

Investment Objective

The fund objective is to provide capital appreciation. This is achieved through investing in undervalued and high quality equities of fundamentally sound companies listed on the Bursa Malaysia.

Fund Data

NAV (as at 29th January 2010) 0.4080
 Fund Value (RM) 21,436,906

Equity Market Review

The FBM KLCI had a firm start in the first week of January as investors returned from the extended holidays and aggressively bought up stocks, as indicated by strong average trading values (33% above the 3-month average). This momentum continued for the following week as the KLCI rose to close at 1,299 pts. In the third week, investors did not react well towards China's measures to curb banking lending limits - sending stocks worldwide down south. KLCI reached a high of 1,308 pts during the week but subsequent weakness on Wall Street and Bank Negara's change of tone indicating a possible earlier-than-expected normalization of interest rates weighed down heavily on the market. The market closed at 1,259.16 pts for January, losing 16.6pts or 1.3% while FBM ACE gained 24.2 points to finish at 4,381.83 pts.

Outlook & Strategy

"Normalisation" and "exit strategies" are the new buzz words replacing "green shoots". As the recovery has panned out into some stability the extraordinary measures put in to save the global economies will need to be withdrawn gradually. However, some strategists see this as an end-game, and the recovery trade is ending. At such turning points we detect volatility as portfolios are rebalanced away from cyclicals and risk is pared down. However, we do not subscribe to the view that as interest rate increases, equities will get penalized.

Granted that we expect equity markets to be in sync with US, the positive correlation between interest rates and equities challenges conventional thinking. Articulating the thoughts is that if interest rates is the price of supply and demand of capital for an economy the stronger the economy, the greater the demand for more capital. In reverse, a weak economy has no demand for funds or capital.

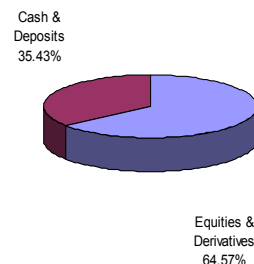
We suspect the current expectations of higher rates are reading off the trend line of deflationary data in 2009. In a "normalized" environment we would expect rates to be at least 3% and real rates of 2% or more. However, from the last tech bust recovery from 2003-2005, interest rates have lagged inflation for almost 3 years before. As deflation only ended in September 2009, the inflation readings moving forward could be skewed, leading to heightened expectations of higher rates.

We believe the current noise in the markets is from repositioning of funds for the next cycle as the easy beta trade is over. This falls in line with our view that it would be an alpha year, and focus on stock picking, and stock volatility could be higher than market volatility. Hence risk control at the portfolio level would be of focus. We continue to be near fully invested and position the portfolio for outperformance on stock picking.

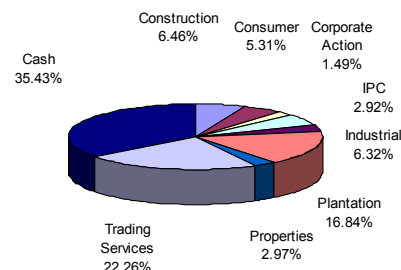
Top Five Equity Holdings

Sime Darby Berhad	7.88%
Tenaga Nasional Berhad	7.82%
IOI Corporation Berhad	5.46%
Axiata Group Berhad	4.57%
PPB Group Berhad	2.84%

Asset Allocation



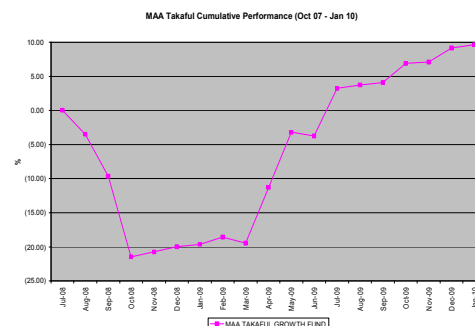
Sector Allocation



Fund Review

	MOM	YTD
NAV(% change)	-9.07%	0.44%

Performance (Since Inception)



Fund's performance is calculated on NAV to NAV. The value of units may go up as well as down. Past performance is not indicative of future results