	Current	Last mth	Index Return, Local Curr		Index Return, US$		PER,X		10-yr PER ,X (positive EPS only)		
INDEX	LEVEL	LEVEL	Monthly	Year to Date	Monthly	Year to Date	FY 2026	FY 2027F	-1 std dev	10Y mean	+1 std dev
FTSE Bursa Malaysia KLCI	1,740.88	1680.11	3.62%	3.62%	6.53%	6.53%	16.07	15.03	13.8	15.7	17.5
Straits Times Index STI	4,905.13	4646.21	5.57%	5.57%	6.85%	6.85%	16.00	15.12	10.4	12.5	14.6
SHANGHAI SE COMPOSITE	4,117.95	3968.84	3.76%	3.76%	4.30%	4.30%	15.17	14.14	11.4	12.8	14.2
CSI 300 INDEX	4,706.34	4629.94	1.65%	1.65%	2.18%	2.18%	16.47	14.51	11.8	13.4	15.0
HANG SENG CHINA AFF.CRP	4,368.45	4015.5	8.79%	8.79%	8.42%	8.42%	8.71	8.07	5.3	5.9	6.5
HANG SENG CHINA ENT INDX	9,317.09	8913.68	4.53%	4.53%	4.18%	4.18%	11.54	10.76	7.4	8.5	9.6
HANG SENG INDEX	27,387.11	25630.54	6.85%	6.85%	6.49%	6.49%	13.25	12.01	9.49	11.07	12.64
JAKARTA COMPOSITE INDEX	8,329.61	8646.938	-3.67%	-3.67%	-3.95%	-3.95%	15.35	13.02	12.6	15.3	18.0
KOSPI INDEX	5,224.36	4214.17	23.97%	23.97%	23.42%	23.42%	16.87	9.79	8.36	11.06	13.76
PSEi - PHILIPPINE SE IDX	6,328.97	6052.92	4.56%	4.56%	4.39%	4.39%	9.88	9.14	10.71	14.47	18.22
STOCK EXCH OF THAI INDEX	1,325.62	1259.67	5.24%	5.24%	4.79%	4.79%	14.19	14.06	12.8	14.9	17.0
HO CHI MINH STOCK INDEX	1,829.04	1784.49	2.50%	2.50%	3.88%	3.88%	13.56	11.25	11.8	14.0	16.1
TAIWAN TAIEX INDEX	32,063.75	28963.6	10.70%	10.70%	10.53%	10.53%	22.71	17.88	12.3	15.4	18.4
S&P/ASX 200 INDEX	8,869.15	8714.308	1.78%	1.78%	6.35%	6.35%	21.23	18.13	17.1	20.3	23.5
DOW JONES INDUS. AVG	48,892.47	48063.29	1.73%	1.73%	1.73%	1.73%	24.82	23.16	18.47	21.30	24.14
S&P 500 INDEX	6,939.03	6845.5	1.37%	1.37%	1.37%	1.37%	27.36	23.52	21.7	26.4	31.2
NASDAQ COMPOSITE	23,461.82	23241.99	0.95%	0.95%	0.95%	0.95%	31.81	25.54	21.8	26.7	31.6
MSCI WORLD	4,527.59	4430.38	2.19%	2.19%	2.19%	2.19%	24.30	21.38	14.7	18.6	22.5
STXE 600 (EUR) Pr	611.00	592.19	3.18%	3.18%	4.37%	4.37%	18.13	16.34	0.0	0.0	0.0
NIKKEI 225	53,322.85	50339.48	5.93%	5.93%	7.22%	7.22%	20.81	23.81	14.7	18.6	22.4

Source: Bloomberg

Market Outlook Ex-Japan

Risk assets started the year on a positive note, heading higher with volatility amid geopolitical tensions. The World Index gained 2.19% in January. The MSCI Far East Ex. Japan index outperformed, gaining 10.96%, driven by North Asia markets, in particular Korea and Taiwan markets. Within the Asia region, ASEAN equities gained +4.82%, led by Singapore (+5.57%) and Malaysia (+3.62%) markets. The performance of regional currencies was mixed against the USD. The best performing currencies were Malaysia Ringgit (+2.88%) and Vietnamese Dong (+1.35%), while the weaker ones were Indonesia Rupiah (-0.63%) and Hong Kong Dollar (-0.40%).

US indices gained on stable economic data. For the month, Dow Jones Industrial Average (DJIA), S&P 500 Index and Nasdaq Composite gained 1.73%, 1.37% and 0.95% respectively. As for economic data, the final Consumer Price Index (CPI) report for December 2025, released in mid-January, confirmed that headline inflation finished 2025 at 2.7% year over year, with core inflation at about 2.6%. The labor market had also softened significantly but remained tight. Recent data showed monthly job gains around 50,000 with unemployment near 4.4%, indicating slower hiring but no sharp deterioration in employment conditions. The December report showed job gains concentrated in areas such as health care, social assistance and food services, while sectors like retail trade shed jobs.
The Stoxx Europe 600 Index added 3.18% from prior month with defensive and energy names outperforming amid geopolitical risk and commodity strength. India and the European Union have finalized a landmark trade deal on January 27th, paving the way for free trade between India and its largest trading partner and creating major opportunities for both regions. The deal is expected to eliminate up to €4bn of tariffs on EU exports

Hong Kong and H shares indices rose. Hang Seng Index and Hang Seng China Enterprises Index gained 6.85% and 4.53% respectively. China's GDP grew 4.5% YoY in 4Q25 compared to 4.8% YoY in the previous quarter. China's factory activity surprised with an expansion in December, snapping an eight-month contraction streak that was the longest slump on record. The official manufacturing purchasing managers' index was 50.1 in December compared with 49.2 in November, according to data released by the National Bureau of Statistics.

South Korea's KOSPI Index advanced strongly, gaining 23.97% in January on strong performance of key index counters (Samsung Electronics and SK Hynix) driven by AI theme. The composite business sentiment index in all industries in South Korea decreased 0.2 points to 94 in January from December. However, the seasonally adjusted composite business sentiment index for the manufacturing sector was up 2.8 points to 97.5, while the outlook for the following month rose by 1 point to 95. For the non-manufacturing sector, the seasonally adjusted composite business sentiment index decreased 2.1 points to 91.7, while the outlook for the following month rose by 1 point to 88.4. A reading above 100 indicates optimism, while a reading below indicates pessimism. The January 2026 reading, while below 100, is the highest since 2020.

Taiwan's TWSE Index gained 10.70% on technology sector strength underpinned by AI sentiment. Taiwan exports continued to show strength with orders reaching US$76.2bn in December, up 4.4% MoM (up 4.4% MoM seasonally-adjusted) and 43.8% YoY, exceeding Bloomberg's median estimate of 39.5%, and even surpassing November's already exceptionally strong 39.5% YoY. Orders from US, Europe and ASEAN surged nearly 50% or more, while those from China remained relatively weak. Orders from China and Hong Kong grew by 15.0% YoY, with electronics products up the most, by 25.7%. Orders from Europe rose by 47.0% YoY, led by ICT products.

Singapore's STI continued to move higher, gaining 5.57%. Economic activities remained resilient. Singapore's bank loans increased to a new record high of SGD 886.1 bn in December 2025, up from SGD 873.1 bn in the previous month. Loans to businesses surged to SGD 538.7 bn from SGD 528.3 bn in November. Singapore's seasonally adjusted unemployment rate held steady at 2% in Q4 2025, unchanged from the previous quarter.

Malaysia's KLCI gained 3.62% on strong currency gain. Malaysia's economy is expected to expand between 4.0% and 4.5% in 2026, supported by steady domestic demand and sustained investment activity. Policy certainty, ongoing government reforms and supportive external factors have contributed to the ringgit's steady appreciation to levels last seen in 2018, boosting investors' confidence.

Thailand's SET Index gained 5.24% on optimism in the outcome of the just concluded general election that may signal more political stability and policy continuity. Thailand's industrial production rose 2.52% YoY in December 2025, beating expectations of a 0.9% decline and rebounding from a 3.85% fall in November, marking the strongest growth since April 2024. The recovery was driven by autos, exports and government measures, with gains in steel, electronics, automotive and food. However, full-year 2025 production still fell 0.78% due to a strong baht. On a MoM basis, output increased 2.33% after a prior decline.

Jakarta Composite Index declined 3.67% on potential downgrade by MSCI from emerging market to frontier market status. Indonesia in January reported its quickest pace of inflation in nearly three years, according to its Statistics Bureau, as it also released surprisingly strong export and import growth in December. The inflation rate accelerated to 3.55% in January from 2.92% a month prior, below the 3.78% that was expected by analysts polled by Reuters

The Philippines PSE Index recovered on bargain hunting after a few months of correction, gaining 4.56%. The Philippines' trade deficit narrowed to USD3.52 bn in December from USD4.15 bn in the same month last year. Exports surged by 23.3% year-on-year to USD6.99 bn, led by higher sales of electronic products (43.6%), which remained the country's top export category, accounting for 57.8% of total exports.

Vietnam's VN-Index gained 2.50%. Investors reacted positively to Resolution 79, a policy directive from the Politburo laying the framework for Vietnam's State economic sector to serve as an engine of national development. The resolution sets ambitious targets, including for 50 State-owned enterprises (SOEs) to rank among Southeast Asia's Top 500 and one to three among the global Top 500 by 2030, rising to five globally ranked SOEs by 2045.

MARKET OUTLOOK

For 2026, the shift of market focus to dovish monetary stance particulary in the US will likely be supportive of risk assets in the near term. The Fed reduced rates by 25 bps in December. However, there is much uncertainty as to whether there will be a further acceleration of reduction in 2026, which if it does, will provide tailwinds into the new year. The market is still divided on impact of higher tariffs on macro variables such as inflation and economic activities. US corporate earnings, especially in the technology sector, continue to be key pillar to hold up risk assets. US market valuations are at historical high, and the high valuation is further driven by strong capital expenditure drive for AI. But, questions are starting to emerge as to whether the humongous expenditures in AI will generate the anticipated returns. The semiconductor and AI investment cycle may move into a more difficlt phase as investors will start to be more discerning with regard to their return on investment. The supply and demand dynamic in the semiconductor cycle, on the margin, with supply capacity gradually improving at a time when global demand soften on lower GDP growth outlook, can potentially result in headwinds for the industry.

Geo-political developments as well as policy directions in the major economies, in particular US and in China, remain on our radar screen. The market is still watchful of developments in Trump's tariffs for the key trade partners. The US Supreme Court is expected soon to render its widely anticipated ruling on the legality of the Trump Administration's reciprocal tariffs. The market is also attentive to other US policy pronouncements that would have major fiscal, financial and economic implications. Investors, by and large, appear to be comfortable with Trump's "Big Beautiful Bill" that has been signed into law, notwithstanding that it will substantially increase US federal deficit and government debt. Meanwhile, new geo-political fissures have opened up with the recent US military raid and capture of Venezuela President, Nicolas Maduro Moros, and the repeated utterings by President Trump of his intention to bring Greenland within the US fold, militarily if necessary. These developments further hightened tension in global geo-politics. In the near term, the US mid term election to be held in the later part of 2026 may change the balance of power in the US Congress, and have significant impact on US policies in the remaining years of Trump's term. These developments will create uncertainities for investors.

In Asia, the focus is on the pace of China's economic recovery which has been weaker than expected. The tariff issues with the US and continuing efforts to broaden restrictions on sales of tech equipment and services to Chinese entities can only exacerbate the economic situation in China. The Chinese property sector continues to face challenges, and any sign of stabilization and growth will have positive catalyst for China's economy and risk assets. The Chinese government continues to bring forth measures to help the economy. The Chinese government remains constructive on policies to spur economic activities to achieve economic growth target. The various measures have boosted market sentiments. However, the longer- term effectiveness on China's economy continues to be closely watched. It may take time for the initiatives to bear fruits. The focus will be on addressing the challenges in the property market, lifting consumer sentiments and consumption, and countering the effects of the new US tariffs.

On external trade, countries with high export dependency for growth in the Asia region including ASEAN will face significant challenges arising from the US tariff policies. The disruption in supply chain realignment may result in temporary mismatch in corporate earnings delivery against market expectation during the initial stage of tariff implementation. To-date, while ASEAN countries' exports to the US have been impacted by the tariffs, these countries have been able to mitigate the impact on the economic growth through trade diversifications.

While interest rates have started to be eased, there remains headwind for risk assets, including the impact of the still high interest rate on business and economic activities, uncertainties in US policies post the US Presidential election, the still rising and historically high market valuations in the US, the geo-political tension in various parts of the World, and the still slower than expected economic growth in China. However, in the investment space we are in, we believe there is room for cautious optimism. After years of prolonged sell down, and despite the upticks in recent months, China equities are under-owned and their favourable valuation offer potential upside, particularly following the recent rounds of significant policy change initiatives from China. Also, the prospect of further softening of the US dollar could see increasing funds flow out of US assets which could be beneficial for emerging markets including China and ASEAN.

INVESTMENT STRATEGY

We continue to apply our strategy of focusing on identifying fundamentally healthy companies with low valuations, low leverage, high growth, robust management and a strong track record, and adherence to our investment philosophy of "Never Fully Invest at All Times" which has served us well over the years.

We thank you once again for your continued faith in us, and hope to remain good stewards in our endeavour to protect and grow your capital.

MALAYSIA

Market Summary

The FBMKLCI Index increased 3.62% month-on-month to close the month of January 2026 at 1740.88 points. The RM appreciated 2.78% month-on-month against the USD, and closed at MYR 3.95 for the month of January.

Economic News

Malaysian economy expanded by 5.7% in the fourth quarter of 2025, marking the fastest quarterly growth pace in over a year and underscoring robust domestic activity and external demand. This outcome exceeded the government's earlier forecasts and highlighted the economy's capacity to withstand global uncertainties while benefiting from sustained internal demand and export performance. This growth also contributed to Malaysia's full-year 2025 expansion of approximately 4.9%, surpassing initial projections of 4.0%–4.8%, and reflecting broad-based strength across manufacturing, services, and investment sectors.

Trade statistics released during the month further emphasized Malaysia's external sector strength, with total trade in 2025 exceeding MYR 3 trillion for the first time in history, driven by strong exports in electronics and electrical (E&E) products as well as other manufactured goods. This record performance underscored Malaysia's entrenched role in global supply chains and its attractiveness to foreign investors seeking exposure to technology and semiconductor-related production activities.

Looking ahead, economic growth projections for 2026 remained positive but slightly moderated compared to 2025. Independent forecasts by local research houses and international institutions estimated growth to be in the range of 4.0% to 4.5%, supported by sustained domestic demand, increased investments in technology and semiconductors, and the burgeoning digital economy. Structural drivers such as the semiconductor upcycle and continued attractions for data centre investments were cited as key contributors to this outlook.

Currency markets in January reflected confidence in Malaysia's growth and macroeconomic stability. The Malaysian ringgit continued its strengthening trend, appreciating to levels not seen in nearly eight years against the US dollar and trading around RM4.02–RM4.05 to the dollar in late January. This appreciation was bolstered by strong GDP data, positive investor sentiment, and expectations of continued foreign capital inflows into both equity and fixed-income markets.

Monetary policy remained a central theme in January's economic discourse. Bank Negara Malaysia (BNM) opted to maintain the Overnight Policy Rate (OPR) at 2.75%, signalling that current monetary settings were appropriate given the combination of resilient growth, manageable inflation, and currency strength. With inflation contained and the labour market relatively tight, policymakers judged that there was no immediate impetus for rate cuts, balancing support for growth with financial stability considerations.

Corporate News

SP Setia Bhd (SPSETIA) was the standout performer in January, leading Bursa gainers with an approximate +34.0% share price increase. Market participants attributed this rally to strong investor demand underpinned by expectations of robust earnings growth and confidence in the company's revitalised township strategy. In 1Q2025, SP Setia recorded revenue of RM770.7 million and net profit after tax of RM89.36 million, with a net gearing of about 0.35x at that quarter end. For 4Q2025 results, the company has recorded core net profit of RM 45.5 mil, increased about 14% YoY.

IOI Properties Group Bhd (IOIPG) delivered a +21.8% share price performance in January, boosted by solid operational results. For the FY 2025 results, IOI Properties Group posted revenue of RM3.06 billion and net profit of RM1.06 billion, down from the prior year, while pre-tax profit was RM1.45 billion. The board declared an 8.0 sen per share dividend for FY25. In 4QFY25, net profit was RM823.93 million alongside quarterly revenue of RM890.21 million. Early FY26 performance also showed strength, the group posted revenue of RM968.7 million and net profit of RM664.3 million, largely driven by a remeasurement gain from the South Beach acquisition and contributions across its development, investment and hospitality segments.

Mah Sing Group Bhd (MAHSING) achieved approximately, +20.4% gains over January, reflecting strong unbilled sales and market confidence. While Mah Sing has not released full audited FY2025 annual figures publicly as of the latest filings, it's 9M FY2025 results show net profit of RM198.32 million and property sales of approximately RM1.88 billion year-to-date, with expectations of meeting an FY25 sales target around RM2.65 billion. Recent quarterly data for 3QFY25 reported profit after tax of RM69.7 million and revenue of RM635.9 million, up on year-ago levels, suggesting continued operational growth.

IJM Corporation Bhd (IJM) also recorded around +19.1% share price appreciation during January, supported by construction sector optimism and solid order book metrics. FY2025 result shows revenue of RM6.252 billion and pre-tax profit of RM791.1 million; excluding certain non-operating items, core pre-tax profit was RM913.7 million. Recent Q1 FY2026 results highlighted revenue of RM1.733 billion and profit after tax of RM95.60 million, up 10% year-on-year, supported by strong orders and unbilled property sales of RM1.7 billion.

UEM Sunrise Bhd (UEMS) matched IJM's January gains with +19.1% share price rise, underpinned by improved execution and sales momentum. Results for the nine months revenue of RM1.3 billion and profit after tax and minority interests (PATANCI) of RM61.4 million, up 23% year-on-year, with unbilled sales of RM2.1 billion providing earnings visibility. Quarterly figures for 3QFY25 reported revenue of RM417.8 million and net profit of RM18.49 million, while the group surpassed its full-year sales target ahead of schedule. Net gearing also improved to 0.38x, its lowest in several years. Investor confidence increased in the company's pipeline of high-rise and landed developments, particularly in Johor's key growth corridors.

Outlook

January reflected a constructive and improving outlook for Malaysia, as strong macroeconomic fundamentals, policy stability, and renewed investor confidence underpinned market performance. The solid 4Q2025 GDP growth and record-high trade value highlighted resilient domestic demand and sustained export strength, particularly in E&E and manufacturing, while the appreciation of the ringgit and a steady OPR reinforced confidence in Malaysia's macro stability. Equity markets responded positively, with the FBMKLCI posting a firm month-on-month gain, driven by rotation into selective property and construction stocks amid expectations of earnings recovery and supportive economic conditions. Although growth expectations for 2026 were slightly moderated, the overall tone remained positive, supported by structural growth drivers such as the semiconductor upcycle, continued investment inflows, and a stable monetary environment. We will continue to evaluate and favour the companies based on low gearing, low valuations, strong fundamental and good management.

INDONESIA

Market Summary

The Jakarta composite Index was down 3.67% month-on-month to close the month of January 2026 at 8,329.61 points. The Indonesian Rupiah depreciated 0.03% in January against the USD, and closed at IDR 16,786 for the month..

Economic News

Bank Indonesia (BI) kept the policy rate unchanged at 4.75%. BI will continue to assess room to further lower the policy rate, with stronger monetary transmission and FX stability remains the key factors. BI see limited room for further rate cuts with UST yields remain elevated and rising uncertainty over US tariffs and geopolitical tensions.

Indonesia retail sales rose 6.3% YoY in November 2025, accelerating from 4.3% in Ocotber 2025. This was the fastest annual increase since March 2024. Sales growth quickened for food & beverages and tobacco (+8.5% vs 6.4% in October), and automorive parts and accessories (+17.7% vs +12%).

Indonesia's trade surplus narrowed to USD2.66 bil in November 2025, down from USD4.34 bil in November last year. Export fell 6.6% YoY driven by weaker demand from China (-7.35% YoY), Japan (-12.34%) partially offset by increase in shipment to US (+9.45%). Import grew 0.46% YoY. On the 11M25, exports and imports advancing 5.61% YoY and 2.03% YoY respectively.

December inflation headline CPI rose to 2.9% vs 2.7% in November, driven by a sharp pickup in food inflation to 4.9% YoY and +2.0% MoM. Core inflation stayed benign at 2.4% YoY, supporting the view that underlying pressures remain contained despite higher transport costs from non-subsidized fuel.

Corporate News

Bank Central Asia (BBCA) FY2025 earnings grew a modest 5% YoY to Rp57.5 tril, in line with expectations, supported by 8% loan growth, stable NIM at 5.6%, contained credit cost of 43bps, and an improved cost to income CIR ratio of 32%. Deposit grew 10% YoY bringing LDR to 77.6% vs 79.4% in 2024. For FY2026, the bank guided 8-10% loan growth, 5.4-5.6% NIM, 40-50bps credit cost, 31-33% CIR. Mandiri retain BUY call.

Aspirasi Hidup Indonesia (ACES) SSSG softened to -9.9% in December, reflecting high base from previous year (Dec 2024 +7%) when the company launched an aggressive promotions ahead of January 2025 name change. The weakness was across region. On MoM basis, sales climbed 22.1% driven by opening of 8 new stores. Cumulatively in FY2025, SSSG tumbled to -4.2% vs +8.8% in FY2024. Mandiri maintain Neutral rating at TP Rp455 until it see a positive recovery in SSSG.

Unilever (UNVR) has signed an agreement to divest its tea business under the Sariwangi brand, to PT Savoria Kreasi Rasa (part of the Djarum Group) for Rp1.5 tril before tax, with the completion targeted by 2 March 2026. The transaction allowed UNVR to realize estimated gain of Rp829 bil. Based on 9M25, the Sariwangi tea business contributes 3.1% of UNVR net profit and 2.7% of group revenue. Mandiri has NEUTRAL rating with TP of Rp2500. The stock currently trade at FY26 core PE of 22.9x.

PT Midi Utama Indonesia (MIDI) reported 4Q25 SSSG of 0.39% (4Q24: +9.13%) and FY25 SSSG of +1.48% (FY24: +9.86%), with momentum improving on the back of 2 consecutive months in November and December despite a high 2024 base. For 2026, MIDI plans to open 200 new stores (vs 150 in FY25), targeting mid-single digit SSSG and high single digit to low teens revenue growth. Early Jan trends point to further recovery.

Outlook

On the back of global interest rate easing cycle, and weakening US Dollar trend, Bank Indonesia is expected to continue to cut interest rate in 2026 to support domestic economy while keeping the Ruppiah stable. The announcement of MSCI of an interim freeze on index upside for Indonesia and warning of a downgrade from emerging market to frontier market revealed of non transparency of shareholding structure in majority Indonesian listed company. While the authority was swift to ensure reform to comply with MSCI requirement, foreign investor was again remind of the risk and volatility nature in Indonesian market. Nevertheless, we remain positive on long term prospects in Indonesia market, and view the pullback as an opportunity to invest in fundamentally strong company. The LQ45 index is trading at a P/E ratio of 14.0x, below its 5 year mean of 15.6x.

SINGAPORE

Market Summary

The FSSTI Index increased 5.57% month-on-month to close the month of January 2026 at 4,905.13 points. YTD the index has increased 5.57%. The SGD appreciated 1.17% month-on-month against the USD, and closed at SGD 1.27 for the month of January. YTD the SGD has appreciated 1.17% against the USD.

Economic News

Singapore's annual inflation rate stood at 1.2% in December 2025, unchanged from the previous two months and in line with market expectations. Prices were stable for food (1.2%), housing and utilities (0.2%), and information and communications (-2%). Additionally, costs rose slightly for transport (3.6% vs 3.2%) and education (1.2% vs 1.1%). On the other hand, deflation deepened for clothing and footwear (-1% vs -0.5%), while it slipped for household durables and services (-0.3% vs 0%) and ticked down for recreation, sport and culture (0.3% vs 0.5%) and miscellaneous goods and services (0.1% vs 0.2%). The Monetary Authority of Singapore (MAS) held monetary policy steady for a third consecutive review on January 29, 2026, maintaining the slope, width, and center of the Singapore dollar nominal effective exchange rate (S$NEER) policy band. However, the central bank lifted its 2026 inflation outlook, projecting both core and headline inflation at 1%–2%, up from the previous forecast range of 0.5%–1.5%. Singapore’s seasonally adjusted unemployment rate held steady at 2% in Q4 2025, unchanged from the previous quarter.

Corporate News

Coliwoo Holdings (COLIWOO) is Singapore’s market-leading co-living operator with a c.20% market share, specializing in the adaptive reuse of old or underutilized assets into modern communal living spaces. RHB initiates coverage with a BUY rating and a target price of SGD 0.82 (41% upside), valuing the stock at 15x FY26F P/E, which represents a 15% discount to APAC peers. Growth is projected to be strong with a 3-year net profit CAGR of 30% (FY25-28F), driven by an aggressive expansion plan to reach 4,000 rooms by end-2026 (from 2,933 rooms in 2025) and an asset-light strategy focusing on management contracts and master leases. Another growth catalyst is that The partnership with MOH Holdings (MOHH) is a strategic growth avenue where Coliwoo designs and operates lodging facilities for healthcare professionals, currently contributing 351 rooms (approx. 12% of its portfolio) that provide a stable, defensive income stream backed by government demand with further upside from potential new tenders. The company commands superior margins (c.70% gross, c.39% net) due to space optimization capabilities and flexible stay durations, and offers a compelling FY26F dividend yield of c.4%. Key risks include the inability to secure new sites or extend leases and potential government policy interventions in the housing market.

Centurion Corporation (CENT) has multiple catalysts centered around its evolving relationship with the Centurion Accommodation REIT (CAREIT) and aggressive geographic expansion. RHB identifies a major shareholder reward catalyst: the potential for another dividend in specie as CENT looks to further pare down its controlling stake in CAREIT next year. Operational growth is expected to accelerate through a strategic pivot toward property development and asset enhancement initiatives (AEIs) to increase bed capacity, particularly in Malaysia. Furthermore, the company is actively evaluating strategic acquisitions in new markets, specifically Saudi Arabia and the UAE for worker accommodation projects, alongside new PBSA developments in Perth and London. Valuation: The stock is trading at an attractive FY25F P/E of 10.8x and FY26F P/E of 15.0x. Target Valuation: The target price of S$1.88 implies a FY26F P/E of approx. 20.9x (based on FY26F EPS of S$0.09). Earnings Forecast: Recurring net profit is forecast to reach S$110m in FY25F (+12.5% YoY) before normalizing to S$79m in FY26F due to the divestment of assets to the REIT.

Hong Leong Asia (HLA) is a diversified conglomerate with key interests in diesel engine manufacturing in China (via China Yuchai) and building materials in Singapore and Malaysia. UOB Kay Hian maintains a BUY rating with a higher target price of S$4.20 (+33% upside). HLA 48.7%-owned China Yuchai International, announced that its 71.4% owned subsidiary, Guangxi Yuchai Marine & Genset Power (MGP) has filed to list on the Hong Kong Stock Exchange. MGP manufactures five types of power generators: marine, light-, medium-, heavyduty and large engines. Its high-growth products are the heavy-duty and large engines which are used by data centres as back-up power. MGP delivered a 77% YoY net profit jump in 9M25. While the timeline for the IPO has yet to be determined, we believe the market will value the ability to have a look-through valuation for CYD. Supported by policy tailwinds in China for equipment renewal and infrastructure, HLA’s earnings are forecast to reach S$130m in 2025F and S$142m in 2026F. The stock trades at 2026F P/E of 16.6x and EV/EBITDA of 8.4x, with potential upside to dividends (forecast S$0.05 for 2025, 1.7% div yield) given strong free cash flow.

Outlook

Singapore government anticipates GDP growth will moderate to 1% to 3% in 2026 from 4.8% in 2025, as external headwinds persist and the impact of US tariffs becomes more pronounced on key trading partners, despite a recent extension of the US-China trade truce until November 2026. While Singapore has no intention of implementing countermeasures against US tariffs, we maintain a cautious stance on the market. Even so, we will continue to seek selective opportunities—focusing on companies trading at low valuations, with low leverage, strong earnings growth, and led by proven management teams with a solid long-term track record.

THAILAND

Market Summary

The Thai SET Index gained 5.24% month-on-month to close the month of January 2026 at 1325.62 points. YTD the index has gained 5.24%. The Thai baht appreciate 0.40% month-on-month against the USD, and closed at 31.57 THB for the month of Jan.

Economic News

Thailand's industrial production rose 2.52% YoY in December 2025, beating expectations of a 0.9% decline and rebounding from a 3.85% fall in November, marking the strongest growth since April 2024. The recovery was driven by autos, exports and government measures, with gains in steel, electronics, automotive and food. However, full-year 2025 production still fell 0.78% due to a strong baht. On a Month-on-Month basis, output increased 2.33% after a prior decline.

Thailand's domestic car sales jumped 39.1% YoY to 75,121 units in December 2025, a near three-year high, driven by strong EV demand ahead of the EV 3.0 incentive expiry. Full-year sales rose 8.5% to 621,166 units. Car production increased 8.6% YoY in December on higher EV output, but total 2025 production fell 0.9% to 1.46m units. Car exports rose 11.3% YoY in December, though full-year exports declined 8.2%. The federation expects 2026 output to grow 3% to 1.5m units.

Thailand's exports rose sharply by 16.8% year-on-year to a three-month high of USD28.93 billion in December 2025, accelerating from a 7.1% increase in the previous month and marking the 18th consecutive month of expansion. The strong performance was supported by firmer year-end external demand and a surge in industrial product shipments, which grew 20.3%, led by computers, equipment and parts, machinery, and telecommunication-related products, although some electronics components declined. Agricultural exports remained weak, slipping 0.6% due to natural disasters. Export growth was broad-based across key markets, including the US, Japan, China, the EU and ASEAN. For full-year 2025, exports increased 12.9% to USD339.64 billion, while 2026 export growth is expected to range between a contraction of 3.1% and growth of up to 1.1%.

Imports increased by 18.8% year-on-year to USD29.28 billion in December 2025, the fastest pace since August 2022, driven by strong domestic demand supported by government stimulus measures. Growth was recorded across most categories, particularly transport equipment, capital goods and consumer goods, although fuel imports declined. As imports outpaced exports, Thailand's trade deficit widened to USD0.35 billion in December. For full-year 2025, the trade deficit stood at USD5.31 billion, with imports rising 12.9% to USD344.94 billion.

Corporate News

Krung Thai Bank's (KTB) 4Q25 net profit of THB10.8bn came in 15% below the analyst's estimate but was in line with Bloomberg consensus, mainly due to weaker-than-expected gains from financial instruments, investments, and associates. For FY25, net profit accounted for 94% of the analyst's forecast, reflecting softer non-interest income. Pre-provision operating profit declined on both a year-on-year and quarter-on-quarter basis. That said, loan growth accelerated quarter-on-quarter, driven by government and state enterprise loans, housing loans, and credit cards. Asset quality showed mixed trends, with a lower NPL ratio but higher Stage 2 loans. Net interest margin narrowed due to lower asset yields, while costs remained well controlled. The CGSI analyst revised down FY26F–27F normalised EPS and lowered the target price to THB30.00, but retained an Add rating, supported by attractive dividend yields and undemanding valuations.

Land and Houses (LH) plans to significantly reduce new launches to THB3.7bn in 2026F, down 59.2% year-on-year, as management prioritises clearing its elevated ready-to-move-in inventory of THB15bn, equivalent to 14.5 months of presales. Presales in 2025 declined for the third consecutive year, prompting a modest 5% year-on-year presales target of THB15bn in 2026F, supported by limited new launches. Transfers are targeted to rise to THB17bn, driven mainly by stronger condo handovers, while residential margins are expected to remain stable amid offsetting factors. Rental income is projected to grow on new hotel contributions, alongside planned asset divestments in late 2026F. CGSI analyst reiterate Hold with a higher target price of THB3.96, reflecting earnings upgrades, but maintain a cautious view given weak residential performance relative to peers.

On 22 January, TRUE announced that Telenor had agreed to sell a 24.95% stake in TRUE to Arise Digital Technology, an entity owned by Mr. Suphachai Chearavanont, at Bt11.7 per share. Telenor will retain a 5.35% stake, subject to a mutual put and call option exercisable after two years. Management confirmed the deal should complete within one to two months without triggering a mandatory tender offer, while financial guidance and capital discipline remain unchanged. In our view, Telenor's exit weakens the shareholder-level check and balance, although Arise's sizeable debt-funded investment should align its interests with minorities. Despite the near-term negative sentiment, the kasikorn analyst maintain an Outperform rating with a target price of Bt14.12, supported by valuation, dividend yield, and potential confidence-restoring catalysts.

Siam cement pcl (SCC) 4Q25 earnings missed forecasts by 34%. SCC posted a 4Q25 net loss of Bt3.7bn (EPS: -Bt3.08), down 621% YoY and 452% QoQ, missing our and Bloomberg's estimates by Bt1bn. The miss was mainly due to unexpected extra expenses of Bt1.4bn at SCG Distribution and Retail and a Bt1.8bn impairment from the discontinuation of Noc Noc. As a result, 2025 earnings rose 122% YoY to Bt14.1bn but were 6% below our forecast. They expect 1Q26 earnings to return to a around Bt1bn net profit, supported by the absence of extra costs and seasonal demand for cement and construction materials. SCC declared a Bt2.5/shr 2H25 dividend (1.2% yield), bringing FY25 dividends to Bt5.0/shr (43% payout). CGS maintain Outperform and roll TP to YE2026 at Bt240, supported by long-term ethane feedstock benefits and potential gains from a Chandra Asri stake divestment in 1H26E.

Outlook

According to the Krungsri research report, Thailand's economic outlook for 2026–2028 suggests a gradual and subdued recovery, with growth projected to remain below the ASEAN-5 average of 4.2%. The economy faces significant external pressure from a 19% U.S. tariff on Thai exports and a broader trend of global trade protectionism, both of which weigh heavily on the manufacturing sector. Domestically, political transitions surrounding the 2026 general election may disrupt government capital expenditure and delay the FY2027 budget formulation. Furthermore, fiscal flexibility is constrained by high public debt, while private consumption is hampered by household debt levels exceeding 86% of GDP, the highest among ASEAN-5 nations. Despite these structural challenges, the economy is supported by a recovering tourism sector, with foreign arrivals expected to reach 35.5 million in 2026, and a surge in private investment applications within the digital, electric vehicle, and renewable energy industries. Ultimately, while initiatives like the BOI's "Thailand FastPass" aim to accelerate investment, persistent issues such as labour shortages and declining industrial competitiveness suggest that Thailand will continue to operate below its potential growth rate over the medium term. We remain neutral on Thailand market.

PHILIPPINES

Market Summary

The PCOMP Index increased 4.56% month-on-month to close the month of January 2026 at 6328.97 points. The Peso depreciated 1.51% month-on-month against the USD, and closed at MYR 4.13 for the month of November.

Economic News

Philippine Statistics Authority showed that headline inflation accelerated to 2.0% in January, rising from 1.8% in December 2025 and marking the highest inflation rate in almost a year. The uptick in consumer prices was driven primarily by faster increases in housing, water, electricity, gas and other fuels, as well as higher costs in restaurant and accommodation services. Although inflation rose, it remained within the Bangko Sentral ng Pilipinas' (BSP) target range of 1.4%–2.2% for the month and at the lower end of the broader 2%-4% annual target band, suggesting modest but persistent price pressures at the start of 2026. Core inflation, 2.8% which strips out volatile items such as food and energy, also climbed, reflecting broader underlying price movements.

The real economy showed signs of softer momentum at the end of 2025, with the quarterly and full year growth figures pointing to slower expansion compared with earlier periods. Reports summarizing Philippine statistical outputs indicated that real GDP grew by about 3.0% in the fourth quarter of 2025, the slowest quarterly rate since 2011 outside of the pandemic period, contributing to a full year 2025 growth of approximately 4.4% which is below the government's target range and the lowest post-pandemic expansion. Services remained the primary driver of overall growth, but weakness in construction and subdued investment weighed on the headline figures. Employment rate recorded at 95.6% in January, slightly decreased from 96.9% in December.

Corporate News

Jollibee Foods Corporation (JFC) was among the most actively traded stocks on the Philippine Stock Exchange during the mid-January period, with its share price demonstrating relative strength supported by both operational performance and constructive strategic developments. Beyond Jollibee, investor interest in January remained firmly anchored on the country's major blue-chip corporates, particularly large conglomerates and financial institutions with strong earnings visibility and balance-sheet resilience. Companies such as SM Investments Corporation (SMI) and BDO Unibank continued to rank among the most profitable listed entities in the Philippine market, with trailing-twelve-month financials highlighting superior earnings scale relative to peers and broadly attractive market valuations.

SM Investments Corporation delivered trailing-twelve-month net profit of approximately PHP 86.1 billion on revenues of around PHP 674.6 billion, underscoring its dominant earnings base and diversified income streams across retail, banking, and property. Earnings per share stood at PHP 70.50, reflecting strong bottom-line performance supported by resilient consumer demand and financial sector contributions. Profitability metrics remained robust, with return on equity of 13.49% and return on invested capital of 9.87%, indicating efficient capital deployment. SMI also maintained a dividend yield of approximately 1.57%, supported by a consistent dividend track record, reinforcing its appeal as a core defensive holding within the Philippine equity market.

BDO Unibank likewise continued to demonstrate strong profitability and earnings stability. The bank reported trailing-twelve-month net income of approximately PHP 84.1 billion on revenues of about PHP 268.2 billion, translating into an earnings per share of PHP 15.72. Performance was underpinned by sustained loan growth, healthy net interest margins, and expanding fee-based income. From a valuation perspective, BDO traded at a trailing P/E of around 8.9x and forward P/E of approximately 8.4x, which remain conservative for a market-leading bank with consistent earnings delivery. Its price-to-book ratio of about 1.19x and price-to-sales ratio of 2.78x reflect valuations anchored firmly in fundamentals rather than growth premia.

Ayala Corporation remained a key focus in January 2026, following its continued emphasis on shareholder returns, reflecting management's confidence in the group's balance sheet strength and long-term earnings outlook. The company went ex-dividend on 2 January 2026, paying a ₱4.61 per share cash dividend, while its ongoing share buyback programme provided additional valuation support during a period of market volatility. On a trailing-twelve-month basis, Ayala generated approximately ₱52 billion in net income, with return on equity of around 9.6%, reflecting stable profitability across its diversified portfolio. Valuations remained undemanding, with the stock trading at approximately 6.3x trailing P/E, around 6.0x forward P/E, and a price-to-book ratio of roughly 0.4x, indicating that the market continued to value the conglomerate at a meaningful discount to its underlying asset base. Overall, Ayala's January performance underscored its defensive characteristics, disciplined capital allocation, and proactive shareholder return strategy, reinforcing investor confidence despite broader equity market uncertainty.

Outlook

Philippines portrayed broadly stable outlook in January, as modest inflationary pressures emerged alongside softer economic momentum, while blue-chip corporates continued to provide earnings and valuation support to the equity market. Headline and core inflation edged higher but remained within the BSP's target range, giving policymakers room to stay accommodative amid a clear deceleration in GDP growth and a slight easing in labour market conditions. Against this macro backdrop, the focus remained anchored on large, fundamentally strong names such as Jollibee, SM Investments, BDO Unibank, and Ayala Corporation, which offered resilient earnings visibility, solid balance sheets, and undemanding valuations. We will continue to evaluate and favour the companies based on low gearing, low valuations, strong fundamental and good management.

SOUTH KOREA

Market Summary

The KOSPI index closed the month of January at 5,224.36 points, gaining 23.97% m.o.m.

Economic News

South Korea's economy unexpectedly shrank in the final quarter of 2025, marking the biggest slump in three years on weaker investment and exports. Gross domestic product decreased 0.3% in the October-December period from the preceding three months on a seasonally adjusted basis, advance central bank estimates showed. The unfavourable base effect and the pace of recovery in construction investment was weaker than expected, dragging down the growth rate. Construction investment, down 3.9%, was the biggest drag in the last quarter, while facility investment dropped 1.8%. Private consumption rose 0.3%, after expanding 1.3% in the previous quarter on a boost from the government's extra budget. Exports fell 2.1%, hurt by autos and machinery despite a tariff deal with the U.S. that was finalised in November, while imports declined 1.7%, resulting in a net negative contribution of 0.2 percentage points.

The composite business sentiment index in all industries in South Korea decreased 0.2 points to 94 in January from December, while the outlook for the next month added 1 point to 91, according to data released by the Bank of Korea. The seasonally adjusted composite business sentiment index for the manufacturing sector was up 2.8 points to 97.5, while the outlook for the following month rose by 1 point to 95, the central bank said. For the non-manufacturing sector, the seasonally adjusted composite business sentiment index decreased 2.1 points to 91.7, while the outlook for the following month rose by 1 point to 88.4.

Corporate News

HYBE Co Ltd to report 4Q25 Sales W721.1bn (-0.7% yoy) and operating profit (OP) W2.7bn (-95.8% yoy), the latter missing consensus. The key artists showed strong performances with album/music, and there were concerts by artists as well. The content division is expected to reflect sales from Disney+ original. and the October release of the MMORPG "Architect". The worse than expected earnings should be attributable to 1) potential loss from new game title amid launch-related costs such as marketing expenses, 2) some remaining costs related to the North American business restructuring, and 3) lager than expected costs related to the Latin project "Santos Bravos". While artists continue to expand their fandom and achieve overall growth, BTS, Katseye and Cortis should be the key drivers of earnings in 2026. BTS confirmed the release of their 5th album on Mar 20 and scheduled to announce their world tour schedule on Jan 14. Katseye is nominated for 2 Grammy Awards in February, and their first solo concert tickets are solid out, confirming their high demand. The demand should expand further when they begin new tour. The company is showing continuous growth through major artists growth.

SK HYNIX delivered 4Q25 Sales W32.8tn (+34% qoq and +66% yoy), and operating profit (OP) W19.2tn (+68% qoq and +137% yoy, operating profit margin (OPM) of 58%). The stronger than expected earnings is attributed to improving DRAM profitability backed by improved server DDR5 mix and leverage effect. For 1Q26, the legacy DRAM contribution is expected to increase and strengthen the profitability, while HBM4 shipment will increase from 1Q26. For 2026, SK Hynix is forecasted to deliver OP of W135tn, raised by 12% from previous forecast. The DRAM and NAND bit growth is expected at 20% and capex is rising focusing on the new facility construction. Accordingly, related cost reflection is expected to be limited in 2026, while the capacity expansion effect will become meaningful from 2027. Furthermore, the company disclosed a total shareholder return of W14.3tn, composed of special dividend W2.1tn and total share cancellation of W12.2tn. As the shareholder return policy going forward, the company announced to pay out 50% of free cash flow, which will be equivalent to W29tn in 2026. SK Hynix turned to net cash position and shareholder return will expand meaningfully from 2026. Moreover, SK Hynix investing US$10bn to establish a US AI company in order to be part of customised system memory and AI data centre ecosystem.

Outlook

Korea remains on our watch list as a potentially attractive investment destination. The focus will remain on stock selection. We continue to look for opportunities in the region, favouring companies which demonstrate low valuations, low leverage, high growth, robust management and a strong track record. At present, we like the memory, renewable energy and domestic consumption industry.

HONG KONG & CHINA

Market Summary

The CSI-300 Index gained 1.65% in January to close at 4,706.34 points. The Hang Seng Index gained 6.85% in January to close at 27,387.11 points.

Economic News

China's factory activity surprised with an expansion in December, snapping an eight-month contraction streak that was the longest slump on record. The official manufacturing purchasing managers' index was 50.1 in December compared with 49.2 in November, according to data released by the National Bureau of Statistics. Economists surveyed by Bloomberg had forecast a median reading of 49.2, with 50 marking the line between expansion and contraction. While factory activity returned to expansion, the broader data points to a fragile economic backdrop as the year draws to a close. Investment lost further ground in November, consumer spending growth slowed sharply, industrial output undershot expectations and the property sector deteriorated, reflecting persistent weakness in domestic demand. Even so, there has been little sign of fresh policy support. With China's 2025 growth target likely within reach, policymakers appear in no rush to roll out additional stimulus, and any new push may be deferred until early next year.

China's exports expanded 6.6% yoy in December, accelerating from 5.9% in November. Meanwhile, imports grew 5.7% in December after rising 1.9% in November. Both exports and imports beat market consensus. Trade surplus rose from US$111.68bn in November to US$114.14bn in December, expanding 8.5% in December after surging 14.7% in November. In 2025, exports grew 5.5% while imports remained flat, down 0.3ppt and 1.0ppt respectively compared to 2024. Trade surplus reached US$1.19trn for 2025, up significantly by 19.8%. In December, global economic growth remained relatively stable, with the global manufacturing PMI edging down 0.1 MoM to 50.4, mainly attributable to downward pressure from the US and EU, while Japan and South Korea's manufacturing activities resumed expansion. By region, exports to most destinations maintained the momentum seen in November. Among developed economies, the drag from the US further deepened due to prior front-loading shipments. In December, the decline in exports to the US widened by 1.8ppts to -30.6%. For the whole year, the exports to the US dropped 20.0%, compared with rising 2.9% in 2024. In contrast to the weakened manufacturing PMI, exports to the EU rose 11.4% in December, though being down 2.9ppts from November. Additionally, exports growth to Japan and Korea remained stable, rising 4.6% and 0.9% respectively in December, after growing 4.3% and 1.6% in November. Notably, exports to Hong Kong SAR surged 30.1% in December, up from 18.5% in November, which was partially driven by the low base in last December when exports to HKSAR dropped 7.3%. In terms of emerging markets, exports growth to ASEAN and South America continued to lag that to Africa.

Corporate News

On January 26, 2026, Anta agreed to buy from the French Pinault family its 29.06% stake in PUMA for a total consideration of approximately €1.51bn (RMB 12.28bn) in cash. The transaction values PUMA at FY25E 39.1x EV/EBITDA as the target company reported a loss of EUR247mn during 1H25. Upon completion, Anta will be Puma's single largest shareholder. Anta currently has no plan at this stage to launch a tender offer for the remaining outstanding shares of PUMA. About PUMA: From a brand perspective, PUMA is ranked by GY Brand as the world's 5th most valuable sportswear brand. It has a long brand heritage, solid brand equity, global reach and strong sports assets, spanning football, running and motorsports. It has partnerships with top European clubs such as Manchester City and AC Milan, deep presence in F1, and sponsored track athletes such as Usain Bolt in the past. The brand is considered to have influence across Europe, Latin America and Africa where in terms of revenue contribution, EMEA accounted for 47% of revenue, the Americas 35% and APAC 18%. However, it had a rough 3Q25 with revenue falling 15.3% YoY to EUR1.96bn and GPM declined 2.8ppts to 45%. With largely fixed operating costs, bottom line turned to a loss of EUR62.3m during the period from a profit of EUR€127.9mn profit a year ago. The balance sheet also appeared strained with inventories and receivables accounting for 31% and 17% of total assets (48% combined), respectively. Cash balance stood at EUR265mn with interest-bearing debt amounted to EUR1.47bn for a leverage ratio of 30%. In terms of contribution by product type, footwear contributed 53%, apparel 33% and accessories 14%. Direct sales to customers currently account for 29% of total revenue.

Sunny Optical issued a positive profit alert for 2025, projecting net profit between RMB4,588.6m and RMB4,723.5m, representing a 70.0% to 75.0% YoY increase. The beat was driven primarily by high-end smartphone camera specifications which improved Sunny Optical's product mix, boosting both average selling price (ASP) and gross profit margin (GPM) for HLS and HCM as well as RMB919m one-off investment income from the Goertek Optical partnership. If excluding the non-operating investment income of RMB919m, the adjusted net income would have been RMB3.67bn – 3.80bn. Key catalysts to watch in 2026 of Sunny Optical include design wins of its key US client, AI smartphone and other AI hardware potential breakthroughs and the listing progress of its automotive subsidiary.

Outlook

We are becoming more optimistic on China's economy given potential policies support to maintain growth and stability. The current challenges to revive economic activities and investors' confidence are facing headwinds. Valuation is also becoming more attraction. We think it is necessary for the Chinese government to address the structure imbalances for a more balance and sustainable recovery. At present, the regulatory environment focuses on social stability over growth. We continue to favour companies with robust fundamentals, low valuations, good management, and low leverage.

TAIWAN

Market Summary

The TWSE index closed the month of January at 32,063.75 points, gaining 10.70% m.o.m.

Economic News

Taiwan's fourth-quarter GDP for 2025 surged to 12.68% year-on-year, the highest YoY read for any quarter since the third quarter of 1987. 2025 GDP ended the year at 8.63% YoY, which was the highest level since 2010. This strength was almost entirely concentrated on the external side. The net demand from the rest of the world contributed a whopping 11.91% of the 12.68% of growth in 4Q25, and 6.63% of the 8.63% of growth for the full year. Domestic demand, as a result, only contributed 0.77% in 4Q25 and 2.0ppt for the year as a whole.

Taiwan export orders reached US$76.2bn in December, up 4.4% MoM (up 4.4% MoM seasonally-adjusted) and 43.8% YoY, exceeding both Bloomberg's median estimate of 39.5%, and even surpassing November's already exceptionally strong 39.5% YoY. Products: Tech downstream outperformed upstream; for traditional industries, machinery benefited more from AI-related demand, outperforming raw materials significantly. In terms of geographical: Orders from US, Europe and ASEAN surged nearly 50% or more, while those from China remained relatively weak. Orders from the US increased by 55.3% YoY in December, with ICT products contributing the most, up by 117.6%, or US$6.40bn. Orders from China and Hong Kong grew by 15.0% YoY, with electronics products up the most, by 25.7%, or US$1.66bn. Orders from Europe rose by 47.0% YoY, led by ICT products, which grew by 75.4% YoY. Orders from the ASEAN and Japan expanded 63.2% and 26.3% YoY, respectively.

Corporate News

TSMC reported better than expected 4Q25 earnings mainly driven by high utilisation rate and favourable foreign exchange (FX) effect. Sales grew +20% YoY and +6% QoQ, while gross profit margin (GPM) now stands at 62% level. The high performance computing sales grew +4% QoQ and smartphone increased +11%. The 3nm process sales increased +26.7% QoQ, now accounting for 28% of total sales. TSMC also shared stronger than expected 1Q26 sales and profitability guidance. Sales guidance US$34.6~35.8bn (+4% QoQ) vs consensus US$33.1bn and GPM guidance 63~65% vs consensus 60%, the operating profit margin (OPM) guidance 54~56% vs consensus 50%. The continuously high utilisation rates and favourable FX effect contributed to the high OPM. In terms of annual guidance (USD based), TSMC expects over +30% YoY annual sales growth vs consensus 25% level. While solid AI demand continues, it is also a period for the beginning of 2nm process. In addition, TSMC 1) raised mid-to-long term sales CAGR from +15~20% to +25%, 2) GPM outlook from over 53% to over 56%, and 3) raised AI accelerator related sales CAGR from +40% to mid-to-high +50% level. Its 2026 annual CAPEX plan is at US$52~56bn level (34% of sales guidance & beat consensus US$45bn), a +32% YoY increase. 70~80% should be used for advanced process, while proportion for advanced packaging is increased to max 20%. While the expansion plan became faster, the company also mentioned that the cost of expansion should increase rapidly as the process becomes more advanced.

Nanya Technology 2026F earnings growth is on track to surpass our previous forecasts. 4Q25F earnings to beat expectations. Preliminary October–November net profit reached NT$6.27bn, achieving 76% of 4Q25F estimate. The upside is driven by: (1) an optimized product mix, supporting gross margin improvement; (2) yield enhancement on the 1B process, reducing unit variable costs; and (3) NT dollar depreciation versus the US dollar of more than 3% during October–November. The 4Q25F gross margin was revised upward by 10.8ppts to 53.2% and raise EPS by 39.8% to NT$3.73. 1Q26F DDR4 contract price surge exceeds expectations. Looking ahead to 1Q26F, Nanya's DDR4 8Gb quarterly contract price is likely to rise by over 90% QoQ. HBM reshaping memory profit structure; DRAM prices to stay elevated longer. Compared to previous cycles, the commodity DRAM (DDR4/ DDR5) contract prices to remain high for a longer period, primarily because high bandwidth memory (HBM) has become a key profit driver for the Big Three. HBM offers strong end-market growth, predictable demand, and stable pricing, fundamentally reshaping the memory industry's profit structure. As major players aggressively compete for HBM market share, their incentive to expand commodity DRAM capacity is significantly lower than in past upcycles. The Nanya's ASP to stay elevated through 1Q27F, with only a modest full-year decline of 13.6% in 2027F, despite a pullback starting in 2Q27F.

Outlook

Taiwan remains on our watchlist as a potentially attractive investment destination, the depth of the electronics supply chain present opportunities to identify good companies that are less well-owned compared to the semiconductor sector. We are also exploring investment into non-electronics sector that will benefit from global structural trend. We continue to favour companies which demonstrate low valuations, low leverage, high growth, robust management and a strong track record.

VIETNAM

Market Summary

The Vietnam Ho Chi Minh Stock Index (VNI) is down by 2.50% month-on-month to close the month of January 2026 at 1829.04 points. The Vietnamese Dong appreciated 1.35% month-on-month against the USD, and closed at 25,880 for the month of December 2025.

Economic News

Vietnam's annual inflation rate slowed to 2.53% in January 2026, the lowest since July 2023, down from 3.48% in December (lowest in 2.5 years). Inflation eased across most sub-components, particularly food and foodstuff services (3.64% vs 4.20% in December), driven by a decline in food costs (-1.22%).

Earlier in the month, the Central Bank of Vietnam revised its annual credit growth target downward to approximately 15%. This shift sparked caution among economists, who warn that such levels could still trigger asset price bubbles. The updated figure is a slight retreat from the 16% benchmark originally established for 2025.

Vietnam's tourism sector marked a milestone year by the end of 2025 with international arrivals reaching nearly 21.2 million, up more than 20.4 percent from 2024, becoming the highest on record. International arrivals to Vietnam rose by 18.5% year-on-year to 2.45 million in January 2026, the highest since records began in 2015, following a 15.7% increase in the previous month. Breakthrough visa policies, innovative in promotion and marketing, increased product diversification, and improved service quality helped attract a large number of international visitors.

Vietnam posted a trade deficit of USD 1.78 billion in January 2026, shifting from a USD 3.1 billion surplus in the same month of 2024 (largest in nearly 4 years). It marked the second straight month of trade deficit and the largest gap since February 2022, as exports rose less than imports. Outbound shipments grew 29.7% year-on-year to USD 43.19 billion, while imports jumped 49.2% to USD 44.97 billion.

Foreign direct investment (FDI) disbursed in Vietnam reached USD 1.68 billion in January 2026, up 11.3% year-on-year from USD 1.51 billion, signalling continued expansion of foreign business activities. In contrast, total registered FDI fell 40.6% to USD 2.57 billion, largely due to a 67.4% decline in additional capital and a 38.6% drop in capital through share acquisitions. Newly registered capital, however, rose 15.7% to USD 1.489 billion across 349 projects, with the number of projects increasing 23.8%.

Corporate News

Airports Corporation of Vietnam (ACV) is a state-controlled joint-stock company (95.4% owned by the state) that manages, invests in, and operates 22 airports across Vietnam, including 9 international and 13 domestic. 2025 results revenue +15% YoY and core NPAT-MI +5% YoY (completing 102% and 105% of VietCap's 2025 forecasts) with Q4 core NPAT-MI +10% YoY. However, their Q4 GPM -9.9 ppts QoQ to 51.8% (airfield maintenance cost surge; higher-than-expected depreciation). Due to previously mentioned international arrivals +13% YoY to 47mn and domestic pax +7% YoY to 74mn. Financial income -36% YoY (funded the new Long Thanh international airport (LTH) project with cash and short-term investments; financial expenses +24% YoY due to FX losses from JPY/VND appreciation); and LTH capex +169% YoY to USD1.3bn (debt disbursement yet to materialize). It is trading at 2026 P/E of 18.95x, and has a gearing of 13.9%.

To reiterate a stock from earlier in the month of January. Petrovietnam Technical Services Corporation (PVS) is a major provider of technical services to the oil and gas sector, with core strengths in offshore mechanical and construction (M&C) activities under EPCI contracts, as well as the operation of FSO/FPSO vessels. The company is entering a strong growth phase, supported by a rising order backlog and favourable currency movements. Vietcap maintains its BUY recommendation and lifts its target price by 15% to VND 48,300, following a 12% upward revision to cumulative net profit forecasts for 2026–2030F. The positive outlook is driven by stronger-than-anticipated foreign exchange gains, reflecting increased USD-denominated revenue from international projects, along with a 9% upward revision to the M&C backlog. This includes the potential addition of a USD 500 million contract from the Hai Su Vang field—ASEAN's largest oil and gas discovery in the past 20 years. Reported net profit in 2026F is expected to rise 17% year-on-year, supported by peak construction progress at Block B and margin expansion, without the one-off land lease costs recorded in 2025. With an estimated EPS CAGR of 19% for 2026–2028F and plans to transfer its listing to HOSE in 2026, PVS remains attractively valued at a 2026 P/E of 15.7x (PEG 0.8), below its historical average.

KKR and Singtel will acquire the remaining 82% stake in data center operator STT GDC for USD5.1bn with the transaction expected to close by early H2 2026. In Vietnam, STT GDC has a strategic collaboration with VNG Corporation to develop and manage international-standard data centers in HCMC. The initiative involves continuing operations at the existing STT VNG HCMC 1 (formerly VNG Data Center) and launching a new facility STT VNG HCMC 2 with a total IT load of > 69 MW.

Outlook

With the government setting its ambitious GDP growth target at 10%, potentially driven by its high-tech industries, infrastructure investment, and strong exports; and with the OECD projecting that the real GDP growth in Vietnam should increase by 6.2%. The outlook for Vietnam is looking to be improve gradually as investment growth is supported by planned increases in public investment and accommodative financial conditions. Conditions such as improvements in the monetary framework which could improve capital allocation and bolster growth, in addition to regulatory reforms that ease foreign investment restrictions in services and level the playing field between private and state-owned companies. However, as a small trade-dependent economy, Viet Nam remains highly vulnerable to global policy developments. The

VN index is currently trading at 1753.9, with high volatility at the start of the month, but still projected to reach 1,920 points in 2026 amid improving growth prospects, according to SSI Research.

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