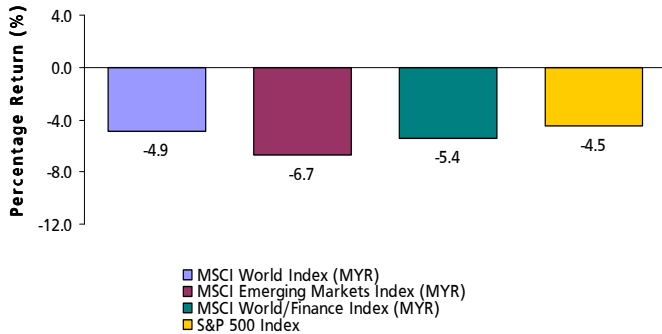




GLOBAL EQUITIES

Global Equities - Percentage Returns
(December 09 - end January 10)



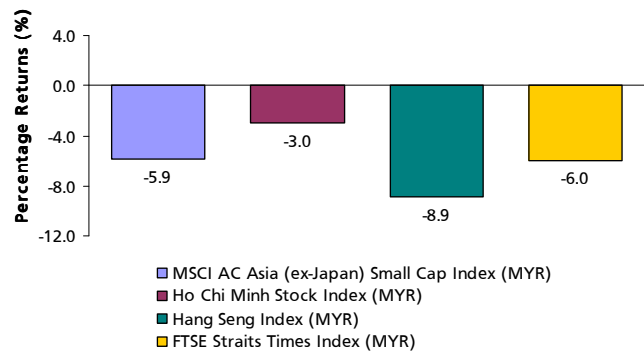
Source: Bloomberg

- Global equity markets started the year on a weaker note, both the MSCI World Index and MSCI Emerging Market Index were down 4.9% and 6.7% (MYR term) respectively.
- Fund flows over January 2010 were negative for equities as investors sold risky assets, which was the first time in 12 weeks.
- Investors' concerns on China's monetary policy normalization and over certain European countries' fiscal problems dragged down global equity markets' performance.
- Of the 44% of companies in the S&P 500 Index that have reported fourth quarter 2009 (4Q09) results, 78% beat consensus expectations. Other data has been mixed with US employment data weaker than expected, but Institute of Supply Management (ISM) data showing some strength.
- STRATEGY:** The Manager remains cautious in the near term but believe this pullback offers opportunity to deploy some cash back into the market. As such, the Manager will continue to pursue bottom-up opportunities in the market. In terms of financials, the Manager remains positive on the overall sector over the medium to long term as valuations are still highly attractive and the top players are likely to benefit alongside a broader global economic recovery. Key risks remain on how policy makers intend to begin exit strategies from the current accommodative fiscal and monetary policies without disrupting the recovery trend. Also, the scope and extent of financial reform will weigh on performance in the near-term.

REGIONAL EQUITIES

- Asian equity markets consolidated over January 2010 after the People's Bank of China announced a 50 basis points (bps) increase in the reserve requirement ratio for financial institutions, indicating the beginning of China's monetary policy normalization.
- Asian equities were down 6.5% (MYR term) over January 2010 as measured by the MSCI Asia ex Japan Index. Key Asian equity markets like Hong Kong, China and Singapore markets fell 8.9%, 9.5%, and 6.0% (MYR term) respectively.
- Despite heightened volatility in Asian equities over the month, Asian economies continued to show solid, steady recovery moving into 2010.
- China's economy continued its solid expansion in 4Q09, with real Gross Domestic Product (GDP) rising 10.7%. Macroeconomic data for December 2009 and purchasing managers index (PMI) for January 2010 confirmed that the upbeat momentum in industrial activity remains intact.
- STRATEGY:** The Manager remains confident of the growth potential of the Asian region and its key markets. China will continue to be the driving force within the region and other markets are expected to move in broadly similar directions. The Manager believes that there are still plenty of attractive opportunities in specific stocks and sectors and will continue to pursue bottom-up opportunities in the market.

Regional Equities - Percentage Returns
(end December 09 - end January 10)

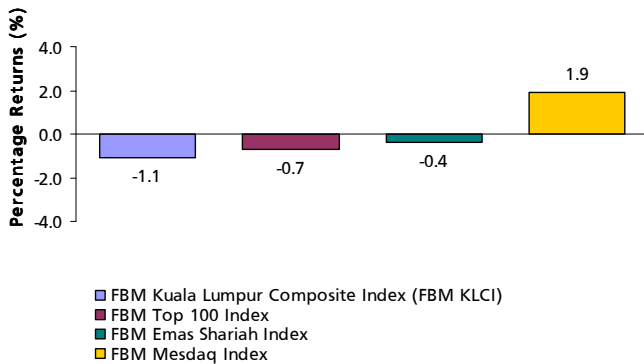


Source: Bloomberg



LOCAL EQUITIES

Local Equities - Percentage Returns
(end December 09 - end January 10)



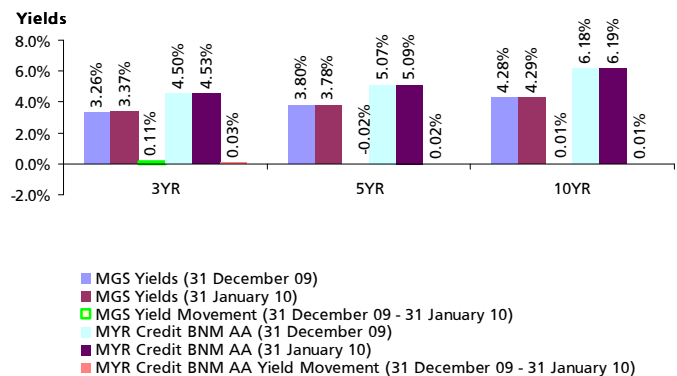
Source: Bloomberg

- In the first month of 2010, Malaysian equity was relatively sheltered from the storm that hit the regional and global equity markets.
- The FTSE Bursa Malaysia Top 100 Index ("FBM100") and the FTSE Bursa Malaysia Emas Shariah Index recorded a slight decline of 0.7% and 0.4% respectively.
- In Malaysia, Bank Negara Malaysia continued to keep the Overnight Policy Rate (OPR) at 2%, but it did highlight the need to ensure that the monetary policy is appropriate to prevent buildup of financial imbalances that could arise from interest rates being too low for a prolonged period of time.
- Market participants are expecting the central bank to start raising the OPR in first half of 2010.
- The Manager remains cautious in the near term but believe this pullback offers opportunity to deploy some cash back into the market.
- **STRATEGY:** The Manager will keep a close watch on the market and maintain a flexible investment strategy in the near term. The Manager will also continue to pursue bottom-up opportunities in the market.

LOCAL & GLOBAL FIXED INCOME

- Over January 2010, the local fixed income market was largely affected by Bank Negara Malaysia's (BNM) Monetary Policy Statement (MPS) which hinted that it may raise interest rates earlier than expected as a pre-emptive measure against potential asset bubble.
- Malaysian Government Securities (MGS) continued to be supported with the 10-year MGS auction well received with the bid-to-cover ratio at 2.1x.
- In the local private debt securities (PDS) market, trading was active revolving around high grade papers.
- The Asian dollar bond segment was on upbeat note after the US Federal Reserves kept short term U.S. rates near zero, resulting in demand for high yielding Asian dollar bonds.
- However, investors were concerned over European countries' fiscal problems and a spike in pipeline issuances which might affect the market.
- Market players would be re-evaluating and re-pricing the likelihood of a near term normalization in interest rates. The eventual move by the central bank cannot be misconstrued as a tightening stance given that interest rates remains significantly lower than prior to the rate cuts.
- **STRATEGY:** The Manager maintains a focus on credit quality while looking for opportunities domestically and abroad to enhance the yield and returns of the portfolios.

MGS vs Malaysian AA2/AA Corporate Bond Yields
(December 09 - end January 10)

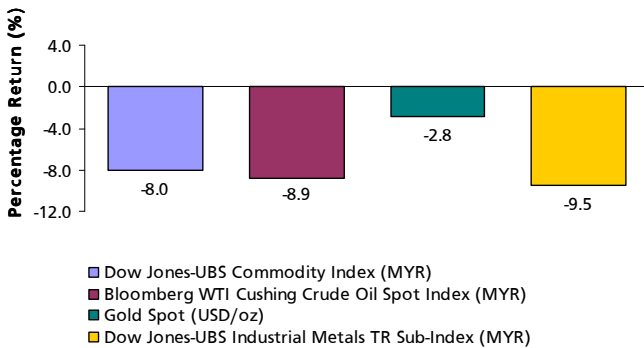


Source: Bloomberg



GLOBAL COMMODITIES

Global Commodities - Percentage Returns
(December 09 - end January 10)



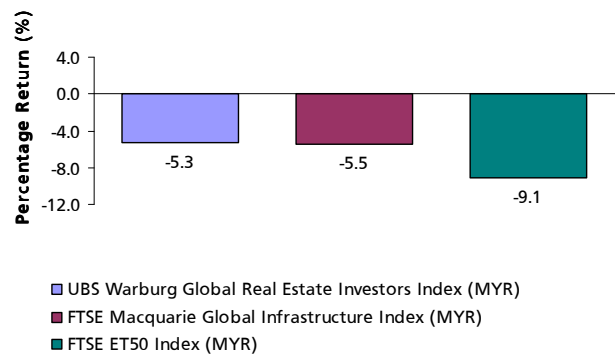
Source: Bloomberg

- Commodities markets overall finished the month lower compared to the previous month due to several factors such as tightening of monetary policy in China, political issue surrounding the US banking system and the expectation of an end to the quantitative easing in US. As to base metals, copper has been one of the favourites due to increased spending on infrastructure by China. Oil price traded lower at USD74 per barrel but gold price closed at USD1085 per ounce at month end.
- The Dow Jones-UBS Commodity Index was down 8% for the month, underperforming the broader equity markets which returned -4.94% (as measured by the MSCI World Index in MYR terms).
- Macroeconomic data has proven to be improving with China's monetary policy tightening and jobless claims in US remained low. However, with interest rates expected to remain low in US for an extended period, probably until 2H 2010, it had encouraged many investors to take physical delivery of certain commodities and sell forward to extract carry.
- STRATEGY:** The Target Fund Manager expects 2010 to be a year of renewed scrutiny towards commodities and strong economic growth is needed during 2010 to mitigate this potential for a renewed collapse.

GLOBAL THEMES: PROPERTY, INFRASTRUCTURE & ENVIRONMENTAL

- Global equity markets for the month of January saw a fall during the second half of the month after a sound performance during the previous quarter. With equity markets in the red for the month, there has been a pullback in the Global Reits Markets. The UBS Warburg Real Estate Investors Index returned -5.27% while the MSCI World Index returned -4.94% in MYR terms.
- After reaching new rally highs at mid-month, global equity markets retreated sharply and experienced only their second monthly decline since this rally began in March 2009. The weaker tone was fuelled largely by concerns about the pace and underlying strength of the global economic recovery. In Europe, concern has been mounting that the European Union might have to step in to support Greece, which is under pressure due to its steep debt levels and weak economy. The U.S. Federal Reserve offered a more upbeat assessment of the economy than last month, but still affirmed a pledge to keep interest rates near zero for "an extended period." The Macquarie Global Infrastructure Index (MGII) returned -5.47% for the month.
- The environmental sector had underperformed the broader equity markets for the month as the FTSE ET50 Index which tracked the 50 largest listed companies within the environmental sector, was down 9.08%.
- STRATEGY:** The fundamental outlook for the Funds remains positive while earnings expectations are at realistic levels with potential for upside surprise.

Global Property, Infrastructure & Environmental
Markets - Percentage Returns
(end December 09 - end January 10)



Source: Bloomberg