

## Kenanga Investors

# Market Review and Outlook

As of October 2025

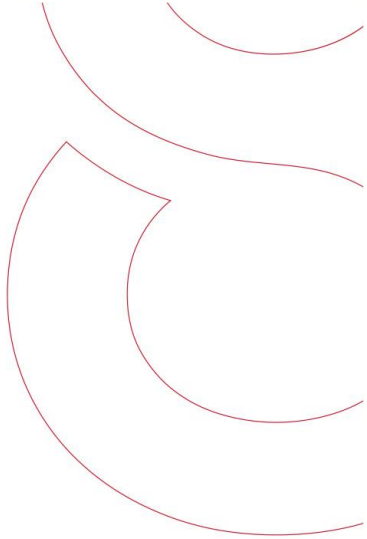
### Equity Market Review

Global equities extended their rally in September, driven by strength in US markets as the S&P500 (+3.5% MoM) and Nasdaq (+5.6% MoM) posted their best September performance in over 15 years, while the Dow Jones added +1.9% month-on-month (MoM). Sentiment was buoyed by the Federal Reserve (Fed)'s decision to deliver its first 25 basis points (bps) rate cut of the year, following months of dovish signalling. Confidence was further underpinned by continued momentum in corporate earnings, with large-cap tech and AI-linked names again leading gains, particularly semiconductors. Nvidia and other AI bellwethers extended their run as demand signals in data centres and cloud infrastructure remained robust. Meanwhile, concerns around a potential US government shutdown at month-end caused short-term volatility but did not derail the broader advance.

European equities advanced in September, with the EuroStoxx50 up +3.3% MoM. Gains were supported by improving risk sentiment after the Fed's rate cut and rotation into cyclical sectors, though headwinds from political uncertainty in France (a looming no confidence vote) and ongoing fiscal strains across southern Europe capped upside. Defensive sectors such as healthcare and industrials provided stability, offsetting softer consumer and technology names. Trade negotiations with the US produced little concrete progress during the month, but expectations for further tariff relief kept sentiment steady.

Asian markets were mixed but broadly positive. The biggest gainers being Korea (+7.5%) and Hong Kong (7.1%) MoM; but with laggards in Philippines (-3.3%) and Australia (-1.4%) MoM. South Korea's KOSPI rebounded strongly on renewed appetite for semiconductor and export cyclicals after prior softness. Japan also climbed as a softer yen and global technology momentum lifted exporters. China posted modest gains (CSI300 +3.2%, SSE Comp +0.6%) as easing policy commentary and liquidity measures supported risk appetite, though late-month profit taking trimmed some of September's advance. Overall, the MSCI Asia ex-Japan index rose +6.6% MoM, reflecting stronger momentum across North Asia and China-linked markets.

In Malaysia, equities tracked global peers higher with broad-based strength across benchmarks. The FBMKLCI, FBM100, FBM Shariah and FBM Small Cap rose 2.3%, 2.2%, 3.2% and 5.8% MoM respectively. All sectors posted gains in September, with leaders being Utilities, Industrial and Consumer. Policy developments included the government's decision to cut RON95 fuel prices to RM1.99 per litre under subsidy rationalisation, while Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) at 2.75%, citing balanced risks to growth and inflation. Corporate headlines were dominated by Sunway's RM2.4 billion acquisition of MCL Land in Singapore and Gamuda's RM3.3 billion land purchase at Chencharu Close, both strengthening their international presence amid robust Singapore property market fundamental.



In commodities, oil prices eased with Brent crude falling 1.6% MoM to USD67 per barrel, pressured by expectations of higher OPEC+ supply and lingering demand concerns. Crude palm oil (CPO) prices edged lower, falling -0.6% MoM to RM4,353 per MT, weighed by profit taking after prior months' strength and expectations of steady supply, even as seasonal export demand stayed supportive.

## **Equity Market Outlook & Fund Strategy**

Market focus has shifted from tariff rate uncertainty towards assessing the eventual impact of the new tariff regime on consumer prices/inflation and corporate margins. A growing consensus is that higher tariffs will create winners & losers, but would not be crippling to broader growth, especially for the US which also sees tailwinds from the tax cuts and deregulation drive under the Trump administration. Attention now turns squarely to the Fed, which delivered its first rate cut in September and markets are now debating the pace and extent of the easing cycle against the backdrop of a still resilient labour market and moderating but sticky services inflation. Lower US rates can benefit the region via better liquidity flows into emerging markets and potential support for EM currencies. Beyond macroeconomics, the strength and sustainability of the AI and data centre buildout theme remain a principal driver of global equities.

In Malaysia, growth is expected to remain resilient, despite external uncertainties posing risks to near-term exports & Gross Domestic Product (GDP) growth. Infrastructure projects, FDIs and domestic private investment offset weakness in exports. Meanwhile, domestic consumption is expected to be supported by accommodative fiscal and monetary policies.

The global rate cutting cycle and resilient domestic growth provide a supportive backdrop for equities. As such, we continue to favour sectors benefitting from strong thematic drivers such as AI & data centre buildouts, infrastructure project rollouts, new energy, and a nascent tech upcycle. Key sectors in focus are utilities & renewable energy, infrastructure (including construction and property), technology, and REITs. A bottom-up stock picking approach continues to be favoured to navigate specific opportunities.

## **About Kenanga Investors Berhad**

We provide investment solutions ranging from collective investment schemes, portfolio management services, alternative investments, as well as wills and trusts for retail, corporate, institutional, and high net worth clients via a multi-distribution network.

The **Morningstar Awards 2025** has recognised the Kenanga Blue Chip Fund as Best Malaysia Large-Cap Equity Fund. The **Bursa Excellence Awards 2024** awarded KIB's exchange-traded funds' arm, Eq8 Capital Sdn Bhd with the Special Award – Thought Leadership for launching Eq8WAQF, the world's first Waqf-featured Exchange Traded Fund. Introduced under a newly established category, the award highlights innovations that are reshaping the investment landscape.

At the **LSEG Lipper Fund Awards Malaysia 2025**, KIB received awards for the Kenanga DividendEXTRA Fund ("KDEF") under the Best Equity Malaysia Diversified – Malaysia Funds over 3 years, Kenanga Malaysian Inc Fund ("KMIF") under the Best Equity Malaysia Diversified – Malaysia Provident Funds over 10 years, Kenanga Balanced Fund ("KBF") under the Best Mixed Asset MYR

Balanced – Malaysia Provident Funds over 10 years, Kenanga Managed Growth Fund ("KMGF") under Best Mixed Asset MYR Flexible – Malaysia Provident Funds over 10 years, and Kenanga SyariahEXTRA Fund ("KSEF") under the Best Mixed Asset MYR Balanced – Malaysia Islamic Funds Awards over 10 years.

Kenanga SyariahEXTRA Fund ("KSEF") was also recognised under the Mixed Asset MYR Balanced – Malaysia (10 years) category at the **LSEG Lipper Fund Awards (Global Islamic) 2025**.

The Hong Kong-based Asia Asset Management's **2025 Best of the Best Awards** awarded KIG under the following categories, Malaysia Best Impact Investing Manager, Best Impact Investing Manager in ASEAN, Malaysia Best Equity Manager, Malaysia CEO of the Year (Co-Winner), Malaysia CIO of the Year, Malaysia Best House for Alternatives, Malaysia Best ESG Engagement Initiative, Malaysia Fund Launch of the Year, and Malaysia Best Retail Asset Management Company.

The **FSMOne Recommended Unit Trusts Awards 2025/2026** awarded the Kenanga Growth Fund Series 2 with the "Sector Equity – Malaysia Focused" award for the fourth consecutive year since 2022. **We were also recognised at The BrandLaureate BestBrands Awards 2024 - Brand of the Year under the category Wealth Management & Investment Solutions.** For the eighth consecutive year, KIB was affirmed an investment manager rating of IMR-2 by Malaysian Rating Corporation Berhad, since first rated in 2017. The IMR rating on KIB reflects the fund management company's well-established investment processes and sound risk management practices.

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