TRADEVIEW CAPITAL
Building Wealth, Preserving Legacy

Japanese Bond Yield Concerns

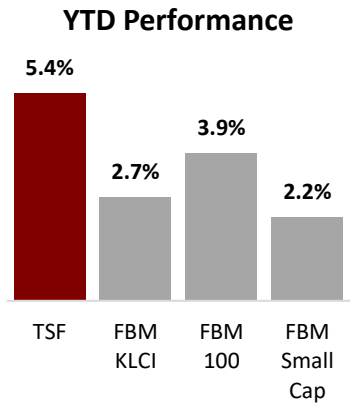
Commentaries: August 2026

Return (%)	Aug-26	Year-To-Date	Since Inception (TSF: Dec 22)
Tradeview Sustainability Fund (TSF)	2.3%	5.4%	40.2%
FBM KLCI Index	0.1%	2.7%	16.8%
FBM 100 Index	-0.1%	3.9%	22.0%
FBM Small Cap Index	2.6%	2.2%	5.9%

Performance vs Benchmark

Global equity markets experienced a rise in August month, except for some markets like HK, Philippines, and Thailand. On the Malaysia side, our FBMKLCI climbed marginally by 0.1% while results for FBM100 and FBMSC index were mixed with the former dropping 0.1% and the latter charging up with a 2.6% gain. Foreign investors continued their selling activity with total net outflow of RM2.0 billion, bringing the year-to-date net outflow amount to RM4.8 billion. As we mentioned in last month's newsletter that the August earnings reporting season was crucial to withstand the continuous foreign outflow. However, it did not turn out to be a favourable outcome with most of the major banks reported flattish earnings due to weaker margins and lower value of their fixed income holdings.

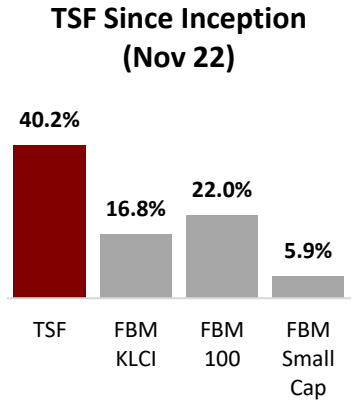
Regarding sector performance, top three outperformers were utilities (+7.9%), construction (+6.6%), and energy (+1.9%); while the worst-performing sectors were REITs (-3.8%), consumer (-1.6%), and telco (-0.7%).



Our flagship wholesale fund Tradeview Sustainability Fund (TSF) rose 2.3% in August, outperforming the market, largely attributable to our exposure to local utility, tech, and energy names, offsetting weakness in the financial sector and HK positions. This has brought our performance to 5.4%, closer to our annual hurdle rate / target return of 6.0%.

Portfolio Deep Dive

We have been buying more in the month of August after adding sizable positions in ABMB, HLBK, HLFG, and RHBBANK (turned out to be a net postive). We also switched our focus within the utility sector to increase exposure to MFCB and ENGTEX. On the selling front, we closed our positions entirely in RANHILL, CBH, and INARI, locking in meaningful gains for the portfolio.



Our cash level is now at around 12%, lower than the previous month following some of the purchases we made in August. We are not overly concerned about this as there are a few positions

that we plan to close in the coming months and by then the cash level will return to a comfortable level.

Global Markets Commentary

In August, the market narrative has somewhat shifted from debating the sustainability of the AI sector development and capital expenditure (CapEx) towards the bond market. This was largely sparked by the continuous weakening of the Yen (JPY) and a narrower bond yield spread between Japanese and American treasuries that forced Japanese institutional investors including the central bank of Japan (BoJ) to swap some of their U.S. treasuries for Japanese bonds. This will help BoJ to defend the weaker JPY and calm inflation rising from imported goods, especially crude oil. This concern cannot be taken lightly as it is a key determining factor for global fund flow. In the context of Malaysia, the equities market saw a foreign fund outflow of RM20 billion but an inflow into the bond market of RM 22 billion in 2025 bringing a net foreign fund inflow of RM 2 billion. This year, things are slightly different. While the outflow in equities market closing in on a RM 5 billion, the demand for Malaysian Government Securities was lesser with only RM6.3 billion net inflow vs. RM15.9 billion net inflow as of Aug 2025.

Despite the efforts reported in the media over the past few months with regards to the Middle East conflict resolution, it appears the finishing line is once again extending with both sides still exchanging fire from time to time. This refreshed our memory that the market was highly anxious at the beginning of the conflict on an impending supply shock that would cost us a global recession. While a global recession did not happen, it was due to the energy inventories released by major economies and supported by the super growth cycle from the AI industry. In both cases, U.S. was the clear beneficiary.

These have made us assign a higher probability that crude oil prices could stay elevated around USD80-USD90 per barrel for a prolonged period as the U.S. is enjoying an asymmetric advantage over other countries. Even if we see a 'real' resolution on the next day, the market will need time to regain confidence in the existing energy distribution system, start building energy reserves (likely higher), and restructure the supply chain to ensure sovereignty. This will persuade most central banks to maintain or raise rates in the future. We will monitor these events closely and take necessary positions.

Closing Remarks

We have been investing following our barbell strategy with a right balance between growth and value stocks and this has brought us fruitful results in the month of August where one of our highest-value positions has yielded good returns for all our investors. That said, this position was a long-term fundamental hold where we started building position more than 18 months ago. This strategy helped us navigate safely during this volatile period and we believe it will continue to do so. We appreciate the continued trust and patience of our clients during this trying times. It is never easy navigating a turbulent period of uncertainty but with discipline and prudence, we should be able to ride it out.

Sincerely,

Ng Tzyy Loon,
Portfolio Manager of Tradeview Capital