

Dividend stocks regain appeal as global uncertainty looms

BY LIEW JIA TENG

With renewed concerns over global growth stemming from heightened market volatility, geopolitical tensions and the latest round of US tariffs, investors are once again turning to defensive strategies to preserve capital.

In the Malaysian context, dividend yielding stocks — particularly those with a consistent payout track record — are regaining appeal as a cushion against market swings.

While yields vary widely across sectors, certain counters continue to stand out for their resilience and reliable returns, offering investors a measure of stability amid the noise.

With the FBM KLCI down 9.69% year to date (YTD), dividend paying stocks appeal to investors given their steady returns. A number of Bursa Malaysia-listed companies are currently yielding over 6%, with several counters in the financial and plantation sectors standing out.

Among KLCI constituents, CIMB Group Holdings Bhd (KL:CIMB) offers a dividend yield of 6.95% based on its current share price of RM6.76. RHB Bank Bhd (KL:RHB-BANK) and Malayan Banking Bhd (KL:MAYBANK) follow closely with yields of 6.55% and 6.18% respectively. All three banks surpass the FBM KLCI's average yield of 4.43%, based on Bloomberg data.

Other financial sector players include Hong Leong Bank Bhd (KL:HLBANK) and Public Bank Bhd (KL:PBBANK), although their yields fall below the 6% mark. For comparison, the financial sector's average yield over the past 10 years stood at about 4.49%, while during the 2018-2019 US-China trade war period, it averaged 4.23%.

In the plantation sector, Ta Ann Holdings Bhd (KL:TAANN) stands out with a current dividend yield of 9.09%, well above its 10-year average of 5.16%. Its share price has declined 10% YTD, closing at RM3.85. Another counter, Hap Seng Consolidated Bhd (KL:HAPSENG), which has diversified interests including plantations, is yielding 7.72% at a share price of RM2.59.

Across sectors, TIME dotCom Bhd (KL:TIMECOM) leads the table with the highest dividend yield at 11.14%, despite a YTD gain of 14.93%. MBM Resources Bhd (KL:MBMR) follows with a yield of 10.95% while British American Tobacco (M) Bhd (KL:BAT) offers 9.49%.

In the real estate investment trust (REIT) space, Capitaland Malaysia Trust (KL:CLMT) and YTL Hospitality REIT (KL:YTLREIT) both offer yields above 7% — at 7.32% and 8.17% respectively — reflecting continued income visibility from their underlying assets.

Meanwhile, DXN Holdings Bhd (KL:DXN), a consumer health and wellness player, is yielding 7.27% at a stable share price of 50 sen. Among industrial names, Sime Darby Bhd (KL:SIME) offers a yield of 6.83%, ahead of its 10-year average of 7.7%.

Uncertainty at elevated level

Tradeview Capital Sdn Bhd founder and CEO Ng Zhu Hann observes that the uncertainty and volatility in the market are at an elevated level.

Notably, the Chicago Board Options Exchange's CBOE Volatility Index (VIX), which measures volatility, was at a five-year high two weeks ago, reaching 52.33 before retracing to current levels of 30.89. "What this effectively means is the vol-

How does the current dividend yield compare to historical levels?

NAME	YTD PRICE CHANGE (%)	LAST PRICE (RM)	INDICATIVE DIVIDEND YIELD (%)	AVERAGE DIVIDEND YIELD DURING FIRST TRUMP TARIFFS (%)	AVERAGE DIVIDEND YIELD IN LAST 10 YEARS (%)
TIME dotCom	14.93	5.10	11.14	0.83	1.24
MBM Resources	-11.18	5.48	10.95	2.23	3.87
British American Tobacco	-16.62	6.22	9.49	5.48	6.64
Ta Ann Holdings	-10.05	3.85	9.09	3.34	5.16
YTL Hospitality REIT	-14.41	1.01	8.17	6.33	7.36
Hap Seng Consolidated	-26.00	2.59	7.72	3.57	4.40
Capitaland Malaysia Trust	-5.93	0.64	7.32	6.96	5.73
DXN Holdings	-3.88	0.50	7.27	N/A	4.37
CIMB Group Holdings	-17.56	6.76	6.95	4.49	4.06
Sime Darby	-12.72	2.05	6.83	4.17	7.70
RHB Bank	1.23	6.56	6.55	3.37	4.08
Kim Loong Resources	-8.76	2.29	6.55	4.76	4.45
Hap Seng Plantations Holdings	-4.02	1.91	6.54	2.92	4.09
Pavilion REIT	-6.45	1.45	6.44	5.22	4.81
Dayang Enterprise Holdings	-24.40	1.58	6.33	N/A	2.26
Bank Islam Malaysia	-2.83	2.40	6.30	4.90	4.86
Magnum	-4.76	1.20	6.25	6.77	5.40
Keyfield International	-19.27	1.76	6.25	N/A	1.26
Malayan Banking	-3.61	9.87	6.18	6.06	6.19
Genting Malaysia	-27.43	1.64	6.10	2.88	3.16
Oriental Holdings	-5.68	6.81	5.87	3.25	3.40
LPI Capital	12.10	14.08	5.68	4.07	4.74
Bursa Malaysia	-12.07	7.80	5.64	3.59	4.14
Petronas Dagangan	-0.63	18.98	5.64	2.89	2.97
Gas Malaysia	-4.43	4.10	5.55	4.74	4.87
Kerjaya Prospek Group	-6.79	2.06	5.34	1.76	2.76
Axiata Group	-24.50	1.88	5.32	2.03	2.81
Sunway REIT	3.24	1.91	5.24	5.38	5.08
MNRB Holdings	-14.22	1.93	5.18	2.24	3.01
United Plantations	6.18	22.00	5.18	1.50	2.92

* The timeframe considered spans from March 1, 2018 until Dec 31, 2019

* The last ten years are defined as the period from Jan 1, 2015 until April 17, 2025
Data as at April 17, 2025

atility in the market is heightened due to the trade war and global tariff policy imposed by the US affecting every single one.

"Although there are some schools of thought that value volatility in order to 'profit' from it, the general consensus is that such uncertainty is in fact not favourable for the majority of investors," he tells *The Edge*.

He says taking a defensive approach is necessary due to the unpredictable nature of the leader of the largest economy in the world. This means that investors should hold cash at levels of around 25%-30% at all times to safeguard against any unexpected outcome.

Given the current geopolitical and economic developments, Vision Group managing director Chua Zhu Lian believes investors should shift towards a more defensive stance. Heightened volatility arising from US-China trade tensions, tariff uncertainties and capital outflows from emerging markets are likely to continue weighing on sentiment in the near term.

"In such an environment, I advocate for a dollar-cost averaging (DCA) strategy. This approach smooths out entry points over time and enables investors to build positions in quality dividend paying stocks without the stress of market timing. It is particularly effective in volatile markets, where trying to 'buy the dip' often results in missed opportunities or poor execution," he tells *The Edge*.

Amid ongoing market uncertainties, Phillip Capital head of research Tan Jian Yuan advocates a barbell investment strategy that balances exposure between high-growth names and high-dividend yielding stocks.

"Within our coverage universe, RGB International Bhd (KL:RGB) offers the most attractive dividend yield at approximately 10%, followed by Pantech Group Holdings Bhd (KL:PANTECH) at 8%. Both counters are rated 'buy' and offer yields above the average for the banking sector, which stands at 5%-6%," he tells *The Edge*.

For investors seeking a more defensive positioning, Tan opines that the banking sector remains compelling given its consistent dividend profile and relatively lower volatility.

"In contrast, stocks yielding 3%-4% may not offer sufficient downside protection in the current market environment. In such cases, investors may find better value by holding cash, placing funds in fixed deposits (FDs) or making voluntary EPF (Employees Provident Fund) contributions," he says.

Low-beta high-yielders (cross)

Tradeview Capital's Ng points out that when the market sell-off is irrational, it means value has emerged.

Therefore, he is of the view that low-beta, high-yield sectors such as consumer staples, financials (including banks and insurers) and REITs could provide a safe haven for investors.

Some of the names Tradeview Capital likes include Duopharma Biotech Bhd (KL:DPHARMA), CCK Consolidated Holdings Bhd (KL:CCK), CIMB, Public Bank, 99 Speed Mart Retail Holdings Bhd (KL:99SMART), Mr DIY Group (M) Bhd (KL:MRDIY), Farm Fresh Bhd (KL:FFB), Hong Leong Financial Group Bhd (KL:HLFG), AME Real Estate Investment Trust (KL:AMEREIT) and Sunway Real

Estate Investment Trust (KL:SUNREIT).

Vision Group's Chua says the Malaysian real estate investment trusts (REITs) currently offer relatively stable and defensive earnings, which can serve as a hedge against current external shocks.

In particular, office- and retail-focused REITs have shown improving fundamentals post-Covid-19, with stronger footfall, tenant retention and lease renewals.

"Dividend yields for some REITs remain in the 6%-8% range, underpinned by stable net property income and conservative gearing levels," he elaborates.

In addition to REITs, investors should also consider export-oriented manufacturers with strong order books and recurring customer relationships, especially in sectors like electrical and electronics (E&E), industrial packaging and specialty chemicals.

"Niche retail companies with high margins and strong brand equity, players in the premium food, pharmacy or lifestyle sectors often enjoy pricing power and customer loyalty, which supports consistent dividend flows," says Chua.

The key, he says, is to look for companies with a clear dividend policy, low payout volatility and a sustainable earnings base, rather than chasing high yields from structurally weak counters.

Chua says a yield of 6% to 8%, or a premium of at least 100 basis points over prevailing deposit rates, is generally acceptable for Malaysian investors today. This spread ensures investors are rewarded for taking equity risk, especially as interest rates remain elevated and inflation persists.

Dividend yield, however, must always be evaluated in context, he warns.

"Investors should assess whether the yield is supported by free cash flow, reinvestment capacity and prudent balance sheet management. A stable and growing dividend over time is far more valuable than a one-off payout.

Moreover, high-quality dividend stocks often outperform in the long run — not just because of their payouts but due to disciplined capital allocation, cost efficiency and strong governance. These are traits commonly found in dividend leaders on Bursa Malaysia, particularly in the REIT, utilities and consumer sectors," he remarks.

Tradeview Capital's Ng says dividend plays that offer close to double the risk-free rate of FD would be worthwhile for investors to consider.

"The healthy range would be 6%-7%. There are plenty of market opportunities now considering many stocks with steep valuations have somewhat normalised," he says.

However, if a stock offers only a low dividend yield of 3%-4%, Ng says he would rather put the money in FD.

Nevertheless, Ng acknowledges that if capital gain is being pursued as the main investment goal, then holding cash does not seem to benefit much.

"The only good thing [about] holding cash is the 'just in case' approach to the market which has proven necessary under the current situation," he explains. ■



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