



AmInvestment Bank

1 November 2022

STRATEGY

Foreign selling easing off amid GE15 countdown

1,540

End-2022 FBM KLCI target (pts)

(Lowered)

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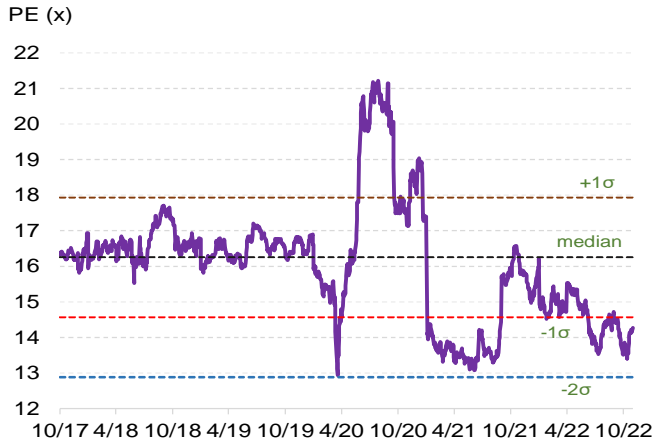
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Rationale for report: Market update

Investment Highlights

- **Net foreign equity selling easing off.** Foreign selling pressure eased off in October with net sales of RM594mil, 63% down from RM1.6bil in September (Exhibit 4-6). Together with local institutional buying, this partly supported a mild 6% rebound from 2-year low of 1,373 on 13 October 2022, a level not seen since May 2020 during the initial outbreak of the Covid-19 pandemic. The selling activities during last month mostly focused on industrial products & services (32%), healthcare (25%), finance (23%) and technology (20%). This is likely to decrease foreign equity shareholdings in October from 20.6% in September this year, which remains substantively below the 22.4% in January 2020 before the Covid 19 global outbreak (Exhibit 2).
- **Still among only 3 ASEAN countries with YTD net foreign inflow.** The net selling over the past 2 months reduced YTD 2022 foreign net buying position by 27% from RM8.2bil as at 31 August 2022 to RM6.0bil (Exhibit 5), of which 75% was into the financial sector with the balance mostly into plantation and industrial products/services. Within the region, only Indonesia, Thailand and Malaysia enjoyed YTD net foreign equity inflow with Malaysia accounting for a lower share of 12% of ASEAN's net purchases from 16% in August this year (Exhibit 7-8).
- **Partially cushioned by local buying.** The weakness on Malaysian equities was partly cushioned by local buying support which reached RM1.9bil in September-October vs net foreign sales of RM2.2bil. While the local institutional net buying activities were a mild relief amid counter-cyclical transactions with foreign investors, local institutions were still YTD net sellers of RM8.2bil (Exhibit 7-8). This was 35% more than cumulative foreign net purchases of RM6bil in 2022 so far, which dampened investor sentiments amid rising concerns of overly aggressive US interest rate hikes and the upcoming GE15 election.
- **Malaysian equities at bargain Southeast Asian valuations.** YTD, only Indonesia and India bucked the regional downtrend with the Jakarta Composite Index rising by 8% and India 4%. The worst performers were the Far East markets - Hong Kong (-37%), Taiwan (-29%), Korea (-23%) and China (21%) (Exhibit 3). Hence, the FBMKLCI currently trades at a Southeast Asian bargain at 1.2 standard deviation below its 5-year median (SDB5YM) of 16.3x, vs 0.5 SD SDB5YM for Thailand, 0.8 for Indonesia and 1.0 for Singapore (Exhibits 12 & 14).
- **Tapering interest rate expectations next year.** Our economist expects Bank Negara to raise the overnight policy rate (OPR) by 25 basis points (bps) this month and a subsequent 25 bps in January 2023 that will bring the OPR to 3.00% for the whole of next year. Given the aggressive stance of the US Federal Reserve, consensus' expectations of additional rate hikes this year could elevate the Federal funds rate from 3.00%-3.25% currently to 4.50% by end-2022, and taper off to 4.30% next year.
- **Net foreign equity outflow is already reversing.** We note that net foreign buying resumed with a total of RM312mil last week. Hence, we expect a return of foreign equity buyers soon from the September-October foreign equity outflows amid compelling Malaysian equity valuations and prospects of our inhouse 2023 GDP growth projection of 4.6% vs the global rate of 2.3%. This will be underpinned by expectations of a stronger ringgit with our economist projecting the ringgit/US\$ to improve from RM4.73 currently to RM4.70 (consensus: RM4.55) by end-2023, subsequently gain strength further to RM4.40 (consensus: RM4.43) by end-2023.
- **Lowered our base-case end-2022 FBMKLCI target at 1,540,** pegged to 1.0 SDB5YM against the backdrop of the upcoming GE15 elections with a best-case outlook of 1,630 (former base-case view), premised on 0.5 SDB5YM. Near term, fund flow volatility could continue to drive the index within a wide range of 1,300 to 1,600 as the reopening of international borders and stronger economy may be curtailed by faster-than-expected US rate hikes, stagflationary worries, earnings volatility amid commodity price swings and further supply chain shocks from Russia being shunned by the global economy as well as the upcoming 15th Malaysian general election (GE15) on 19 November.
- **Our worst-case outlook has been lowered to an FBMKLCI drop to 1,320,** pegged to 2022 PE of 12.9x, 2.5 SDB5YM, potentially driven by domestic political changes, substantive earnings disappointments, fresh outbreaks of new Covid-19 variants, further geopolitical shocks and a structural reversal of foreign net flows. We note that the FBMKLCI reached 1,300 during the initial outbreak of the Covid 19 pandemic, which triggered a global GDP recession of 3.1% in 2020.
- **OVERWEIGHT on banks, oil & gas, autos, ports, technology, property and media** with top picks being **Maybank, RHB Bank, CIMB, Yinson, Dialog Group, Bermaz Auto, Inari Amertron, MPI, Sunway and Astro** (Exhibit 19). We also like small cap stocks with strong brand names which can safely navigate inflationary pressures such as **Spritzer** and niche agrichemical producer **Ancom Nylex**, as well as grossly undervalued companies such as **Deleum** (Exhibit 20). Our **ESG champions** are **MayBank, Petronas Chemicals Group, Petronas Gas, IHH Healthcare, Telekom Malaysia, Westports Holdings, Inari Amertron, Sunway Holdings, Yinson Holdings, Sunway REIT and Astro** (Exhibit 18).

EXHIBIT 1: FBMKLCI'S 1-YEAR FORWARD PE



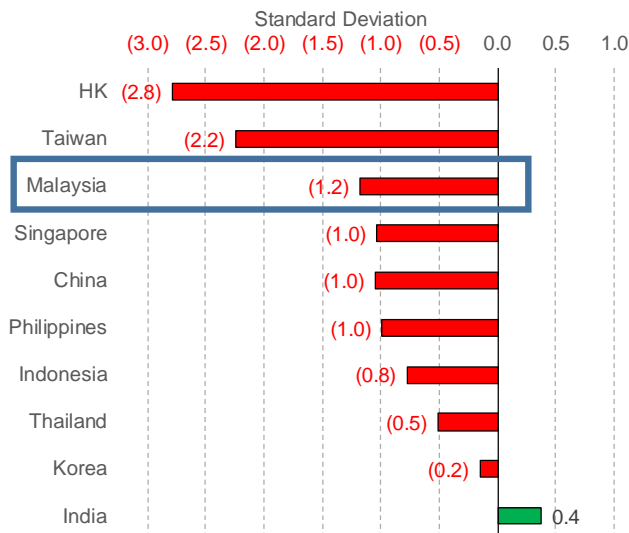
Source: AmInvestment Bank/Bloomberg

EXHIBIT 2: FOREIGN SHAREHOLDING IN MALAYSIAN EQUITIES



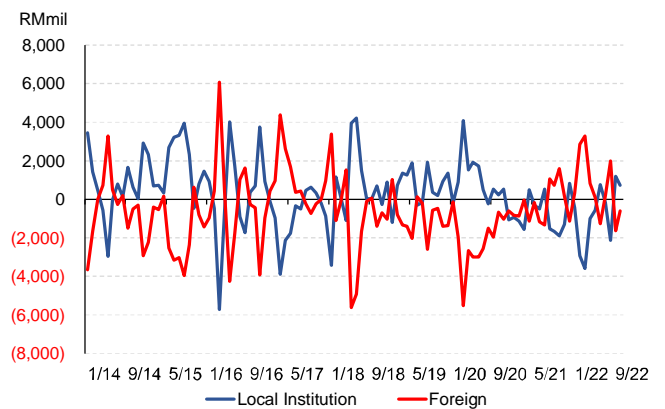
Source: AmInvestment Bank/Bursa Malaysia

EXHIBIT 3: 2022 YTD REGIONAL INDEX PERFORMANCES



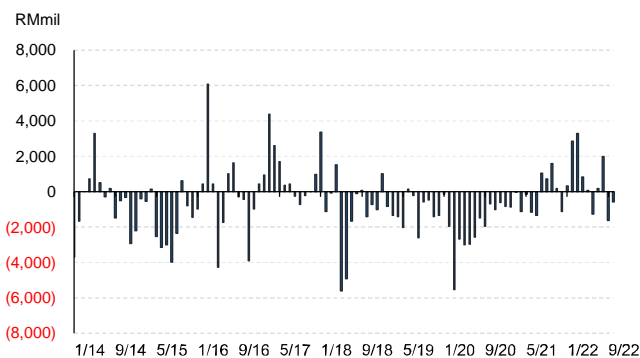
Source: AmInvestment Bank/Bloomberg

EXHIBIT 4: MONTHLY NET FOREIGN EQUITY VS. LOCAL INSTITUTIONAL FLOWS TO MALAYSIA



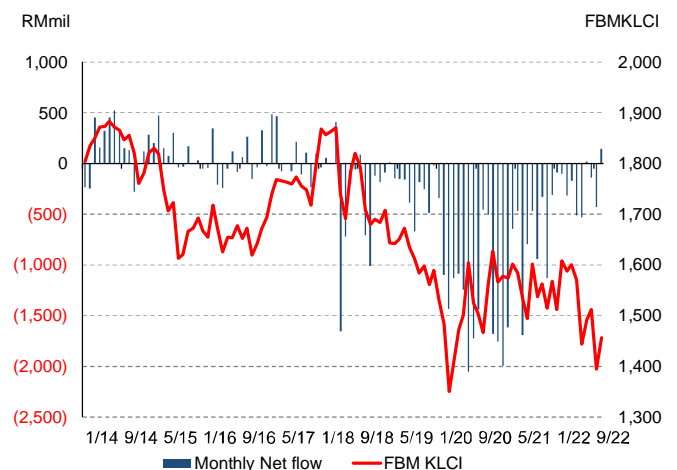
Source: AmInvestment Bank/Bursa Malaysia

EXHIBIT 5: MONTHLY NET FOREIGN EQUITY FLOWS TO MALAYSIA



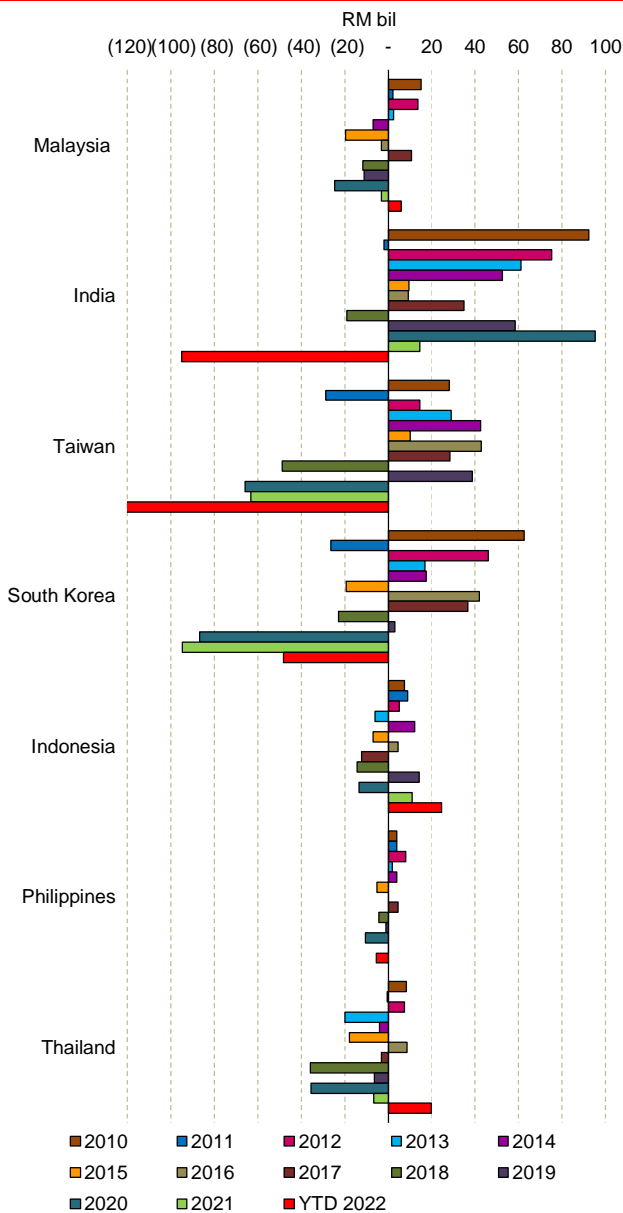
Source: Bursa Malaysia/AmInvestment Bank

EXHIBIT 6: COMBINED LOCAL INSTITUTIONAL & FOREIGN EQUITY NET FLOWS VS. FBMKLCI



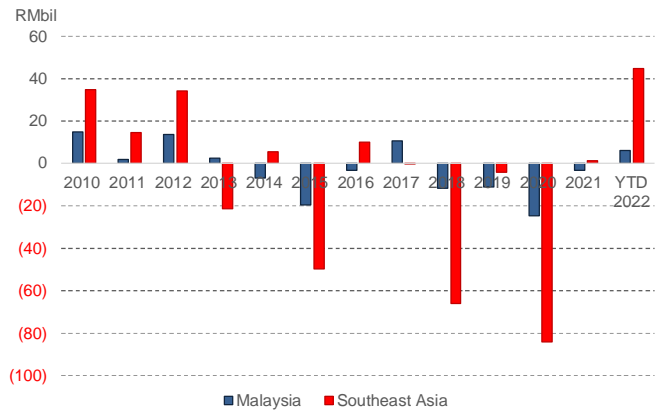
Source: AmInvestment Bank/Bursa Malaysia/Bloomberg

EXHIBIT 7: REGIONAL MONTHLY NET FOREIGN EQUITY FLOWS



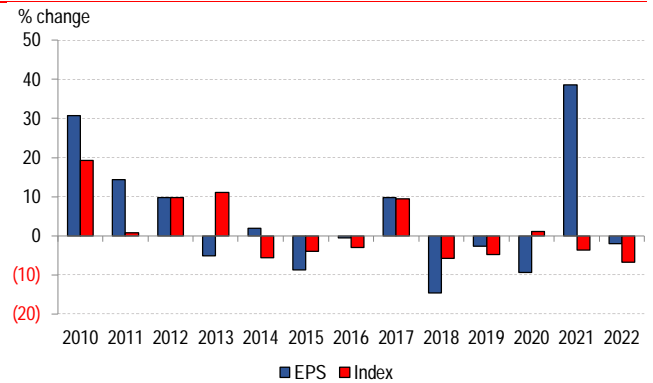
Source: Bloomberg/AmInvestment Bank

EXHIBIT 8: NET FOREIGN MONTHLY EQUITY FLOWS – MALAYSIA VS. SOUTHEAST ASIA



Source: AmInvestment Bank/Bloomberg

EXHIBIT 9: FBMKLCI VS. EPS CHANGES



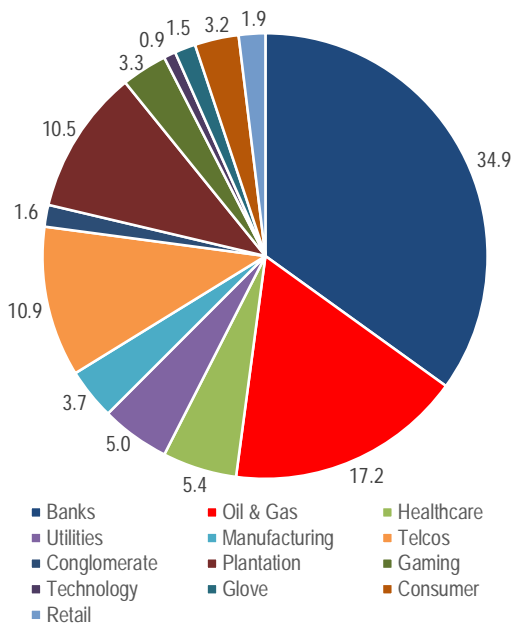
Source: AmInvestment Bank/Bloomberg

EXHIBIT 10: SECTORAL EPS GROWTH AND PE

	SECTORAL WEIGHTING (%)	Net Profit Growth (%)			PE (x)	
		2021A	2022F	2023F	2022F	2023F
ALL SECTORS	61.0	(3.5)	7.4		13.7	12.8
FBM KLCI	34.5	0.1	5.6		14.3	13.5
Automobile	2.4	58.4	12.4	5.9	12.0	11.3
Construction	1.7	(17.6)	97.6	7.2	14.4	13.4
Consumer	7.8	19.1	15.9	15.7	23.6	20.4
Financial Services	33.1	30.5	13.9	6.7	10.6	9.9
Glove	1.6	>100.0	(94.6)	(32.0)	22.6	33.3
Healthcare	5.3	>100.0	(4.9)	49.9	33.1	22.1
Manufacturing	0.4	96.3	(29.6)	68.2	18.8	11.2
Media	0.4	(7.5)	(3.4)	6.7	8.1	7.6
Oil & Gas	11.6	91.9	5.3	1.5	11.0	10.8
Plantation	8.7	>100.0	27.0	(40.2)	10.7	17.9
Power	5.2	15.4	(5.3)	23.5	12.2	9.9
Property	2.4	56.0	29.5	9.8	10.2	9.3
REITs	1.2	(13.2)	50.9	17.4	16.9	14.4
Stock Exchange	0.5	(5.9)	(32.8)	5.8	21.8	20.6
Technology	2.2	>100.0	12.8	18.0	23.9	20.3
Telecommunication	9.8	0.8	10.9	10.4	21.4	19.4
Transportation & Logistics	5.5	(69.0)	<-100.0	>100.0	>100	18.4

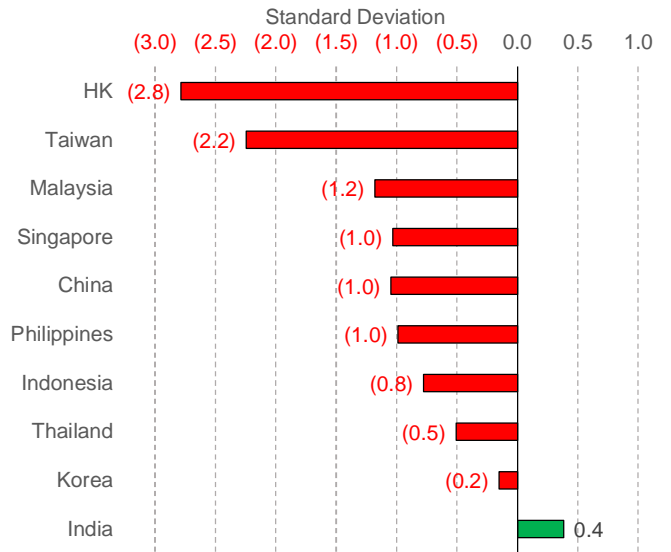
Source: AmInvestment Bank

EXHIBIT 11: FBMKLCI SECTOR WEIGHTINGS



Source: AmInvestment Bank/Bloomberg

EXHIBIT 12: STANDARD DEVIATION OF CY22F PE TO 5-YEAR MEDIAN



Source: AmInvestment Bank/Bloomberg

EXHIBIT 13: FBMKLCI SECTOR MATRIX

	YTD chg (%)	PE (x)		Div yld (%)	PBV (x)	Net debt/EBITDA (x)
		2022F	2023F			
KLCI	(6.8)	14.3	12.8	4.2	1.4	2.0
Finance	10.2	11.1	9.6	5.3	1.1	n/a
Plantation	9.9	10.3	14.2	4.6	1.4	1.0
Energy	(0.0)	10.2	8.2	1.1	0.9	2.8
Utilities	0.2	13.2	12.1	5.1	0.9	4.0
Telco & Media	(7.9)	20.5	17.8	4.0	3.0	1.9
Consumer Prod	0.2	19.5	16.0	2.9	1.4	1.8
Tech	(38.7)	22.0	19.1	1.6	3.1	(1.2)
Ind Prod	(10.6)	12.8	12.2	3.7	1.3	0.9
Property	(11.1)	10.3	8.9	2.5	0.4	7.1
Transport & Logistics	4.1	24.6	17.6	3.2	1.2	2.2
Construction	0.4	12.1	11.9	4.7	0.6	6.3
Healthcare	(25.9)	28.8	24.3	1.4	1.6	0.3
REIT	1.2	16.2	15.2	5.8	1.1	6.2

Source: AmInvestment Bank/Bloomberg

EXHIBIT 14: REGIONAL VALUATIONS

	EPS growth (%)		PE (x)		Div yield %	PBV x	Net debt/EBITDA x
	2022F	2023F	2022F	2023F			
Malaysia	(2.0)	11.6	14.3	12.8	4.2	1.4	2.0
Indonesia	53.4	0.4	15.1	15.1	2.5	2.0	0.0
Philippines	24.0	14.4	14.6	12.8	2.3	1.5	2.5
Thailand	10.7	5.4	15.3	14.5	2.8	1.6	2.3
Taiwan	6.9	(12.1)	9.2	10.4	5.4	1.7	0.7
HK	(32.3)	14.7	8.3	7.2	4.5	0.9	(1.3)
Japan	5.5	0.3	14.9	14.9	2.2	1.6	0.9
China	22.5	14.5	10.3	9.0	3.2	1.2	3.5
Korea	(8.7)	0.3	10.5	10.5	2.3	0.9	3.2
India	12.7	15.1	21.4	18.6	1.4	3.2	2.1
Singapore	14.6	12.4	11.8	10.5	4.5	1.0	0.3

Source: AmInvestment Bank/Bloomberg

EXHIBIT 15: OVERWEIGHT SECTORS

Automobile	Industry sales expected to rebound in 2022 as the supply chain normalises and consumers' confidence gradually recovers. The government's decision to allow prospective buyers who have placed orders before 30 June 2022 and register their vehicles before 31 March 2023 to enjoy the sales tax exemption bodes well for the sector. This will provide 9-month sales visibility for the sector while preventing a hard industry sales landing as automakers will have time to replenish their order book.	Bermaz Auto, MBM Resources, UMW
Banking	Interest rate uptrend benefits interest income of banks with lower provisions ahead supported by potential reversals of management overlays from an improving trend of loans under repayment assistance (RA). With improved earnings visibility, dividend payouts by banks are normalising.	MayBank, CIMB, RHB
Media	Expect adex recovery as Malaysia transitions to endemic phase and borders reopen.	Astro, Media Prima
Oil & Gas	Robust earnings growth from elevated oil prices supported by prolonged supply disruptions and past under-investment. Companies with direct exposure to the upstream production and the FPSO subsector would be the biggest beneficiaries.	Yinson, Dialog Group, Petronas Gas
Ports	While throughput volume could be soft in 2HFY22F, we are confident of the long term outlook for ports. The resilient outlook in the region is underpinned by global trade and investments in the manufacturing sector that generate inbound and outbound throughput. There have been significant relocations of the manufacturing base by MNCs out of China to the region due to rising labour and land costs, exacerbated by the US-China trade war.	Bintulu Port, Westports
Property	In 2023, we expect a gradual recovery in property transaction volumes with improved post-lockdown market sentiments and stronger demand after the reopening of international borders. This is proven by still resilient sales in 1HCY22 despite HOC's expiry. Notwithstanding various negative headwinds in the property sector (increased building material costs, labour shortages and rising interest rates), we think current depressed valuations have already priced in the downtrend commencing early April 2022. With the gradual easing of building material costs and labour shortages, we believe the current Kuala Lumpur Property Index's price-to-book value (PBV) of 0.4x is appealing vs. the 10-year average/median of 0.7x and pre-pandemic (2018–2019) average PBV of 0.5x	Sunway
Power	Tenaga's rate of return is protected by the government's incentive-based regulatory framework, with higher coal and gas prices passed to consumers.	Tenaga Nasional
Technology	Robust structural semiconductor demand growth, coupled with attractive valuations.	Inari Amertron & MPI

Source: AmInvestment Bank

EXHIBIT 16: NEUTRAL SECTORS

Sector	Rationale	BUYs
Construction	Although the sector is expected to enjoy a higher development expenditure, we are cautious over funding concerns, higher labour costs arising from the multi-tiered levy for foreign workers as well as potential delays/cost revisions of mega projects. We are also wary of risks associated with political changes or instability in Malaysia following the dissolution of parliament.	N/A
Consumer	While the demand and supply recovery remains intact as wider economic activities pick up, rising commodity and energy prices pose downside risk to the sector's earnings.	Mr DIY
EMS	Labour shortages continue to be bottleneck for growing capacity.	VS Industry
Glove	Continued intense competition among regional glove makers stemming from overcapacity has led to a downward ASP spiral from its peak in 2Q2021. Furthermore, rising operating costs (energy and labour costs) has slashed EBITDA margins of the Malaysian Big 4 glove makers, where most of them registered lower margins than in CY2019.	N/A
Healthcare	IHH is poised to benefit from continued recovery in foreign and local patient admissions amid continuous relaxation of lockdown measures and travel restrictions, especially in Malaysia and Singapore. However, this will be impacted by Turkey's hyperinflation. Apex Healthcare is expanding operations amid elevated flu cases in Malaysia and Singapore while Omicron has become a community respiratory illness, which has led to drug shortages.	Apex Healthcare
Insurance	Higher interest rates moving forward is likely to result in fair value losses on insurance companies' securities portfolio. Also, there remain uncertainties surrounding the day 1 impact of FRS 17 while claims are expected to trend higher in 2022 from the normalisation of motor and medical claims. The impending phase 2 detariffication is expected to exert pressure on the pricing of fire/general insurers.	Allianz
REITs	Declining DPU yield spread against 10-year Malaysian Government Securities (MGS) with interest rates on the uptrend resulting in softer sentiments for yield players. Under stagflationary pressures, we expect lower discretionary spending by consumers.	Sunway REIT
Telecommunications	Higher opex from Digital Nasional's fixed 5G annual wholesale capacity charge on celcos could more than offset escalated data demand and easing competition from the consolidation of 2 major cellular operators amid a stagflationary outlook which could depress subscriber affordability.	Telekom Malaysia

Source: AmInvestment Bank

EXHIBIT 17: TOP DIVIDEND PICKS

Company	Sector	Current Share price	DPS (sen)	Yield 2022 (%)
YTL Hospitality REIT	REIT	0.87	8.0	9.2
Astro Malaysia	Media	0.68	6.3	9.2
Hektar REIT	REIT	0.58	5.2	9.0
UOAREIT	REIT	1.13	9.1	8.1
Malakoff	Power	0.62	5.0	8.1
Mah Sing Group	Property	0.51	3.5	6.9
Pavilion REIT	REIT	1.24	8.3	6.7
Malayan Banking	Financial Services	8.59	55.9	6.5
Globetronics	Tech	1.04	6.6	6.3
Lagenda Properties	Property	1.17	7.2	6.2
RHB Bank	Financial Services	5.72	34.7	6.1
Bermaz Auto	Auto	1.98	10.0	5.1

Source: AmInvestment Bank

EXHIBIT 18: ESG CHAMPIONS

Company	Sector	Market Cap RMmil	Share price RM/share	Fair value RM/share	Upside %	Rationale
Maybank	Banking	103,590	8.59	10.30	19.9	Low exposure to ESG vulnerable sectors, received a rating of 'AA' in the MSCI ESG Ratings assessment. Consistently been included in the FSTE4Good indices for 8 straight years which reflects recognition of its sustainability efforts and practices.
Petronas Chemicals Group	Oil & Gas	69,760	8.72	10.13	16.2	Established Net Zero Carbon Emissions 2050 Roadmap which targets to achieve net-zero carbon emissions by 2050. Also committed to transitioning to a New Plastic Economy and circular economy to ensure sustainable consumption and production of plastic. One of the top 10 companies in the FTSE4Good Index and a member of the Dow Jones Sustainability World Index.
Petronas Gas	Oil & Gas	33,840	17.10	20.05	17.3	Already part of the energy transition with natural gas having a low carbon footprint in the power generation process. Petronas Gas also adheres to GHG emissions limit of 5 million tonnes of Co2 equivalent together with continuous emissions reduction efforts that include flare reduction and improvement of energy efficiency and plant reliability. Included in FTSE4Good Index and ranked top 26-50% by ESG Ratings in FBM EMAS.
IHH Healthcare	Healthcare	52,400	5.95	6.89	15.8	Reducing water and electricity consumption throughout all operations such as standardising use of lighting & air-conditioning with optimal ranges, sensor faucets and high-efficiency toilets. Operates Malaysia's First Green Hospital – Pantai Hospital Laguna Merbok, which achieved GBI Silver certification in 2014, becoming the first purpose-built hospital to incorporate green technologies and design into its construction and operations in Malaysia. Its innovations include green vehicle charging stations, condensate water harvesting, solar hot water for showers and LED façade lighting. All plastic cutlery has been replaced with wooden cutlery at the hospital cafeteria.
Telekom Malaysia	Telco	21,240	5.56	7.08	27.3	Spearheads the National Fiberisation & Connectivity Plan to rural and unreached communities, implementation of energy efficiency and sustainable systems and significant corporate/social contributions.
Westports Holdings	Port	11,460	3.36	4.35	29.5	Adopts initiatives to disclose greenhouse gas (GHG) emissions each year and introduced carbon pricing mechanism in 2020, reduce air pollution, water pollution and noise pollution, minimise long term effect of biodiversity loss (mangrove forests) and ensure that major supply chain partners adhere to all social standards stipulated by Malaysian Labour Law and the International Labour Organisation. Recognised by APEC Port Services Network Green Port 2020 as one of 8 global green ports; secured ISO 45001:2018 and MSOSH OSH Gold Class 2 Award Winner for 2021.
Inari Amertron	Technology	9,290	2.49	3.72	49.4	Highly committed in employee wellbeing and supply chain management. The group has ongoing investment in environmental technologies such as solar panels to lower carbon intensity. Inari was included into FTSE4GOOD Bursa Malaysia Index since Jun 2020 and is a corporate member of Climate Governance Malaysia to promote sustainability performance.
Sunway Holdings	Property	7,890	1.60	2.29	43.1	Targeting zero carbon emission by 2050 and has incorporated sustainable financing consideration into capital management strategies via the issuance of sustainability-linked bond. Also, been recognised both locally and internationally for sustainability efforts. Listed in FTSE5Good Bursa Malaysia Index since 2016 and ranked by FTSE Russell EGS Ratings in FBM Emas.
Yinson Holdings	Oil & Gas	6,470	2.12	3.61	70.3	Aiming to invest up to 3GW of renewable energy by 2023 and already has stakes in 330MW solar projects and multiple green technology start-ups. A constituent of the FTSE4Good Index and ranked top 26-50% by ESG Ratings in FBM EMAS.
Sunway REIT	REIT	4,790	1.40	1.79	27.9	Targeting zero carbon emission by 2050 and has incorporated sustainable financing consideration into capital management strategies via the issuance of sustainability-linked bond. Also, been recognised both locally and internationally for sustainability efforts. Listed in FTSE5Good Bursa Malaysia Index since 2016 and ranked by FTSE Russell EGS Ratings in FBM Emas.
Astro	Media	3,468	0.67	1.18	77.4	Generated 1.6mil kWh of solar energy, reduced GHG emissions by 6% to 23,955 tCO2e and electricity consumption by 7% to 31mil kWh while airing over 11,600 hours of Public Service Announcements to amplify community messages in 2021. Included in the top 10% of media companies in 2021 for FTSE4Good Index and top 10% of all companies globally by Sustainalytics.

Source: AInvestment Bank

EXHIBIT 19: TOP BUY CALLS

Company	Sector	Market Cap RMmil	Share price RM/share	Fair value RM/share	Upside %	Rationale
Maybank	Banking	103,590	8.59	10.30	19.9	Expected improvement in core operating income with the interest rate uptrend benefitting underlying NIMs and lower provisions for loan losses with the tapering of new applications for RA in Malaysia while that for overseas operations are stabilising.
CIMB	Banking	57,820	5.52	6.70	21.4	Undemanding valuation trading at 0.8x FY23F P/BV, potential ROE uplift from impairment of goodwill and intangible assets coupled with the group's initiatives on cost take-out to trim opex.
Tenaga Nasional	Power	48,440	8.41	11.80	40.3	Undemanding FY23F PE of 9x while rate of return of 7.3% is protected under RP3 guidelines.
RHB Bank	Banking	24,090	5.72	7.40	29.4	Strong capital position with a CET1 ratio of 16.8% as well as attractive FY23F P/BV valuation at 0.8x.
Telekom Malaysia	Telco	21,240	5.56	7.08	27.3	Strong earnings growth underpinned by rapid fibre subscriber growth on a nationwide network, rising wholesale revenue from 5G deployment and levelisation of playing field against established players together with improving cost management.
Dialog Group	Oil & Gas	11,630	2.06	3.58	73.8	Improving sector recovery on bullish crude oil prices poised to spur recurring services growth and the group's strategic Pengerang developments.
Inari Amertron	Technology	9,290	2.49	3.72	49.4	Proxy to the rapid growth of 5G telecommunication technology through its radio frequency business, which is set to benefit from the expected increase in demand for 5G smartphones.
Sunway	Property	7,890	1.60	2.29	43.1	Strong brand recognition established by its highly successful landmark developments and expanding healthcare business, supported by substantive unbilled sales and outstanding order book.
Malaysian Pacific Industries	Technology	5,040	24.00	45.16	88.2	Core strength in investing in the right technology at the opportune time, and is set to benefit from early investment to produce silicon carbide and gallium nitride power products.
Sunway REIT	REIT	4,790	1.40	1.79	27.9	Diversified investment portfolio which encompasses retail malls, hotels, offices, a university and hospitals across Malaysia. Strong occupancy rates which have exceeded 90% in retail assets. Stable rental income generated from the services and industrial segments.
Bermaz Auto	Auto	2,300	1.98	2.25	16.0	The group's constant product updates translate to a more consistent and predictable sales flow. Meanwhile, the ventures in Kia and Peugeot distributorships help to extend the company's future growth runway. The high order backlogs of about 9,000 units will provide the company with sales visibility over the next 7-8 months.

Source: AmInvestment Bank

EXHIBIT 20: SMALL CAP IDEAS

Company	Sector	Market Cap RMmil	Share price RM/share	Fair value RM/share	Upside %	Rationale
Apex Healthcare	Healthcare	1,540	3.20	3.73	17	Well-positioned to benefit from an ageing population, public health education advancement and steady healthcare expenditure increase.
MBM Resources	Auto	1,270	3.31	5.00	51	Set to benefit from Perodua's continuous effort to widen its product offerings. The introduction of the all-new Perodua Alza is the next key catalyst for the group.
Mah Sing Group	Property	1,226	0.51	0.86	69	Focus on affordable housing developments at strategic locations as well as savvy execution and quick turnaround business model.
Lagenda Properties	Property	1,005	1.17	1.82	56	Focus on underserved landed affordable housing development in second-tier states with large populations of B40 and M40 income groups.
Ancom Nylex	Manufacturing	817	0.93	1.30	40	The group will continue to benefit from the ban of paraquat in Malaysia, Thailand and Brazil in FY23F. Over the medium-to-longer term, the introduction of new active herbicidal ingredients will further boost FY24F-25F earnings.
UOAREIT	REIT	763	1.13	1.42	26	We like its strategically located properties which are well-connected in neighbourhoods, coupled with diverse tenant mix which could mitigate potential rental collection risk during economic downturn.
Perak Transit	Transportation and logistics	702	0.99	1.06	7	Robust recurring earnings from integrated public transport terminals, while anticipating further growth by riding on the tailwinds of post-pandemic recovery as well as expansions in Bidor and Tronoh.
Spritzer	Consumer	420	2.00	2.40	20	Well-positioned continue solidifying its leadership in the local market supported by stronger operating leverage amid growing demand for natural mineral/drinking water. FY23F earnings growth also will be bolstered by easing crude oil prices.
Deleum	Oil and gas	277	0.70	1.02	46	Resilient earnings growth on stronger orderbook with additional upside from the potential lifting of Petronas' tender suspension on its anti-corrosion operations. 1QFY22 net cash represents 68% of the current market cap.
Lee Swee Kiat	Manufacturing	101	0.625	0.90	44	LSK's near-term earnings growth will be driven by Cuckoo collaboration and expanding market share in domestic market. In addition, LSK is a proxy to long-term positive structural trends: (a) increasing consumer preference for latex mattresses; (b) post-pandemic health awareness; (c) increasing affluence; and (d) ageing Malaysian population.

Source: AmInvestment Bank

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