

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 30 th June 2010)	0.4170
Fund Value (RM)	43,468,152

Equity Market Review

It was a recovery month for Malaysia as the KLCI rebounded strongly and clawed its way back to near its year highs. The release of the 10th Malaysia Plan on June 10 and the higher-than-expected development expenditure, particularly for construction jobs, helped lift market sentiment despite distraction from the World Cup competition. Global market volatility remained high during the month, however, as recurring fears about the global recovery weighed down on markets towards the end of June.

Outlook & Strategy

Economic worries trumped over market expectations. June saw a slight rebound in confidence although the macro rumblings have not ceased, they have not grown or morphed into something more dangerous. However, the summer lull was nervous, as double-dipping ears and China slowdown did not add to confidence. A slightly brighter note was the European debt crisis has not mutated into a liquidity crunch, and the ECB has to be commended in cobbling their version of TARP in five months, compared with 11 months for the US version. Further market soothing arose from Spain's EUR4bn bond sale which was 2X oversubscribed. Although rates were higher, the markets were placated that there was demand for Spanish bonds, but at a painful pound of flesh. Much ink was also spilled on the Chinese slowdown, and the perceived impact on the rest of Asia, as China makes up over 1/3 of the global rate of GDP growth.

Locally the 10 Malaysian Plan roll out was partially overshadowed by the macro events. While the Plan itself showed the way forward that the country would take, it was short of details, which hopefully will be rolled out in the Budgets the next few years. Since private sector services is to be the main economic driver for the country the next few years, we would need to see more carrots and tax breaks to incentivize the private sector, especially in the New Key Economic Areas (NKEA) where the Government has identified. Otherwise, the chances of executing the 10MP well will be dim.

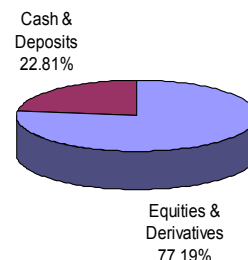
It is interesting to see the prevalence of services in the NKEAs, even in sectors of manufacturing, plantations and oil & gas to take advantage of the need for services in the region. However, even with such growth prospects and RM63bn construction projects identified, these sectors will shrink in importance as services grow to 61% from 58% now. This also means that there will be large capital issuances of IPOs and bonds, if the private sector takes on the challenge.

As earnings begin to roll over into 2011, valuations of 8.8-13.8X for Asia looks relatively cheap. Dividend yields have also crept up to 2.6% regionally on a P/Book of 2X, not cheap, but not overpriced either. Malaysia is caught at the upper end of PER valuations at 13.3X 2011 and a 2.2% yield (IBES). These are not compelling numbers for the market to advance on its own. As such, we reiterate that Malaysia will underperform the region, again but with limited downside. We are not changing our equity exposure at 85-90% while targeting an average beta of 0.9X.

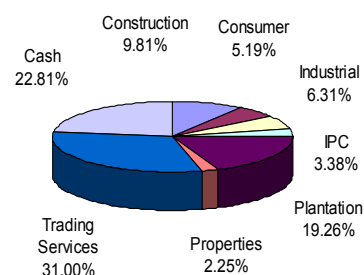
Top Five Equity Holdings

Sime Darby Berhad	7.98%
Axiata Group Berhad	7.54%
Tenaga Nasional Berhad	7.43%
IOI Corporation Berhad	6.69%
MISC Bhd - Local	4.05%

Asset Allocation



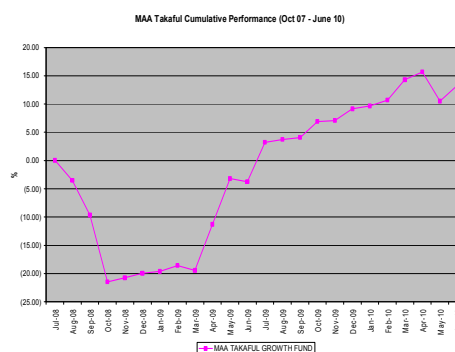
Sector Allocation



Fund Review

	MOM	YTD
NAV(% change)	3.60%	3.77%

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