

**Investment Objective**

The fund objective is to reward the unit holders with a reasonable rate of return on income and to realize capital growth. This is achieved through investing in undervalued and high quality equities of fundamentally sound companies listed on the Bursa Malaysia and halal money market and fixed income securities.

**Fund Data**

NAV (as at 31<sup>st</sup> May 2010) 0.4080  
Fund Value (RM) 19,724,042

**Equity Market Review**

May proved to be a terrible month for Malaysia and global markets as the KLCI plunged below the 1,300 point psychological support. The European debt crisis and weakness on Wall Street adversely affected all markets. Results released during April-May months were encouraging as approximately 50% were in line, 25% were above and the remainder were below. For May, the KLCI plunged 61 points or 4.6% to close at 1,285.01 points. This was the steepest monthly fall since December 2008. The broader market's performance was weaker than the KLCI with the FBM Emas falling 5.0% to 8,645 points. Smaller caps underperformed as seen by the FBM Small Cap which fell 8.3% to 10,527 points and FBM ACE which fell 9.9% to 3,756 points. Average value traded on Bursa in May fell 1% mom to RM1.412bn per day.

**Outlook & Strategy**

The rumblings of nervousness last month cascaded further as geo-political tensions entered into the picture, unnerving markets further. The South Korean accusations followed by military alert by their northern counterpart sank markets, then followed by the Israeli-Gaza incident added to uncertainty, which until now have been largely confined to the economic arena. Add the Spain downgrade by Fitch (which was largely expected and behind the curve) and Japan's political crisis was sufficient for buyers to find excuses to shy away for a while.

The noise generated by the above events drowned out the positive factors; ending of the Bangkok siege and dovish remarks coming out from China on top of better corporate results and earnings upgrades of corporates across US and Asia. We also saw better consumer confidence and business sentiment in these countries mentioned as well as rising property transactions in Asia and recovering US housing sales.

What is then real and what should one focus on in this environment? The tangible positive factors are the earnings recovery, Asian cheap valuations and the extension of the low interest rates regime. As expected, the European crisis will compel policy makers to extend policy support. The recovering US data and earnings are reflected by the strong dollar in this time of uncertainty. The tangible negative remains the European contagion possibility which is threatening to cascade beyond Greece. This may possibly of derailing the growth recovery into a slow recovery. Worst case scenario would be collapse of the Euro But we think the risks are miniscule at the current moment. Everything else; risk of war, escalation of violence is not foreseeable nor can be forecast with certainty.

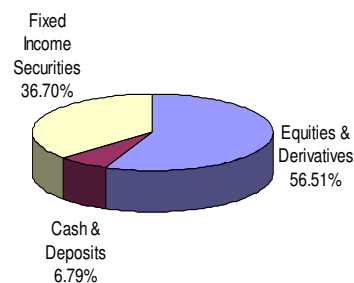
Locally the global crisis has tempered market perception of the "normalization" process. Despite the rate hike last month, the market is gradually shifting that there may be no hike in the next 2 meetings. This is evidenced by the dovish policy statements from China & Australia which has seen a change of the language used from the previous hawkish stance. The strong 1Q GDP and the upcoming New Economic Model and 10 Malaysia Plan was overshadowed by the said external events.

We would want to focus on the tangibles; extended low interest rates, recovering earnings growth and low valuations and the probability of Euro contagion. We do not think the contagion may happen, but individual sovereign action (as what Germany did to curb short selling) will fuel markets' insecurity. In light of the general uncertainty, it does not pay to take on more risk than necessary until the European scenario is played out. Hence we have reduced the beta of the portfolio accordingly to contain volatility to some extent.

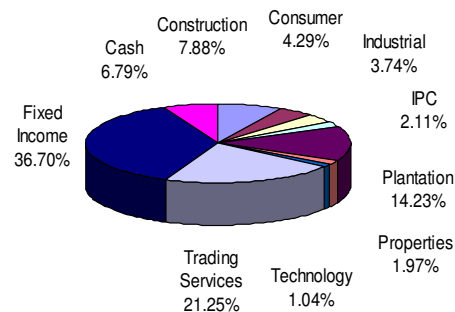
**Top Five Equity Holding**

Tenaga Nasional Berhad	5.76%
Sime Darby Berhad	5.55%
Axiata Group Berhad	5.33%
IOI Corporation Berhad	5.15%
IJM Corporation Berhad	4.07%

**Asset Allocation**



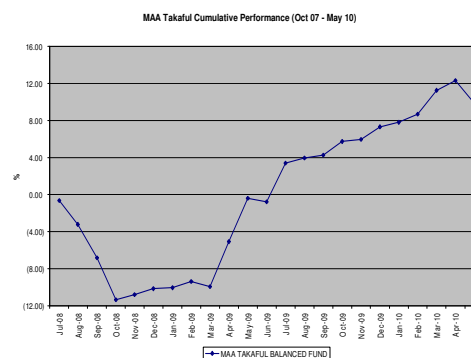
**Sector Allocation**



**Fund Review**

	MOM	YTD
<b>NAV(% change)</b>	-3.68%	2.36%

**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