# FBM KLCI Semi-Annual Review

Strategy Report

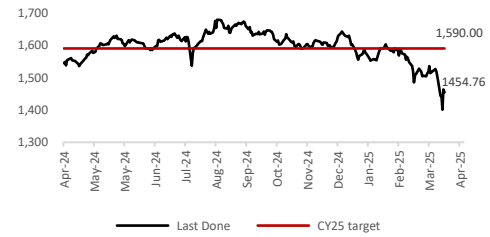
**Cut-off date:** 26th May 2025
**FTSE announcement date:** 5th June 2025
**Effective date:** 23rd June 2025

## Preview of the Upcoming June Review

### KEY INVESTMENT HIGHLIGHTS

- FBM KLCI to undergo semi-annual review on 23rd June; data cut off 26th May
- Likely status quo for the first time in three years
- Maintain CY25 FBM KLCI target at 1,590

**FBM KLCI CHART**




**Upcoming FBM KLCI review.** It is about five weeks away from the cut-off date for the upcoming semi-annual review of the FTSE Bursa Malaysia (FBM) KLCI. We looked at the list of constituents after Friday's market closed and opine that the current top 30 blue chips will remain status quo for the Jun-25 review. This will likely be the first semi-annual review without changes in three years.

**Recent additions held on well.** Gamuda and 99 Speed Mart Retail Holdings, which were elevated into the FBM KLCI during the Dec-24 review, maintained their positions well within the index, with Gamuda at the 20th position and 99 Speed Mart at the 26th. No other stocks have risen or fallen to the threshold stated in the ground rules for additions or deletions at the moment.

**Improbable case but if AMMB gets in, Mr DIY gets out.** The closest non-constituent to the 25th position is AMMB Holdings at 28th, with a market cap gap of -3.2% as compared to QL Resources at the 25th. While improbable, the addition of AMMB Holdings into the barometer index would mean the relegation of Mr DIY Group (M), currently the lowest ranked constituent at 33rd. For background, a security will only be inserted at a periodic review if it rises to 25th or above while a deletion will happen if a security falls to 36th or below.

**Free float and liquidity requirements.** Based on our estimates on the top 40 stocks as of Friday, all of them met the free float requirements of more than 15%. The only stock that did not meet the liquidity requirements was KLCCP Stapled Group.

**Minor change to reserve list.** While the reserve list will largely remain the same, we expect the upcoming review to see KPJ Healthcare being included into the list, replacing the recently delisted Malaysia Airports Holdings.

**FBM KLCI Constituents**

| Bursa Ticker | Rec. | TP (RM) |
|---|---|---|
| **Existing** | | |
| MAYBANK | BUY | 12.11 |
| PBBANK | BUY | 5.35 |
| TENAGA | BUY | 15.13 |
| CIMB | BUY | 9.15 |
| IHH | BUY | 8.18 |
| HLBANK | BUY | 24.60 |
| CDB | NEUTRAL | 3.68 |
| PMETAL | - | - |
| PETGAS | BUY | 18.67 |
| SDG | BUY | 5.43 |
| MISC | BUY | 8.13 |
| RHBBANK | BUY | 7.40 |
| MAXIS | BUY | 4.38 |
| SUNWAY | NEUTRAL | 4.73 |
| TM | NEUTRAL | 6.88 |
| PCHEM | NEUTRAL | 4.34 |
| YTLPOWR | BUY | 5.61 |
| IOICORP | BUY | 4.42 |
| KLK | NEUTRAL | 20.00 |
| GAMUDA | BUY | 5.42 |
| YTL | BUY | 3.94 |
| HLFG | BUY | 24.70 |
| PETDAG | BUY | 22.25 |
| NESTLE | NEUTRAL | 77.90 |
| QL | NEUTRAL | 4.40 |
| 99SMART | - | - |
| AXIATA | NEUTRAL | 2.14 |
| PPB | NEUTRAL | 10.61 |
| SIME | - | - |
| MRDIY | - | - |
| **Potential Inclusion** | | |
| - | | |
| **Potential Exclusion** | | |
| - | | |

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**CY25 FBM KLCI target 1,590.** We recently slashed our 2025 FBM KLCI target to 1,590 points from 1,670 points previously, or PER25 of 14.2x from 14.8x. Under prevailing circumstances, particularly rising macro risks engendered by the US tariff plan, we expect equity valuation to remain relatively depressed. Nevertheless, we still expect Malaysia's economy to remain healthy albeit with a downward revised GDP growth forecast of +4.0%. Along with the revised baseline GDP expectation, at this juncture we estimate the FBM KLCI to register a still healthy +5.6%yoy earnings growth in 2025.

**Table 1: Top 40 stocks by market capitalisation (as of 11 April 2025)**

| | Stock name | Share price (RM) | Full Market Cap (RM'b) | Free Float* | Free Float Adjusted Market Cap (RM'b) | Average monthly liquidity** | Current KLCI weightage* | New KLCI weightage* |
|---|---|---|---|---|---|---|---|---|
| 1 | Malayan Banking | 9.82 | 118.63 | 68.13% | 80.83 | 0.13% | 14.41% | 14.41% |
| 2 | Public Bank | 4.24 | 82.30 | 76.48% | 62.94 | 0.13% | 11.22% | 11.22% |
| 3 | Tenaga Nasional | 13.22 | 76.85 | 78.55% | 60.37 | 0.20% | 10.76% | 10.76% |
| 4 | CIMB Group Holdings | 6.65 | 71.44 | 77.59% | 55.43 | 0.27% | 9.88% | 9.88% |
| 5 | IHH Healthcare | 6.80 | 59.96 | 34.56% | 20.72 | 0.19% | 3.69% | 3.69% |
| 6 | Hong Leong Bank | 19.26 | 41.75 | 37.21% | 15.53 | 0.13% | 2.77% | 2.77% |
| 7 | CelcomDigi | 3.44 | 40.36 | 33.50% | 13.52 | 0.08% | 2.41% | 2.41% |
| 8 | Press Metal Aluminium Holdings | 4.42 | 36.42 | 43.78% | 15.95 | 0.18% | 2.84% | 2.84% |
| 9 | Petronas Gas | 16.18 | 32.02 | 48.47% | 15.52 | 0.05% | 2.77% | 2.77% |
| 10 | SD Guthrie | 4.55 | 31.47 | 53.96% | 16.98 | 0.08% | 3.03% | 3.03% |
| 11 | MISC | 7.03 | 31.38 | 46.70% | 14.65 | 0.14% | 2.61% | 2.61% |
| 12 | RHB Bank | 6.48 | 28.25 | 89.73% | 25.35 | 0.18% | 4.52% | 4.52% |
| 13 | Maxis | 3.39 | 26.55 | 37.50% | 9.96 | 0.07% | 1.78% | 1.78% |
| 14 | Sunway | 4.24 | 26.19 | 47.62% | 12.47 | 0.37% | 2.22% | 2.22% |
| 15 | Telekom Malaysia | 6.69 | 25.67 | 80.35% | 20.63 | 0.20% | 3.68% | 3.68% |
| 16 | Petronas Chemicals Group | 3.09 | 24.72 | 35.20% | 8.70 | 0.15% | 1.55% | 1.55% |
| 17 | YTL Power International | 3.00 | 24.66 | 30.55% | 7.53 | 0.58% | 1.34% | 1.34% |
| 18 | IOI Corp | 3.55 | 22.02 | 47.27% | 10.41 | 0.07% | 1.86% | 1.86% |
| 19 | Kuala Lumpur Kepong | 19.52 | 21.74 | 51.22% | 11.13 | 0.09% | 1.98% | 1.98% |
| 20 | Gamuda | 3.77 | 21.74 | 91.35% | 19.85 | 0.44% | 3.54% | 3.54% |
| 21 | YTL Corp | 1.75 | 19.34 | 40.00% | 7.73 | 0.42% | 1.38% | 1.38% |
| 22 | Hong Leong Financial Group | 16.60 | 19.01 | 18.87% | 3.59 | 0.08% | 0.64% | 0.64% |
| 23 | Petronas Dagangan | 18.96 | 18.84 | 36.08% | 6.80 | 0.10% | 1.21% | 1.21% |
| 24 | Nestle (Malaysia) | 79.12 | 18.55 | 26.85% | 4.98 | 0.14% | 0.89% | 0.89% |
| 25 | QL Resources | 4.70 | 17.16 | 33.80% | 5.80 | 0.20% | 1.03% | 1.03% |
| 26 | 99 Speed Mart Retail Holding | 2.03 | 17.05 | 17.00% | 2.90 | 0.86% | 0.52% | 0.52% |
| 27 | Axiata Group | 1.85 | 16.99 | 63.26% | 10.75 | 0.10% | 1.92% | 1.92% |
| 28 | AMMB Holdings | 5.03 | 16.62 | 88.80% | 14.76 | 0.22% | | |
| 29 | PPB Group | 11.20 | 15.93 | 43.82% | 6.98 | 0.08% | 1.24% | 1.24% |
| 30 | KLCCP Stapled Group | 8.65 | 15.62 | 35.32% | 5.52 | 0.02% | | |
| 31 | Westports Holdings | 4.29 | 14.63 | 30.94% | 4.53 | 0.14% | | |
| 32 | Sime Darby | 2.07 | 14.11 | 63.31% | 8.93 | 0.23% | 1.59% | 1.59% |
| 33 | Mr DIY Group (M) | 1.45 | 13.73 | 29.38% | 4.03 | 0.36% | 0.72% | 0.72% |
| 34 | United Plantations | 21.50 | 13.38 | 44.63% | 5.97 | 0.21% | | |
| 35 | Genting | 3.24 | 12.48 | 53.33% | 6.65 | 0.31% | | |
| 36 | KPJ Healthcare | 2.65 | 11.57 | 57.55% | 6.66 | 0.34% | | |
| 37 | IOI Properties Group | 1.77 | 9.75 | 28.85% | 2.81 | 0.24% | | |
| 38 | Genting Malaysia | 1.67 | 9.47 | 49.98% | 4.73 | 0.36% | | |
| 39 | Time Dotcom | 4.97 | 9.19 | 66.61% | 6.12 | 0.09% | | |
| 40 | Fraser & Neave Holdings | 24.02 | 8.81 | 43.96% | 3.87 | 0.07% | | |
| | | | | **Current** | **560.98** | | | |
| | | | | **Expected** | **560.98** | | | |

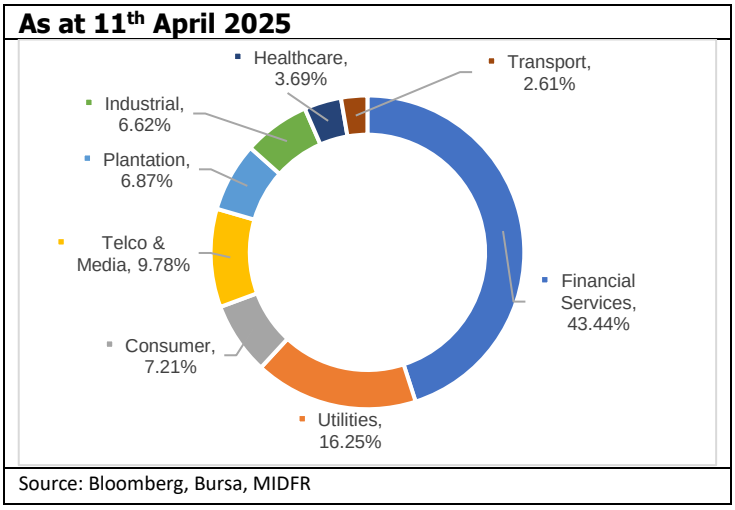
Source: Bloomberg, MIDFR
* - MIDF estimates
** - Indicative figure
Highlighted in green - Current KLCI constituents

**Table 2: Reserve list**

| Current list | Expected new list |
|---|---|
| AMMB Holdings | AMMB Holdings |
| Malaysia Airports Holdings* | Westports Holdings |
| Westports Holdings | United Plantations |
| Genting | Genting |
| United Plantations | KPJ Healthcare |

*Source: Bloomberg, MIDFR*
** Delisted on Feb 25, 2025*

**Figure 1: FBM KLCI sector weightages**




Source: Bloomberg, Bursa, MIDFR

**Table 3: FBM KLCI semi-annual review dates**

| Review period | Cut-off date | Preliminary announcement date | Official announcement date | Change implementation date | Effective date |
|---|---|---|---|---|---|
| Dec-24 | 25th Nov | 4th Dec | 5th Dec | 20th Dec | 23rd Dec |
| Jun-25 | 26th May | 4th June | 5th June | 20th June | 23rd June |
| Dec-25 | 24th Nov | 3rd Dec | 4th Dec | 19th Dec | 22nd Dec |

Source: LSEG/FTSE Russell & MIDFR

**Table 4: FBM KLCI semi-annual review dates**

| Review period | Inclusion(s) | Exclusion(s) |
|---|---|---|
| Dec-14 | - | - |
| Jun-15 | Westports Holdings | Felda Global Ventures Holdings |
| Dec-15 | - | - |
| Jun-16 | Hap Seng Consolidated | UMW Holdings |
| Dec-16 | IJM Corp | SapuraKencana Petroleum |
| Jun-17 | - | - |
| Dec-17 | Nestle (Malaysia), Press Metal Aluminium Holdings | British American Tobacco (Malaysia), IJM Corp |
| Jun-18 | Hartalega Holdings, Dialog Group, Malaysia Airports Holdings | YTL Corp, AMMB Holdings, Astro Malaysia Holdings |
| Dec-18 | Top Glove Corp, AMMB Holdings | KLCCP Stapled Group, Telekom Malaysia |
| Jun-19 | - | - |
| Dec-19 | - | - |
| Jun-20 | Telekom Malaysia, KLCCP Stapled Group | AMMB Holdings, Malaysia Airports Holdings |
| Dec-20 | Supermax | KLCCP Stapled Group |
| Jun-21 | Mr DIY Group (M) | Supermax Corp |
| Dec-21 | Inari Amertron | Hap Seng Consolidated |
| Jun-22 | - | - |
| Dec-22 | AMMB Holdings, QL Resources | Hartalega Holdings, Top Glove Corp |
| Jun-23 | Westports Holdings | Inari Amertron |
| Dec-23 | YTL Corp, YTL Power International | Dialog Group, Westports Holdings |
| Jun-24 | Sunway | AMMB Holdings |
| Dec-24 | Gamuda, 99 Speed Mart Retail Holdings | Genting Malaysia, Genting |
| *Jun-25** | - | - |

*Source: LSEG/FTSE Russell & MIDFR*

** - MIDF estimates*

**Table 5: Changes to the FBM KLCI that were out of the review period**

| Date | Inclusion | Exclusion | Reason |
|---|---|---|---|
| 20th Nov-09 | Maxis | Malaysian Airline System | Fast entry of Maxis following listing |
| 26th May-10 | Hong Leong Financial | Astro All Asia Networks | Unconditional takeover on Astro All Asia Networks |
| 20th Sep-10 | Gamuda | Tanjong | Unconditional takeover of Tanjong by Tanjong Capital |
| 26th Nov-10 | Petronas Chemicals Group | Berjaya Sports Toto | Fast entry of Petronas Chemicals Group following listing |
| 13th Dec-11 | UEM Land Holdings | Plus Expressways | Cash acquisition for Plus Expressways by multiple acquirers |
| 1st Aug-12 | IHH Healthcare | MMC | Fast entry of IHH following listing |
| 21st Jan-14 | IOI Properties Group | UEM Sunrise | Demerger and listing of IOI Properties Group |

*Source: LSEG/FTSE Russell & MIDFR*

**Appendix**

**FTSE Bursa Malaysia Index Series v6.0 - Ground Rules**

***Section 4 - Index Construction***

| | |
|---|---|
| **4.2 A** | Free float will be calculated using available published information rounded to 12 decimal places. Companies with a free float of 15% or below are excluded from the index |
| **4.3.3 (excerpts)** | – Each security will be tested for liquidity semi-annually in June and December by calculation of its monthly median of daily trading volume<br>– A minimum of five trading days in that month must exist, otherwise the month will be excluded from the test<br>– The daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the review cut-off date |
| **4.3.3 A** | A non-constituent that does not turnover at least 0.05% of their shares in issue (after the application of any investability weightings) based on their median daily trading volume per month for at least 10 of the 12 months prior to the semi-annual review will not be eligible for inclusion in the index. |
| **4.3.3 B** | An existing constituent that does not turnover at least 0.04% of its shares in issue (after the application of any investability weightings) based on its median daily trading volume per month for at least eight of the 12 months prior to the semi-annual review will be removed. |
| **4.3.3 C** | At the sole discretion of FTSE Russell, the above percentage figures may be adjusted by up to 0.01% at a market review so that, in FTSE Russell's opinion, the index better reflects the liquid investable market of the region. This discretion may only be exercised across the whole of a region and may not be applied to individual securities or countries. |

***Section 5 - Periodic review of constituent companies***

| | |
|---|---|
| **5.1.1** | The semi-annual review of the FTSE Bursa Malaysia Index Series constituents takes place in June and December using data from the close of business on the Monday four weeks prior to the review effective date. Any constituent changes will be implemented after close of business on the third Friday (i.e. effective Monday) of June and December |
| **5.3.3** | A security will be inserted at the periodic review if it rises to 25th or above when the eligible Main Market securities are ranked by full market value |
| **5.3.4** | A security will be deleted at the periodic review if it falls to 36th or below when the eligible main market securities are ranked by full market value |
| **5.7.1** | FTSE Russell will be responsible for publishing the five highest-ranking non-constituents of the FTSE Bursa Malaysia KLCI at the time of the periodic review. The appropriate reserve list will be used if one or more constituents are deleted from the FTSE Bursa Malaysia KLCI during the period up to the next semi-annual review |

***Section 6 - Changes to constituent companies***

| | |
|---|---|
| **6.3.1** | If a new issue is so large (i.e. its full market capitalisation amounts to 2% or more of the full capitalisation of the FTSE Bursa Malaysia EMAS Index) that the effectiveness of the index as a market indicator would be significantly and adversely affected by its omission, the new issue will be included as a constituent of the FTSE Bursa Malaysia KLCI and the remaining FTSE Bursa Malaysia Indices that it qualifies for after the close of business on the fifth day of trading and eligibility will be determined using the closing price on the first day of trading. In all cases, advance notification confirming the timing of the inclusion of the new constituent will be given accordingly. |

Source: LSEG/FTSE Russell

**Free Float Restrictions v2.9**

**1** *Free float restrictions include:*

– Shares directly owned by state, regional, municipal and local governments (excluding shares held by independently managed pension schemes for governments)

– Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies with which they are affiliated

– Shares held within employee share plans

– Shares held by public companies or by non-listed subsidiaries of public companies

– All shares where the holder is subject to a lock-in clause (for the duration of that clause)

– All shares where the holder has a stated incentive to retain the shares (e.g. bonus shares paid if holding is retained for a set period of time)

– Shares held by an investor, investment company or an investment fund for strategic reasons as evidenced by specific statements to that effect in publicly available announcements, has an employee on the board of directors of a company, has a shareholder agreement, has successfully placed a current member to the board of directors or has nominated a current member to the board of directors alongside a shareholder agreement with the company

– Shares that are subject to on-going contractual agreements (such as swaps) where they would ordinarily be treated as restricted

**2** *Free float restrictions where holding is 10% or greater*

– Shares that are held by sovereign wealth funds

– Shares held by founders, promoters, former directors, venture capital and private equity firms, private companies, individuals (including employees) and shares held by several holders acting in concert

**3** *Free float restrictions where holding is 30% or greater*

For clarity, portfolio holdings (such as pension fund, insurance fund or investment companies) are generally not considered as restricted. However, where a single portfolio holding is 30% or greater it will be regarded as strategic and therefore restricted. The shares will remain restricted until the holding falls below 30%

Source: LSEG/FTSE Russell

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

**STOCK RECOMMENDATIONS**

| | |
|---|---|
| BUY | Total return is expected to be >10% over the next 12 months. |
| TRADING BUY | Stock prices are expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive newsflow. |
| NEUTRAL | Total return is expected to be between -10% and +10% over the next 12 months. |
| SELL | Total return is expected to be <-10% over the next 12 months. |
| TRADING SELL | Stock prices are expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative newsflow. |

**SECTOR RECOMMENDATIONS**

| | |
|---|---|
| POSITIVE | The sector is expected to outperform the overall market over the next 12 months. |
| NEUTRAL | The sector is to perform in line with the overall market over the next 12 months. |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |

**ESG RECOMMENDATIONS*** - source Bursa Malaysia and FTSE Russell

| | |
|---|---|
| ☆☆☆☆ | Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆☆☆ | Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆☆ | Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆ | Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology