

## Market Strategy

### MY Value Up: A Stock Selection Framework, Not a Broad-Market Rerating Catalyst

- **SC and Bursa Malaysia have launched the MY Value Up Programme to strengthen corporate value creation, capital efficiency and investor confidence.**
- **We view MY Value Up as a stock-selection framework rather than a broad-market rerating catalyst.**
- **Given the guidebook's impact will materialise over the medium to long term, we maintain a barbell strategy as external and domestic factors are likely to remain the key drivers of market performance in the near term.**
- **Despite the near-term consolidation, our longer-term outlook remains constructive. We maintain our FBM KLCI year-end target of 1,787.**
- **Our top picks are ViTrox, Mi Technovation, MSC and MITRA.**

#### 2H2026 Top Picks Summary

Stock	Price (RM)	Target Price (RM)
ViTrox	7.00	7.04
MI	4.68	6.23
MSC	2.09	3.06
MITRA	0.65	1.27
FRONTKEN	4.75	5.71
EG	1.82	2.69
TENAGA	14.22	16.77
SJC	0.54	0.67
SSB8	0.55	0.78
ISF	0.53	0.62

Source: Apex Securities Berhad

#### Economic at a glance

2025 GDP Growth	+5.2%
2026 GDP Growth Forecast:	+4.7%
2025 Export Growth:	+6.4%
2026 Export Growth Forecast:	+8.1%
2025 Unemployment Rate	3.0%
2026 Unemployment Rate Forecast:	3.0%
2025 Headline Inflation:	+1.4%
2026 Headline Inflation Forecast:	+2.1%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%

#### Quick Take

The Securities Commission and Bursa Malaysia launched the MY Value Up Programme Guidebook on 9 June 2026. The launch of MY Value Up marks a significant milestone under the Capital Market Masterplan 2026-2030, representing Malaysia's most comprehensive attempt to improve corporate value creation, capital allocation discipline and investor communication. The programme draws inspiration from similar initiatives in Japan, South Korea and Taiwan, all of which have sought to address valuation discounts and improve market competitiveness through enhanced disclosure, governance and shareholder value considerations.

While comparisons with these markets are inevitable, we believe investors should be careful not to overstate the potential for an immediate broad-based market rerating. Instead, we view MY Value Up primarily as a stock-selection framework that can help identify companies capable of delivering superior capital efficiency, shareholder returns and long-term value creation.

#### Understanding the Real Objective

At its core, MY Value Up is not simply a disclosure exercise. The Guidebook repeatedly emphasizes concepts such as ROE relative to cost of equity, ROIC relative to WACC, shareholder return frameworks, capital allocation discipline, governance accountability and investor engagement. **In our view, this reflects a deliberate attempt to shift the focus of Malaysian PLCs away from merely growing earnings towards generating returns above the cost of capital.**

Historically, many Malaysian companies have been evaluated based on earnings growth, dividend yields, asset backing or order book visibility. MY Value Up introduces a different question: **Is management deploying capital efficiently enough to create value for shareholders?**

This distinction is important because sustainable valuation rerating ultimately depends on capital efficiency and shareholder returns rather than disclosure alone.

#### Lessons From Japan, South Korea and Taiwan

The experience of overseas markets offers useful context.

Japan's reforms are often cited as a successful example of market rerating. However, the improvement in Japanese equities cannot be attributed solely to the Tokyo Stock Exchange's value enhancement initiatives. The reforms coincided with broader governance improvements, stronger institutional stewardship, rising share buybacks, increased foreign investor participation and a favourable macroeconomic backdrop, including the return of inflation and sustained earnings growth.

South Korea's Value-Up programme similarly benefited from a broader ecosystem of policy incentives, tax measures, dedicated Value-Up indices and rising shareholder return initiatives. Importantly, companies responded not only through enhanced disclosures but also through more aggressive buybacks, treasury share cancellations and dividend improvements.

Taiwan presents a different case. While Power Up TW achieved strong adoption rates and improved disclosure quality, market performance was also supported by structural leadership in semiconductors and artificial intelligence-related industries. Governance improvements enhanced investor confidence, but earnings and sectoral tailwinds remained critical drivers of valuation.

**The common lesson is that these markets did not rerate simply because value-up programmes were introduced. They rerated because value-up initiatives were accompanied by broader catalysts that improved both earnings quality and investor confidence.**

## Why Malaysia Is Different

Malaysia enters this journey from a different starting point. Unlike Taiwan, Malaysia does not possess a dominant global technology ecosystem. Unlike Japan, Malaysia is not experiencing a major structural shift in inflation or corporate governance after decades of deflationary conditions. Unlike South Korea, Malaysia has yet to introduce dedicated Value-Up indices, tax incentives or a large-scale shareholder return wave.

What Malaysia does possess is a unique domestic institutional ecosystem. The commitment by major GLICs to allocate capital towards companies demonstrating meaningful adoption of MY Value Up principles potentially creates an important incentive structure. Rather than relying on activist pressure, **Malaysia's model appears to focus on aligning board accountability, investor communication and institutional capital support.** This distinction may prove important in determining how the programme ultimately evolves.

## Why We View MY Value Up as A Stock Selection Framework

Our base case is that MY Value Up will initially create greater differentiation between companies rather than trigger a broad-market rerating. Not every company will embrace the framework to the same extent. Not every company will improve capital allocation. Not every company will be willing to set measurable targets or hold management accountable for delivery.

As a result, we expect the market to increasingly distinguish between companies that merely participate and companies that genuinely execute.

The likely beneficiaries are companies exhibiting one or more of the following characteristics:

- Persistent valuation discounts relative to intrinsic value or sector peers;
- Excess cash balances or underutilised assets;
- Conglomerate structures where capital allocation can be improved;
- Low but repairable ROE profiles;
- Management teams willing to communicate measurable value creation objectives;
- Clear pathways towards improved shareholder returns, asset monetisation or capital recycling.

In our view, low Price-to-Book Ratio remains a useful starting point, but valuation alone is insufficient. The more attractive opportunities are those where valuation discounts coexist with identifiable levers for improving capital efficiency.

## Conclusion

**We remain positive on MY Value Up.** The programme introduces a more structured framework for value creation, strengthens the emphasis on capital efficiency and improves accountability around long-term strategic execution. Importantly, the involvement of major domestic institutional investors provides a potential incentive mechanism that many previous governance initiatives lacked.

However, **we believe investors should resist viewing MY Value Up as an automatic broad-market rerating trigger.** While Japan, South Korea and Taiwan experienced meaningful market-level benefits following similar initiatives, those outcomes were supported by a broader combination of governance reforms, capital-return measures, policy incentives and favourable macroeconomic conditions. In Malaysia's case, we expect the initial impact to be more selective.

**Our view is that MY Value Up should be approached primarily as a stock-selection framework rather than a market-wide thematic trade.** The greatest opportunities are likely to emerge among companies capable of translating improved governance, capital allocation discipline and shareholder value initiatives into measurable financial outcomes.

**Given our view that the guidebook's impact will materialise over the medium to long term, we believe a barbell strategy remains appropriate in the near term, particularly as external and domestic developments continue to be the primary drivers of market performance.**

**We expect market volatility to remain elevated in June** as investors focus on key US inflation and labour market data ahead of Fed Chair Kevin Warsh's first FOMC meeting. With expectations for US rate cuts in 2026 largely priced out, any reaffirmation of a higher-for-longer stance could support the US Dollar and weigh on risk assets.

Meanwhile, developments surrounding the US-Iran ceasefire and the Strait of Hormuz will remain key drivers of oil prices and broader market sentiment. In response to these uncertainties, Malaysia's Crisis Management Task Force (PPPK), established under the National Economic Action Council (MTEN), has outlined several measures to safeguard domestic fuel supplies and critical supply chains. These initiatives should help support production activities and mitigate near-term disruptions. For further details, please refer to our Economist's report, "*Malaysia Supply Chain Holds Up – Macro Outlook Remains Intact*" dated 11 June 2026.

Domestically, attention is likely to centre on the upcoming Johor and Negeri Sembilan state elections, which are expected to take place in the coming weeks. The results could serve as an important barometer of voter sentiment ahead of GE16 and may influence investor perceptions of the domestic political landscape. While the elections are unlikely to have an immediate impact on economic fundamentals, they could contribute to heightened market volatility should the outcomes differ significantly from market expectations. For further details, please refer to our market outlook report, "*GE16 Countdown Begins*" dated 03 June 2026.

That said, we expect market downside to be supported by resilient domestic consumption, continued execution of data centre and infrastructure projects, sustained investment activity, and ongoing strength in selected export-oriented sectors, particularly within the technology and E&E supply chains. These structural growth drivers should continue to provide support against external and internal uncertainties. **Our top picks are ViTrox, Mi Technovation, MSC and MITRA.**

### Technical outlook

The benchmark KLCI failed to gain traction following the launch of the MY Value Up Programme Guidebook by the Securities Commission and Bursa Malaysia on 9 June 2026. From a technical perspective, the index remains at a critical juncture, hovering around the neckline of a bearish Double Top formation. A decisive break below this level could signal further consolidation or downside risk in the weeks ahead, particularly if market sentiment continues to be weighed down by external uncertainties and domestic political developments.

Should the KLCI decisively breach the 1,670-neckline support, the index may extend its decline towards 1,640. On the upside, resistance is expected around the 1,700 mark.

Despite the near-term consolidation, our longer-term outlook remains constructive. We maintain our **FBM KLCI year-end target of 1,787**, based on our Elliott Wave framework (Figure 2). With the complex WXY correction likely complete, we expect the index to transition into a new five-wave impulsive uptrend.

Figure 1: Pending Double Top breakdown

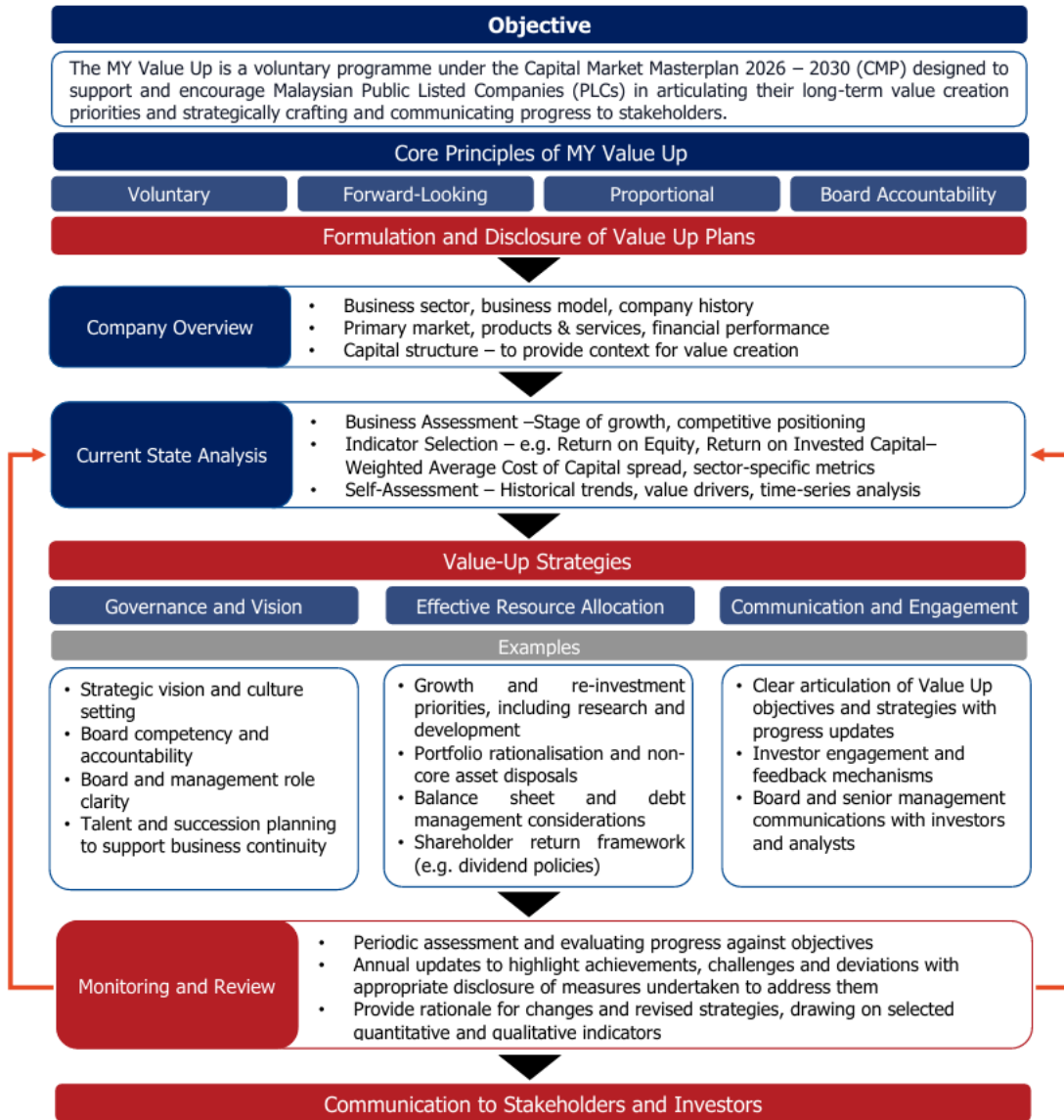


Figure 2: KLCI Long-Term Elliott Wave Count Signals Start of New Upcycle



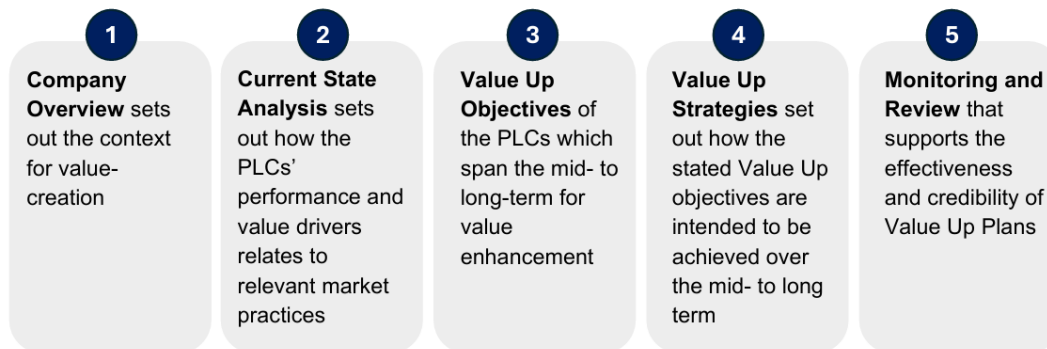
Source: Bloomberg, Apex Securities

Figure 3: Summary of the MY Value Up Programme



Source: Bursa Malaysia, Securities Commission Malaysia

Figure 4: Overview of the Core Components of Value Up Plans



Source: Bursa Malaysia, Securities Commission Malaysia

**Figure 5: Illustrative Examples of Financial and Efficiency metrics**

Category	Examples of Financial and Efficiency Metrics
<b>Market Evaluation</b>	Price-to-Book Ratio (PBR), Price to Earnings Ratio (PER), etc.
<b>Capital Efficiency</b>	Return on Equity–Cost of Equity (ROE-COE), Return on Invested Capital–Weighted Average Cost of Capital (ROIC-WACC), book value per share growth, etc.
<b>Shareholder Returns</b>	Total Shareholder Return (TSR), dividend payout ratio, treasury share holdings, payout progression, dividend yield etc.
<b>Growth Potential</b>	Sales revenue growth rate, R&D investment growth rate, etc.
<b>Liquidity</b>	Trading volume, Free Cash Flow (FCF) Yield, etc.

Source: Bursa Malaysia, Securities Commission Malaysia

#### 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

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(a) nil.