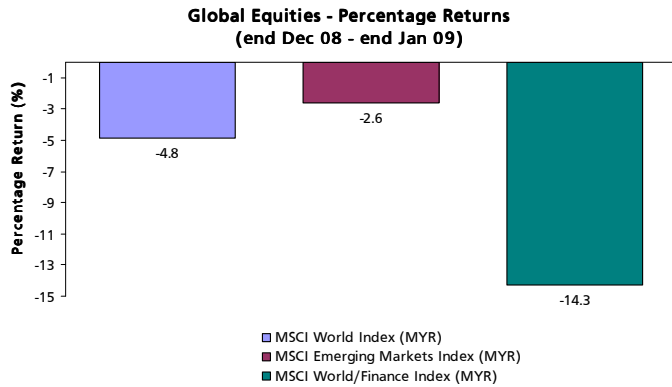




GLOBAL EQUITIES

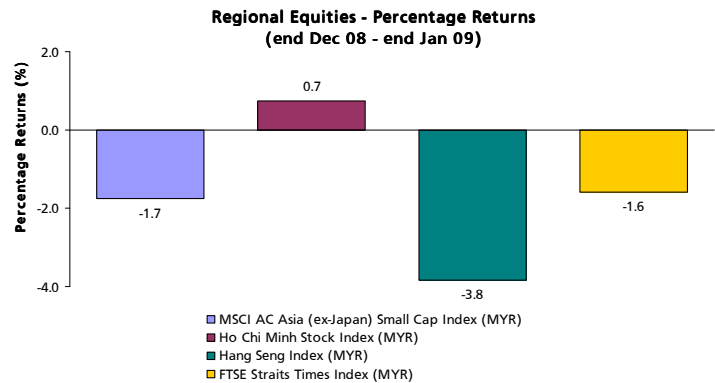


Source: Bloomberg

- Global equity markets fell sharply over January 2009 as the developed markets were impacted by continued poor economic data and renewed fears over the US financial system.
- For the month, the MSCI World Index (MYR) was down 4.8%. Emerging markets proved much more resilient and was down 2.6% as measured by the MSCI Emerging Market Index (MYR).
- The markets continued to be focused on the global economic impact of deleveraging, collapsing corporate profitability, the reversal in inflationary expectations and a dysfunctional banking and credit system.
- The additional capital injection required by Bank of America and the guarantees for them and Citigroup spooked markets and sent equity indices globally lower. The MSCI World/Finance Index (MYR) was drastically lower, ending the month 14.4% down from the previous month's end.
- Future market visibility remains unclear. However, market participants are taking comfort in the pro-active stance taken by policy makers in ensuring that any major financial institution that encounters added stress would be helped out. Over in the US, there are now proposals to set up a specific financial institution to acquire toxic assets directly from troubled banks and free-up their balance sheet. The scale of policy responses has been overwhelming and should eventually filter through the economy as well as capital markets and thus start the ball rolling towards recovery.

REGIONAL EQUITIES

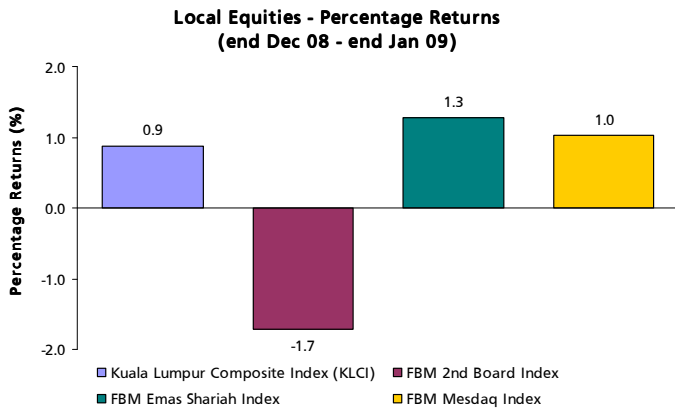
- Weakness reported by HSBC and mainland banks in the middle of the month also put a halt to earlier strength seen in the Hang Seng Index (MYR terms), leading it to end the month 3.8% lower than its closing level at the previous month end.
- China's economic growth momentum eased notably over the fourth quarter of 2008. However, there are some early signs of stabilization in China's domestic economic growth momentum such as increased electricity usage and industrial production as well as an acceleration in government infrastructure spending.
- Overall, regional equities fared better than global counterparts over January 2009. However, overall trading volume progressively declined throughout the month as the Chinese New Year celebrations drew closer.
- Vietnamese equities were outperformers for the month, as investors returned to the market and helped the Ho Chi Minh Stock Index record a marginal gain of 0.7% for the month.
- From a fundamental standpoint, regional markets are trading at highly attractive discount and offering good dividend yields. On a price-to-book basis, the Hang Seng Index is only at approximately 1.2 times, not far off its all-time low and well below its long-term average of 1.8 times.
- As such, over the short term, regional equity markets may see some opportunistic buying. Regardless, long-term fundamentals continue to look decent on both an absolute and relative to peers basis.



Source: Bloomberg



LOCAL EQUITIES

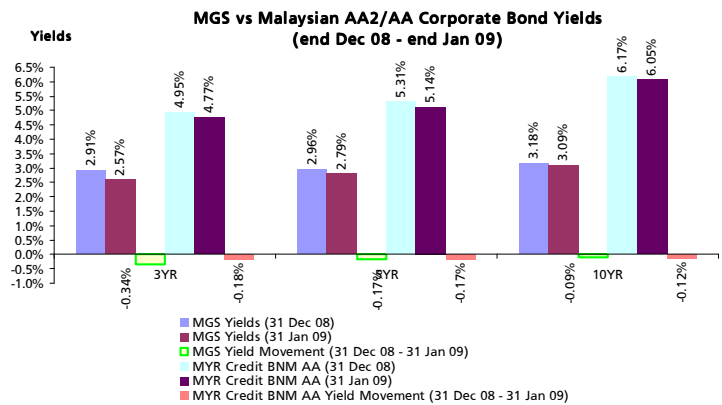


Source: Bloomberg

- Malaysian equities improved marginally over January 2009 but generally outperformed regional and global peers except for China.
- Investors' risk appetite improved in the first month of 2009, in part due to the rate cut by Bank Negara Malaysia ("BNM").
- The rate cut will be indirectly positive for local equities as it filters through the local debt market, leading to a reduction in borrowing rates for both corporates and individuals.
- The Kuala Lumpur Composite Index ("KLCI"), the FTSE Bursa Malaysia ("FBM") Emas Shariah Index and the FBM Mesdaq Index respectively gained 0.9%, 1.3% and 1.0% over the month as investors cautiously returned to the market at the start of the year.
- Buying was concentrated on blue chip names on the KLCI while second liners were side-lined as can be seen by the FBM 2nd Board Index which was down 1.7% for the month.
- However, overall trading volume over the month remained relatively light, in part due to the Chinese New Year holidays
- The Manager continues to hold a defensive posture given the current environment as further confirmation is needed before a sustainable recovery can be ascertained.

LOCAL FIXED INCOME

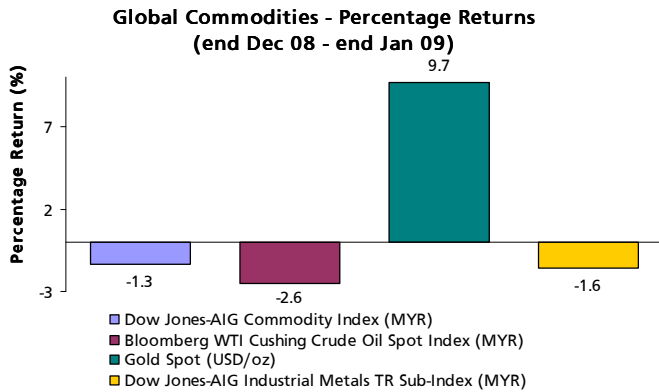
- The Malaysian fixed income market rallied during January 2009 as Bank Negara Malaysia's decision to cut the Overnight Policy Rate ("OPR") by 75 basis points ("bps") to 2.5% took the market by surprise and pushed yields to their lowest levels since 2001. Market participants initially priced in a rate cut of up 50 bps.
- BNM also slashed the Statutory Reserve Rate ("SRR") by 150 bps to 2%. In addition, the Malaysian Government announced that was planning to introduce another stimulus package in addition to the earlier RM7 billion package.
- Yields of Malaysian Government Securities ("MGS") plunged by up to 40 bps. MGS for tenures up to 5 years and below were trading between 2.55% - 2.79% at the end of the month.
- MGS yields tightened more along the short end of the curve as compared to the long end, leading to an overall steeper curve.
- Volume in the local corporate bond market picked up during the month as investors responded to the OPR cut. Not surprisingly, most of the trades were concentrated in the AAA and AA regions.
- As economic conditions continue to be challenging in 2009, the Manager's focus has been on credit quality. Additionally, the declining interest rate environment would bode well for domestic fixed income securities. As such the Manager will also look to extend portfolio duration.



Source: Bloomberg



GLOBAL COMMODITIES

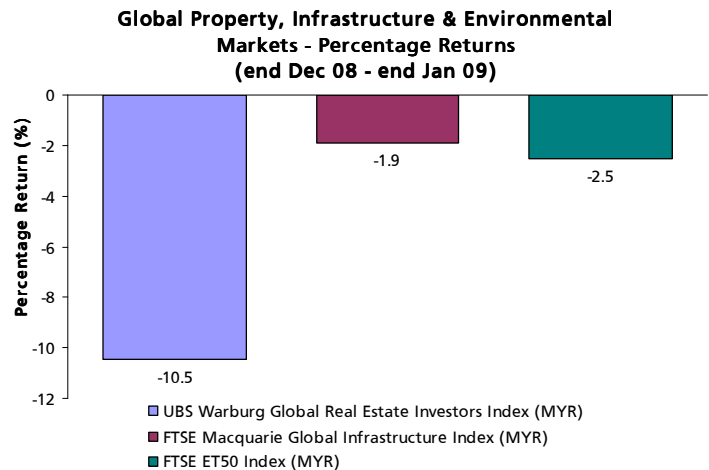


Source: Bloomberg

- Commodity markets outperformed the broader equity markets by returning -1.3% as measured by the Dow Jones-AIG Commodity Index, while the MSCI World Index declined by 4.8% in MYR terms.
- Energy prices continued to exhibit extremely high levels of volatility over the month as demand weakened and inventories rose. Crude oil price hovered around USD40 per barrel. The current environment is going to result in further constraints in investment in production, storage and distribution infrastructure which will mean violent and gut wrenching moves higher when demand recovers.
- Despite the continuing poor economic data, base metals with the exception of aluminum, had been stable over the month. A lot of the bad news in relation to demand destruction might have been priced in and that investors are starting to focus on the extraordinary production and capital expenditure cuts announced by producers. Aluminum continued to reach new lows due to its weakest fundamentals of the sector. Gold started off soft but ended the month up 9.7% with the gold spot price hitting USD927.85 per oz. Silver gained during the month as well.
- Grain prices rose due to the firmness in oilseed prices. Vegetable oils underperformed the beans and meals markets due to the weakness of the energy sector. Coffee market continued to benefit from an expected fall in the 2009/10 global ending stocks. Sugar prices rose on expectations of a larger deficit in the coming seasons and strong fund buying. Meat prices declined due to lower consumption in the US and weaker exports.

GLOBAL PROPERTY, INFRASTRUCTURE & ENVIRONMENTAL MARKETS

- Global REIT markets took a hard beating for the month due largely to a steep fall in the US REIT market in the face of further concerns over the banking sector and financials and bleak unemployment data. The UBS Warburg Real Estate Investors Index fell by 10.5% over the month in MYR terms, far underperforming broader global equities as measured by the MSCI World Index (MYR terms) which declined by 4.8%. US REIT and stock markets were dragged down by concerns about Citigroup's potential deal with Morgan Stanley - and the start of the fourth-quarter earnings reporting period. Investors' sentiment for real estate and housing stocks turned more negative as concerns about the impact of a continuation of the financial crisis rose.
- January 2009 began on a positive note for global equity markets, extending the December 2008 rebound – the first monthly increase since August 2008 for several major indices. However, there were declines over the remainder of the month amid further deterioration of the financial sector. The infrastructure sector, as measured by the FTSE Macquarie Global Infrastructure Index (MGII), outperformed the broader equity markets and was down -1.9% in MYR terms.
- Factors which impacted the environmental sector included President Obama's announced environmental stimulus package and the anticipation of easing credit markets based on a US bank rescue package from the Troubled Assets Relief Program (TARP). Overall, the global markets remained volatile due to data confirming the global recession and further negative earnings news. The FTSE ET50 Index which tracks the 50 largest listed companies within the environmental sector, proved more resilient than broader equity markets with a decline of -2.5%.



Source: Bloomberg