

REVIEW

- ▶ Early August saw global markets rebound as there seemed to be greater traction from the Euro area on drafting a banking union and the introduction of the Conditional Government Bond Purchase Programme, which helped calm markets in recent weeks. However, towards the end of the month, concerns over Greece's upcoming meeting with the Troika early September also tempered global market sentiment. Economic data released from the US were not very inspiring, and preliminary PMI numbers from China spooked the markets somewhat.
- ▶ Malaysia's results reported during the month were hardly inspiring, with many companies disappointing, however the KLCI ended the month higher by 0.9% to close at 1,646.11 points. The broader market underperformed the KLCI, with the FBM Emas Index gaining only 0.49% in August. The KLCI outperformed the FBM Small Cap Index which declined 1.28%. Average value traded on Bursa in August declined 16% mom to RM1.52bn per day.
- ▶ The sector indices on the local bourse closed mostly down for August, with the worst performing sectors being Technology (-15.65%) and Plantation (-2.16%). The KL Consumer product sector performed well (+2.83%), which supports the domestic consumption story.

OUTLOOK

- ▶ The highly anticipated meeting between Greek government officials and the Troika, ECB and IMF officials did not end in Greece's favour, with the Troika officials instead wanted a bolder plan to reduce the number of civil servants, which is a highly sensitive subject in Greece. Troika's approval for any amendments to the budget plan is required for the country to receive its next tranche of funds. The Germany's constitutional court is due to vote regarding the ratification of ESM and fiscal compact, which may prove to be a difficult decision.
- ▶ The global economic uncertainties stemming from the unresolved euro-debt crisis, the impending US fiscal cliff and fears of China and India economies crashing down into a hard landing will likely clear out as time progresses. Although there are still major hurdles, expectations are high that the Troika, namely the European Union, the European Central Bank (ECB) and the International Monetary Fund (IMF) will act to address the euro-debt crisis, while US Congress will likely compromise on solutions to resolve the looming fiscal cliff.
- ▶ Domestically, the Malaysian Budget 2013 which will be announced on the 28th September will likely be in focus as the market speculates about potential "budget Goodies" we can expect given this will be a pre-election Budget. We continue to expect this coming budget to be people friendly with more focus on alleviating cost of living for the masses, and perhaps targeted policies to address issues of affordability of houses and education.
- ▶ We are turning more cautious on Malaysian equities given the high potential for the Malaysian general elections to be called in the next 6 months. This event in itself is unfortunately creating a drag on the market. However we continue to accumulate fundamentally sound stocks on weakness.

NEWS HIGHLIGHTS

- ▶ 1Malaysia Development Bhd (1MDB) is buying another power asset, its second in five months after a RM8.5bn acquisition of Tanjong Plc's power business. Sources said the government-owned firm is paying between RM3bn and RM3.5bn for Genting Sanyen from the Genting Group. There are apparently plans for 1MDB to raise funds via an IPO of its power assets in the near future.
- ▶ The Employees Provident Fund's wholly-owned Kwasa Land Sdn Bhd yesterday announced that it has finalised the purchase price of RM2.28bn for the Rubber Research Institute (RRI) land from the government.
- ▶ IGB REIT IPO opened for subscription on 27th August 2012 to strong demand, and subsequently closed its books earlier than previously scheduled.

FUND COMMENTARY

AUGUST 2012



Equity Market Review & Outlook

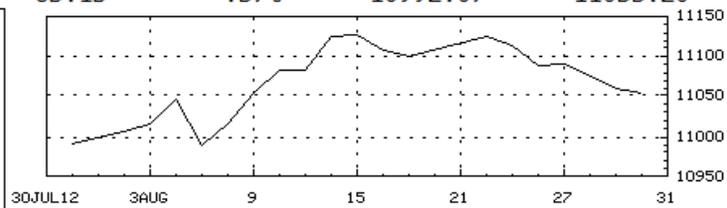
INDEX PERFORMANCE & MOVERS

RPT

Historical Equity Index Movers PAGE 1/ 4

FBM100 Change Pct Chg Start Price End Price
 FTSE BURSA MAL TOP 100 +63.13 +.57% 10992.07 11055.20

Index Member Information
 Additions: 0 Up: 38
 Deletions: 0 Down: 59
 Current: 100 Unch: 3
 Sort: Index Points
 Order: Descending
 8/1/2012 - 8/30/2012



LEADING MOVERS

Security	End Price	Change	Index Pts
MAY MK	9.15	+.39	+37.753
DIGI MK	4.81	+.37	+36.453
MAXIS MK	7.04	+.63	+23.949
T MK	6.08	+.43	+19.492
AXIATA MK	5.99	+.13	+13.912
PTG MK	19.38	+.88	+11.768
UMWH MK	10.20	+.73	+10.751
ROTH MK	63.78	+4.04	+9.745
GENM MK	3.53	+.16	+7.937
PETD MK	22.40	+1.40	+7.050

LAGGING MOVERS

Security	End Price	Change	Index Pts
GENT MK	9.02	-.45	-21.065
IOI MK	5.14	-.20	-16.254
PEP MK	13.90	-1.30	-13.019
AIRA MK	3.45	-.29	-10.133
PCHEM MK	6.48	-.11	-5.947
CIMB MK	7.79	-.06	-5.651
JCYH MK	1.09	-.46	-4.768
KLK MK	23.24	-.52	-4.695
YTL MK	1.81	-.05	-4.687
MMHE MK	4.78	-.53	-4.298

+ Added during range, - Removed during range, * Added/Removed multiple times
 Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2012 Bloomberg Finance L.P.
 SN 147088 HKT GMT+8:00 H234-4974-0 12-Sep-2012 16:21:39

Indices	Last Price		MoM Changes	
	31-Jul-12	30-Aug-12	+/-	%
FBM KLCI	1631.6	1646.11	14.51	0.89%
FBNMMES	4420.26	4591.63	171.37	3.88%
FBM 100	11175.2	11229.5	54.3	0.49%
FBM70	12343.5	12252.5	-91	-0.74%
FBMSCAP	12346.76	12189.21	-157.55	-1.28%
FBMEMAS	11175.23	11229.54	54.31	0.49%
FBMFLG	9375.52	9388.25	12.73	0.14%
FBMSHA	11278.6	11377.7	99.1	0.88%
FBMHJRAH	12109.92	12310.64	200.72	1.66%
MSCI AxJ	421.33	417.96	-3.37	-0.80%