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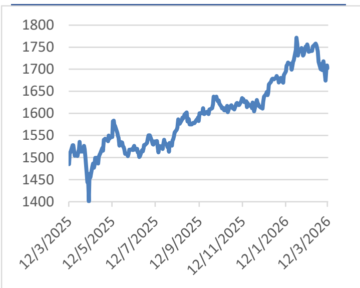
FBMKLCI Index



Company	Rating	Price (RM)	Target (RM)
AQUAWALK	BUY	0.27	0.37
CCK	BUY	1.25	1.62

Market Outlook

GE16: A Pre-Poll Market Boost?

- **Early GE16 Possible. Channel checks suggest Malaysia could hold its next general election as early as 2H2026, earlier than the constitutional deadline in 2028.**
- **Historically, the FBM KLCI tends to trend modestly higher 3–6 months ahead of elections, although volatility typically increases closer to polling day.**
- **Strengthening ringgit, encouraging foreign investment inflows, resilient consumption, and the AI-driven E&E upcycle could provide additional support to market sentiment.**
- **Sector Beneficiaries. Historically, financial and consumer stocks have been the most consistent outperformers in the run-up to Malaysian general elections.**
- **Our preferred picks are AQUAWALK (BUY, TP: RM0.37) and CCK (BUY, TP: RM1.62).**

Quick Take

Channel NewsAsia (CNA): Malaysia May Hold GE16 as Early as 2H2026. A report by CNA suggests that Malaysia could hold its next general election (GE16) earlier than required, potentially in the second half of 2026, even though the constitution only requires it by early 2028. According to government insiders and political sources, some preparatory steps may already be underway. Grassroots party machinery has reportedly been informally told to begin mobilising after Hari Raya, while certain government administrative agencies have been placed on standby for a possible election from mid-2026.

Our View

Conditions Favour Potential Early GE16.

Based on our channel checks, it is plausible that Parliament could be dissolved and the next general election called in the second half of 2026. Malaysia's constitution requires a general election to be held at least once every five years. However, the Prime Minister may request the dissolution of Parliament before the end of the five-year term, which would trigger a snap election. Once Parliament is dissolved, a general election must be held within 60 days to elect new representatives.

Although Prime Minister Anwar Ibrahim has previously stated that he has no intention of calling for an early election, the current environment may be relatively favourable for the incumbent government, in our opinion. This is supported by several factors: **(1) the strengthening Malaysian ringgit, (2) encouraging foreign investment inflows, and (3) notable internal challenges within the opposition**. Against this backdrop, the possibility of an early election cannot be ruled out.

KLCI Typically Rises Ahead of Elections.

Based on our review of the past ten Malaysian general elections, the FBM KLCI index typically trends modestly higher in the 3-6 months leading up to polling day. However, volatility tends to increase as the campaign period approaches, with the market historically showing mild weakness in the final month before the election as investors adopt a more cautious stance. Should GE16 be held in 2H2026, we would expect a similar pattern, with gradual gains earlier in the year followed by heightened volatility and potential consolidation closer to the polling date.

While the possibility of GE16 may excite politically, we believe other factors are likely to play a larger role in shaping equity market prospects in 2H26. These include (1) stronger tourist arrivals under Visit Malaysia 2026, (2) resilient household spending amid continued policy support, (3) sustained investment driven by data centre expansion and (4) firm external demand led by the AI-driven E&E upcycle.

Figure 1: KLCI Performances before historical general elections

Date	Election	12 months before	9 months before	6 months before	3 months before	1 month before
22-Apr-82	1982	-35.1%	-25.2%	3.4%	-11.7%	2.7%
2-Aug-86	1986	-25.7%	-26.8%	0.4%	23.4%	-2.9%
20-Oct-90	1990	-2.2%	-15.9%	-12.0%	-23.8%	-8.1%
24-Apr-95	1995	-6.1%	-5.0%	-12.1%	14.7%	1.8%
29-Nov-99	1999	49.8%	44.4%	0.4%	-2.8%	0.4%
21-Mar-04	2004	43.1%	32.6%	21.5%	17.5%	5.0%
8-Mar-08	2008	9.0%	-4.7%	-0.7%	-9.6%	-8.4%
5-May-13	2013	6.5%	3.6%	2.3%	4.1%	0.4%
7-May-18	2018	3.7%	2.8%	4.9%	-1.3%	-0.5%
19-Nov-22	2022	-4.9%	-9.6%	-6.5%	-3.7%	4.5%
	Average	**3.8%**	**-0.4%**	**0.2%**	**0.7%**	**-0.5%**
	Median	**0.8%**	**-4.9%**	**0.4%**	**-2.0%**	**0.4%**

Source: Bloomberg, Apex Securities

From a technical perspective, the FBM KLCI remains in a firm uptrend, supported by a rising trendline and prices holding above the Ichimoku cloud. After retreating from the recent highs near 1,770, the index rebounded from trendline support, suggesting buying interest on pullbacks. A breakout above 1,770 could pave the way for further upside, while the 1,685–1,690 zone serves as immediate support. A decisive break below this level would weaken the prevailing technical structure.

Figure 2: KLCI Daily Chart

Source: Investing.com, Apex Securities

Sector Performance Ahead of Elections

Financials and Consumer Stocks Tend to Rally Ahead of Elections.

Based on our analysis of sector performance ahead of past elections, the finance and consumer sectors have been the only sectors that consistently performed well in the period leading up to polling day.

For the **finance sector**, the average return is about **3.8% six months before elections**, improving slightly to **4.6% three months before polling day**. However, performance typically turns **flat to marginally negative in the final month (-0.1%)**, suggesting that investors tend to adopt a more cautious stance as political uncertainty peaks during the campaign period. Although we do not currently have formal coverage of the banking sector, **we highlight Maybank, Public Bank and CIMB due to their significant weightings in the FBM KLCI and their influence on overall index performance**.

Figure 3: Finance Performances before historical general elections

Date	Election	12 months before	9 months before	6 months before	3 months before	1 month before
20-Oct-90	1990	n.a.	n.a.	n.a.	n.a.	n.a.
24-Apr-95	1995	-3.3%	0.5%	-15.4%	16.2%	2.4%
29-Nov-99	1999	82.7%	77.6%	11.4%	1.4%	0.8%
21-Mar-04	2004	58.8%	42.7%	25.8%	21.8%	3.7%
8-Mar-08	2008	-0.3%	-9.9%	-6.9%	-10.6%	-8.7%
5-May-13	2013	11.6%	7.9%	4.8%	6.9%	0.2%
7-May-18	2018	9.6%	5.7%	9.2%	0.2%	-1.0%
19-Nov-22	2022	6.6%	-1.4%	-2.5%	-3.4%	1.6%
	Average	**23.7%**	**17.6%**	**3.8%**	**4.6%**	**-0.1%**
	Median	**9.6%**	**5.7%**	**4.8%**	**1.4%**	**0.8%**

Source: Bloomberg, Apex Securities

Figure 4: FTSE Bursa Malaysia KLCI Top 10 Constituents

Constituent	ICB Sector	Net MCap (MYRm)	Wgt %
Malayan Banking	Banks	90,255	14.25
Public Bank BHD	Banks	71,922	11.35
CIMB Group Holdings	Banks	66,999	10.57
Tenaga Nasional	Electricity	64,497	10.18
IHH Healthcare	Health Care Providers	28,121	4.44
Press Metal Aluminium Holdings	Industrial Metals and Mining	24,249	3.83
Telekom Malaysia	Telecommunications Service Providers	22,418	3.54
Gamuda	Construction and Materials	21,541	3.40
SD Guthrie	Food Producers	20,884	3.30
AMMB Holdings	Banks	17,930	2.83
Totals		**428,815**	**67.68**

Source: FTSE Russell as at 27 February 2026

Similarly, the **consumer sector** records **average gains of around 1.9% six months before elections**, rising modestly to **2.6% three months before polling day**. In contrast to the finance sector, consumer stocks tend to remain **slightly positive in the final month (+0.3%)**, likely supported by expectations of stronger consumption and potential policy measures ahead of elections. **Our preferred picks are AQUAWALK (BUY, TP: RM0.37) and CCK (BUY, TP: RM1.62).**

Figure 5: Consumer Performances before historical general elections

Date	Election	12 months before	9 months before	6 months before	3 months before	1 month before
20-Oct-90	1990	n.a.	n.a.	n.a.	n.a.	n.a.
24-Apr-95	1995	-2.8%	4.6%	-13.5%	11.4%	0.1%
29-Nov-99	1999	29.5%	27.4%	-4.0%	-4.3%	0.4%
21-Mar-04	2004	42.5%	30.8%	21.0%	12.6%	4.4%
8-Mar-08	2008	14.6%	3.9%	1.6%	-6.1%	-5.3%
5-May-13	2013	7.4%	4.2%	2.8%	5.4%	-0.6%
7-May-18	2018	8.3%	8.2%	8.2%	1.2%	-1.3%
19-Nov-22	2022	-4.8%	-3.6%	-2.5%	-2.1%	4.1%
	Average	**13.5%**	**10.8%**	**1.9%**	**2.6%**	**0.3%**
	Median	**8.3%**	**4.6%**	**1.6%**	**1.2%**	**0.1%**

Source: Bloomberg, Apex Securities

Buy the Dip Amid Global Weakness; GE16 Could Provide a Market Tailwind.
Given the current weakness in global markets, long-term investors may look to gradually accumulate fundamentally sound stocks, particularly those that have experienced significant price corrections, as highlighted in our report "*Economics & Market Outlook – Buy the Dip on Geopolitical Noise*" dated 5 March 2026.

Should GE16 materialise in 2H2026, it could provide a modest near-term tailwind for the equity market, given that the FBM KLCI has historically trended higher in the run-up to general elections. Investors may **consider positioning in quality financial and consumer stocks**, which have typically outperformed during the pre-election period. Nonetheless, market volatility may increase closer to polling day, warranting a more selective and disciplined investment approach.

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain + dividend yield

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Friday, 13 Mar, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.