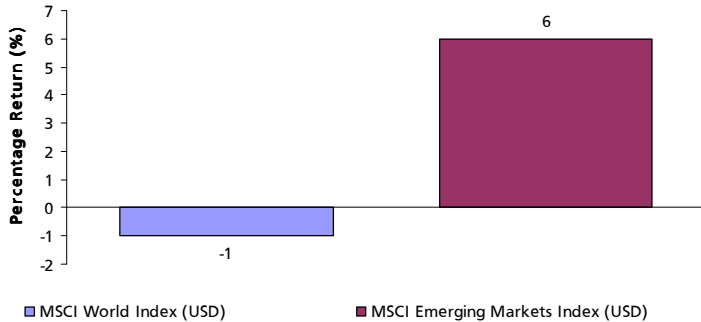




## GLOBAL EQUITIES

Global Equities - Percentage Returns  
(end Jan 08 - end Feb 08)



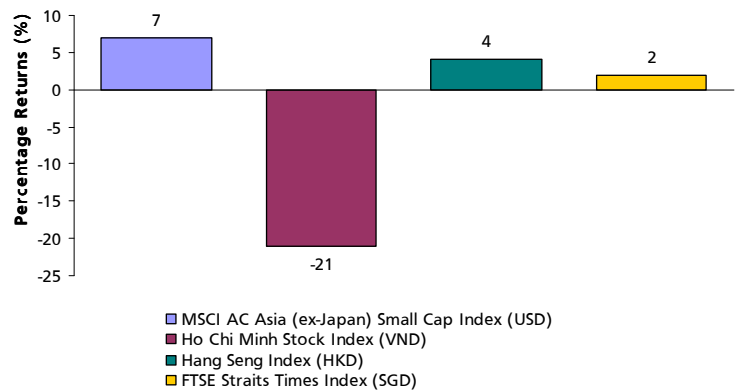
Source: Bloomberg

- Global equity markets recorded mixed performances in February 2008. Developed markets were generally negative as economic data stemming from the US and other major developed nations showed further signs of weakening. As such, the MSCI World Index declined 1% in February.
- Moving into 2008, further volatility is expected to affect global equity markets in general as credit concerns continue to linger. The US Federal Reserve is expected to cut its key Fed Fund Rate again in its next meeting, citing risks to US economic growth outweighing inflationary pressures.
- Generally, analysts have also begun revising earnings expectations and stock target prices for 2008 as expectations mount on a more severe and drawn out US slowdown than earlier expected.
- In contrast, emerging markets (EM) rebounded strongly after a slow start to the year. The MSCI Emerging Markets Index recorded a 6% gain in February as global funds favoured EM economies over developed nations based on relative value, the strength of EM currencies and sustainable growth prospects.

## REGIONAL EQUITIES

- Asian equities rebounded in February as global funds flowed back into the region. Global investors are positive on the prospects for the region based on rising Asian currencies and continued growth in Asian economies driven by domestic demand.
- Smaller capitalized and growth companies in Asia were not excluded as they rose 7% in February as measured by the MSCI AC Asia (ex-Japan) Small Cap Index. Over the past few years, confidence in Asian companies has risen based on improved balance sheets, better management and higher transparency as compared to the 1990s.
- However, Vietnam continued to plunge in February, slumping 21%. Progressive rate hikes and tightening monetary conditions have not quelled inflation fears driven by soaring food, office and residential prices.
- Other greater China markets fared much better. Taiwan, China, and Hong Kong were amongst the better performers in February.

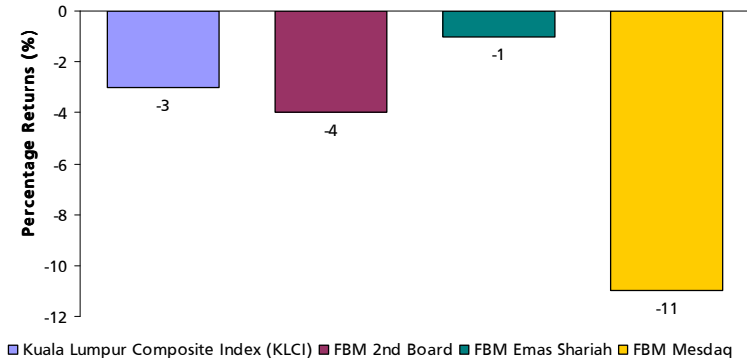
Regional Equities - Percentage Returns  
(end Jan 08 - end Feb 08)



Source: Bloomberg

## LOCAL EQUITIES

Local Equities - Percentage Returns  
(end Jan 08 - end Feb 08)



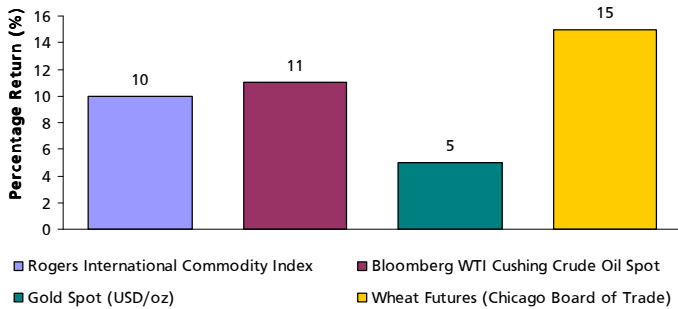
Source: Bloomberg

- Malaysia underperformed regional peers in February as measured by its respective equity indices. The Kuala Lumpur Composite Index (KLCI) dipped 3% over the month, partially due to a sell-off in the construction sector (sparked off by a disposal of a substantial stake in a major construction company by its founder), uncertainty over the direction of the Malaysian economy post-elections and outflow of foreign funds.
- The broader market, as measured by the FBM 2<sup>nd</sup> Board Index and FBM Emas Shariah Index, also experienced weakness, respectively declining 4% and 1% for the month. Retail investors became increasingly risk averse as volatile equities fall out of favour.
- The relatively tech-heavy FBM Mesdaq Index was the worst hit, slumping 11% as economic data showed a slowdown in electronics exports from Malaysia.
- The immediate focus moving forward for Malaysia would be the outcome of the general elections as market players look for signs of continuity in Government initiatives and policies.



## GLOBAL COMMODITIES

Global Commodities - Percentage Returns (end Jan 08 - end Feb 08)



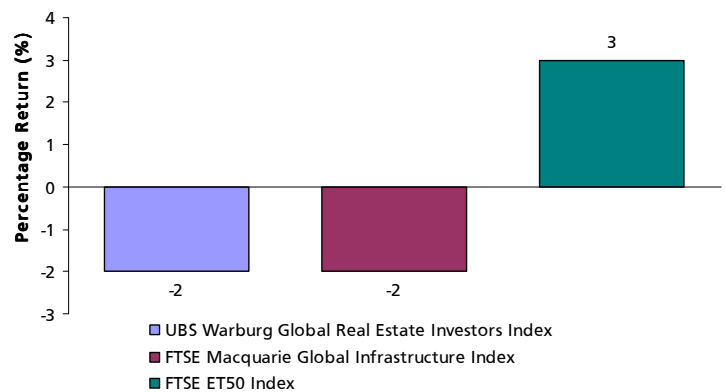
Source: Bloomberg

- Commodities were once again the best performing asset class in February, rising on average 10% as measured by the Rogers International Commodity Index.
- Soaring energy prices pushed up commodity indices worldwide, buoyed by record breaking crude oil prices which breached its previous inflation-adjusted high. The Bloomberg tracked WTI Cushing Crude Oil Spot hit USD102.59 per barrel on 28 February 2008 despite concerns that slowing developed economies may dampen demand for crude oil.
- Agricultural commodities were the outperformers within the asset class. Wheat futures traded out of Chicago gained 15% over February as poor weather and increased global demand pushed prices up.
- Gold continues to be favoured as a hedge against both inflation and a weakening US Dollar. Gold spot prices recorded an all-time high of USD974.17 per ounce on the last trading day of February.

## GLOBAL PROPERTY, INFRASTRUCTURE AND ENVIRONMENTAL MARKETS

- Global properties moderated in February (-2%), as measured by the UBS Warburg Global Real Estate Investors Index, due to persistent concerns stemming from the housing sector in developed economies.
- Despite US and European REITs trading at significant discounts to net asset value, investor sentiment remained low in light of continuing weak housing starts, tumbling property prices and disappointing home sales centred around the US and European property markets.
- The global infrastructure segment declined (-2%), as measured by the FTSE Macquarie Global Infrastructure Index as competitive assets drove the index further south. The rise in costs of capital globally is driving up new infrastructure construction costs and thus a raising concerns over the sector.
- The environmental sector performed positively, rising 3% as measured by the FTSE ET50 Index which tracks the performance of companies involved in the sector. Investors were seen actively looking for alternate sources of long-term growth such as environmental technologies.

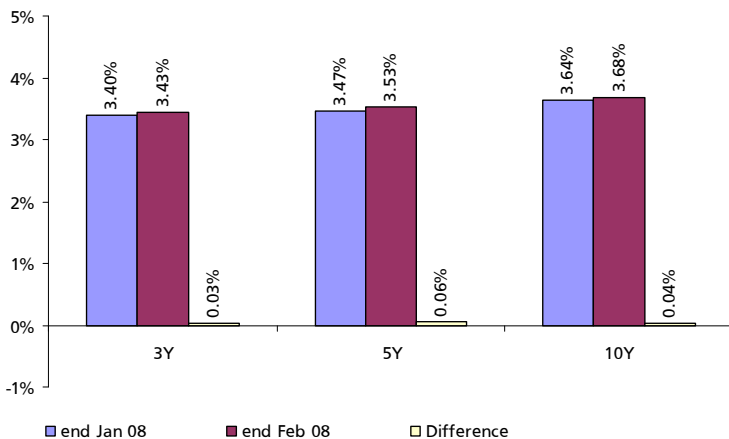
Global Property, Infrastructure & Environmental Markets - Percentage Returns (end Jan 08 - end Feb 08)



Source: Bloomberg

## LOCAL FIXED INCOME MARKET

Yield (%) MGS Yields (end Jan 08 - end Feb 08)



Source: Bank Negara Malaysia

- Recently released, Malaysia's fourth quarter 2007 GDP results surprised on the upside at 7.3%. Consequently, yields of Malaysian Government Securities ("MGS") edged up slightly on concerns over potential increase in inflationary pressures, particularly across the longer-end of the curve. Yields of MGS with tenures of 3, 5 and 10 years were respectively up 3, 6 and 4 basis points.
- February was a markedly more active month for Ringgit Malaysia corporate bonds. Issues by KEXIM Bank and Westport were completed and received favourably by market participants.
- The domestic fixed income market remains well supported as there is ample liquidity in the system, continued appreciation of the local currency and positive economic developments for Malaysia.
- The local corporate bond market is also buoyed by the prospects of further issues in the pipeline by CIMB Bank and OCBC Bank. There are increasingly more foreign corporates seeking to tap the Malaysian bond market, boding well for development of the local corporate bond scene.