TRADEVIEW CAPITAL
Building Wealth, Preserving Legacy

Bond Yield Whiplash

Commentaries: September 2026

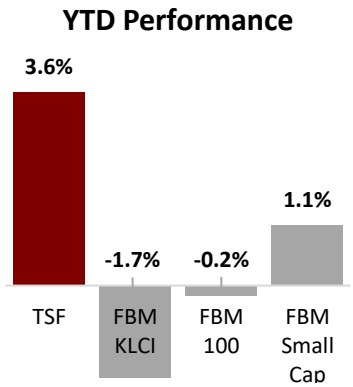
Return (%)	Sep-26	Year-To-Date	Since Inception (TSF: Dec 22)
Tradeview Sustainability Fund (TSF)	-1.7%	3.6%	37.8%
FBM KLCI Index	-4.3%	-1.7%	11.8%
FBM 100 Index	-3.9%	-0.2%	17.2%
FBM Small Cap Index	-1.0%	1.1%	4.8%

Performance vs Benchmark

September was a bumpy month for global equities. Most markets closed flat or significantly lower, except Taiwan and the Nasdaq which were lifted by technology names, (TSMC and MediaTek in Taiwan, Nvidia on the Nasdaq). Locally, the FBMKLCI fell 4.3%, followed by FBM100 (-3.9%) and FBMSC (-1.0%). Again, we saw continued selling pressure from foreign investors, mainly in the financial sector, bringing the year-to-date net outflow to RM6.4 billion. This followed rising government bond yields globally, including in Malaysia, which caused paper losses on banks' bond holdings.

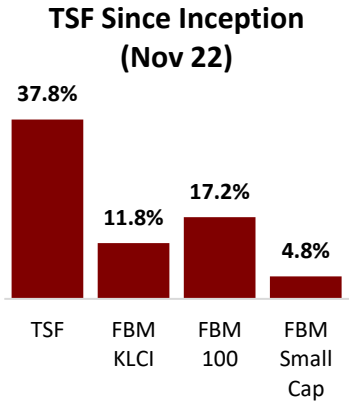
By sector, the top three performers were energy (+8.6%), construction (+7.1%), and utilities (+2.9%); while the bottom three were property (-7.5%), consumer (-6.5%), and financials (-5.1%).

Our wholesale fund, Tradeview Sustainability Fund (TSF) declined 1.7% in September, better than the FBMKLCI and FBM100 but trailing the FBMSC. The gap to our annual hurdle rate (6.0%) widened despite clearing above it just last month. Year-to-date return remains positive at 3.6% but the volatility is very apparent.



Portfolio Deep Dive

We continued to rebalance our portfolio in September. We added AMS, QL, SD Guthrie, MISC, MI Tech, BM Greentech, and Minimax, mainly on better valuations, the commodity upcycle, and selective technology exposure. On the other hand, the names we cleared were HLFG, SKHynix 2x ETF, Xiaomi, Southern Cable, NationGate, and OSK, mostly to lock in profits and reduce the portfolio's beta level during this volatile period.



Given our purchases this month, our cash level is lower, hovering at around 10%-level. We are not overly concerned, as we plan to lock in further positions in the coming weeks, which should lift the cash level again next month.

Global Markets Commentary

As mentioned in last month's newsletter, we noticed that there was volatility in the bond market, and it was largely contained in the Japanese and U.S. markets. What's different now is that the market concern has spilled over to other markets, causing a rout in the global bond market.

The main concern lies in the shifting timeline of the 'real' resolution between the U.S. and Iran, which we highlighted before. It has brought back the fear that high oil prices will cause more inflation and limit the ability of central banks to cut interest rates. The new Fed Chair, Kevin Warsh, has explicitly said that he intends to reduce guidance on future interest rates and make policy rate decisions independently. While this is good from an economic point of view, the market is adjusting itself to a 'less accommodative' regime and pricing in a higher possibility of interest rate hikes in the bond market.

As the time of writing, the yield on the 3-month US Treasury bill has risen from 3.7% in March to 4.1%, implying roughly one more rate hike after the Fed hiked 25 bps in mid-September. Whether the market will continue to price in more rate hikes remains to be seen as yield changes vary across different tenors of treasury securities. However, we are leaning slightly towards market stabilization since interest rate futures suggest only one more hike. Regardless of which scenario plays out, the market would need to adjust valuations since the discount rate is now higher than before.

Having said that, we view this as a major portfolio rebalancing among bond investors as many are shifting from longer-tenor bonds to shorter ones. While there are no realised losses if bondholders decide to hold to maturity, they will need to reduce their portfolio sensitivity to interest rate changes. The NAV of fixed income funds deteriorating or falling off the cliff have spooked many investors sophisticated or otherwise. We are even seeing news report where Ray Dalio, Bridgewater billionaire founder highlighting potential risk of China and Japan government shunning US Treasury.

Back to the domestic market, we expect the upcoming budget announcement to include more handouts to spur consumer sentiment (while higher minimum wages will increase corporate costs). In the meantime, the timeline of the next General Election remains unknown, though it is moving further out than anyone expected. The state election in Melaka will be the anchoring factor. We will monitor these events closely and take positions as necessary.

Closing Remarks

As present, our barbell strategy remains relevant. By keeping our portfolio's beta well below 1.0x, we remained resilient during September. The combination of value and growth position is imperative to benefit if a market recovery happens in the remaining months. Entering the Q4 of 2026, we are cognisant of our full year target returns and will do all things necessary to chase performance. While it may be rough period for fixed income fund managers, no one is insulated as this whiplash affects fund flows. We are prepared to seize any opportunities where the market is pricing irrationally but discipline of execution is crucial. We appreciate the continued trust and patience of our clients during this turbulent period.

Sincerely,

Ng Tzyy Loon,
Portfolio Manager of Tradeview Capital