

Review

- After a sharp correction in November, the month of December saw global equity markets correct sharply mid December on the back of some disappointment from the 9 December 2011 EU Summit where investors had hoped for a more concrete resolution to the Euro Debt Crisis.
- Domestically, Malaysia bucked the trend in December, along with some of their ASEAN counterparts, and outperformed the region during the month. Window dressing activities were evident end of December, as investors bought ahead in preparation for the new year.
- The KLCI ended the month gaining 58.6 points or +3.98% to close at 1,530.7 points. The broader market outperformed the KLCI, with the FBM Emas Index gained 4.22% in December. The FBM Small Cap Index underperformed the KLCI gaining 1.32% for the month. Average value traded on Bursa in December eased 8.9% mom to RM1.3bn per day due to the year end holiday season.
- The sector indices on the local bourse closed higher for December, with the best performing sectors being Technology (+11.36%) and Plantation (+6.15%). The worst performing sectors were Construction (+3.09%) and Industrial (+4.09%).

Outlook

- 2012 will continue to be faced with many uncertainties, with 2011 unresolved issues rolling over into 2012, and markets will have to stomach additional potential volatilities on the political front as many countries will be having their elections during the year, which may result in many changes in policies and direction.
- Nevertheless, the optimism from the potential “January effect” may result in an early market rally, although it may be short lived given the many outstanding issues investors are still grappling with.
- Domestically, Malaysia will continue to take its cue from the issues concerning the external environment. We expect consumer spending to remain fairly resilient for now, as “goodies” from the Budget 2012 becomes effective 1 Jan 2012, such as the 7-13% pay rise for government employees. Catalysts for the next few months include the potential for the General Election to be called (expected to be in 1H12). 2012 will potentially see the listing of Khazanah’s healthcare unit, Felda Global Ventures, amongst others. M&A’s will also continue to be a theme in 2012.
- Whilst we believe that corporate earnings growth may be near a bottom, we remain cautious on Malaysian equities going into 2012 given the outstanding global uncertainties.
- Current global volatilities are going to take awhile to resolve and will likely be further complicated with additional complications, potentially in the form of political changes. However these events create opportunities for out performance over the longer term.

News Highlights

- Pavillion REIT listed on the Bursa Malaysia enjoying a 13% premium to its IPO price of 90 sens on its first day.
- Air Asia and Bumi Armada replaced Gamuda and MISC in the FTSE Bursa Malaysia KLCI, following the semi annual review. Plus expressway was removed from the KLCI due to its suspension and delisting, and replaced by UEM Land.
- Johor Corp together with CVC Capital Partners Asia Pacific has made an offer to buy the assets and liabilities of QSR Brands and KFC Holdings.

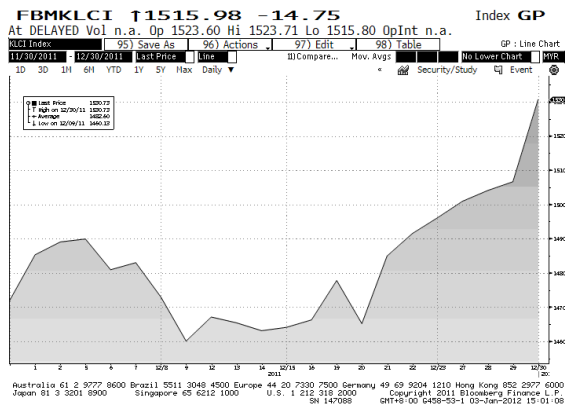
PRUFundCommentary

Fund Commentary for December 2011

Equity Market Review & Outlook



Index Performance & Movers



Indices	Last Price		MoM Changes	
	30-Nov-11	30-Dec-11	+/-	%
FBMKLCI	1472.1	1530.7	58.6	3.98%
FBMMES	4135.1	4068.6	-66.5	-1.61%
FBM100	9876.8	10312.7	435.9	4.41%
FBM70	10919.1	11575.9	656.8	6.02%
FBMSCAP	11517.6	11670.1	152.5	1.32%
FBMEMAS	10064.0	10489.1	425.1	4.22%
FBMFLG	8659.2	8722.4	63.3	0.73%
FBMSHA	9848.2	10300.3	452.1	4.59%
FBMHJRAH	10482.1	11022.6	540.5	5.16%
MSCI APxJ	393.0	392.8	-0.2	-0.05%

FBM KLCI Index		MTD	FBM KLCI Index		MTD
LEADING MOVERS			LAGGING MOVERS		
Name	% chg	30-Dec-11	Name	% chg	30-Dec-11
1 PUBLIC BANK BERHAD	6.70%		1 MISC BHD	-6.97%	
2 DIGI.COM BHD	10.23%		2 GENTING MALAYSIA BHD	-2.05%	
3 IOI CORPORATION BHD	7.39%		3 YTL POWER INTERNATIONAL BHD	-2.25%	
4 TELEKOM MALAYSIA BHD	14.81%		4 MAXIS BHD	1.11%	
5 CIMB GROUP HOLDINGS BHD	4.20%		5 BUMI ARMADA BERHAD	1.49%	
6 MALAYAN BANKING BHD	3.37%		6 AMMB HOLDINGS BHD	0.17%	
7 PETRONAS GAS BHD	16.39%		7 MALAYSIA MARINE AND HEAVY EN	1.07%	
8 TENAGA NASIONAL BHD	4.42%		8 AIRASIA BHD	2.17%	
9 SIME DARBY BERHAD	2.22%		9 RHB CAPITAL BHD	2.33%	
10 PETRONAS CHEMICALS GROUP BHD	4.87%		10 HONG LEONG FINANCIAL GROUP	3.19%	

FBM100		MTD	FBM100		MTD
LEADING MOVERS			LAGGING MOVERS		
Name	% chg	30-Dec-11	Name	% chg	30-Dec-11
1 PUBLIC BANK BERHAD	6.70%		1 MISC BHD	-6.97%	
2 DIGI.COM BHD	10.23%		2 IJM CORP BHD	-3.68%	
3 IOI CORPORATION BHD	7.39%		3 GENTING MALAYSIA BHD	-2.05%	
4 CIMB GROUP HOLDINGS BHD	4.20%		4 YTL POWER INTERNATIONAL BHD	-2.25%	
5 TELEKOM MALAYSIA BHD	14.81%		5 BERJAYA CORP BHD	-2.55%	
6 MALAYAN BANKING BHD	3.37%		6 MALAYSIA AIRPORTS HLDGS BHD	-5.32%	
7 PETRONAS GAS BHD	16.39%		7 MALAYSIAN AIRLINE SYSTEM BHD	-7.14%	
8 TENAGA NASIONAL BHD	4.42%		8 TAN CHONG MOTOR HOLDINGS BHD	-6.21%	
9 SIME DARBY BERHAD	2.22%		9 ANN JOO RESOURCES BHD	-6.52%	
10 GAMUDA BHD	10.78%		10 TA GLOBAL BHD	-3.33%	

FBM Shariah Emas		MTD	FBM Shariah Emas		MTD
LEADING MOVERS			LAGGING MOVERS		
Name	% chg	30-Dec-11	Name	% chg	30-Dec-11
1 DIGI.COM BHD	10.23%		1 MISC BHD	-6.97%	
2 IOI CORPORATION BHD	7.39%		2 IJM CORP BHD	-3.68%	
3 TELEKOM MALAYSIA BHD	14.81%		3 YTL POWER INTERNATIONAL BHD	-2.25%	
4 PETRONAS GAS BHD	16.39%		4 TAN CHONG MOTOR HOLDINGS BHD	-6.21%	
5 TENAGA NASIONAL BHD	4.42%		5 TSH RESOURCES BHD	-5.00%	
6 SIME DARBY BERHAD	2.22%		6 SEG INTERNATIONAL BHD	-1.69%	
7 GAMUDA BHD	10.78%		7 HIAP TECK VENTURE BHD	-14.37%	
8 PETRONAS CHEMICALS GROUP BHD	4.87%		8 PUNCAK NIAGA HOLDINGS BHD	-13.84%	
9 KUALA LUMPUR KEPONG BHD	5.58%		9 GUAN CHONG BHD	-16.70%	
10 PROTON HOLDINGS BHD	58.55%		10 COMPUGATES HOLDINGS BHD	-27.78%	

FBM Small Cap		MTD	FBM Small Cap		MTD
LEADING MOVERS			LAGGING MOVERS		
Name	% chg	30-Dec-11	Name	% chg	30-Dec-11
1 FABER GROUP BHD	19.33%		1 TSH RESOURCES BHD	-5.00%	
2 KIAN JOO CAN FACTORY BHD	9.38%		2 PUNCAK NIAGA HOLDINGS BHD	-13.84%	
3 PERISAI PETROLEUM TEKNOLOGI	11.28%		3 HIAP TECK VENTURE BHD	-14.37%	
4 JCY INTERNATIONAL BHD	44.59%		4 GUAN CHONG BHD	-16.70%	
5 KECK SENG (MALAYSIA) BHD	6.18%		5 SEG INTERNATIONAL BHD	-1.69%	
6 HIBISCUS PETROLEUM BHD	27.70%		6 COMPUGATES HOLDINGS BHD	-27.78%	
7 QSR BRANDS BHD	10.36%		7 JOBSTREET CORP BHD	-6.89%	
8 C.I. HOLDINGS BERHAD	42.53%		8 JAKS RESOURCES BHD	-7.38%	
9 UNISEM (M) BERHAD	5.83%		9 TRADEWINDS CORP BHD	-4.46%	
10 BOUSTEAD HEAVY INDUSTRIES CO	30.92%		10 SOZO GLOBAL LTD	-15.57%	