

PHILLIP RESEARCH SDN BHD

199001007125 (198695-X)

B-18-6, Megan Avenue II, No 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

Tel No: 03-2783 0300

Morning Pole Position

| 10th November 2022 |

All market data as at previous trading day

Market indices

Indices	Last	Daily chg	YTD chg%
<i>Local</i>			
FBM KLCI	1,446.19	4.84	-7.74
FBM Emas	10,259.45	32.81	-9.28
FBM Syariah	10,323.74	15.38	-15.81
FBM Small Cap	14,300.94	39.54	-9.26
FBM ACE	4,932.34	-9.09	-23.17
F4G BM	831.66	3.52	-5.53
F4G BMS	854.60	2.23	-13.02

Funds Flows	Net Buy (MYR'm)
Local Institutions	-63.7
Local Retails	-12.9
Foreign	76.6

<i>Foreign</i>			
Dow Jones	32,513.94	-646.89	-10.52
S&P 500	3,748.57	-79.54	-21.35
Nasdaq	10,353.17	-263.02	-33.82
FTSE	7,296.25	-9.89	-1.20
Hang Seng	16,358.52	-198.79	-30.08
Nikkei	27,716.04	-156.07	-3.74
Shanghai CI	3,048.17	-16.33	-16.25
Strait Times	3,165.50	19.67	1.34

Currencies

BNM Middle Rate (5pm)	Last	Daily chg	YTD %
USD / MYR	4.6840	-0.0525	12.46
GBP / MYR	5.4081	-0.0183	-3.96
JPY100 / MYR	3.2216	-0.0094	-10.98
EUR/MYR	4.7168	-0.0116	0.06
SGD / MYR	3.3528	-0.0204	8.67
CNY / MYR	0.6472	-0.0050	-1.15
AUD / MYR	3.0502	-0.0098	0.78

Bond Yield Movements

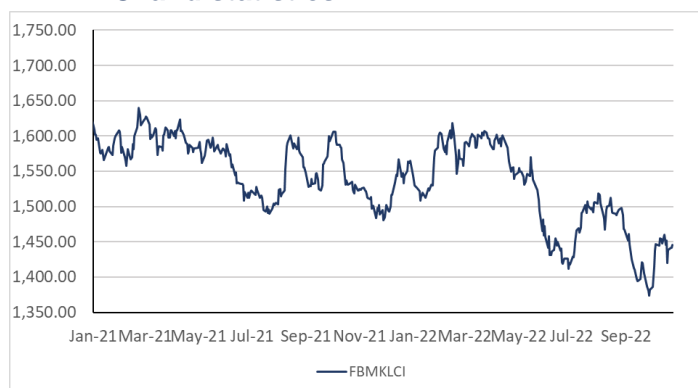
		Yield	Daily Change (bps)
MGS	3- year	3.95	-4
	10- year	4.49	-2
GII	3- year	3.99	8
	10- year	4.62	-2
UST	2- year	4.61	-6
	10- year	4.12	-2

Commodities

	Last	Daily chg	Daily chg %
CPO (3 rd month)	4,219.00	-176	-4.00
Brent (1 st month)	92.41	-2.64	-2.78
Gold (spot)	1,707.04	-5.48	-0.32

Source: Treasury.gov, Bursa and BNM

FBM KLCI and statistics



Source: Bloomberg

Market Turnover

Vol (m shrs)	3,071
Value (MYR m)	1,722

Top 5 Value	Last	Daily chg %	Value (MYR m)
CIMB	5.440	0.37	135.035
MAYBANK	8.630	1.53	102.061
TOPGLOV	0.840	-0.59	95.551
PBBANK	4.400	0.46	75.150
PCHEM	8.550	0.00	42.359

Top 5 Gainers	Last	Daily chg %	Value (MYR m)
NEXGRAM	0.010	100.00	0.043
EURO	0.135	50.00	10.572
COMPUGT	0.015	50.00	0.005
TAWIN-PA	0.030	50.00	0.004
SSB8	0.220	46.67	6.031

Top 5 Losers	Last	Daily chg %	Value (MYR m)
ALAM	0.015	-25.00	0.149
FOCUS	0.015	-25.00	0.014
XOX	0.015	-25.00	0.006
TALAMT	0.015	-25.00	0.000
IQZAN	0.030	-25.00	0.000

Top 5 DBT	Value (MYR m)	Volume (m shares)	Price (MYR)
MYEG	78.375	95.000	0.86
RAPID	26.477	1.733	15.38
MICROLN	25.500	30.000	0.95
UNISEM	17.850	7.000	2.63
WIDAD	16.021	43.300	0.41

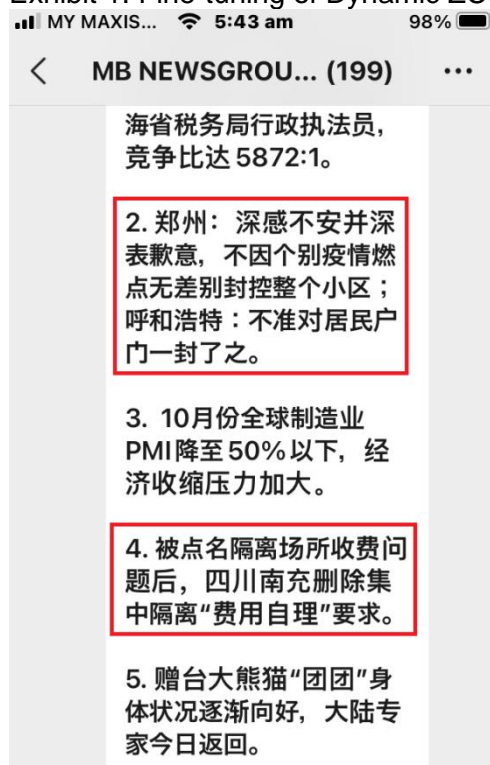
Market Pulse

The KLCI closed marginally higher at 1,446.19, where it gained 4.84 points or 0.34%. KLCI's constituents saw 11 gainers, 13 losers, and 6 unchanged. Hartalega Holdings Bhd closed off as the top loser of the day shredding 3.86% after their disappointing 2Q results released the day before, which implies that the prospects of the glove makers remain uncertain where their revenue was heavily affected by lower ASP as well as a decrease in sales volume. Meanwhile, the top gainers were led by Press Metal Aluminium Holdings Bhd and Malayan Banking Bhd, which gained 2.07% and 1.53%, respectively. On the broader market, gainers led losers 425 to 404, while 401 counters were unchanged.

While control of Congress remains unknown, Republicans taking control of only the House of Representatives will be enough to stymie Biden's domestic agenda and will likely result in fiscal brinksmanship around the debt limit and government shutdowns. A divided government will likely result in a lack of fiscal support during the forecasted recession in 1Q 2023 and a hawkish Fed will tailspin the global markets into chaos although as per Reuters, when a Democrat is in the White House and there is a split government, stock markets often fare better.

On the other hand, hopes of China reopening have resurfaced over the past few days that authorities may be looking to gradually ease the strict Zero Covid policies, but we believe that the essential parts of the ZCS will remain until at least 2023 Chinese New Year is over although fine-tuning measures are likely in the weeks ahead (Exhibit 1).

Exhibit 1: Fine-tuning of Dynamic ZCS



Source: WeChat, compiled by PRSB

We believe that China reopening speculation is unlikely to benefit the Malaysia market, while US mid-term election results may be a good reference to our GE15 on voters' concerns. Hence, for Malaysia market, until the election is over, the O&G and tech sectors are relatively insulated from political outcomes since they depend on global trends.

Our picks are in Exhibit 2.

Exhibit 2: Our Picks

Company	Ticker	Rating	Price (MYR)	TP (MYR)	Upside (%)
Fundamental					
Bermaz Auto	BAUTO MK	Buy	1.95	2.45	25.64
Guan Chong	GUAN MK	Outperform	2.10	2.78	32.38
Technical					
QL Resources	QLG MK	Outperform	5.25	5.77	9.90
Opcom Holdings	OHB MK	Buy	0.840	1.24	47.62
Gamuda	GAM MK	Outperform	3.65	4.30	17.81
Pentamaster Corporation	PENT MK	Buy	3.82	5.26	37.70
Formosa Prosonic Industries	FOR MK	Buy	3.00	3.92	30.67
Kerjaya Prospek Group	KPG MK	Outperform	1.15	1.39	20.87
MMS Ventures	MMSV MK	Buy	0.650	1.20	84.62
FM Global Logistics Holdings	FMH MK	Buy	0.545	0.82	50.46
Hibiscus Petroleum	HIBI MK	Buy	1.03	1.32	28.16
OSK Holdings	OSK MK	Buy	0.88	1.12	27.27
UWC	UWC MK	Buy	3.60	5.03	39.72
Dayang Enterprise	DEHB MK	Buy	1.24	1.44	16.13
CTOS Digital	CTOS MK	Buy	1.38	1.78	28.99
Ancom Nylex	ANC MK	Buy	0.93	1.24	33.33
BP Plastics Holdings	BPP MK	Buy	1.39	1.80	29.50
CCK Consolidated Holdings	CCK MK	Outperform	0.60	0.71	18.33
Vitrox Corp Bhd	VITRO BHD	Buy	7.07	7.88	11.39
Pecca Group BHD	PECCA MK	Buy	0.84	1.16	37.50
Nova Wellness Group Bhd	NOVA MK	Outperform	0.89	1.07	20.34
Duopharma Biotech Bhd	DBB MK	Outperform	1.39	1.44	3.60
Mega First Corp	MFCB MK	Outperform	3.20	3.63	13.28
Malton Bhd	MALT MK	Buy	0.40	0.44	11.39
MyEG Services Bhd	MYEG MK	Outperform	0.86	0.94	9.94
WCT Holdings Bhd	WCT MK	Outperform	0.37	0.43	17.81
ETF					
MyETF MSCI SEA Islamic Dividend	MEMSID MK	Buy	0.84	0.92	10.01
Principal FTSE ASEAN 40 Malaysia ETF	CIMBA40 MK	Buy	1.68	1.80	7.12
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker	FANG1XI MK	Strong Buy	1.90	2.44	28.67

Source: Bursa, Bloomberg, PRSB, price as of 9th November 2022

Malaysian news highlights

- **Economic sector positions 97.8% filled as of 3Q2022 — DOSM.**

A total of 97.8% of the 8.68 million positions in the economic sector have been filled as of the third quarter of this year (3Q2022), according to the Department of Statistics Malaysia (DOSM). Based on the latest employment statistics released by the DOSM, of the 8.48 million positions that were filled, 4.5 million were in the service sector. (Source: [TheEdgeMarkets](#))

- **Wholesale, retail trade volume index up 25.9% in 3Q, sales value 23.9% higher in September — DOSM.**

The volume index of wholesale and retail trade registered a growth of 25.9% to 144.5 points in the third quarter of 2022 (3Q2022), compared to the same quarter in the previous year, said the Department of Statistics Malaysia (DOSM). In a statement, the department said positive growth was recorded in all sub-sectors, namely motor vehicles (142.4%), retail trade (29.6%), and wholesale trade (7.1%). (Source: [TheEdgeMarkets](#))

- **EV resources, infrastructure sorely needed to grow EV market share in Malaysia to 38% by 2030.**

The development of resources and infrastructure is vital to grow the electric vehicle (EV) market share in the country to 38% by 2030, said panellists of the Invest Malaysia Series 2 held on Wednesday (Nov 9) at Bursa Malaysia's headquarters here. One of the panellists, Tenaga Nasional Bhd (TNB) project director of project management office-EV Mohd Junaizee Mohd Noor said four challenges when it comes to proliferation of EV circulation are price and expenditure of EV, infrastructure, government policies, and support industries. (Source: [TheEdgeMarkets](#))

- **New energy vehicle penetration in Malaysia up 3.4% y-o-y to 13,753 units, says Proton.**

A study by Proton Holdings Bhd has revealed that new energy vehicle (NEV) penetration in Malaysia increased 3.4% year-on-year (y-o-y) to 13,753 units in January to August 2022, compared with the same period last year. Proton deputy chief executive officer Roslan Abdullah said on Wednesday (Nov 9) that battery electric vehicles (BEVs) in Malaysia accounted for 1,026 units or 7% of the total NEV units. (Source: [TheEdgeMarkets](#))

Global news highlights

- **US Inflation to Cool Only Slightly, Keeping Big Fed Hike in Play.**

US inflation probably moderated just slightly in October data due Thursday, and yet another above-forecast reading may dash expectations for the Federal Reserve to downshift from steep interest-rate hikes. (Source: [Bloomberg](#))

- **A Wageflation Hangover Is Coming for European Companies.**

European companies dealing with the worst energy crisis and inflation in four decades are bracing for a fresh shock: wage inflation and the increasing threat of worker actions. That ominous theme has emerged in this earnings season, with most of Europe's biggest companies—from Unilever and Nestlé to L'Oréal, Sodexo and Ahold Delhaize—warning that prices might have to rise further in 2023 amid tough wage negotiations in a tight labor market. (Source: [Bloomberg](#))

- **China Property Crisis Imperils \$1.6 Trillion of Local State Debt.**

China's deepening property crisis is piling pressure on a \$1.6 trillion corner of the country's onshore bond market, as cities and local administrations step in as white knights to bail out troubled developers in a state-backed bid to aid the sector. (Source: [Bloomberg](#))

- **CapitaLand Malaysia Trust to acquire Penang's Queensbay Mall for RM990.5 mil.**
CapitaLand Malaysia Trust (CLMT) is buying 91.8% of the total strata floor area of retail parcels in Penang's Queensbay Mall from parties related to CapitaLand Investment Ltd for RM990.5 million in a related-party transaction. (Source: [TheEdgeMarkets](#))
- **Duopharma's 3Q net profit down 3.6%, dragged by higher finance and operating costs.**
Duopharma Biotech Bhd's third quarter net profit slipped 3.62% to RM16.35 million, from RM16.96 million a year earlier, pressured by higher finance and operating costs. Earnings per share for the third quarter ended Sept 30, 2022 (3QFY22) dropped to 1.72 sen from 1.8 sen. (Source: [TheEdgeMarkets](#))
- **Hup Seng 3Q net profit drops 6% on higher raw material costs.**
Hup Seng Industries Bhd's net profit for the third quarter ended Sept 30, 2022 (3QFY2022) dropped 6.05% to RM3.84 million from RM4.08 million in the same period last year, dragged down by higher raw material costs. Earnings per share was reduced to 0.48 sen from 0.51 sen previously, according to the biscuit maker's filing with Bursa Malaysia on Wednesday (Nov 9). (Source: [TheEdgeMarkets](#))
- **Proton plans to produce EVs by 2027.**
National automaker Perusahaan Otomobil Nasional Bhd (Proton) is in the midst of strengthening its electric vehicle (EV) capabilities, and plans to launch and produce its own EV by 2027, said deputy chief executive officer Roslan Abdullah. (Source: [TheEdgeMarkets](#))

DISCLAIMER

Legal and Regulatory Notices (Electronic Communications)
© 2018 PRSB.

Important disclosures

This research report is strictly confidential and has been prepared for information purposes only by Phillip Research Sdn Bhd ("PRSB"), a subsidiary of Phillip Capital Holdings Sdn Bhd ("PCH") and is meant for circulation to its clients and clients of other subsidiaries companies of PCH particularly Phillip Mutual Berhad ("PMB"), Phillip Capital Management Sdn Bhd ("PCM"), Phillip Wealth Planners Sdn Bhd ("PWP") and Phillip Capital Sdn Bhd ("PCSB") (collectively refer to as Phillip Group other licensed intermediaries ("PGOLI")) only or such other persons as may be deemed eligible to receive such research report, information or opinion contained herein. Neither the publication/communication nor any portion hereof may be reprinted, distributed, sold, resold, redistributed, copied, reproduced, published, republished, displayed, posted or transmitted in any form or media or by any means without the written consent of PRSB.

The policy of PRSB is to only publish research that is impartial, independent, clear, fair, and not misleading. Analysts never receive compensation from companies they cover. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to a research report as below. This research disclosure is for your information only and does not constitute any recommendation, representation or warranty. Absence of a disclosable position should not be taken as endorsement on the validity or quality of the research report or recommendation.

To maintain the independence and integrity of PRSB's research, PGOLI activities such as fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and research business lines are distinct from one another. This means that PRSB is not part of and does not report to any of PGOLI. Accordingly, PGOLI does not supervise nor control the activities of PRSB's research analysts. PRSB's research analysts report to the Head of Research, who in turn report to PRSB's senior management.

PRSB and PGOLI have in place internal controls designed to manage conflicts of interest that may arise as a result of PGOLI engaging in fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, financial planning and PRSB activities. Some examples of these controls include: the use of information barriers and other information controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with PRSB and PGOLI's Chinese Wall policies and procedures; measures designed to ensure that interactions that may occur among PRSB's research personnel, fund management, dealing in securities (restricted to unit trust and private retirement scheme), dealing in derivatives, clearing for derivatives, and financial planning, PGOLI's financial product issuers and PRSB's research analysts do not compromise the integrity and independence of PRSB's research.

Neither analysts nor their household members/associates/may have a financial interest in, or be an officer, director or advisory board member of companies covered by the analyst unless disclosed herein. In circumstances where an analyst has a pre-existing holding in any securities under coverage, those holdings are grandfathered and the analyst is prohibited from trading such securities up to the date of the publication of this research report.

Unless specified otherwise, PRSB did not receive investment banking/non-investment banking income from, and did not manage/co-manage a public offering for, the listed company during the past 12 months, and it does not expect to receive investment banking compensation from the listed company within the coming three months. Unless mentioned otherwise, PRSB does not own a material disclosable position, and does not make a market, in the securities.

We hereby certify that the views expressed in this research report accurately reflect our views about the securities and/or the issuers and that no part of our compensation were or will be directly or indirectly related to the specific recommendation or views contained in this report or to any investment banking relationship with the subject company covered in this report (for the past one year) or otherwise any other relationship with such company which leads to receipt of fees from the company except in ordinary course of business of the company. We hereby confirm that our analyst(s) has/have not been placed under any undue influence, intervention or pressure by any person(s) in compiling this research report. This report is prepared without any intention to raise, lower or maintaining the price of the securities covered or to induce the recipient to buy or sell the securities covered. In addition, our analyst(s) included herein attest that he/she/they was/were not in possession of any

material, non-public price sensitive information regarding the subject company at the time of publication of the report. Save from the disclosure below (if any), we are not aware of any material conflict of interest.

Key to PRSB investment ratings:

Equity:

BUY: Total stock return (including dividends) expected to exceed 20% annually;

O-PF: Total expected return below 20% annually but exceeding market return;

U-PF: Total expected return positive but below market return;

SELL: Total return expected to be negative.

For relative performance, we benchmark the 12-month total forecast return (including dividends) for the stock against the 12-month forecast return (including dividends) for the market on which the stock trades.

ETFs (Criteria applies to rating assignments from 16th December 2019):

STRONG BUY: Total return (including dividends) expected to exceed 20% annually;

BUY: Total expected return below 20% but exceed 5% or then 1-year rate, whichever is higher;

SELL: Total return of not more than 5% or then 1-year rate, whichever is higher.

The ratings are based on the forecast total return (including dividends) over the next 12 months.

Funds:

The rating a mathematical scoring system that include risks (standard deviation, Sharpe Ratio) and returns (1-year, 3-year, 5-year and consistency) BUY: Total return (including income distribution) is positive and above peers' average while risk factors are low;

O-PF: Total return is positive and above peers' average but has higher risk factors; SELL: Total return is negative.

For a history of the recommendations and price targets for companies mentioned in this report, as well as company specific disclosures, please write to: Phillip Research Sdn Bhd, B-18-6, Block B Level 18, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.

The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject PRSB and/or its associate companies to any additional registration or licensing requirement within such jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgment of PRSB at the date of this publication/communication and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person (include but not limited to Financial Planners and Marketing Representative or a non-analyst), such views and opinions may not correspond to the published view of PRSB. This is not a solicitation or any offer to buy or sell. This publication/communication is for information purposes only and does not constitute any recommendation, representation, warranty or guarantee of performance. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this publication/communication, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including tax advice. PRSB, and PGOLI do not accept any responsibility and cannot be held liable for any person's use of, or reliance on the information and opinions contained herein. To the extent permitted by applicable securities laws and regulations, PRSB accepts no liability whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to form an investment opinion about the non-rated companies.

Subject to any applicable laws and regulations at any given time, PRSB, PGOLI and their respective affiliates or companies or individuals connected with PRSB may have used the information contained herein before publication and may have positions in, may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, investors should be aware that PRSB, PGOLI and/or their respective affiliates or companies or such individuals may have one or more conflicts of interest. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation. Disclosures therein include the position of PRSB and PGOLI only. Unless specified otherwise, PRSB did not receive any compensation or other benefits from the subject company covered in this publication/communication.

The analysts/contributors to this publication/communication may be employed by any relevant PGOLI entity, which is different from the entity that distributes the publication/communication in the respective jurisdictions.

PRSB, PGOLI and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. PGOLI may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

Investors should not consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. PRSB produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. PRSB and PGOLI publishes research product in a number of different ways including the posting of product on the PGOLI portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns. Any figure, strategy or index created and published for illustrative purposes within this report is not intended for "use" as a "benchmark".

Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

With respect to Fixed Income Research: Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. 'Stop loss' levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, Reuters or PGOLI prices or yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented.

The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via PhillipCapital Group entity in your home jurisdiction.