Phillip allocator

MONTHLY INVESTMENT ALLOCATOR

ISSUE 183

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MARKET OUTLOOK

The MSCI Asia Pacific Ex-Japan Index (-6.9%) underperformed the MSCI World Index (-0.8%) in October, as renewed concerns over debt-funded AI spending triggered a broad-based technology selloff. India (+1.9%) led regional equity markets, followed by the Philippines, which closed flat (0.0%). Among the other Southeast Asian markets, Malaysia (-2.2%) and Thailand (-2.6%) recorded relatively modest declines. Elsewhere, Japan (-5.2%), Singapore (-5.3%), Hong Kong (-5.4%), Taiwan (-5.7%), China (-8.5%) and Indonesia (-16.7%) declined the most. South Korea (-16.2%) also suffered a sharp correction, trimming its year-to-date gain to 36.0%. Globally, Europe (STOXX 600: +1.9%) and the Dow Jones (+1.7%) advanced, while the Nasdaq (-4.7%) and S&P 500 (-0.9%) declined amid disappointing technology earnings. All in, October's market weakness reflected a broad reassessment of AI-related investment expectations, with technology-heavy markets bearing the brunt of the selloff. Elevated oil prices, hawkish Fed expectations and persistent capital-flow pressures further weighed on regional risk appetite.

Regional central banks maintained a cautious stance amid elevated energy prices, inflationary pressures and uncertainty over the global interest-rate outlook. The Bank of Japan (BOJ) kept its short-term policy rate unchanged at 1.25% at its end-October meeting, while maintaining the possibility of further policy tightening as inflation approaches its target.

Limited progress towards de-escalating geopolitical tensions in the Middle East, alongside elevated bond yields, continue to limit the scope for multiple expansion across global equity markets. On a further scrutiny, higher energy prices, widening fiscal deficits and heavy AI-related debt issuance have collectively exerted upward pressure on government bond yields globally. Bloomberg Global Treasuries Index topped 4% for the first time since 2007, while long-dated U.S. Treasury yields reached their highest level since 2002. That said, we maintain a neutral stance on global equities, but we do not discount the likelihood that US equities may lead the recovery, should stronger-than-anticipated corporate earnings and upbeat management guidance provide some cushion against the prevailing risk-off sentiment.

Closer to home, we see a shift away from the crowded data-centre theme towards more defensive sectors, particularly Plantations and Banking. We believe Malaysia's palm oil output has peaked for 2026, alongside inventory levels. From here, we expect stockpiles to gradually decline in November before falling at a faster pace from December onwards, particularly during the seasonally low production quarter of 1Q27. Separately, loan growth is expected to remain robust, propelled by Malaysia's investment upcycle, while the sectors' healthy dividend payouts could provide some cushion against global risk-off sentiment.

EQUITY

The FBM KLCI declined 2.2% MoM to 1,615.6 points in October 2026, outperforming most regional markets despite net selling by foreign and local institutional investors and heightened global risk aversion. Healthcare (+6.3%) was the best-performing domestic sector, while plantations (-5.4%) and construction (-4.8%) lagged. Foreign investors remained net sellers for the third consecutive month, although net outflows narrowed to RM874m from RM1.62bn in September 2026, bringing cumulative 10M26 outflows to RM7.33bn. Foreign buying resumed in the final week, helping the KLCI recover from its intra-month low of 1,595.75 points.

Among KLCI constituents, 10 stocks gained while 20 declined in October 2026. The top gainers were Petronas Chemicals (+12.4%), MISC (+8.0%) and Nestlé (+6.6%), while CIMB (-11.3%), YTL Power (-10.0%) and Hong Leong Bank (-8.6%) were the largest decliners.

BOND

For the month of September, the yield for the Malaysian Government Securities (MGS) for the 3-year, 5-year, 7-year and 10-year changed by -8bps, -6bps, -11bps, and -13bps, closing at 3.39%, 3.68%, 3.87% and 3.89% respectively.

COMMODITIES & CURRENCIES

For the month of October, WTI crude oil rose 11.9% MoM to US$104.1/bbl, while Brent crude gained 15.1% MoM to US$117.2/bbl in October. Crude palm oil (CPO) prices increased 1.5% MoM to RM4,681/MT, while spot gold declined 6.9% MoM to US$3,875/oz. In the currency market, the Malaysian ringgit depreciated 0.5% MoM against the US dollar to RM4.05/US$, while the US Dollar Index (DXY) fell 0.5% to 101.9.



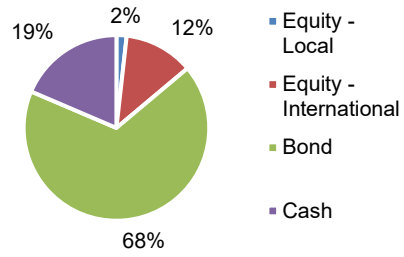
Commentary

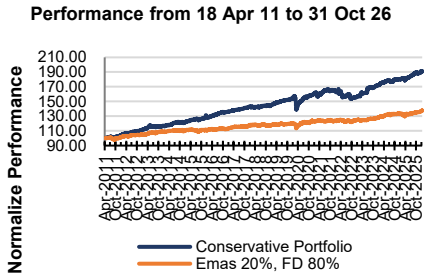
In October, most Equity Unit Trust Funds delivered negative returns, led by China and Asia-Pacific focused funds. Maybank Asiapac Ex-Japan Equity-I Fund was the worst performer with a return of -12.78%, while Fixed Income and Sukuk funds posted flat-to-positive returns.

CONVENTIONAL MODEL PORTFOLIO

Conservative Portfolio

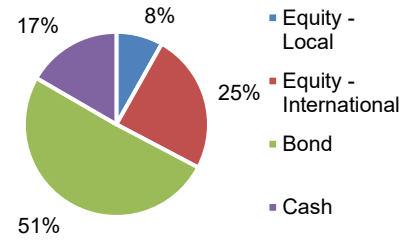
United-i ESG Series-High Quality Sukuk MYR	20.0%
AmDynamic Bond	20.0%
Kenanga ASnitaBOND	20.0%
Principal Global Titans MYR	2.5%
Aberdeen Standard Islamic World Equity A MYR	2.5%
Maybank Asiapac Ex-Japan Equity-I	2.5%
Manulife Investment Shariah Asia-Pacific ex Japan	2.5%
Principal Greater China Equity Fund – MYR	2.5%
RHB Shariah China Focus MYR	2.5%
KAF Core Income	15.0%
Phillip Master Money Market	10.0%
TOTAL	**100%**

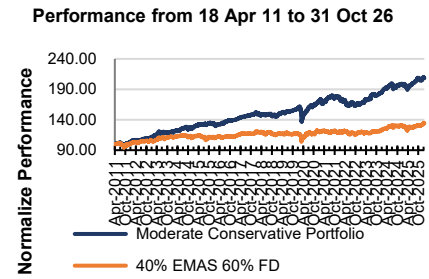




Moderate Conservative Portfolio

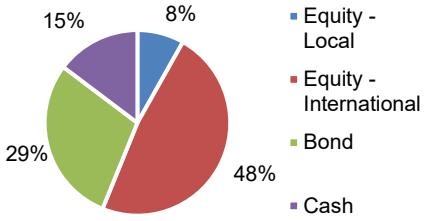
United-i ESG Series-High Quality Sukuk MYR	20.0%
AmDynamic Bond	20.0%
Kenanga ASnitaBOND	20.0%
Principal Global Titans MYR	5.0%
Aberdeen Standard Islamic World Equity A MYR	5.0%
RHB Islamic Global Developed Markets MYR	5.0%
Maybank Asiapac Ex-Japan Equity-I	2.5%
Manulife Investment Shariah Asia-Pacific ex Japan	2.5%
Principal Greater China Equity Fund – MYR	2.5%
RHB Shariah China Focus MYR	2.5%
KAF Core Income	5.0%
Kenanga Growth Series 2 MYR	5.0%
Phillip Master Money Market	5.0%
TOTAL	**100%**

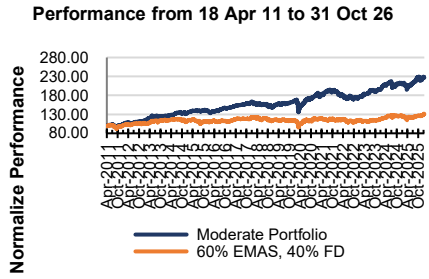




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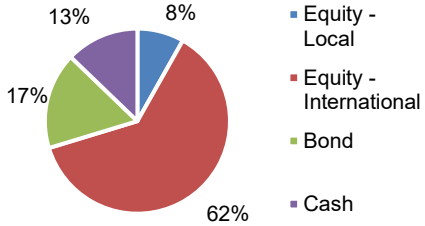
United-i ESG Series-High Quality Sukuk MYR	12.5%
AmDynamic Bond	10.0%
Kenanga ASnitaBOND	10.0%
Principal Global Titans MYR	7.5%
Aberdeen Standard Islamic World Equity A MYR	7.5%
RHB Islamic Global Developed Markets MYR	7.5%
BIMB-Arabesque i Global Dividend 1 MYR	7.5%
Maybank Asiapac Ex-Japan Equity-I	5.0%
Manulife Investment Shariah Asia-Pacific ex Japan	5.0%
Principal Greater China Equity Fund – MYR	5.0%
RHB Shariah China Focus MYR	5.0%
KAF Core Income	7.5%
Kenanga Growth Series 2 MYR	5.0%
Phillip Master Money Market	5.0%
TOTAL	**100%**

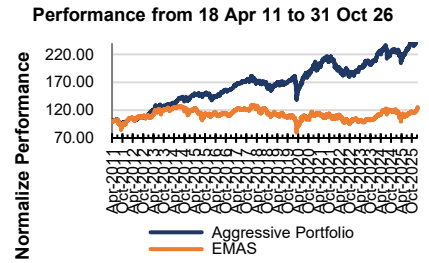




Aggressive Portfolio

United-i ESG Series-High Quality Sukuk MYR	7.5%
AmDynamic Bond	7.5%
Kenanga ASnitaBOND	5.0%
Principal Global Titans MYR	10.0%
Aberdeen Standard Islamic World Equity A MYR	10.0%
RHB Islamic Global Developed Markets MYR	10.0%
BIMB-Arabesque i Global Dividend 1 MYR	10.0%
Maybank Asiapac Ex-Japan Equity-I	7.5%
Manulife Investment Shariah Asia-Pacific ex Japan	7.5%
Principal Greater China Equity Fund – MYR	5.0%
RHB Shariah China Focus MYR	5.0%
KAF Core Income	5.0%
Kenanga Growth Series 2 MYR	5.0%
Phillip Master Money Market	5.0%
TOTAL	**100%**





	1 Mth	6Mths	YTD	1 Yr	Since Inception		1 Mth	6Mths	YTD	1 Yr	Since Inception
Conservative Portfolio	-1.4%	2.0%	4.3%	4.4%	97.7%	Moderate Portfolio	-3.3%	3.4%	8.6%	6.7%	142.8%
Benchmark	-0.2%	-0.1%	1.3%	2.1%	38.0%	Benchmark	-1.0%	-2.6%	-0.3%	1.3%	27.4%
Moderate Conservative Portfolio	-1.9%	1.1%	4.2%	3.3%	115.1%	Aggressive Portfolio	-4.0%	3.3%	9.9%	7.4%	165.4%
Benchmark	-0.6%	-1.4%	0.5%	1.7%	33.1%	Benchmark	-1.9%	-5.2%	-2.0%	0.3%	16.6%

Source: Lipper



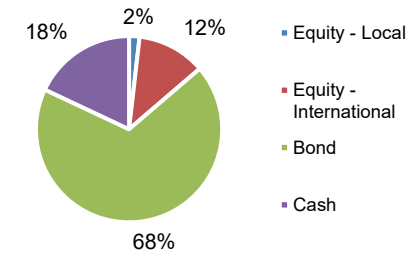
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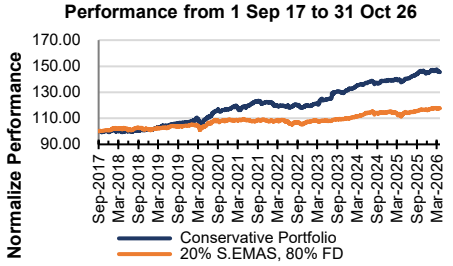
In October, most Equity Unit Trust Funds delivered negative returns, led by China and Asia-Pacific focused funds. Maybank Asiapac Ex-Japan Equity-I Fund was the worst performer with a return of -12.78%, while Fixed Income and Sukuk funds posted flat-to-positive returns.

SHARIAH MODEL PORTFOLIO

Conservative Portfolio

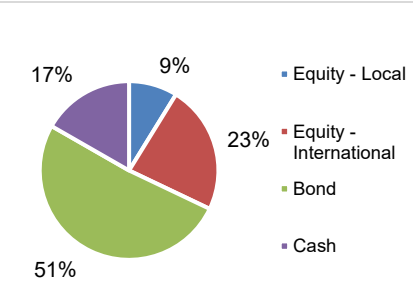
Principal Islamic Lifetime Sukuk	20.0%
United-i ESG Series-High Quality Sukuk MYR	20.0%
Kenanga ASnitaBOND	20.0%
Aberdeen Standard Islamic World Equity A MYR	2.5%
RHB Islamic Global Developed Markets MYR	2.5%
Maybank Asiapac Ex-Japan Equity-I	2.5%
Manulife Investment Shariah Asia-Pacific ex Japan	2.5%
Eastspring Investments Dinasti Equity	2.5%
RHB Shariah China Focus MYR	2.5%
KAF Dana Adib	15.0%
Phillip Master Islamic Money Market	10.0%
TOTAL	100%

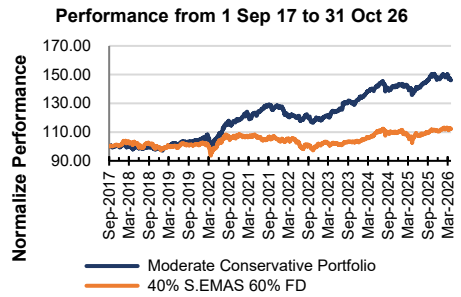




Moderate Conservative Portfolio

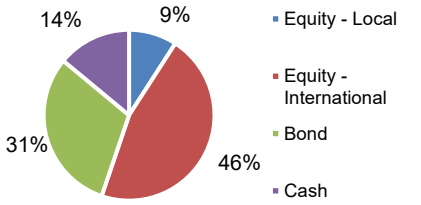
Principal Islamic Lifetime Sukuk	20.0%
United-i ESG Series-High Quality Sukuk MYR	20.0%
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Aberdeen Standard Islamic World Equity A MYR	5.0%
RHB Islamic Global Developed Markets MYR	5.0%
BIMB-Arabesque i Global Dividend 1 MYR	5.0%
Maybank Asiapac Ex-Japan Equity-I	2.5%
Manulife Investment Shariah Asia-Pacific ex Japan	2.5%
Eastspring Investments Dinasti Equity	2.5%
RHB Shariah China Focus MYR	2.5%
KAF Dana Adib	5.0%
PMB Dana Bestari	5.0%
Phillip Master Islamic Money Market	5.0%
TOTAL	100%

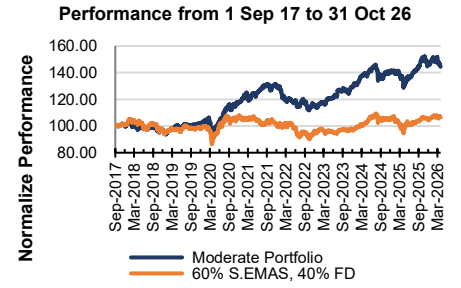




Moderate Portfolio

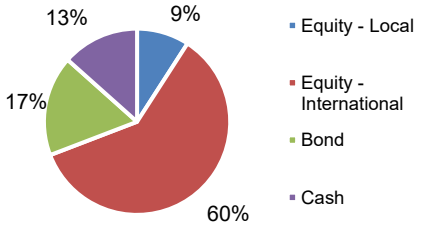
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RHB Islamic Global Developed Markets MYR	7.5%
BIMB-Arabesque i Global Dividend 1 MYR	7.5%
Maybank Global Sustainable Equity-I - MYR	7.5%
Maybank Asiapac Ex-Japan Equity-I	5.0%
Manulife Investment Shariah Asia-Pacific ex Japan	5.0%
Eastspring Investments Dinasti Equity	5.0%
RHB Shariah China Focus MYR	5.0%
KAF Dana Adib	7.5%
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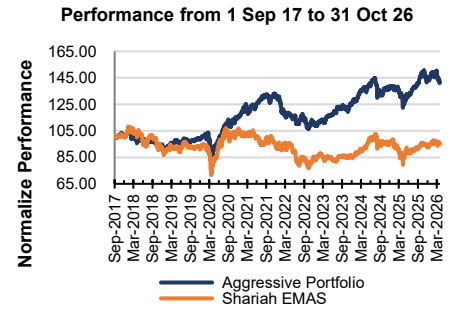




Aggressive Portfolio

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RHB Islamic Global Developed Markets MYR	10.0%
BIMB-Arabesque i Global Dividend 1 MYR	10.0%
Maybank Global Sustainable Equity-I - MYR	10.0%
Maybank Asiapac Ex-Japan Equity-I	7.5%
Manulife Investment Shariah Asia-Pacific ex Japan	7.5%
Eastspring Investments Dinasti Equity	5.0%
RHB Shariah China Focus MYR	5.0%
KAF Dana Adib	5.0%
PMB Dana Bestari	5.0%
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Conservative Portfolio	-1.4%	0.6%	3.1%	2.8%	50.4%	Moderate Portfolio	-3.4%	1.7%	7.7%	5.5%	59.5%
Benchmark	0.0%	0.0%	1.7%	2.0%	19.0%	Benchmark	-0.4%	-2.5%	0.8%	1.0%	7.0%
Moderate Conservative Portfolio	-1.8%	1.7%	4.9%	3.6%	55.4%	Aggressive Portfolio	-4.2%	2.1%	9.6%	6.8%	59.4%
Benchmark	-0.2%	-1.3%	1.3%	1.5%	13.0%	Benchmark	-0.8%	-5.0%	-0.1%	-0.1%	-5.2%

Source: Lipper

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