Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF (0839EA)

Bursa ETF Watch – Defensive Positioning Pays Off

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BUY

Report: Semi-Annual

Target Price: RM 1.10 (+16%)

Current Price: RM 0.945

Fund description and objective:

EQ8WAQF is designed for investors seeking exposure in liquid financial instrument with an index-tracking feature that focuses on high yield dividend Shariah-compliant equities. The fund is passively managed and aims to closely align with the performance of the Benchmark with comply to Shariah requirements, to generate a portion of the income distribution of the Fund for waqf purposes which combines an income-focused strategy with a momentum-based approach. EQ8WAQF commits to annual income distribution, allocating 50% to Waqf assets for socio-economic projects like education, healthcare, and sustainability, while the other half is distributed to unitholders. This approach offers financial returns alongside meaningful societal impact, aligning with the growing demand for ESG and ethical investing.

Outlook

In 2QFY25 (5 December 2024 to 31 December 2024), EQ8WAQF's total return lagged the benchmark by 0.61%, mainly due to fund expenses related to commencement of fund like trading cost and bank charges. During the quarter, Globetronics Technology Berhad was removed from the index and replaced by IJM Corporation Berhad, due to momentum factor screening. This rebalancing exercise and adjusting stock weightings will enhance the return performance. EQ8WAQF recorded a -1.1% return over 3 months, underperforming FBEMSTDP (-0.8%), FBM100 (-1.9%), and FBMS (+0.3%), despite its defensive tilt in financials and healthcare. However, stocks in those peers' portfolios may not be in EQ8WAQF's portfolio. The lingering uncertainties surrounding trade, fiscal policies, immigration, and potential regulatory shifts may continue to pressure financial performance. On a year-to-date (YTD) basis, EQ8WAQF's return (-5%) has continued to outperform its benchmark (-12.5%), FBM100 (-7.4%), and FBMS (-8.7%) indices, demonstrating the ETF's resilience amid macroeconomic headwinds. A key strength of EQ8WAQF is its consistent dividend distribution from the portfolio, which provides a degree of income stability in volatile markets. As such, we reiterate our commitment to a defensive strategy focused on stable-return stocks, ensuring secure risk management. EQ8WAQF remains a compelling choice for risk-averse investors seeking stability, particularly amid the policy uncertainties following the tariff suspension period.

Recommendation

We reiterate BUY call on EQ8WAQF with a 12-month target NAV of RM1.10 based on our fair value estimate and supported by consensus target prices estimates from Bloomberg. This is justified given that EQ8WAQF continue to performance better than the benchmark and indexes amid market downturns. EQ8WAQF will payout good dividend despite volatile business conditions.

Fund Details

Shariah compliance	Yes
ISIN	MYL0839EA000
Stock code	0839EA
Stock short name	EQ8WAQF
Bloomberg ticker	EQ8WAQF
Date of inception/listing date	10th Dec 2024
Min. tradeable unit	100
Min. creation/redemption unit block	500,000

Fund mgmt company	Eq8 Capital Sdn Bhd
Trustee	Deutsche Trustees Malaysia Berhad
Benchmark index	FTSE Bursa Malaysia EMAS Shariah Factor Enhanced Target Dividend Index (FBEMSTDP)
Participating dealer	Kenanga Investment Bank Berhad
Market maker	N/A
Shariah Adviser	Amanie Advisors Sdn Bhd

Fund Pricing

Market Price (RM)	0.945
52 week high	1.02
52 week low	0.915
NAV (RM/unit)	0.928
12-month target NAV (RM)	1.10
Premium/Discount (%)	16
Management expenses ratio (%)	0.60
Asset under management (RM)	500,000

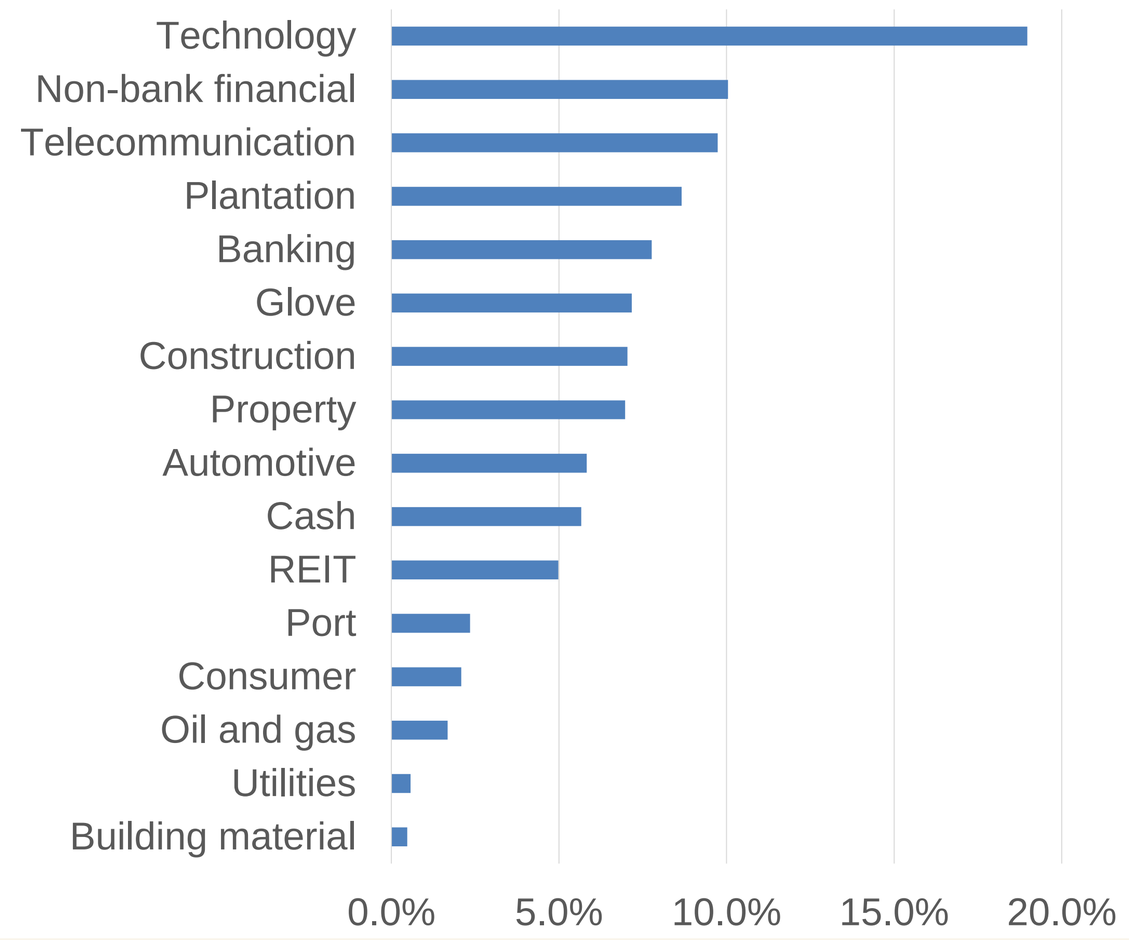
Tracking Error (%)	
1-month	2.1%
1-year	N/A
3- year annualised	N/A
5-year annualised	N/A

Source: Market Price and NAV as at 23th May 2025

Top 10 by Constituent Weight

BURSA MALAYSIA BHD	11%
INARI AMERTRON BHD	10%
TIME DOTCOM BHD	8%
KOSSAN RUBBER INDUSTRIES BHD	7%
V.S. INDUSTRY BHD	7%
AXIS REAL ESTATE INVESTMENT TRUST	6%
BANK ISLAM MALAYSIA BHD	5%
UNITED PLANTATIONS BHD	4%
GAMUDA BHD	4%
ECO WORLD DEVELOPMENT GROUP	4%

Sectoral Weighting



Total return

Total return based on	1mth	3mth	6mth	YTD	1yr	3yr	5yr	Since inception
Price	-1.0%	-1.0%	N/A	-5.0%	N/A	N/A	N/A	-5.5%
NAV	+1.4%	-0.8%	N/A	-7.9%	N/A	N/A	N/A	-7.7%
Benchmark	+2.3%	-2.3%	-9.8%	-12.0%	N/A	N/A	N/A	-11.1%

Source: Bloomberg as at 23th May 2025, Since inception is on 10th December 2024

Dividend Yield

Year	Dividend Yield
2021	N/A
2022	N/A
2023	N/A
2024	N/A
YTD	N/A

Total Return on NAV

Year	EQ8WAQF	FBEMSTDP
2021	N/A	N/A
2022	N/A	N/A
2023	N/A	N/A
2024	+0.4%	+0.3%
YTD	-7.9%	-12.0%

Fund & Benchmark Performance Chart



Source: Bloomberg as at 23th May 2025

Definition of ETF and benefits of investing in ETF:

https://www.bursamarketplace.com/mkt/themarket/etf/EQFT
https://www.bursamalaysia.com/trade/trading_resources/listing_directory/company-profile?stock_code=0839EA
https://www.eq8.com.my/eq8-ftse-malaysia-enhanced-dividend-waqf-etf

Glossary:

Creation Application	An application to create new Units
Redemption Application	An application to redeem existing Units
Creation Unit Block	The quantity of Units which will be issued upon a successful Creation Application in respect of one (1) whole In-Kind Creation Basket This quantity of Units may change from time to time as determined by the Manager, approved by the Trustee and notified to the Participating Dealers
Redemption Unit Block	The quantity of Units which are required to be delivered to the Trustee in exchange for one (1) whole In-Kind Redemption Basket in a Redemption Application. This quantity of Units may change from time to time as determined by the Manager, approved by the Trustee and notified to the Participating Dealers
Creation Securities	The Permitted Investments which, together with the Cash Component (if any), comprise an In-Kind Creation Basket or multiples thereof, are required to be deposited with the Trustee (but which shall not form part of the Fund Assets until such time as the Creation Application is successfully completed) by or for the account of a Participating Dealer pursuant to an approved and successful Creation Application submitted by that Participating Dealer.
Redemption Securities	The Permitted Investments which, together with the Cash Component (if any), comprise an In-Kind Redemption Basket or multiples thereof, are to be distributed from the Fund to or for the account of a Participating Dealer pursuant to an approved and successful Redemption Application submitted by that Participating Dealer in accordance with the provisions of the Deed.
Tracking error	Tracking error is the divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark.

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Tradeview Research Investment Rating System

ETFs:

BUY: Total stock return expected to exceed +10% over 12-month period

HOLD: Total stock return to be between -10% and +10% over a 12-month period

SELL: Total stock return expected to below -10% over a 12-month period

Equity:

BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period