Astute
Fund Management

Portfolio Manager’s Views

Investment Team

March 2026

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1. Executive Summary

1. **Special Feature: What are we invested in IGB Berhad?** (Refer to page 3-5)

2. **Global markets stayed resilient** in February 2026 despite signs of weakness in the U.S. labour market. U.S. nonfarm payrolls unexpectedly fell by 92k versus expectations for a 59k gain, indicating slower job creation. However, markets still expect the Federal Reserve to keep rates steady, while the U.S. Dollar Index (DXY) remained broadly stable. Investors are diversifying away from U.S. equities, with outflows of about USD1.42bn from U.S. equity funds as of 11 February 2026. This shift toward overseas markets supported emerging-market sentiment, including in Malaysia.

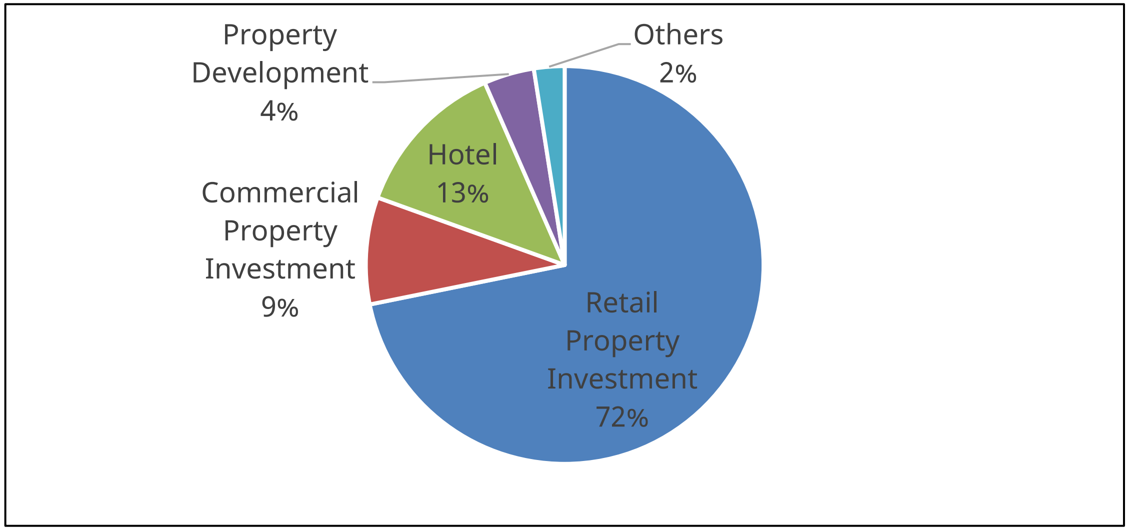
3. **The FBMKLCI fell 1.4% MoM in February 2026** amid geopolitical tensions and U.S. tariff uncertainty. Foreign inflows slowed but stayed positive, while the ringgit strengthened. Despite potential volatility from the US–Israel–Iran conflict, Malaysia may act as a relatively safe haven due to its oil and gas exports, with emerging markets still under-owned by investors.

4. **The FBM KLCI valuations are undemanding** with FY26 PER 13.8x (10-yr 12.4x–21.7x), PBR 1.4x (10-yr 1.1–1.9x), and forecasted DY 4.6% (10-yr 2.7%-5.3%). Consensus 2026 KLCI earnings growth is projected at 7.3%. We have exposure to domestic-oriented stocks and avoid companies that are at risk from the tariff-related uncertainty.

Feature: IGB Berhad ("IGBB")

We continue to own IGBB in our funds. The reasons for holding the stock are outlined here:

Exhibit 1: IGBB FY25 Operating Profit Breakdown



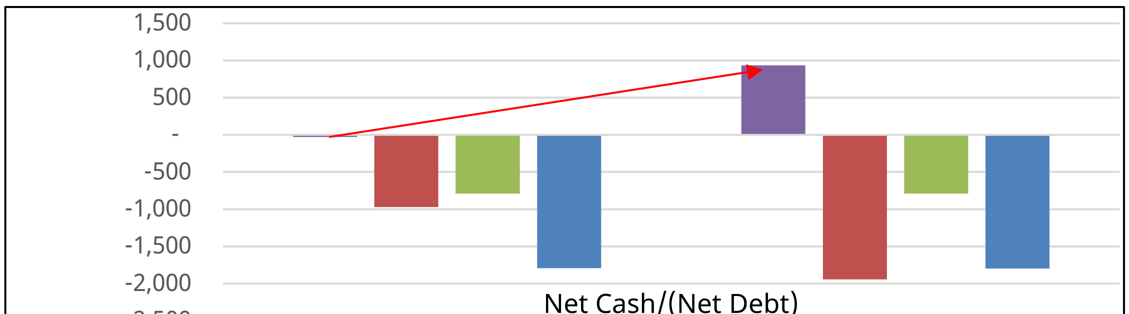
Source: 4Q25 Quarter Results

1 **IGBB runs a retail property investment business.**

Its key assets – Mid Valley Megamall, The Gardens Mall, and Mid Valley Southkey Mall (MVS) are the main earnings contributors.

We like the company, especially after it included the Mid Valley Southkey Mall in IGBREIT.

Exhibit 2: IGBB's Holdco, IGBREIT, and IGBCR Net Cash/(Net Debt)



	3Q25 (RM mil)	4Q25 (RM mil)
Holdco	-29	933
IGBREIT	-973	-1,942
IGBCR	-790	-789
Consolidated	-1,792	-1,798

Source: IGBB, IGBREIT, IGBCR, Astute Fund Management

2 **IGBB's holding company (Holdco) has moved into a net cash position, allowing it to potentially pay higher dividends.**

Most of the group's debt is held by its subsidiary, IGBREIT, leaving the Holdco itself in a net cash position.

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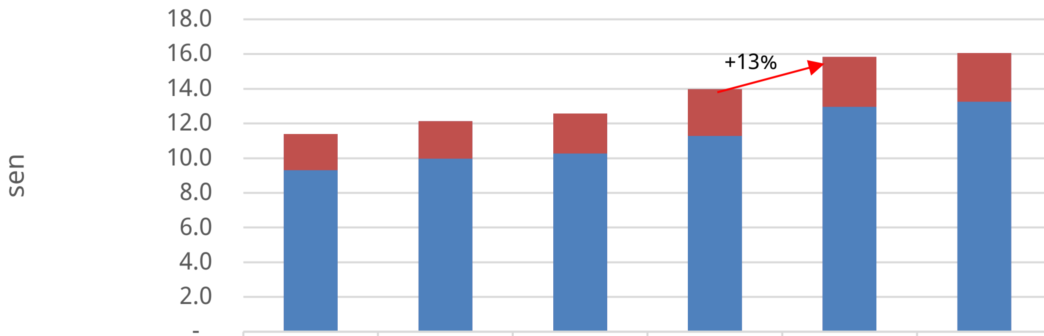
Exhibit 3: Free Cash Flow (FCF) from retail and commercial segment



	2022	2023	2024	2025	2026F	2027F
Total	11.4	12.1	12.6	14.0	15.8	16.1
FCF from IGBCR	2.1	2.2	2.3	2.7	2.9	2.8
FCF from IGBREIT	9.3	10.0	10.3	11.3	13.0	13.2

Source: IGBB, IGBREIT, IGBCR, Astute Fund Management Berhad

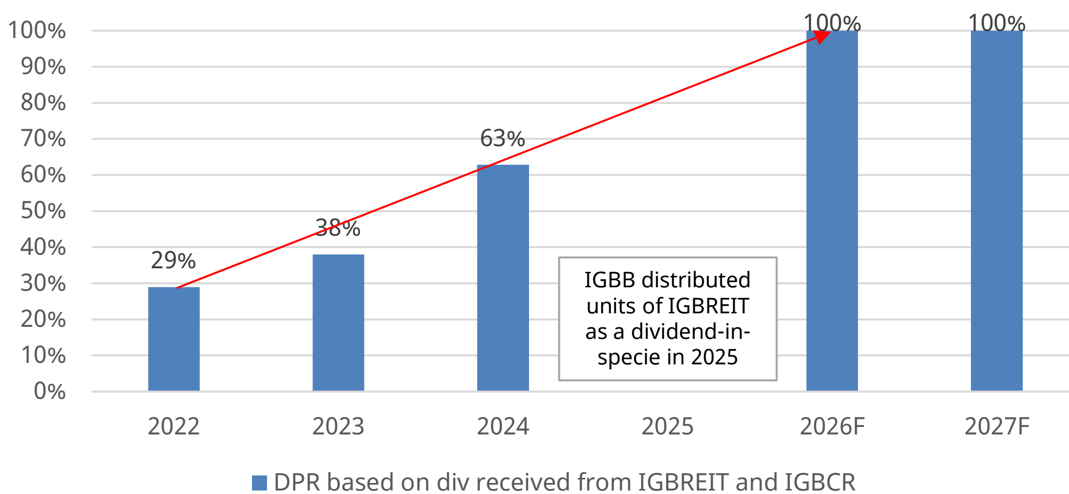
3

Total dividend received from its REITs may increase by 13% YoY.

In 2025, IGBB monetized MVS to IGBREIT. IGBREIT's DPS is expected to increase by 15% YoY. This translates to an FCF/share of 19.7sen in FY26, indicating a total FCF of 24sen per share in FY26 (+6.7% yield)

*Figures are calculated at the per outstanding number of shares of IGBB after the Bonus Issue on 13/3/2026.

Exhibit 4: Dividend Payout Ratio (DPR) based on dividends received from the REITs



Source: IGBB, IGBREIT, IGBCR, Astute Fund Management Berhad

4

IGBB has the potential to pay 100% of the FCF it receives from the REIT as dividends.

Assessing the past dividend payout ratio (DPR), IGBB has been increasing the payout ratio.

While IGBB's Holdco has turned net cash (See Exhibit 2), it's more likely that the company will pay a 100% DPR.

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Exhibit 5: Valuation

	Market Value (RM mil)	Stake	Value (RM mil)	RM/share	Methodology
IGBREIT	11,895	51%	6,067	2.98	Consensus fair value: RM2.76
IGBCR	1,501	54%	810	0.40	Consensus fair value: RM0.68
			6,877	3.38	
Holdco net cash/(debt)			933	0.46	Post MVS restructuring
Target price			7,810	3.83	
Total No. of shares			2,037		

Fair share price	3.83	A
Current share price	2.35	B
Premium/(Discount)	**-39%**	B / A - 1

Current FY26 PE	13.1
Fair FY26 PE	21.4

Source: IGBB, IGBREIT, IGBCR, Bloomberg Astute Fund Management Berhad

5

IGBB is trading at an attractive 39% discount to its fair share price.

IGBB is trading at an attractive valuation of 13.1x FY26 PE, as opposed to a fair PE valuation of 21.4x.

Appendix

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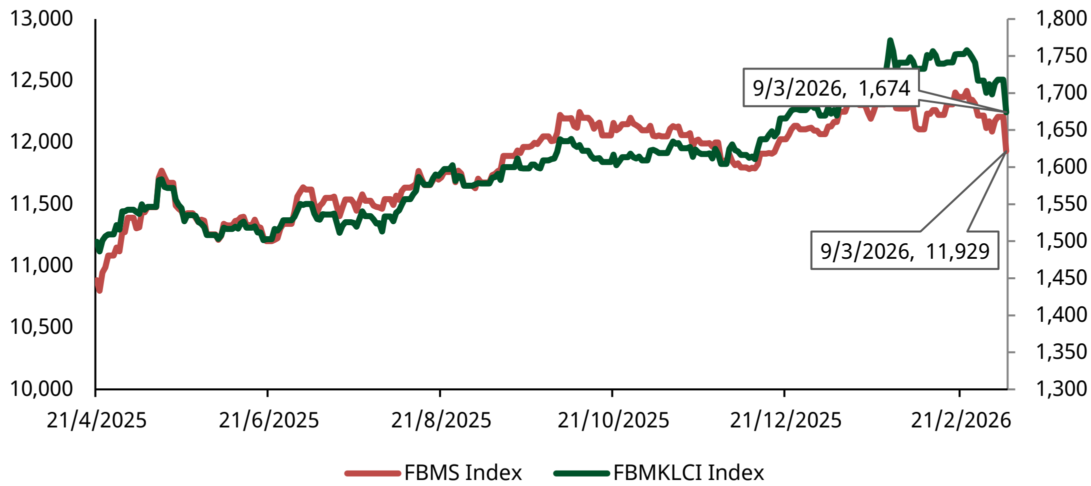
Appendices

Exhibit 6: KLCI & Shariah Index

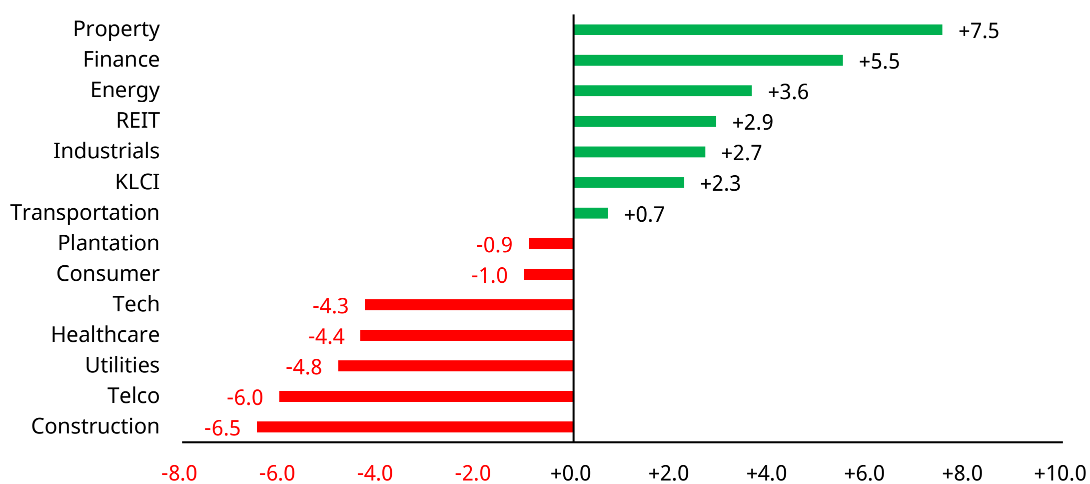


Source: Bloomberg

1 KLCI started March 2025 with weak performance

Both FBMKLCI and FBMS started weak in March 2026. Sentiment worsen as US-Iran conflict escalates.

Exhibit 7: Sector Performances 2026 (%)



Source: Bloomberg

2 Sector Performance YTD-26 – Property Leads, Construction Lags

Property (+7.5%) and Finance (+5.5%) were top performers YTD-26, while Healthcare (-6.5%) continues to underperform.

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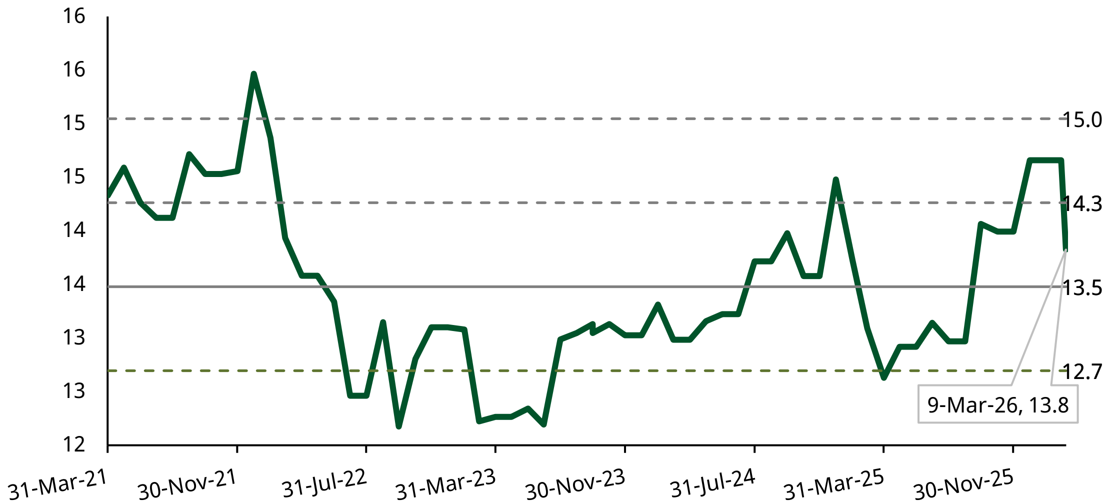
Exhibit 8: KLCI’s FY26 PER (x)

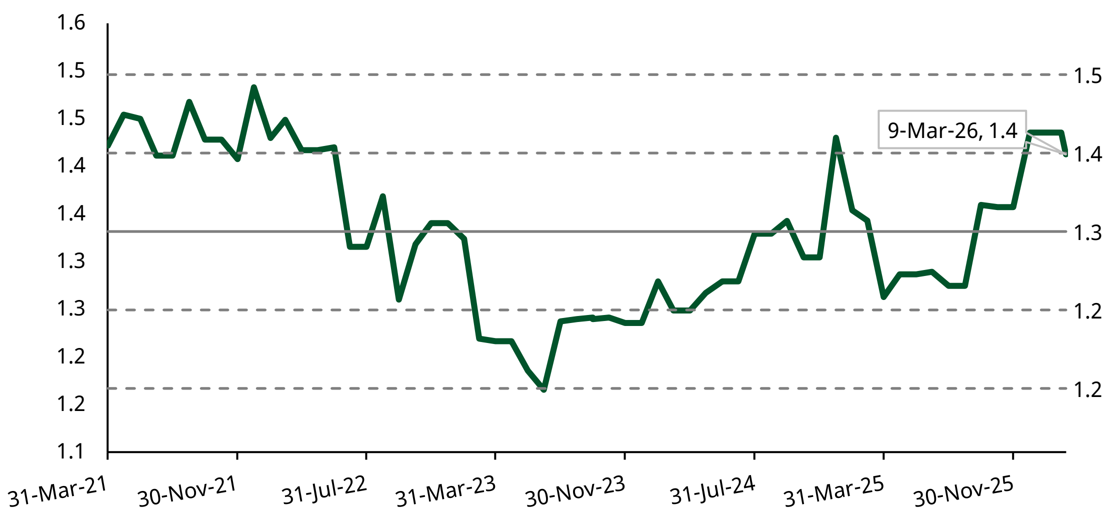


Source: Bloomberg

3 **The KLCI’s valuation is valued above the 5Y mean.**

The KLCI trades at a FY26 PER of 13.8x (5Y range 12.2x to 15.5x, 5Y mean of 13.5x).

Exhibit 9: KLCI’s FY26 PBR (x)



Source: Bloomberg

4 **This is the same for KLCI’s PBR.**

The KLCI trades at a FY26 PBR of 1.4 (5Y range 1.2x to 1.5x, 5Y mean 1.3x).

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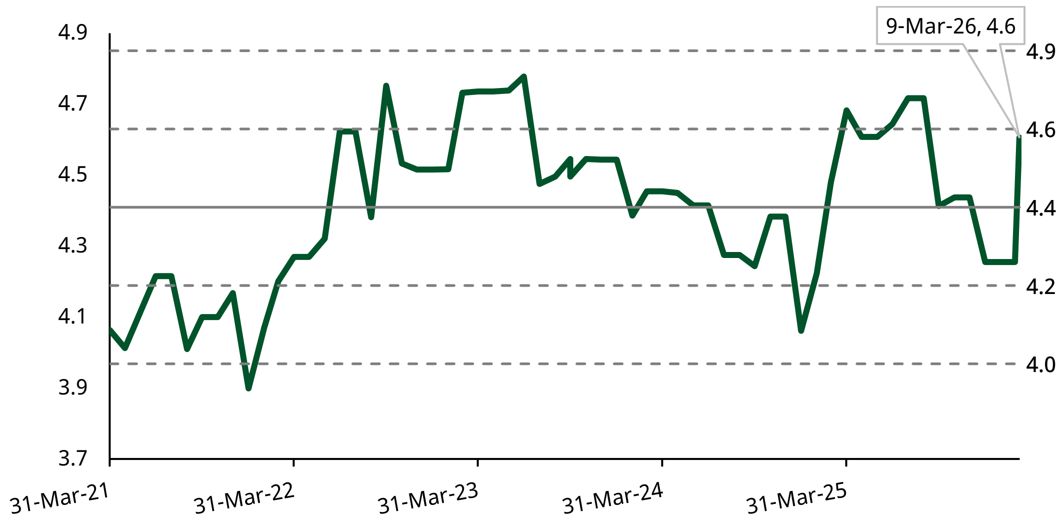
Exhibit 10: KLCI’s FY26 DY (%)

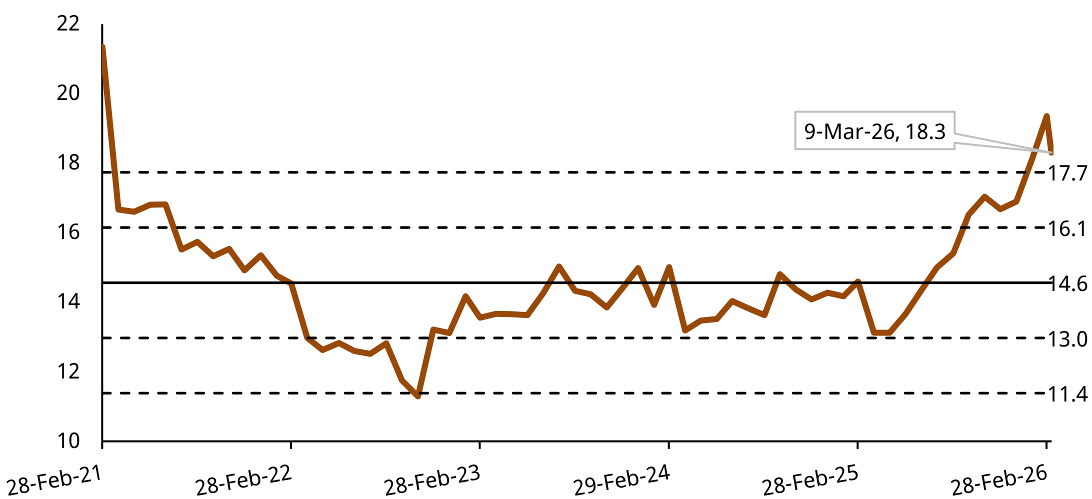


Source: Bloomberg

5 **The KLCI dividend yield is attractive.**

The KLCI trades at a FY26 DY of 4.6% (5Y range 3.9% to 4.8%, mean of 4.8%). The appealing dividend yield is likely to support share prices.

Exhibit 11: MSCI AxJ Index’s FY26 PER (x)



Source: Bloomberg

6 **Asia ex Japan is above historical averages.**

The MSCI AC Asia ex Japan index trades at a FY26 PE of 18.3x (5Y range 11.4x to 21.3x, mean of 14.6x).

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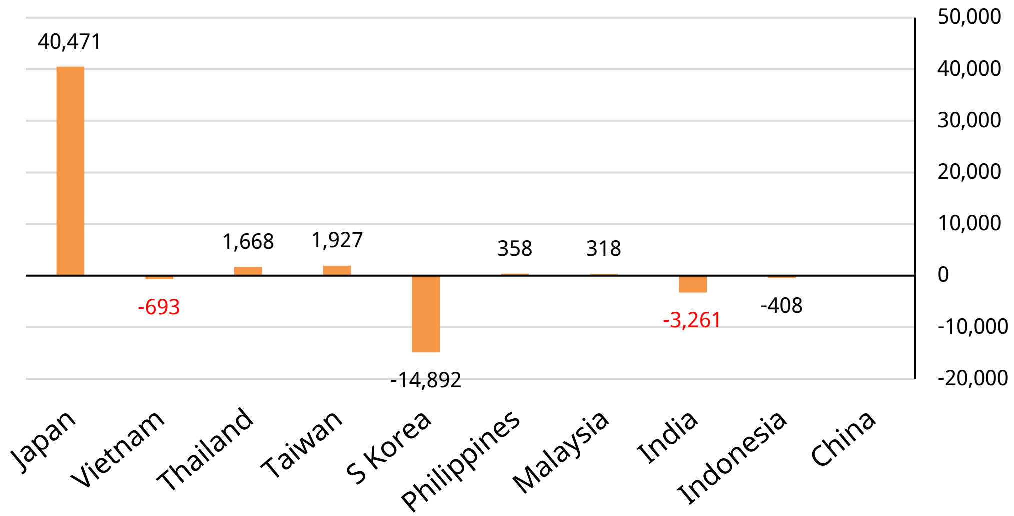
Exhibit 12: Selected ASEAN Markets (Net USD mil)



Source: Bloomberg, data as of 5 March 2026. Japan's data is as of 27 February 2026 and China's 2026 data is not available.

7

Inflows were the highest in China and Japan.

Overseas investors turned net buyers in most Asian countries focusing mainly in Japan (US$40.5b), while Outflows persisted in Vietnam, South Korea, and India.

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