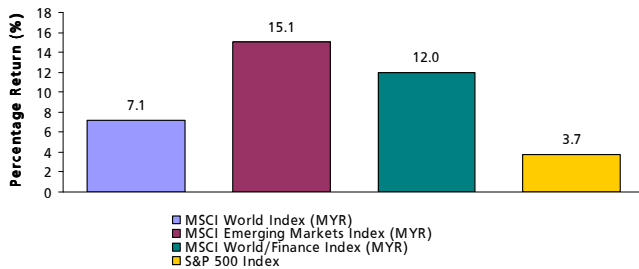




## GLOBAL EQUITIES

Global Equities - Percentage Returns  
(end Apr 09 - end May 09)



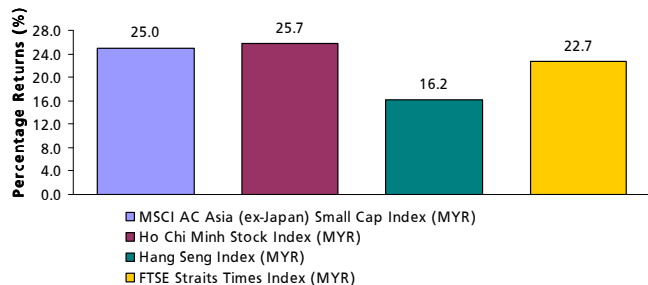
Source: Bloomberg

- Subsiding recession fears, coupled with government efforts to contain credit market stress bearing fruit and major near-term stimulus in Japan and China helped global equities as measured by the MSCI World Index gain 6.6% over May 2009.
- As negative newsflow continued to decelerate, emerging markets (EM) were able to further build on momentum from April 2009, leading to another double-digit return in May 2009 as measured by the MSCI Emerging Markets Index.
- Year-to-date, inflows to emerging markets have exceeded USD18 billion as global allocators continued to seek beta via EM exposure. India was the best performing country within the EM sector for the month as the recent election results resulted in the formation of the strongest Indian government in over a decade.
- In the US, the long awaited results of the government stress tests on key banking institutions were released and received positively by the markets. As such, the MSCI World/Finance index rose impressively over the month by 12%.
- However, broader US equities as measured by the S&P 500 Index lagged developed market and EM peers as well as selected high beta sectors such as financials.
- The Manager remains optimistic on the developments taking place in global equity markets, in particular higher beta sectors such as EM and financials.

## REGIONAL EQUITIES

- Regional equities advanced strongly over the month. Asian equities in general were clear outperformers during May 2009 with key markets such as Hong Kong and Singapore recording strong double-digit returns.
- As investors continued to seek opportunities, buying flows have also been strong on the mid and small cap sectors within the region. As such, the MSCI AC Asia (ex-Japan) Small Cap Index (MYR) posted a 25% gain over May 2009.
- Data released over the month showed that fiscal stimulus in China has started to show results. Domestic demand has improved markedly, especially in the property, auto and consumer discretionary sectors.
- The Manager remains optimistic on the outlook of China's domestic consumption on the back of the strength, depth and breadth of the Chinese economy. China's economic recovery is also expected to provide positive flow through effects to other markets in the region.
- Vietnamese equities also posted strong gains over the month as institutional and retail investors pushed buying flows further over May 2009. As a result, liquidity in the Vietnamese equity market has improved tremendously.

Regional Equities - Percentage Returns  
(end Apr 09 - end May 09)

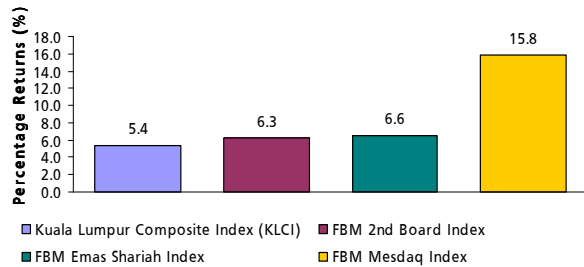


Source: Bloomberg



## LOCAL EQUITIES

Local Equities - Percentage Returns  
(end Apr 09 - end May 09)



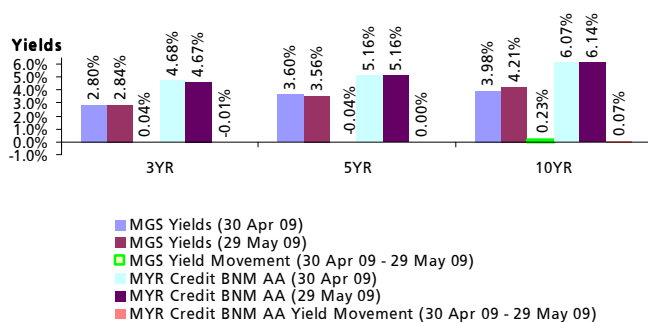
Source: Bloomberg

- In May 2009, Malaysian equities recorded another monthly gain, as investors' sentiments remained buoyant.
- The Kuala Lumpur Composite Index ("KLCI") and FTSE Bursa Malaysia Emas Shariah Index recorded gains of 5.4% and 6.6% respectively. Higher beta and cyclical sectors such as consumer discretionary, construction, building materials and financials were primary beneficiaries.
- Over the month, Bank Negara Malaysia (BNM) announced that Malaysia's first quarter 2009 Gross Domestic Product (GDP) contracted by 6.2% year-on-year. The GDP decline was due to significant deterioration in external demand which dragged the key manufacturing sector lower.
- The Government has revised downwards the country's GDP forecast for 2009 to a contraction of between 4% - 5% from an earlier projection of -1% to 1%.
- Despite the weak GDP data reported, investors continued to be optimistic as seen by increased buying flows to the small and mid-cap sectors, the FBM 2<sup>nd</sup> Board Index and FBM Mesdaq Index gained 6.3% and 15.8% respectively over the month.
- The Manager is positive on the outlook for local and regional equities as stabilisation in the external environment coupled with implementation of fiscal measures and investment flows to the region and locally have been gaining momentum.

## LOCAL FIXED INCOME

- Bank Negara Malaysia's ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 2%.
- Malaysian government bond yields had a roller-coaster ride in May 2009. Supply concerns peaked as Bank Negara auctioned a total of RM8.5 billion of new issues, comprising the 5- and 10-year benchmark.
- Thereafter, the release of grim 1Q09 GDP data and downward revision to the full year 2009 GDP projection gave government bonds a lift as it showed that Malaysia's economy might be in a protracted slowdown.
- Throughout the month, yields on MGS tenures below 5 years remained relatively unchanged.
- MGS for tenures up to 5 years and below were trading between 2.84% - 3.56% at the end of May 2009.
- On the Private Debt Security ("PDS") side of the market, trading in corporate bonds remained lackluster as investors stayed on the sidelines in anticipation of new supply.
- We may have reached the end of BNM's monetary easing cycle, given that focus has now shifted to the urgent implementation of fiscal stimulus.
- The Manager maintains a focus on credit quality while looking for opportunities domestically and abroad.

MGS vs Malaysian AA2/AA Corporate Bond Yields  
(end Apr 09 - end May 09)

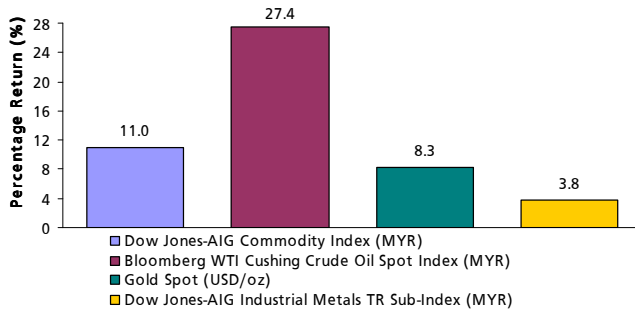


Source: Bloomberg



## GLOBAL COMMODITIES

Global Commodities - Percentage Returns (end Apr 09 - end May 09)



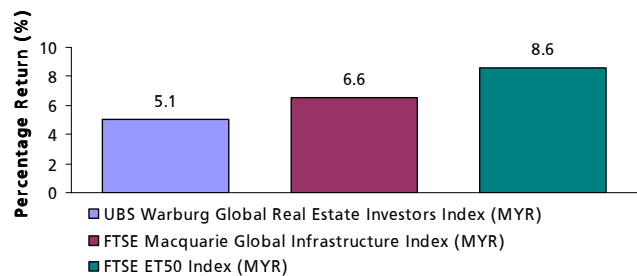
Source: Bloomberg, Schroders, June 2009

- Commodities posted the biggest monthly rally since 1974 on expectations that an economic recovery will boost demand for fuel, metals and crops.
- Commodity markets outperformed the broader equity market, with the Dow Jones-AIG Commodity Index (MYR) returning 11% compared to MSCI World Index which rose 6.6%.
- The best performing sector in the asset class was energy, followed by precious metals, agriculture and base metals.
- The oil price rallied 30% to near its highest level in seven months (closing above USD60 per barrel for the month), on US Dollar weakness, stock market optimism and hope that the 'green shoots' among economic indicators were a sign of economic recovery.
- Metals markets generated solid returns during May. Silver was the best performing market followed closely by lead and nickel. The demand for base metals was mainly driven by China, whereas precious metals continued to be influenced by concerns surrounding the dollar and the bond market, future inflation expectations and the impact of flows of funds.
- Agriculture also performed well in May. Wheat prices rose strongly due to fund buying and some planting delays in spring wheat in both the US and Canada. While the corn market ended slightly up, oilseeds markets continued to rise strongly.
- Commodity related equities had an exceptionally good month due to strong commodity prices and continued equity market rally.

## GLOBAL PROPERTY, INFRASTRUCTURE & ENVIRONMENTAL MARKETS

- May saw a very volatile month for global REIT markets, with major REIT markets experiencing a strong rally at the beginning of the month before dipping down south in mid-month and rebounding towards month-end.
- Investors' sentiments were affected by mixed economic data worldwide and the results of the stress tests of the 19 largest US banks. Speculation was rife also regarding 'green shoots' that had been sprouting globally, and whether it would turn into yellow weeds. The UBS Warburg Real Estate Investors Index (MYR) increased by 5.1% over the month.
- The month was characterised by much debate about the strength and sustainability of the economic 'green shoots'. Most major markets saw the trend of improving sentiment and rising risk appetite of March and April continue into May. Many major market indices posted solid gains for the month. The infrastructure sector as measured by the Macquarie Global Infrastructure Index (MGII) also participated in the market's strength, gaining 5.4% (MYR).
- The FTSE ET50 Index (MYR) which tracks the 50 largest listed companies within the environmental sector, rose 8.6% while the global equities as measured by the MSCI World Index rose 6.6% (MYR).
- We remain cautiously optimistic on the outlook for 2009. The flow of increasingly positive global macro economic data and the anticipated improvements in the global credit markets will continue to drive more positive market sentiment.

Global Property, Infrastructure & Environmental Markets - Percentage Returns (end Apr 09 - end May 09)



Source: Bloomberg