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BY **CINDY YEAP**

The 37 government-linked companies (GLCs) — tasked with generating 7.5% annualised total shareholder returns (TSR) from 2024 to 2028 to unlock at least RM100 billion in value — "outpaced expectations" by delivering 8% TSR for 2025, Minister of Finance II Datuk Seri Amir Hamzah Azizan said when presenting the 2025 performance report for the Government-Linked Enterprises Activation and Reform Programme (GEAR-uP).

"When we started this, our target was to achieve a 7.5% annualised total shareholder return for 2024 to 2028. This is almost triple what the FBM KLCI delivered from 2014 to 2024 and about double [the 3.5%] for the portfolio itself over the same period. So, it is quite an ambitious target," he said, adding that progress "remains on course for 2028".

Because GLCs make up around 27% of total market capitalisation on Bursa Malaysia's Main Market, ordinary Malaysians benefit as the gains flow back to the six government-linked investment companies (GLICs) investing to grow members' savings and the nation's wealth.

Under GEAR-uP, the six GLICs, namely the Employees Provident Fund (EPF), Permodalan Nasional Bhd (PNB), the pilgrims' fund board Lembaga Tabung Haji (TH), Lembaga Tabung Angkatan Tentera (LTAT), pension fund Kumpulan Wang Persaraan Diperbadankan (KWAP) and Khazanah Nasional Bhd, are collectively committing RM120 billion to private market domestic direct investment (DDI) over five years through to 2028. These investments, focused on priority areas to catalyse economic growth, will be undertaken alongside their RM440 billion "business as usual" mandates in the public markets.

Some RM26.9 billion worth of DDI was deployed — RM6.6 billion in 2024 and RM20.3 billion in 2025 — with GLICs "working towards" the RM25 billion targeted for 2026. That leaves at least RM68 billion for 2027 and 2028, back-of-the-envelope workings show.

Without naming the "over 30 GLCs" in July 2025, Amir Hamzah last year said total investments by GLICs on Bursa were worth about RM540 billion. He added that the goal of doubling investment returns from 3.5% to 7.5% per annum should generate at least RM100 billion in additional value over five years.

Last year, *The Edge* sought to reconstruct the RM540 billion under the six GLICs' key investments using publicly available shareholding information and Bloomberg data, while also including companies linked to national oil company Petroliam Nasional Bhd (PETRONAS). (See also 'The State of the Nation: What we think 'RM100 bil market cap growth over five years under GEAR-uP' means' published in The Edge Malaysia dated July 21, 2025).

The GEAR-uP performance report for 2025 names the 37 GLCs under the participating GLICs that are supposed to deliver the 7.5% shareholder returns and champion strategic non-financial outcomes, including implementing living wages for employees, improving procurement practices to gain more bang for the buck, growing bumiputera enterprises and developing talent and future leaders.

24 of 37 GEAR-uP GLCs listed, 13 private

Of the 37 GLCs, 24 are public-listed while 13 are not listed, including several that were taken private in recent years.

The 24 public-listed GLCs on the GEAR-uP list are Malayan Banking Bhd (KL:MAYBANK), CIMB Group Holdings Bhd (KL:CIMB), Tenaga Nasional Bhd (KL:TENAGA), IHH Healthcare Bhd (KL:IHH), SD Guthrie Bhd (KL:SDG), RHB Bank Bhd (KL:RHBBANK), Telekom Malaysia Bhd (KL:TM), Axiata Group Bhd (KL:AXIATA), Sime Darby Bhd (KL:SIME), Sime Darby Property Bhd (KL:SIMEPROP), MBSB Bhd (KL:MBSB), Bank Islam Malaysia Bhd (KL:BIMB), S P Setia Bhd (KL:SPSETIA), UEM Sunrise Bhd (KL:UEMS), Syarikat Takaful Malaysia Keluarga Bhd (KL:TAKAFUL), MNRB Holdings Bhd (KL:MNRB), Velesto Energy Bhd (KL:VELESTO), Malaysian Resources Corp Bhd (KL:MRCB), Pharmaniaga Bhd (KL:PHARMA), DuoPharma Biotech Bhd (KL:DPHARMA), Vantris Energy Bhd (KL:VANTNRG), which was formerly known as Sapura Energy Bhd, TH Plantations Bhd (KL:THPLANT) as well as Boustead Heavy Industries Corp Bhd (KL:BHIC), trading in which has been suspended since Aug 7, following a privatisation by Boustead Holdings Bhd.

Of the 24, only BHIC was not on *The Edge*'s list last year. It is worth noting that the 37 official GEAR-uP GLC list does not include any of PETRONAS' five key listed subsidiaries — Petronas Gas Bhd (KL:PETGAS), MISC Bhd (KL:MISC), Petronas Chemicals Group Bhd (KL:PCHEM), Petronas Dagangan Bhd (KL:PETDAG) and KLCCP Stapled Group (KL:KLCC) — or companies like CelcomDigi Bhd (KL:CDB), Time dotCom Bhd (KL:TIMECOM) and Al-'Aqar Healthcare REIT (KL:ALAQAR), in which more than one GLIC has a substantial equity holding.

It is understood that PETRONAS — being directly owned by the government rather than through GLICs — is not subject to the GLC "Red Book" on procurement best practices introduced in April 2006. The framework, which is currently being updated to align with GEAR-uP objectives to maximise economic value, applies to GLCs but not PETRONAS. According to the Ministry of Finance (MoF), there are 40,126 vendors in the supply chains of the 37 GLCs.

Meanwhile, the 13 unlisted GLCs on the GEAR-uP list are Boustead Holdings, Boustead Petroleum Marketing Sdn Bhd (BHPetrol), Boustead Plantations Bhd, Cement Industries of Malaysia (CIMA), Cenergi SEA Bhd, Cenviro Sdn Bhd, Malaysia Airports Holdings Bhd (MAHB), Malaysia Aviation Group Bhd (MAG), PLUS Malaysia Bhd, TH Properties Sdn Bhd, TH Travel & Services Sdn Bhd, UEM Edgenta Bhd and UEM Group Bhd.

It is worth noting that the total market capitalisation of the 24 listed GLCs on the GEAR-uP list was RM538.42 billion as at end-2024, up RM110.57 billion or 25.8% from RM427.85 billion as at end-2023. Gains were led by Maybank, CIMB, Tenaga and IHH, *The Edge*'s compilation of Bloomberg data shows.

From there, the total market capitalisation of the 24 listed GLCs grew RM17.26 billion or 3.2% to RM555.69 billion as at end-2025, being 26.9% of Bursa's RM2.06 trillion total market capitalisation. As at Aug 10 this year, the 24 GLCs' market value had gained about RM6.37 billion or 1.1% to RM562 billion.

The market capitalisation includes equity value that is not owned by the six GLICs.

The 2025 GEAR-uP performance report did not specify the actual value of the 27% GLC market capitalisation attributable to GLICs' equity holdings, how much of the 8% TSR for 2025 came from capital appreciation versus dividends and how TSR was calculated for the 13 unlisted GEAR-uP GLCs.

Gauging upside potential

Thirteen of the 24 listed GEAR-uP GLCs have a market capitalisation of at least RM4 billion, which means these companies will be among the 88 companies expected to submit their own "value-creation plans" by year-end to the Securities Commission and Bursa Malaysia under the MY Value Up Programme, launched in April 2026 to nudge public-listed companies into improving long-term strategy, capital allocation and investor communication towards correcting market undervaluation. The 13 are Maybank, CIMB, Tenaga, IHH, SD Guthrie, RHB Bank, Telekom Malaysia, Axiata, Sime Darby, Sime Darby Property, MBSB, Bank Islam and S P Setia.

Axiata group CEO and managing director Nik Rizal Kamil Nik Ibrahim Kamil told *The Edge* in a recent interview that GEAR-uP and MY Value Up "dovetail quite nicely" with the "value illumination" initiative the group is undertaking with its Axiata28 strategy,

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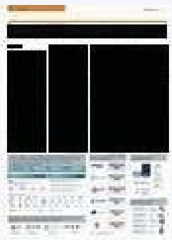

The 37 government-linked corporations (GLCs) under GEAR-uP initiative

SOURCE: BLOOMBERG, THE EDGE ESTIMATES

24 BURSA MALAYSIA-LISTED GLCS UNDER GEAR-UP INITIATIVE	AUG 10 MARKETCAP (RM BIL)	DEC 31, 2025 MARKETCAP (RM BIL)	DEC 29, 2023 MARKETCAP (RM BIL)	MARKET CAP CHANGE (END-2023 TO END-2025) (RM BIL)	ANNUALISED TOTAL RETURN (DEC 29, 2023 TO DEC 31, 2025) (%)	DIVIDEND FREQUENCY	FISCAL YEAR-END	TOTAL BUY CALLS	TOTAL SELL CALLS	TOTAL HOLD CALLS	HIGH TARGET PRICE (RM)	MEDIAN TARGET PRICE (RM)	LOW TARGET PRICE (RM)	AUG 10 PRICE (RM)	UPSIDE/ DOWNSIDE POTENTIAL VS MEDIAN TARGET PRICE (%)	P/E (TIMES)	P/B (TIMES)
Malayan Banking Bhd	128.94	126.61	107.22	19.39	15.2	Semi-annual	Dec	9	1	10	15.00	11.50	10.50	10.66	7.9%	12.4	1.4
CIMB Group Holdings Bhd	85.61	89.03	62.39	26.63	26.9	Semi-annual	Dec	16	0	4	10.30	9.00	8.00	7.92	13.6%	10.9	1.2
Tenaga Nasional Bhd	83.94	79.98	58.10	21.87	21.6	Semi-annual	Dec	21	0	1	18.15	16.55	14.40	14.40	14.9%	17.4	1.7
IHH Healthcare Bhd	73.78	77.32	53.11	24.21	22.2	Semi-annual	Dec	21	0	6	11.43	10.30	8.50	8.35	23.4%	34.9	2.5
SD Guthrie Bhd	46.61	39.63	30.84	8.78	17.0	Semi-annual	Dec	16	0	3	8.50	7.15	6.60	6.83	4.7%	15.8	2.7
RHB Bank Bhd	38.76	33.63	23.36	10.27	27.0	Semi-annual	Dec	10	0	7	10.30	9.14	8.07	8.88	2.9%	11.2	1.2
Telekom Malaysia Bhd	30.36	30.89	21.30	9.59	25.9	Quarterly	Dec	16	2	3	9.60	8.56	6.85	7.91	8.2%	18.6	3.0
Axiata Group Bhd	17.55	23.15	21.85	1.30	7.3	Semi-annual	Dec	13	3	7	4.10	2.74	1.90	1.91	43.5%	61.6	0.9
Sime Darby Bhd	15.40	14.65	16.02	-1.36	1.6	Semi-annual	June	12	1	5	2.85	2.45	1.74	2.26	8.4%	7.0	0.8
Sime Darby Property Bhd	9.25	9.45	4.25	5.20	52.7	Semi-annual	Dec	13	0	0	2.25	1.85	1.51	1.36	36.0%	16.6	0.9
MBSB Bhd	5.18	5.80	5.84	-0.04	6.4	Semi-annual	Dec	1	0	4	0.75	0.69	0.60	0.63	9.5%	23.1	0.5
Bank Islam Malaysia Bhd	4.87	5.19	5.01	0.18	8.1	Semi-annual	Dec	1	0	7	2.87	2.38	1.90	2.15	10.5%	8.9	0.6
SP Setia Bhd	4.55	3.65	3.48	0.17	-2.8	Annual	Dec	5	0	7	1.32	1.09	0.93	0.90	20.6%	10.4	0.3
UEM Sunrise Bhd	3.21	2.78	4.12	-1.34	-16.8	Annual	Dec	4	0	3	0.92	0.75	0.60	0.64	17.3%	47.3	0.5
Syarikat Takaful Malaysia Keluarga Bhd	2.77	2.70	3.10	-0.39	-2.1	Annual	Dec	6	0	2	5.60	4.30	3.50	3.18	35.1%	7.1	1.2
MNRB Holdings Bhd	2.29	1.63	0.96	0.67	36.8	Irregular	March	1	0	0	3.05	3.05	3.05	2.93	4.1%	3.5	0.6
Velesto Energy Bhd	2.15	2.26	1.89	0.37	15.9	Semi-annual	Dec	7	0	2	0.37	0.32	0.24	0.26	23.1%	12.0	0.9
Malaysian Resources Corp Bhd	1.56	1.70	1.99	-0.29	-5.9	Annual	Dec	4	1	1	0.51	0.45	0.30	0.35	28.6%	36.8	0.3
Pharmaniaga Bhd	1.53	1.87	0.55	1.31	11.6	Irregular	Dec	2	0	1	2.00	1.44	1.15	1.17	23.1%	20.7	3.3
DuoPharma Biotech Bhd	1.18	1.20	1.21	-0.01	2.2	Semi-annual	Dec	6	0	0	1.83	1.71	1.56	1.23	38.6%	12.8	1.6
Prolintas Infra Business Trust	1.01	1.06	0.00	1.06	NA	Semi-annual	Dec	2	0	0	1.25	1.17	1.10	0.92	27.7%	1.3	3.5
Vantris Energy Bhd	0.75	0.87	0.72	0.15	-35.0	Irregular	Jan	2	0	0	0.72	0.72	0.72	0.33	121.5%	0.2	0.2
TH Plantations Bhd	0.52	0.49	0.43	0.06	10.8	Annual	Dec	1	0	0	0.76	0.76	0.76	0.59	29.9%	7.1	0.6
Boustead Heavy Industries Corp Bhd (trading suspended Aug 7, 2026)	0.27	0.16	0.12	0.04	-20.79	Irregular	Dec	0.00	0.00	0.00	NA	NA	NA	0.48	NA	47.19	2.68

13 unlisted GLCs under GEAR-uP initiative: Boustead Holdings Bhd, Boustead Petroleum Marketing Sdn Bhd (BHPetrol), Boustead Plantations Bhd, Cement Industries of Malaysia (CIMA), Cenergi SEA Bhd, Cenviro Sdn Bhd, Malaysia Airports Holdings Bhd (MAHB), Malaysia Aviation Group Bhd, PLUS Malaysia Bhd, TH Properties Sdn Bhd, TH Travel & Services Sdn Bhd, UEM Edgenta and UEM Group Bhd

which targets to lift dividends by at least 10% a year between 2026 and 2028, with a minimum total payout of RM3 billion.

Incidentally, Axiata, YTL Corp Bhd (KL:YTL) and Nestle (M) Bhd (KL:NESTLE) — which were removed from the MSCI Malaysia Index in its May 2026 review alongside PETRONAS Dagangan — are among the top five stocks that saw the most net selling by foreign institutional investors in the three months ended Aug 6, 2026, according to CIMB Securities.

Maybank — expected to see its index weight reduced under the proposed 10% individual cap as discussions continue on Bursa and FTSE Russell's plan to expand the FBM KLCI from 30 to 50 constituents — recorded the heaviest net foreign selling year to date (as at Aug 6), amounting to RM2.8 billion. Over the same period, local institutions registered net buying of RM1.89 billion, according to CIMB data.

If Bloomberg's median target price of RM11.50 is any indication, Maybank offers 7.9% upside from its Aug 10 closing price of RM10.66. The upside potential is even greater for Axiata at 43.5%, assuming the stock reaches Bloomberg's median target price of RM2.74. This would imply a 4% yield if Axiata pays a dividend of 11 sen per share in 2026, up 10% from 10 sen in 2025. (See table).

Elevating value creation

Proponents of GEAR-uP describe GLICs as "active owners of much of Corporate Malaysia", which "stewards the GLC portfolio on behalf of the nation". This is done on three fronts, firstly by setting targets and driving towards shareholder returns, return on equity (ROE), margins and dividend payout, benchmarked against best-in-class sector peers.

Secondly, beyond their own returns, the GLICs are expected to be "a lighthouse for Corporate Malaysia", setting the standard for wider corporate sector in disclosure practices and discipline in long-term value creation.

Thirdly, GLICs advance strategic national priorities. "The portfolio is also directed towards goals the market alone would under-provide. For example, building firms that compete regionally, catalysing the sectors central to the economy's transformation, and underpinning the infrastructure and supply chains it depends on. This draws in private capital rather than displacing it," the GEAR-uP report reads.

Execution would be key as the need for active stewardship to elevate value creation for sustainable returns may well be a key narrative going forward.

Citing discussions from a recent roundtable, CIMB Securities head of research Ivy Ng tells clients in a recent note that "the emerging consensus is that boards should shift their focus from compliance to disciplined capital allocation, with clear ROE, total shareholder return, and capital return targets, while institutional investors are expected to play a more active stewardship role in driving management accountability". This is given the observation that excessive cash holdings, share issuance and sub-optimal balance sheet utilisation has translated into weak earnings per share (EPS) growth and shareholder returns even though Malaysian corporate profit growth generally matches GDP expansion.

Given that participation in MY Value Up is voluntary, with mandatory adoption only considered from end-2027, Ng expects 2026 and 2027 to serve as a "credibility-building phase" with investors focusing on tangible evidence such as higher capital returns, improved ROE, long-term incentive plan structures and more disciplined deployment of excess cash.

"We are more positive on GEAR-uP — which is supported by explicit capital deployment and return targets from the six GLICs — than on the current disclosure-led MY Value Up framework alone. Until broader adoption gains momentum, we recommend a stock selection favouring companies already demonstrating strong capital allocation discipline, improving shareholder returns and measurable value creation initiatives," Ng tells clients in the July 7 note, which listed Telekom Malaysia, RHB Bank, UEM Sunrise, Sime Darby Property, and IJM Corp as "preferred "buy"-rated MY Value Up/GEAR-uP beneficiaries".

In a July 14 note, Ng tells clients that she expects the FBM KLCI to remain range-bound in the third quarter of 2026 as investors navigate geopolitical uncertainty, election-related volatility, an emerging El Niño risk premium and uneven corporate earnings before strengthening in the fourth quarter of 2026 on improved earnings visibility, year-end window dressing and a more supportive domestic policy backdrop.

"We recommend selectively accumulating fundamentally strong companies during periods of market weakness, focusing on resilient earnings, pricing power, disciplined capital allocation and exposure to structural growth themes," she says, adding that key downside risks include renewed geopolitical tensions, additional US tariffs, rising cost pressures, tighter global financial conditions and weaker corporate earnings.

Ng sees several structural catalysts supporting a gradual re-rating of Malaysian equities. "The pre-GE16 election cycle should provide a broadly supportive policy backdrop while the MY Value Up Programme, GEAR-uP initiative and proposed expansion of the FBM KLCI to 50 constituents are expected to strengthen capital allocation, shareholder returns and overall market quality over time. Although these reforms are unlikely to drive an immediate market re-rating, credible execution and renewed foreign inflows could have a meaningful impact given record-low foreign ownership," she says, noting that the FBM KLCI has historically performed better in the second half of the year, delivering stronger second-half returns in seven of the past 12 years (2014 to 2025). "We believe market performance in 2026 could follow a similar pattern."

Her end-2026 FBM KLCI target of 1,746 points has a 5% upside from end-June but implies only 0.8% upside potential from 1,731.46 points on Aug 11. That ceiling could move higher, if indeed reforms successfully lift foreign inflows and retail participation in a big way. ■

See also 'The State of the Nation: What we think 'RM100 bil market cap growth over five years upder GEAR-uP' means' published in The Edge Malaysia dated July 21, 2025