

## Equity Market Review & Outlook

### REVIEW

- ▶ The month of February saw global equity markets rally, on the back of some signs of improvement in Europe, and better economic data coming out of the US. The second bailout package for Greece was in the lime light for most of the month. There were a lot of negotiations with the Greek government over the implementation of the fiscal reforms as demanded by the Troika, and then the subsequent private sector involvement and the final haircut for bond holders. On the 29<sup>th</sup> Feb 2012, the ECB published the take-up of the second 3Y LTRO of €529.5bn, which came in larger than the first 3Y LTRO offered on December 22 2011 (€489bn).
- ▶ Domestically, Malaysia played a bit of catch up to its regional and global peers in February, after some consolidation in January. The major results season announced in February came in relatively inline, with few surprises. Second and third liners stocks were actively traded.
- ▶ The KLCI ended the month gaining 48.4 points or 3.18% to close at 1,569.7 points. The broader market under performed the KLCI, with the FBM Emas Index gaining 2.6% in February. The FBM Small Cap Index under performed the KLCI, gaining 0.96% for the month. Average value traded on Bursa in February jumped 23% mom to RM2.3bn per day (RM1.87bn previous month).
- ▶ The sector indices on the local bourse closed generally higher for February, with the best performing sectors being Finance (+4.28%) and Consumer (+3.29%). The worst performing sectors were Technology (-4.9%) and Plantation (-0.89%).

### OUTLOOK

- ▶ We expect volatility to persist in 1H2012, given the external issues that continue to persist, and markets will have to stomach additional potential uncertainties on the political front as quite a few countries will be having their elections in the 1H. Nevertheless, the optimism investors seem to have since the start of the year appears to have some legs for now, given that liquidity is still abundant, and investors remain fairly cashed up.
- ▶ Domestically, consumer spending should remain fairly resilient for now, although government hand outs from the 2012 Budget will be quickly used up. Without any major swings in commodity prices we expect corporate earnings to hold up well. Catalysts for the next few months include the potential for the General Election to be called (expected to be in 1H12). 2012 will likely 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 corporate earnings growth may be near a bottom, we remain cautious on Malaysian equities going into 2012 given the outstanding global uncertainties, and the high potential for the Malaysian general elections to be called in the next 6 months.
- ▶ Current global issues are going to take awhile to resolve and will likely be further complicated given the number of elections scheduled in 2012 globally. However these events create opportunities for out performance over the longer term, and as such would accumulate fundamentally sound stocks on weakness.

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### NEWS HIGHLIGHTS

- ▶ The Securities Commission (SC) will revamp its top post with retiring Treasury chief Tan Sri Dr Wan Abdul Aziz Wan Abdullah taking over as non-executive chairman from current executive chairman Tan Sri Zarinah Anwar when she steps down at the end of March.
- ▶ Malaysian banks with stakes in Indonesian financial institutions no longer need to sell down their holdings as Indonesia is reportedly not going ahead with a plan to limit ownership.
- ▶ There could be a delay in the listing of Felda Global Ventures (FGVH) as the government looks into the settlers' opposition to the deal.

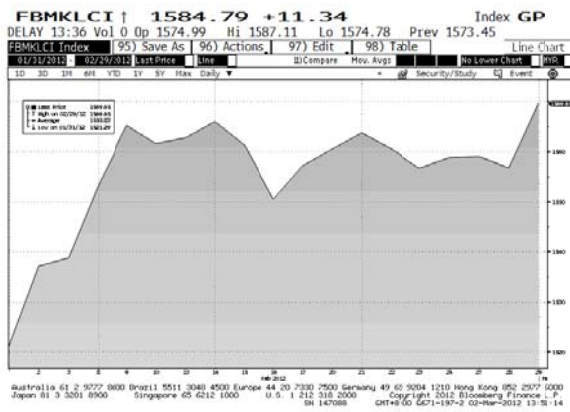
# FUND COMMENTARY

FEBRUARY 2012



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### INDEX PERFORMANCE & MOVERS



Indices	Last Price		MoM Changes	
	31-Jan-12	29-Feb-12	+/-	%
FBMKLCI	1521.3	1569.7	48.4	3.18%
FBMMES	4496.6	4711.0	214.4	4.77%
FBM100	10367.5	10647.4	279.8	2.70%
FBM70	12159.9	12271.1	111.2	0.91%
FBMSCAP	12644.3	12766.2	121.9	0.96%
FBMEMAS	10587.2	10862.8	275.5	2.60%
FBMFLG	9221.5	9509.3	287.8	3.12%
FBMSHA	10498.9	10814.0	315.1	3.00%
FBMHJRAH	11085.8	11459.1	373.3	3.37%
MSCI APxJ	432.8	453.8	21.1	4.87%

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FBM KLCI Index		MTD	FBM KLCI Index		MTD
LEADING MOVERS		29-Feb-12	LAGGING MOVERS		29-Feb-12
Name		% chg	Name		% chg
1 AXIATA GROUP BERHAD		10.71%	1 GENTING BHD		-4.68%
2 MALAYAN BANKING BHD		6.71%	2 KUALA LUMPUR KEPONG BHD		-6.23%
3 SIME DARBY BERHAD		6.02%	3 GENTING MALAYSIA BHD		-3.22%
4 CIMB GROUP HOLDINGS BHD		3.62%	4 MMC CORP BHD		-2.14%
5 YTL CORPORATION BERHAD		16.67%	5 MALAYSIA MARINE AND HEAVY EN		-0.56%
6 TENAGA NASIONAL BHD		4.67%	6 UEM LAND HOLDINGS BHD		-0.43%
7 TELEKOM MALAYSIA BHD		8.13%	7 IOI CORPORATION BHD		0.00%
8 PETRONAS GAS BHD		7.14%	8 YTL POWER INTERNATIONAL BHD		0.54%
9 AMMB HOLDINGS BHD		4.79%	9 PETRONAS DAGANGAN BHD		0.89%
10 HONG LEONG BANK BERHAD		6.51%	10 HONG LEONG FINANCIAL GROUP		1.52%

FBM100		MTD	FBM100		MTD
LEADING MOVERS		29-Feb-12	LAGGING MOVERS		29-Feb-12
Name		% chg	Name		% chg
1 AXIATA GROUP BERHAD		10.71%	1 GENTING BHD		-4.68%
2 MALAYAN BANKING BHD		6.71%	2 KUALA LUMPUR KEPONG BHD		-6.23%
3 SIME DARBY BERHAD		6.02%	3 GENTING MALAYSIA BHD		-3.22%
4 CIMB GROUP HOLDINGS BHD		3.62%	4 DRB-HICOM BHD		-10.60%
5 YTL CORPORATION BERHAD		16.67%	5 MALAYSIAN AIRLINE SYSTEM BHD		-14.88%
6 TENAGA NASIONAL BHD		4.67%	6 MALAYSIAN RESOURCES CORP BHD		-7.37%
7 TELEKOM MALAYSIA BHD		8.13%	7 MALAYSIAN BULK CARRIERS BHD		-23.91%
8 PETRONAS GAS BHD		7.14%	8 KNM GROUP BHD		-14.73%
9 AMMB HOLDINGS BHD		4.79%	9 GAMUDA BHD		-1.35%
10 HONG LEONG BANK BERHAD		6.51%	10 AFFIN HOLDINGS BERHAD		-3.75%

FBM Shariah Emas		MTD	FBM Shariah Emas		MTD
LEADING MOVERS		29-Feb-12	LAGGING MOVERS		29-Feb-12
Name		% chg	Name		% chg
1 AXIATA GROUP BERHAD		10.71%	1 KUALA LUMPUR KEPONG BHD		-8.87%
2 SIME DARBY BERHAD		6.02%	2 MALAYSIAN RESOURCES CORP BHD		-7.37%
3 YTL CORPORATION BERHAD		16.67%	3 MALAYSIAN BULK CARRIERS BHD		-23.91%
4 TENAGA NASIONAL BHD		4.67%	4 UNISEM (M) BERHAD		-16.67%
5 TELEKOM MALAYSIA BHD		8.13%	5 KNM GROUP BHD		-14.73%
6 PETRONAS GAS BHD		7.14%	6 GAMUDA BHD		-1.35%
7 MAXIS BHD		3.68%	7 LATEXX PARTNERS BERHAD		-21.21%
8 HARTALEGA HOLDINGS BHD		15.65%	8 TOP GLOVE CORP BHD		-3.75%
9 DIGI.COM BHD		1.52%	9 MMC CORP BHD		-2.14%
10 AIRASIA BHD		3.10%	10 PUNCAK NIAGA HOLDINGS BHD		-14.84%

FBM Small Cap		MTD	FBM Small Cap		MTD
LEADING MOVERS		29-Feb-12	LAGGING MOVERS		29-Feb-12
Name		% chg	Name		% chg
1 MBM RESOURCES BERHAD		22.02%	1 UNISEM (M) BERHAD		-16.67%
2 PERISAI PETROLEUM TEKNOLOGI		15.43%	2 LATEXX PARTNERS BERHAD		-21.21%
3 MUHIBBAH ENGINEERING (M) BHD		13.71%	3 PUNCAK NIAGA HOLDINGS BHD		-14.84%
4 HOCK SENG LEE BERHAD		15.17%	4 MASTERSKILL EDUCATION GROUP		-12.93%
5 HIBISCUS PETROLEUM BHD		19.33%	5 PELIKAN INTERNATIONAL CORP		-14.05%
6 CAHYA MATA SARAWAK BHD		16.35%	6 LION CORP BHD		-16.76%
7 MEDA INC BHD		18.31%	7 BENALEC HOLDINGS BHD		-4.48%
8 MULPHA INTERNATIONAL BHD		6.10%	8 KUMPULAN EUROPLUS BHD		-8.21%
9 NAIM HOLDINGS BERHAD		18.18%	9 KURNIA ASIA BHD		-5.79%
10 COMPUGATES HOLDINGS BHD		23.53%	10 EVERGREEN FIBREBOARD BHD		-3.81%

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