

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 30th July 2010) 0.4300
 Fund Value (RM) 46,061,877

Equity Market Review

It was another good month for Malaysia as the KLCI tested its year highs and there was rotational play amongst the sectors. Investors bought up rubber gloves stocks, F&B and education stocks to reach new all-time highs. Construction stocks were given a boost by news flow on the RM36bn MRT project. For the month, the KLCI gained 46.9points or 3.6% to close at 1,360.9points. The broader market's performance was stronger than the KLCI with the FBM Emas rising 3.9% to 8,863.

August is historically the worst month for the local market but the KLCI may buck the trend this time around. There are sufficient catalysts to lift the market higher. In Aug, Part 2 of the New Economic Model (NEM) as well as the detailed list of construction projects to be rolled out in the 10th Malaysia Plan will be disclosed. Part 2 of NEM should provide details that will drive the economy's transformation. Lastly, Aug is the major results season for 1H10 and after two quarters of relatively subdued earnings, we expect momentum to pick up pace. A strong earnings season will be a boost to share prices as well.

Global equity markets rebounded in July after three consecutive months of poor performance. The turn in markets was driven by declining European risks and the rally in commodity prices post the sharp sell-off.

Outlook & Strategy

Although not much has changed in the last month, the outlook is decidedly less bearish. The continued incremental positive economic data on top of better than expected profits as well as an expected Greek meltdown that did not happen gradually enticed risk taking. The relaxed bank stress test with high passing rate sent positive signals to the market. This was evident in bond markets where high yield and emerging market bonds were much in demand, correlating with a weaker US Dollar. We continue to hold our view of a slowdown and no double dipping recession.

The interest in emerging markets is reflected in the Asian bond markets. Foreign holdings of MGS is at an all time high, similar to the darling this year, Indonesia. However, the appreciation of the ringgit of 8.2% YTD has outpaced rupiah's rise of 5.1%. However, on a total return basis, Indonesian government bond returns outstrip MGS due to the high yield. The challenge to Asian economies now is managing the hot money flows which are embracing firstly risk, secondly Asia as the best place to be and thirdly, fleeing the USD.

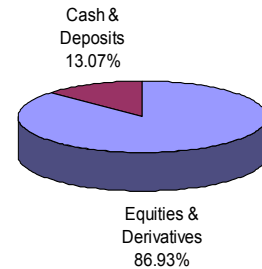
Equities however, continue to annoyingly trend sideways, frustrating equity managers globally. Valuations are cheap, given that equity risk premiums are distorted and artificially low and corporate profits seem to be on the mend. However, equity managers are wringing their hands as markets seem to pricing in a profit drop of 20-40% as a result of the double-dipping/slowdown, resulting in listless equity markets yanked back and forth.

Locally the reduction in subsidies went hand-in-hand with the OPR rate hike of 0.25% signaling BNM's vigilance on inflationary pressures. However, we continue to recognize that this type of inflation is cost-push and not demand-pull, and it is insensitive to rate hikes and therefore counter-productive to use monetary policy to address this type of inflation. Since the 10MP rollout, the focus was on the infrastructure projects, namely the LRT rather than the development of the service industries. Hopefully this will change as the Budget roll out the incentives, which we would expect to be as generous as manufacturing FDIs incentives.

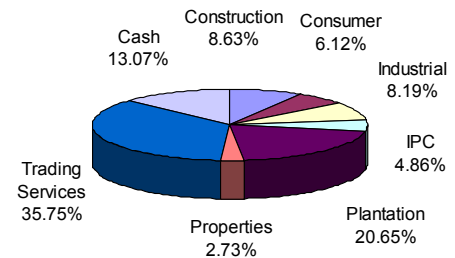
Top Five Equity Holdings

Axiata Group Berhad	9.78%
Tenaga Nasional Berhad	8.95%
Sime Darby Berhad	7.34%
IOI Corporation Berhad	6.45%
PPB Group Berhad	4.87%

Asset Allocation



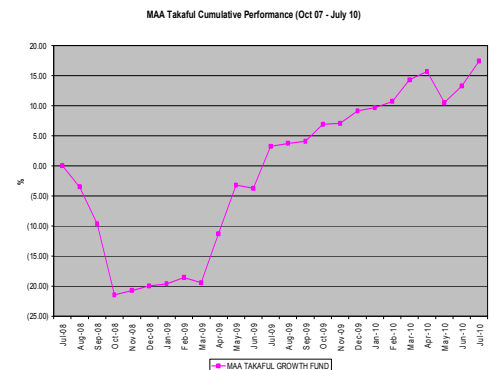
Sector Allocation



Fund Review

	MOM	YTD
NAV(% change)	3.02%	7.60%

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