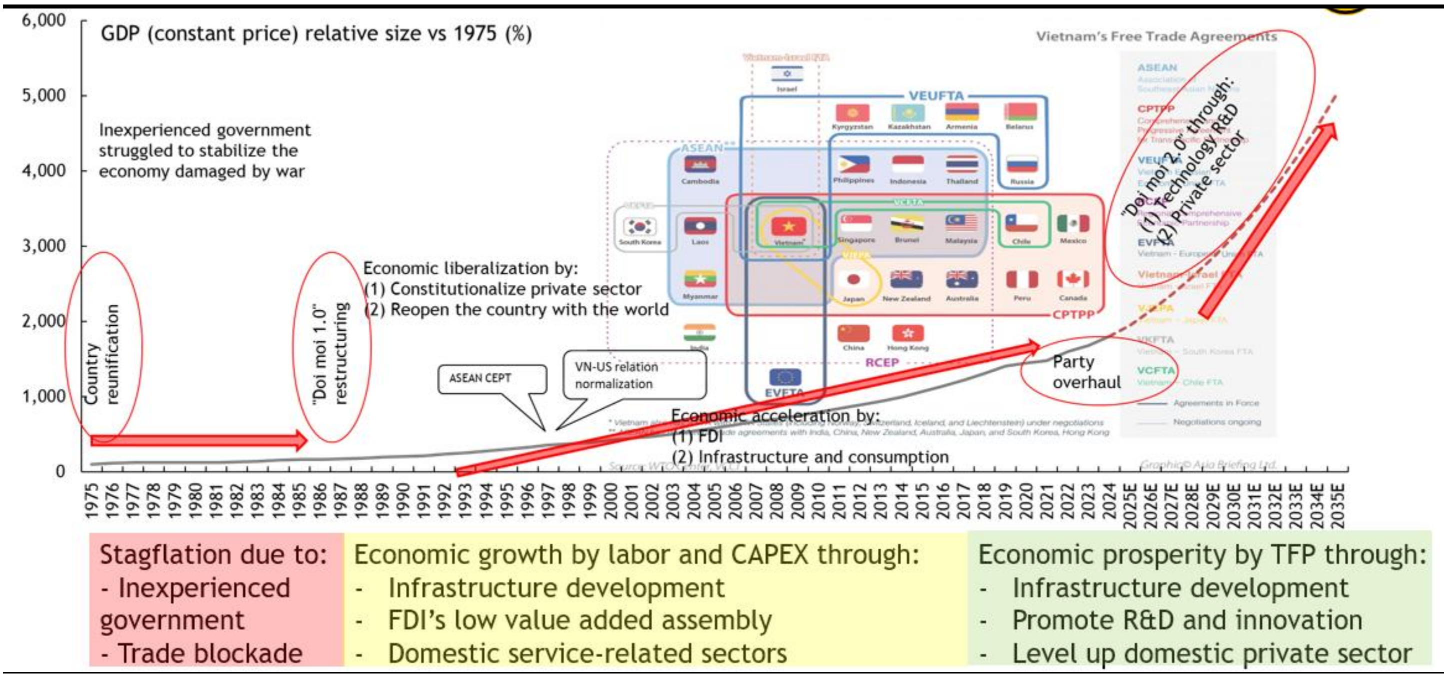
*Source: Maybank IBG Research forecasts. Data as of 05 Dec'25*

## Monetary policy: expansionary

In the short to medium term, we believe Vietnam will be able to mitigate transshipment-related tariff risks, and that a final reciprocal tariff of 20% will still preserve Vietnam's tariff-based attractiveness for FDI. This is reinforced by the country's core advantages, including its established manufacturing base, abundant low-cost and increasingly skilled labour force, and a large domestic market of 100m consumers (refer to Vietnam FDI landscape: When the going gets tough, the tough get going).

In the long run, Vietnam needs to reform its economic growth engines. On one hand, the country will shift its policy focus from low-value-added assembly FDI to high-value-added, technology-oriented FDI. On the other hand, it will place the highest priority on developing the local private sector and positioning it as the country's most important economic pillar (refer Vietnam economic reform 2.0: When there is a will, there is a way).

**Fig 3: Vietnam's economic reform through technology and the private sector**




*Source: Maybank IBG Research.*

**Fig 4: New reform policies are designed to unlock high economic growth for Vietnam**

| | Key targeted indicators | 2012-19 average | 2020-24 average | 2026-30 targeted |
|---|---|---|---|---|
| Economic growth | Real GDP growth | 6.8% | 5.8% | 8-10% |
| | Private sector growth | 7.1% | 5.7% | 10-12% |
| | Contribution of private sector to GDP | 50.6% | 50.4% | 55-58% |
| | Contribution of private sector to employment | 84.6% | 82.4% | 84-85% |
| Productivity | Total factor productivity (TFP) in GDP growth | 42.2% | 36.3% | >55% |
| | Private sector productivity growth | 6.7% | 7.1% | 8.5-9.5% |
| Enterprises | No. of enterprises by end of period | 758,610 | 940,078 | 2,000,000 |
| | No. of new enterprises per annum | 62,052 | 36,294 | 211,984 |
| | No. of large enterprises entering global value chain | N/a | N/a | c.20 |

*Source: Government of Vietnam, Maybank IBG Research.*

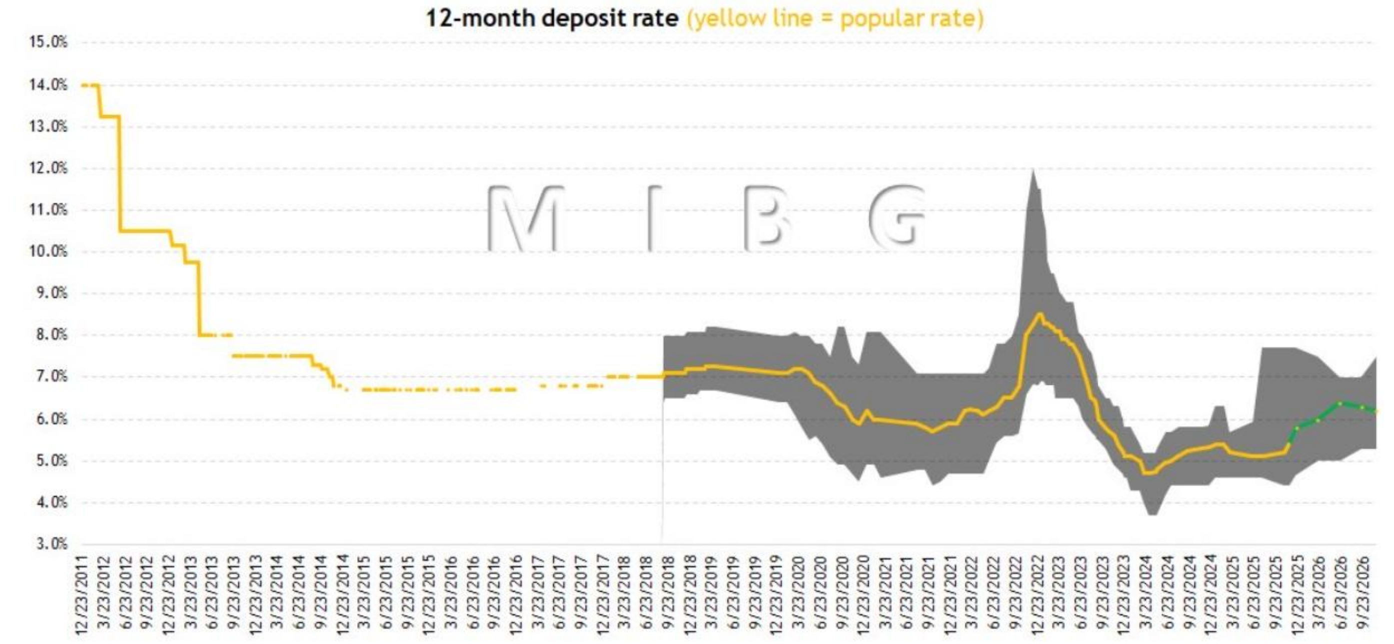
While fiscal policy is likely to play a central role in the government's economic agenda, the central bank will also need to support this effort by maintaining a highly supportive and accommodative stance, even if adjustments are required along the way. Loosening policies are not without constraints, particularly currency depreciation and rising inflation risks. However, we see several positive factors that could help the central bank keep these pressures under control in 2026.

We expect VND depreciation pressure may remain elevated in 1H but ease in 2H thanks to: (1) Fed continues its easing cycle; (2) Vietnam's market upgrade by FTSE attracts USD5–6b in foreign inflows over the coming years; (3) the upcoming launches of real estate projects channels investment flows back from the gold market; and (4) Vietnam can sustain GDP growth at 8-10% pa without blowing up inflation, which eventually strengthens the currency.

We also expect inflation to remain contained in in 2026 thanks to: (1) F&B and transportation likely subdued, putting overall headline inflation below 4.5%; (2) economic growth in 2026 is likely to be driven primarily by industrial production and construction, which represent the supply side of the economy; and (3) lingering deflationary pressure in China and expected benign inflation in neighbouring ASEAN countries could help ease Vietnam's inflation in the near term

By and large, we project market deposit rates to increase by an additional 50bps in 1H26 before easing by 0–50bps in 2H26 as FX pressures subside, implying a 12-month deposit rate of around 6.0-6.5% by end-2026. Credit growth is expected to be around 16–18%, while inflation is projected to remain within the SBV's 4.5% target, with headline inflation rising to 3.7% in 2026 from 3.2% in 2025.

**Fig 5: We have observed a 30-50 bps increase in local bank deposit rates over the past 6 months and expect an additional 50bps rise in 1H26, followed by a 50bps easing in 2H26 as FX and inflation pressures subside**

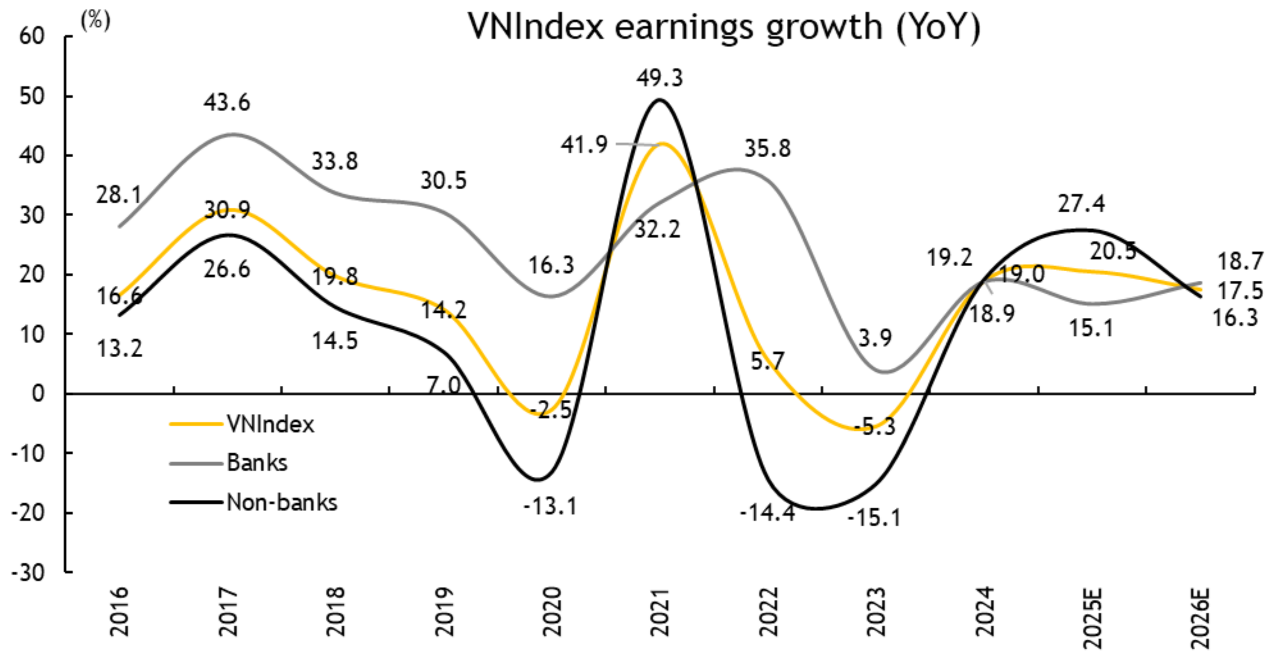



*Source: Maybank IBG Research collects and forecasts*

## FY25-26E corporate earnings growth: decent

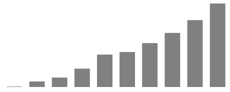
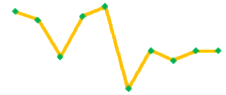
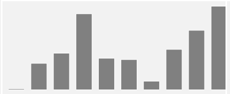
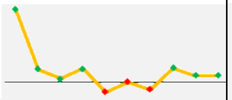
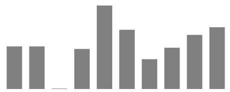
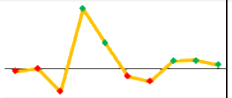
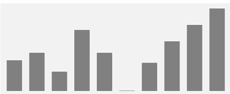
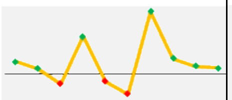
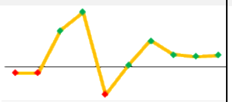
**2025-2026 outlook:** We expect government and local corporate investment to remain the primary drivers of economic growth in 2026, aligning with the goal of achieving 10% GDP growth. Meanwhile, private consumption is likely to recover gradually, supported by policy measures such as school fee waivers, free health check-ups, and potential reforms to the personal income tax system. We have kept our 2025 earnings growth forecast largely unchanged at 20% YoY, but have revised up our 2026 forecast to 18% YoY, driven by steel, banks, retail, energy, and IT.

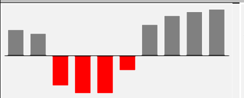
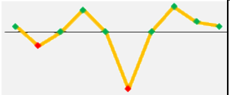
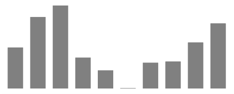
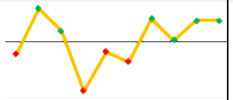
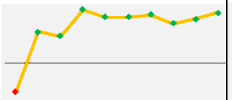
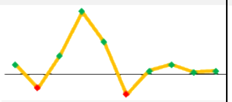
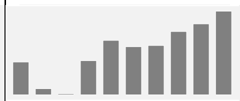
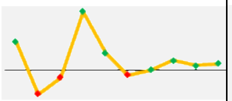
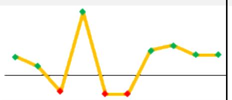
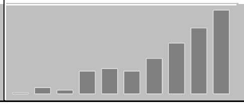
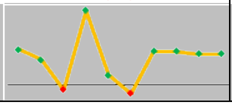
**Fig 6: We expect corporates to deliver decent earnings growths of 18-20% YoY for FY25-26E**




*Source: SBV, Maybank IBG Research estimates.*

## Fig 7: The market is expecting earnings growth in FY25-26E to be decent

| Sector (Top 3 cos) | Mkt cap (USDm) | Earnings 2018-2027E | Growth (%) 2018-2027E | FY25E Old | FY25E New | FY26E Old | FY26E New | Comment |
|---|---|---|---|---|---|---|---|---|
| Banks<br><br>(VCB, BID, CTG) | 96,021 |  |  | 14.4 | 15.1 | 17.5 | 18.7 | - **3Q25 and 9M25 review:** Sector earnings rose 22% YoY in 3Q25 and 17% in 9M25, slightly beating our expectations, supported by strong credit growth (13.4% YTD and 19.7% YoY as of end-3Q25), robust non-NII income, and relaxed provisioning.<br>- **2025-26 outlook:** We expect the banking system to deliver 20% credit growth in 2025 and 16-18% in 2026, led by corporate lending. Although FX and inflation pressures may constrain monetary policy, achieving the 10% GDP growth target would require the central bank to maintain an accommodative stance. NIM pressure may continue through 4Q25 and into 1H26 due to tight banking liquidity. However, we expect NIM to stabilise in 2H26 as retail lending accelerates and banks ease competitive pressure to prevent further margin compression. We forecast the 2026 NIM at around 3.2-3.3%, representing a 50 bps decline vs 2025. Meanwhile, we expect credit cost ratio to remain stable at 1.0-1.1% in FY26E, supported by controlled NPL ratios and robust credit expansion. As a result, we forecast sector earnings to grow 15% YoY in 2025 and 19% in 2026, with sector ROE sustaining at 17-18% over 2025-26. |
| Residential<br><br>(VHM, KDH, NVL) | 25,135 |  |  | 54.6 | 38.6 | 2.9 | 17.5 | - **3Q25 and 9M25 review:** Sector-wide earnings fell short of our expectations, posting a 52% YoY decline in 3Q25 and a 4% YoY decline in 9M25, mainly due to unexpected negative earnings surprises from VHM and NVL. Excluding these two stocks, sector earnings surged 211% YoY in 3Q25 and 67% YoY in 9M25, indicating a strong market recovery.<br>- **2025-26 outlook:** The government's economic agenda in 2026 ensures the continuation of expansionary fiscal and monetary policies, with infrastructure spending expected to remain the key driver in the coming years. Real estate is likely to be one of the main beneficiaries. Meanwhile, the National Assembly is considering the approval of an ad-hoc Resolution to address three land-compensation-related cases, including: (1) projects for free-trade zones and international financial centres; (2) commercial projects in which negotiations have been completed for more than 75% of the land area and with more than 75% of land users; and (3) the creation of land funds for Build-Transfer (BT) projects. We expect the Resolution to ease licensing bottlenecks and alleviate supply shortages in Ho Chi Minh City from 2026 onward. We revise down our 2025 earnings growth forecast to 38% YoY but raise our 2026 earnings growth forecast to 17%. |
| Energy<br><br>(GAS, BSR, PLX) | 11,307 |  |  | 23.4 | 20.0 | 8.1 | 20.6 | - **3Q25 and 9M25 review:** Sector earnings surged 120% YoY in 3Q25 and 21% YoY in 9M25, primarily driven by upstream and midstream players despite subdued oil prices.<br>- **2025-26 outlook:** Following the Petroleum Law 2022, new regulations, including Resolution 66.6/2025/NQ-CP and the potential adoption of a Resolution about the development of State-owned enterprises, have granted PetroVietnam (PVN) greater authority to accelerate investments and project implementation. E&P activity is expected to remain strong in 2026-27 to enhance national oil & gas reserves (supported by major projects such as Block B, White Rhino, Yellowfin Tuna, Yellow Camel, etc.) and contribute to the government's 10% GDP growth target. Additionally, the commencement of NT3-4 LNG-fired power plants will likely boost sales volume for GAS, while continued economic expansion should support higher fuel sales for PLX. We forecast sector earnings growth of 20-21% YoY for 2025-26. |
| Retail<br><br>(MWG, MSN, PNJ) | 11,647 |  |  | 43.9 | 52.5 | 28.9 | 26.7 | - **3Q25 and 9M25 review:** Sector earnings beat our estimates, rising 105% YoY in 3Q25 and 69% YoY in 9M25, largely driven by a turnaround in sales growth and improved profitability.<br>- **2025-26 outlook:** The restructuring of the personal income tax scheme, raising taxable thresholds for income earners and dependents by approximately 40% and reducing the number of progressive tax brackets from seven to five, along with robust economic growth should enhance consumer purchasing power and confidence in 2026. At the same time, regulatory tightening and market formalization including (1) crackdown on informal retail and counterfeit goods, (2) stricter tax compliance and digitalization, and (3) policy push for e-commerce and retail restructuring are creating an enforcement-driven clearing of informal retail and favour modern store chains like MWG, MSN, PNJ and FRT in the long run. We revise up our 2025 sector earnings growth forecast to 54%, while keeping our 2026 forecast largely unchanged at 27% YoY. |
| Steel<br><br>(HPG, HSG, NKG) | 8,431 |  |  | 33.2 | 38.1 | 27.6 | 33.0 | - **3Q25 and 9M25 review**: The sector's earnings jumped 47% YoY in 3Q25 and 23% YoY in 9M25, beating our expectations and supported by strong sales volumes despite softer selling prices.<br>- **2025-26 outlook**: The infrastructure push and real estate recovery are expected to remain the key drivers of the local steel market going forward. The 1,500 km North-South high-speed railway and 1,000-1,500 km of urban railways in Hanoi and Ho Chi Minh City are estimated to require approximately 20m tonnes of steel in the coming years. Meanwhile, domestic steel coil producers continue to benefit from anti-dumping tariffs on Chinese HRC. We forecast total steel sales volume to reach 29.7m tonnes (+8% YoY) in 2025 and 33.5m tonnes (+13% YoY) in 2026, driven mostly by domestic market. Balancing weak external demand with strong domestic demand, we expect prices to remain stable in 2026. Accordingly, we raise our sector earnings forecasts to 38% YoY and 33% YoY for 2025 and 2026, respectively. |

| Sector (Top 3 cos) | Mkt cap (USDm) | Earnings 2018-2027E | Growth (%) 2018-2027E | FY25E Old | FY25E New | FY26E Old | FY26E New | Comment |
|---|---|---|---|---|---|---|---|---|
| Air logistics (VJC, HVN, SCS) | 8,032 |  |  | 43.4 | 28.0 | 2.4 | 11.2 | - **3Q25 and 9M25 review:** Sector earnings declined 19% YoY in 3Q25, missing our estimates as FX losses weighed on profitability, despite ongoing improvements in sales. Nevertheless, the sector still posted 16% YoY earnings growth in 9M25. - **2025-26 outlook:** Long Thanh Airport, with a Phase 1 capacity of 25m passengers per year and scheduled to inaugurate in early 2026, will significantly alleviate Ho Chi Minh City's air traffic congestion, thereby further boosting international tourist arrivals. The new facility will also enhance the sector's non-aeronautical revenue streams and support profitability improvement. Due to ongoing FX pressures, we revise down our 2025 earnings growth forecast to 27% YoY, but revise up our 2026 earnings growth forecast to 11% YoY. |
| Beverages (VNM, SAB, VCF) | 8,062 |  |  | (1.7) | 0.4 | 7.0 | 5.7 | - **3Q25 and 9M25 review:** Sector earnings grew 13% YoY in 3Q25, beating our estimates and signalling a clear recovery after an underwhelming 1H25. For 9M25, however, sector earnings still declined 4% YoY. - **2025-26 outlook:** We expect the beverage sector's gradual recovery to continue into FY26 as domestic demand strengthens. The aforementioned restructuring of the personal income tax scheme and economic growth should enhance consumer purchasing power and confidence. On the export side, we expect companies to further diversify their export markets. We forecast sector earnings growth to improve to 5% YoY in 2026, up from 0.3% in 2025. |
| IT (FPT, CMG, ELC) | 6,565 |  |  | 17.9 | 17.9 | 21.6 | 19.9 | - **3Q25 and 9M25 review:** Sector earnings jumped 18% YoY in 3Q25 and 26% YoY in 9M25, in line with our expectations, supported by resilient domestic demand. - **2025-26 outlook:** We believe the worst for the IT outsourcing sector is already behind us, and the recovery momentum is expected to continue. Meanwhile, the acceleration of the Vietnamese government's digital transformation initiatives is likely to boost domestic IT services in 2026. We revise down our sector earnings growth forecasts for 2025-26 to 18% and 20%, respectively. |
| Chemicals (DGC, DCM, DPM) | 2,946 |  |  | 31.7 | 30.6 | 2.9 | 6.5 | - **3Q25 and 9M25 review:** Sector earnings grew 25% YoY in 3Q25 and 11% YoY in 9M25, slightly missing our expectations as rising costs offset favourable selling prices and weighed on profitability. - **2025-26 outlook:** We expect the favourable external factors highlighted above to persist, continuing to support local fertilizer producers. At the same time, we anticipate a resolution to licensing issues, which should improve domestic apatite ore supply. However, given the high earnings base in 2025, growth is likely to moderate in 2026. We forecast sector earnings growth of 30% YoY in 2025 and 6% YoY in 2026. |
| Marine logistics (GMD, HAH, VSC) | 2,704 |  |  | 12.9 | 17.2 | 7.5 | 9.8 | - **3Q25 and 9M25 review:** Sector earnings beat our estimates, rising 40% YoY in 3Q25 and 22% YoY in 9M25, supported by Vietnam's strong international trade, partly driven by front-loading exports. - **2025-26 outlook:** The US-China trade war is expected to continue fluctuating, reshaping global supply chains and influencing Vietnam's international trade over the long term. In the short term, although Vietnam and the US are close to finalizing a trade deal, we expect the front-loading effect to fade, weighing on 4Q25 and 2026 financial performance. We slightly revise up our sector earnings growth forecasts to 17% YoY for 2025 and 8% YoY for 2026. |
| Non-banks | 187,807 |  |  | 24.9 | 27.4 | 11.6 | 16.3 | |
| VNIndex | 283,828 |  |  | 19.0 | 20.5 | 14.8 | 17.5 | |

Source: *Bloomberg, Maybank IBG Research forecasts. Data as of 05 Dec'25*

Note: *Beat - Actual earnings exceed our forecast by 10% or more*

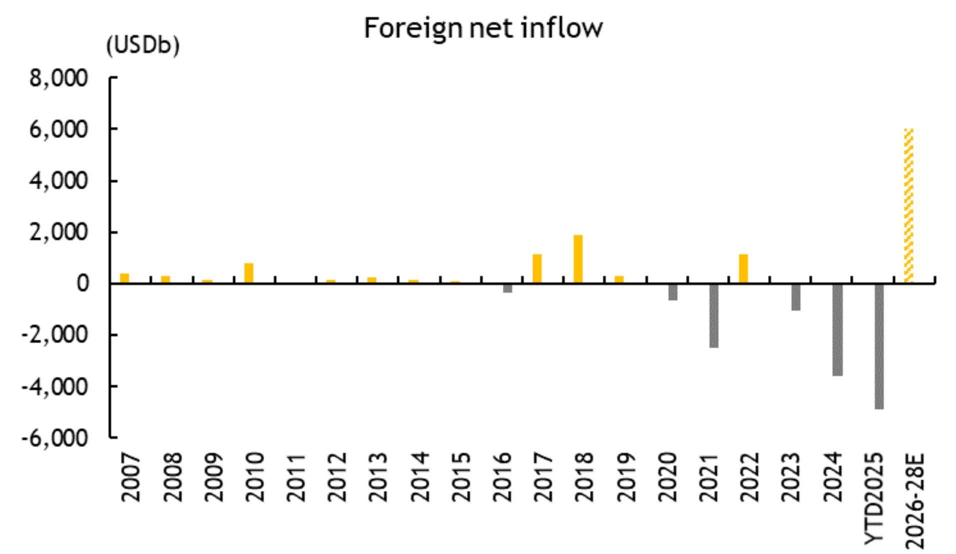
*In line - Actual earnings are within ±10% of our forecast*

*Miss - Actual earnings fall short of our forecast by 10% or more*

## Market liquidity: improving in 2H

Vietnam's market upgrade by FTSE, effective in September 2026, is expected to trigger inflows of USD 5–6 billion from passive funds (approximately USD1b) and active funds (USD4–5b) into the Vietnamese stock market over the coming years. These inflows will not only provide much-needed liquidity but also improve local investor sentiment, which in turn should further enhance market liquidity.

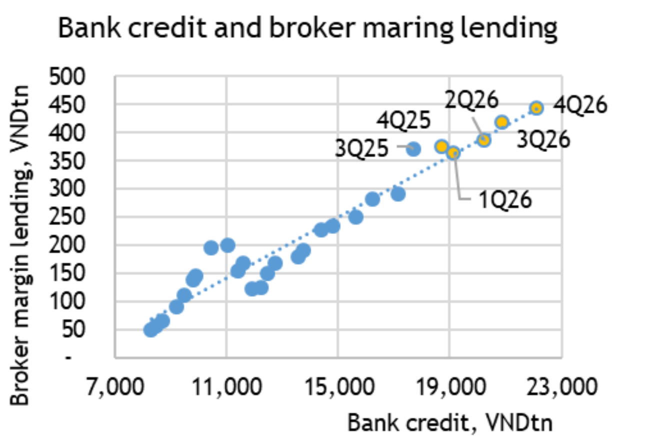
**Fig 8: We expect Vietnam's market upgrade by FTSE to attract USD 5-6b in foreign inflows over the coming years**




*Source: FiinPro. Data as of Nov'25*

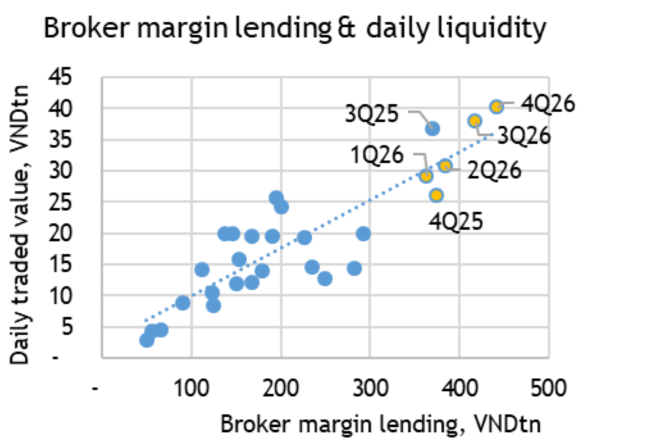
Based on historical patterns and projected credit growth of 16–18% YoY in 2026, we estimate margin lending to reach VND440t by end-2026, representing a 20% increase from end-3Q25. This implies market liquidity ranging between VND30-50t per session, averaging around VND40t, a 50% YoY increase.

**Fig 9: There's a high correlation between bank credit and broker margin lending …**




*Source: SBV, FiinPro, Maybank IBG Research forecasts. Data as of 3Q25*

**Fig 10: … and between broker margin lending and daily liquidity. With projection of 16-18% credit growth, we forecast broker margin lending at VND440t and daily liquidity at VND40t, +50% YoY, by end-2026**




*Source: FiinPro, Maybank IBG Research collects and forecasts. Data as of Nov'25.*

# 3 investment themes

We identify 3 key themes that will shape the economy in 2026 and beyond:

- Public infrastructure investment, including expressways, railways, airports, seaports, power plants, and IT infrastructure, which is expected to support GDP growth of around 10% per year over the next decade.
- A rapidly developing capital market, poised to leapfrog in tandem with the broader economy, driven by the anticipated market upgrade and the international financial centre initiative.
- Tourism emerging as a strategic industry, positioning the country as a new hub within ASEAN.

Based on these themes, we expect the steel, residential real estate, IT, retail, energy, banking, brokerage, and air-logistics sectors to lead market performance in 2026.

**Fig 11: Stock highlights**

| Stock | Sector | Reco | MC | CP | TP | Upside | EPS gwth (%) | | Fwd PE (x) | | Fwd PB (x) | | 5Y range | | Comment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (VNDt) | (VNDk) | (VNDk) | (%) | 25E | 26E | 25E | 26E | 25E | 26E | P/E (x) | P/B (x) | |
| **1. Public infrastructure investment and consumption** | | | | | | | | | | | | | | | |
| HPG | Steel | Buy | 207.3 | 27.0 | 41.8 | 54.8 | 16.5 | 34.1 | 13.0 | 9.7 | 1.6 | 1.4 | 3.4-232.9 | 0.7-3.7 | - Dung Quat phase 2 increases HPG's capacity by 70%.<br>- Benefits from government's infrastructure push and anti-dumping tariff on HRC imported from China. |
| FPT | IT | Buy | 163.9 | 96.2 | 145.0 | 52.6 | 18.1 | 18.3 | 19.2 | 16.2 | 4.6 | 3.8 | 11.8-28.9 | 2.6-7.5 | - Government push on digital transformation.<br>- Global recovery of IT service post the US tariff. |
| MWG | Retailing | Buy | 124.6 | 85.1 | 102.0 | 21.3 | 62.3 | 20.0 | 20.6 | 17.2 | 3.9 | 3.5 | 10.4-438.6 | 2.2-5.3 | - Gaining market shares in both ICT and grocery retail markets. |
| KDH | Property | Buy | 38.1 | 34.0 | 45.1 | 32.8 | -5.8 | 47.7 | 45.0 | 30.5 | 2.1 | 1.9 | 10.4-74 | 1.2-3.6 | - New regulation to unlock 317ha Tan Tao mega project |
| GAS | Energy | Buy | 154.4 | 64.0 | 86.0 | 38.3 | 18.4 | 7.1 | 12.7 | 11.9 | 2.1 | 1.9 | 10.5-24.7 | 1.8-4.1 | - Benefits from improving oi & gas reserve and aggressive energy transformation to LNG-fired power.<br>- Undemanding valuation |
| PVS | Energy | Buy | 16.6 | 32.4 | 38.7 | 19.4 | 56.1 | -13.4 | 11.6 | 13.4 | 1.1 | 1.1 | 6.7-26 | 0.5-1.6 | - Benefit from surging E&P<br>- Undemanding valuation |
| **2. Capital market development** | | | | | | | | | | | | | | | |
| TCB | Banks | Buy | 245.2 | 34.7 | 48.0 | 38.3 | 15.2 | 25.5 | 9.9 | 7.9 | 1.5 | 1.3 | 3.2-13.4 | 0.6-2.3 | - The best bank in all financial metrics.<br>- Benefit from growths of real estate market. |
| MBB | Banks | Buy | 153.5 | 25.2 | 32.5 | 29.2 | 14.7 | 21.2 | 7.8 | 6.4 | 1.5 | 1.2 | 3.5-11.4 | 0.8-2.2 | - Strong credit quota thanks to participation in SBV's restructuring of zero banks.<br>- Undemanding valuation. |
| HDB* | Banks | NR | 125.8 | 32.6 | n.a | n.a | 22.8 | 16.0 | 7.2 | 6.2 | 1.7 | 1.3 | 4.2-10.9 | 0.9-2.2 | - Benefit from growths of related parties including Sovico, Vietjet and from the recovery of consumer finance sector. |
| SSI* | Brokerage | NR | 68.1 | 32.8 | n.a | n.a | 18.2 | 27.0 | 18.9 | 14.9 | 2.3 | 1.9 | 5.2-31.5 | 0.9-4 | - No.1 in institutional brokerage and No.2 in retail brokerage.<br>- One of the key beneficiaries of equity market upgrade. |
| **3. Tourism** | | | | | | | | | | | | | | | |
| ACV | Air logistics | Buy | 117.3 | 53.9 | 65.0 | 20.6 | -2.6 | -3.0 | 11.7 | 12.0 | 1.7 | 1.5 | 17.1-369 | 2.7-5.6 | - The largest airport operator in Vietnam.<br>- Undemanding valuation. |

*Source: Bloomberg, Maybank IBG Research. Data as of 05 Dec'25.*

*Note: * Bloomberg estimate*

### Fig 12: Vietnam - Active Funds Top 10 Overweight Stocks vs. Consensus Rating Change

| Overweight | Active Insti | O/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| FPT | 13.8 | 10.9 | -14.9 | |
| Hoa Phat Group | 9.3 | 5.7 | -6.7 | |
| Sacombank | 5.4 | 3.4 | -5.4 | |
| Khang Dien House Trading | 3.7 | 3.1 | -5.9 | |
| Vietnam Dairy Products | 5.1 | 2.8 | 2.2 | |
| GEMADEPT | 3.1 | 2.6 | 32.9 | |
| Masan Group | 3.4 | 1.4 | 0.5 | |
| SSI Sec Corp | 2.6 | 1.3 | 14.6 | |
| FPT Digital Retail | 1.7 | 1.2 | -1.9 | |
| Vietcap Securities | 1.5 | 1.0 | -5.9 | |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Vietnam universe.*

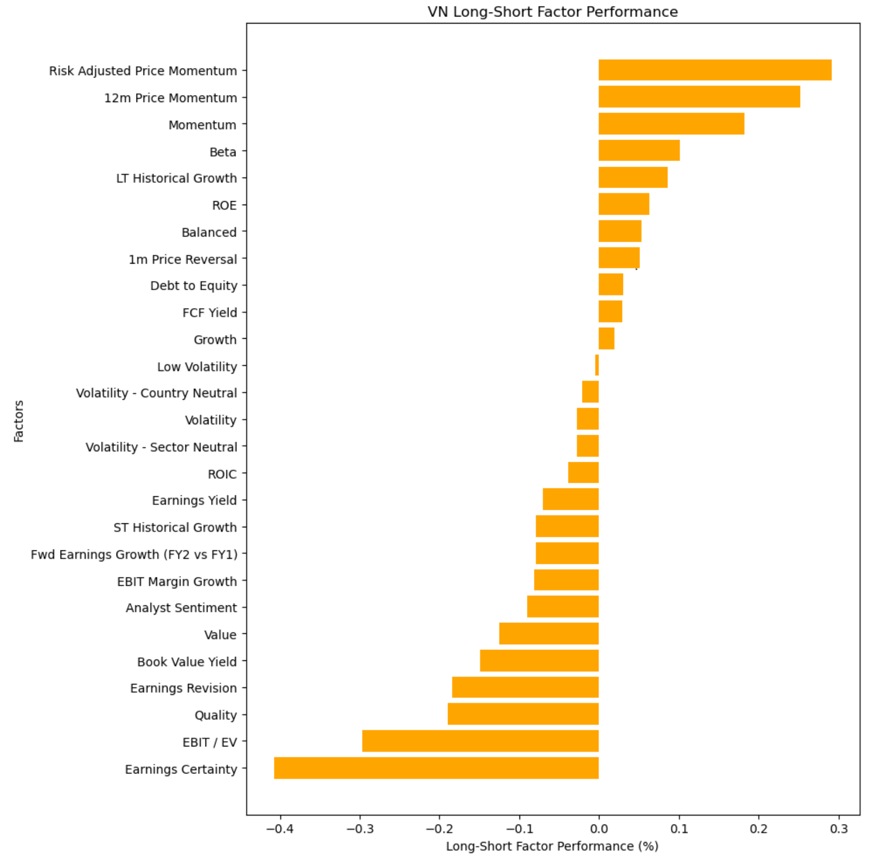
### Fig 13: Vietnam - Active Funds Top 10 Underweight Stocks vs. Consensus Rating Change

| Underweight | Active Insti | U/W vs MSCI | 6M % Chg Insti Shrs | 6M Analyst Rating Chg |
|---|---|---|---|---|
| Vingroup | 5.9 | -18.1 | 78.8 | |
| Joint Stock Commercial | 4.9 | -3.6 | 1.1 | |
| BIDV | 2.1 | -2.7 | -1.3 | |
| Petrovietnam | 1.0 | -2.3 | -0.8 | |
| Vietjet Aviation | 0.3 | -1.9 | -4.4 | |
| Sai Gon - Hanoi | 0.1 | -1.2 | 2851.4 | #N/A |
| Tien Phong Coml Rg | 0.2 | -0.7 | 4.2 | |
| Petrovietnam Power | 0.0 | -0.7 | -1.3 | |
| Sabeco | 0.5 | -0.6 | 46.2 | |
| Nam A Commercial | 0.0 | -0.4 | 5.7 | #N/A |

*Source: MSCI, Factset, Maybank IBG Research (as of 2 Jan 2026)*

*Note: The Active Institutions weight is calculated by aggregating the total holdings of an equity held by active funds using Factset's institutional ownership database and comparing the allocation against total holdings in the MSCI Vietnam universe.*

### Fig 14: Vietnam Factor Style Performance (Daily Returns, 2M %Chg)




*Source: Maybank IBG Research, Factset (as of 2 Jan 2026)*

*Note: The factor performance metric is a long-short metric calculated by taking the aggregate returns of the universe constituents in the top decile and subtracting the aggregate returns of the bottom decile.*

- ***Quants**: 4Q25 GDP accelerated to +8.5% YoY from +8.2% YoY in 3Q25, pushing full year 2025 GDP growth to 8% vs MIBG's 7.8% forecast. The National Assembly just approved a pro-growth 10% GDP target for its new five-year plan, which is much higher than the 6.5% to 7% goal over the 2021 to 2025 period. While the plan is ambitious, MIBG expects Vietnam can sustain growth at the consensus but respectable pace of 7.6%. Our assumptions are predicated on: 1) exports resilience which is helped by rising FDI, closer integration to the electronics and AI supply chain and continued substitution trend of US import demand from China and India; 2) government's infrastructure push is targeting expenditures to rise +28% in 2026; 3) buoyant domestic demand; and 4) administrative reforms that cover customs and provincial mergers (Resolution 68 blueprint) to strengthen production and exports.*

- *On the political scene, the 14th National Party's Congress will be held from Jan 19 -25 to elect the next 200-strong Central Committee for the next 5 year term. MIBG expects leadership continuity and incumbents To Lam and Phanh Minh Chinh to retain their positions as General Secretary and Prime Minister, respectively. This event should bode well for investor confidence, particularly To Lam for setting in motion his pro-growth and reform oriented economic agenda.*

- *Momentum factor style looks most promising and we like construction (DPG) and real estate (DXG) plays.*

## APPENDIX 1: ASEAN-6 Key Macroeconomic Indicators

| | Real GDP growth (%) | | | | | Headline Inflation (%, average) | | | | | Policy Rate (%, year-end) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025F | 2026F | 2027F | 2023 | 2024 | 2025F | 2026F | 2027F | 2023 | 2024 | 2025F | 2026F | 2027F |
| Global | 3.5 | 3.3 | 3.0 | 2.8 | 2.9 | 6.7 | 5.8 | 4.0 | 3.5 | 3.3 | | | - | | |
| US | 2.9 | 2.8 | 2.0 | 2.0 | 2.3 | 4.1 | 3.0 | 2.8 | 3.0 | 2.5 | 5.25-5.50 | 4.25-4.50 | 3.50-3.75 | 3.00-3.25 | 3.00-3.25 |
| China | 5.4 | 5.0 | 4.9 | 4.5 | 4.2 | 0.2 | 0.2 | 0.0 | 1.1 | 1.5 | 3.45 | 3.10 | 3.00 | 3.00 | 3.00 |
| Indonesia | 5.0 | 5.0 | 5.1 | 5.2 | 5.2 | 3.7 | 2.3 | 1.9 | 2.8 | 2.5 | 6.00 | 6.00 | 4.75 | 4.00 | 4.00 |
| Malaysia | 3.6 | 5.1 | 4.7 | 4.5 | 4.5 | 2.5 | 1.8 | 1.4 | 1.7 | 1.9 | 3.00 | 3.00 | 2.75 | 2.75 | 2.75 |
| Philippines | 5.5 | 5.7 | 4.8 | 4.9 | 5.2 | 6.0 | 3.2 | 1.7 | 2.2 | 3.3 | 6.50 | 5.75 | 4.50 | 4.00 | 4.00 |
| Singapore | 1.8 | 4.4 | 4.8 | 2.8 | 2.9 | 4.8 | 2.4 | 0.8 | 1.4 | 1.5 | 3.71 | 3.07 | 1.19 | 0.70 | 0.70 |
| Thailand | 2.0 | 2.5 | 2.1 | 1.7 | 2.5 | 1.3 | 0.4 | 0.0 | 0.4 | 1.0 | 2.50 | 2.25 | 1.12 | 1.00 | 1.00 |
| Vietnam | 5.1 | 7.1 | 8.0 | 7.6 | 7.9 | 3.3 | 3.6 | 3.3 | 3.7 | 4.1 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 |
| Cambodia^ | 5.0 | 6.0 | 4.8 | 4.5 | 4.9 | 2.1 | 0.8 | 2.5 | 2.3 | 2.6 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |

| | Exports of Goods & Services (%) | | | | | Gross Fixed Capital Formation (%) | | | | | Private Consumption (%) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025F | 2026F | 2027F | 2023 | 2024 | 2025F | 2026F | 2027F | 2023 | 2024 | 2025F | 2026F | 2027F |
| Indonesia | 1.3 | 6.5 | 8.0 | 6.0 | 6.9 | 3.8 | 4.6 | 4.9 | 5.1 | 5.1 | 4.8 | 4.9 | 4.95 | 5.1 | 5.1 |
| Malaysia | (8.1) | 8.5 | 3.0 | 3.5 | 3.8 | 5.5 | 12.0 | 9.7 | 9.7 | 7.5 | 4.7 | 5.1 | 5.1 | 5.1 | 4.8 |
| Philippines | 1.4 | 3.3 | 5.4 | 5.8 | 5.5 | 8.2 | 6.3 | 3.1 | 4.5 | 5.5 | 5.6 | 4.9 | 4.8 | 4.8 | 5.0 |
| Singapore | 5.7 | 5.4 | 7.7 | 4.1 | 6.0 | (0.9) | 2.9 | 5.3 | 5.5 | 5.7 | 4.9 | 4.8 | 3.7 | 3.5 | 3.6 |
| Thailand | 2.4 | 7.8 | 5.0 | 0.5 | 2.5 | 1.2 | 0.0 | 2.9 | 1.5 | 2.0 | 6.9 | 4.4 | 2.5 | 1.7 | 2.9 |
| Vietnam | (2.5) | 15.5 | 16.3 | 11.3 | 15.0 | 4.6 | 7.1 | 8.2 | 8.4 | 8.4 | 3.4 | 6.7 | 7.2 | 7.4 | 7.5 |
| Cambodia | (0.4) | 14.4 | 7.9 | 3.8 | 7.3 | (0.5) | 0.9 | 2.0 | 3.4 | 3.2 | 4.6 | 2.4 | 2.3 | 2.0 | 2.2 |
| China* | (0.6) | 1.5 | 1.5 | 0.7 | 0.5 | 4.3 | 4.0 | 2.8 | 3.5 | 3.3 | 6.4 | 3.6 | 4.3 | 4.5 | 4.7 |

*Note: Vietnam policy rate refers to <6M deposit rate cap,*
** Net Exports of Goods and Services for China is expressed in percentage point contribution.*
*^ Cambodia using the reserve requirement ratio as the policy rate.*
*Source: CEIC, Maybank IBG Research*

## APPENDIX 2: USD vs. Major & Regional Currencies Forecast

| | Spot (as of 8 Jan 2026) | 1Q26 | 2Q26 | 3Q26 | 4Q26 | 2027E |
|---|---|---|---|---|---|---|
| DXY (Dollar Index) | 98.93 | 97.64 | 96.68 | 97.29 | 98.21 | 95.70 |
| Japanese Yen | 156.87 | 148.00 | 145.00 | 150.00 | 155.00 | 150.00 |
| Euro | 1.17 | 1.1700 | 1.1800 | 1.1750 | 1.1700 | 1.2000 |
| Pounds Sterling | 1.34 | 1.3600 | 1.3700 | 1.3650 | 1.3600 | 1.3950 |
| Australian Dollar | 0.67 | 0.6700 | 0.6800 | 0.6900 | 0.7000 | 0.7100 |
| | | | | | | |
| Renminbi | 6.98 | 7.03 | 6.95 | 6.98 | 6.99 | 6.90 |
| Indian Rupee | 90.03 | 90.00 | 89.00 | 89.50 | 90.00 | 89.00 |
| HK Dollar | 7.79 | 7.78 | 7.75 | 7.75 | 7.78 | 7.8 |
| Taiwan Dollar | 31.24 | 31.30 | 31.00 | 31.00 | 31.00 | 30.00 |
| Korean Won | 1452.55 | 1440 | 1420 | 1430 | 1420 | 1320 |
| | | | | | | |
| Singapore Dollar | 1.2847 | 1.2800 | 1.2600 | 1.2650 | 1.2700 | 1.2300 |
| Malaysian Ringgit | 4.06 | 4.05 | 4.00 | 4.00 | 4.05 | 3.95 |
| Indonesian Rupiah | 16793.00 | 16450 | 16350 | 16600 | 16700 | 16600 |
| Thai Baht | 31.52 | 31.00 | 31.00 | 32.00 | 32.50 | 31.00 |
| Philippines Peso | 59.19 | 58.00 | 57.50 | 59.00 | 59.50 | 57.50 |
| Vietnamese Dong | 26270 | 26550 | 26600 | 26600 | 26650 | 27000 |

*Source: Bloomberg, Maybank FX Research & Strategy*

## APPENDIX 3: 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 - *lower better* |
| **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 - *lower better* |
| **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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