

Lipper FundMarket Insight Reports



**Malaysia Fund Market Summary
Month End Analysis
September 30**

2005



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FUNDS INVESTING ABROAD LEAD RETURNS IN SEPTEMBER

- Malaysian unit trusts recovered 0.44% in September on the back of a 1.53% rise in the KL Composite Index and firmer regional markets.
- Most fund sectors registered positive returns, with the exception of Equity Small Companies (-0.54%) and Equity State Fund (-0.04%).
- Sectors investing abroad provided the best returns, with Equity Global and Equity Asia ex-Japan up 3.74% and 1.97%, respectively, while Equity Index Tracking funds led gains on the domestic front (+1.49%).
- Fixed income funds remained steady, with Bond General and Bond Islamic returning 0.51% and 0.37%, respectively.

Market Performance

The Malaysian bourse trended upward in cautious trading in September. Many investors chose to stay on the sidelines amid jitters worldwide over volatile oil prices and concerns of slower economic growth. The KL Composite Index ended the month with a 1.53% gain at 927.54 points, up 2.22% on a year-to-date basis. Second-board stocks, however, continued to underperform, with the KLSE Second Board Index slipping a further 1.01% during the month. The KL Technology Index slumped 4.28%. The two indices are down a substantial 21.10% and 34.62%, respectively, for the year.

Table 1 Performance of Malaysian Versus International Markets in September 2005

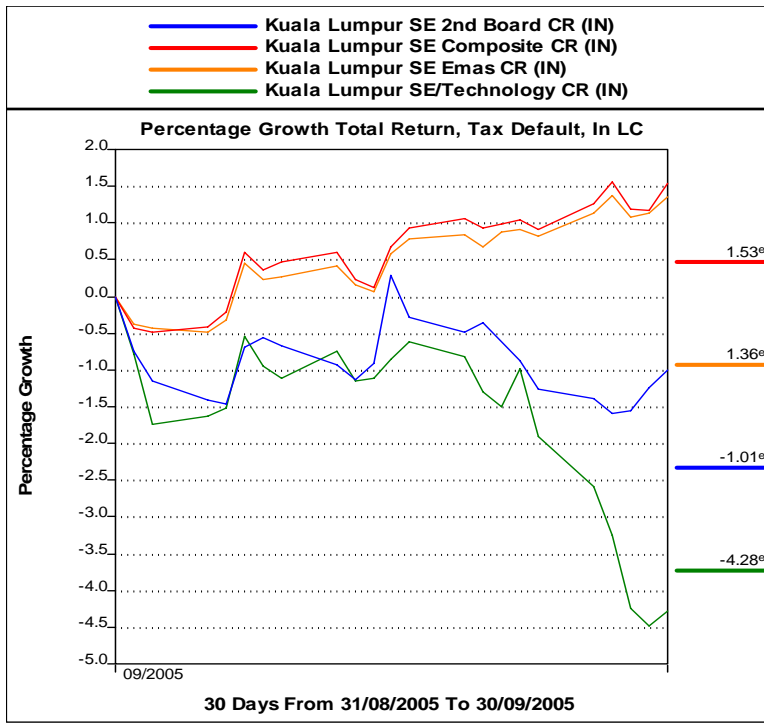
Name	Price Mid LC 30/09/2005	% Growth TR LC	% Growth TR LC
		1M 31/08/2005 To 30/09/2005	9M 31/12/2004 To 30/09/2005
Korean SE KOSPI Composite CR	1,221.01	12.71	36.29
Bombay SE Sensex (BSE 30) CR	8,634.48	10.62	30.77
Nikkei 225 CR	13,574.30	9.35	18.15
CAC 40 CR	4,600.02	4.56	20.38
DAX 30 TR	5,044.12	4.44	18.52
ASX All Ordinaries CR	4,592.60	4.06	13.31
Thailand SET	723.23	3.64	8.25
Hang Seng CR	15,428.50	3.52	8.42
FTSE 100 CR	5,477.71	3.41	13.78
Jakarta SE Composite CR	1,079.28	2.78	7.90
Kuala Lumpur SE Composite CR	927.54	1.53	2.22
Taiwan Weighted Price CR	6,118.61	1.41	-0.34
Singapore Straits Time CR	2,305.14	1.31	11.57
Dow Jones Industrial Average CR	10,568.70	0.83	-1.99
Philippine PSE Composite CR	1,942.07	0.27	6.54
Shanghai CR	1,155.61	-0.62	-8.76

Source: Lipper

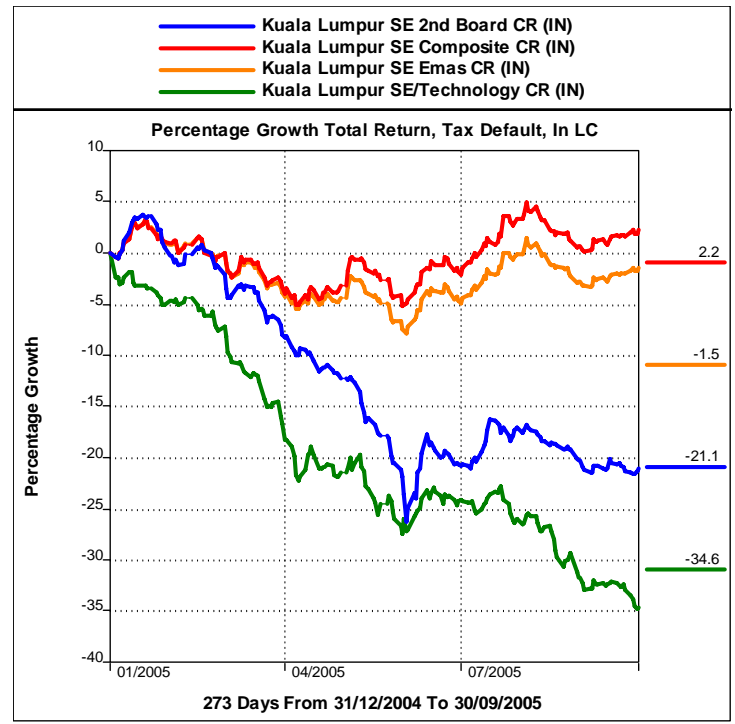
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Figure 1 Performance of Key Malaysian Indices (% Growth in M'sian Ringgit)

(a) For the month of September 2005



(b) For the year of 2005



On the currency front the ringgit again held steady against the U.S. dollar throughout September to close the month at RM3.7690/US\$, up marginally 0.08% against the greenback. The ringgit also remained firm against regional currencies. It, however, gained 2.09%, 2.07%, and 1.75%, respectively, against the euro, Japanese yen, and pound sterling. The latter currencies fell against the U.S. dollar during the month amid hawkish comments from the U.S. Federal Reserve that it will continue raising interest rates.

Table 2 Movement of the Malaysian Ringgit Against Key Trading Partners, September 2005

% growth 1M to 30/09/2005

Euro	2.09%
Chinese Yuan	-0.02%
Indonesian Rupiah	-0.02%
Japanese Yen	2.07%
Pound Sterling	1.75%
Singapore Dollar	0.35%
Thai Baht	-0.50%
U.S. Dollar	0.08%

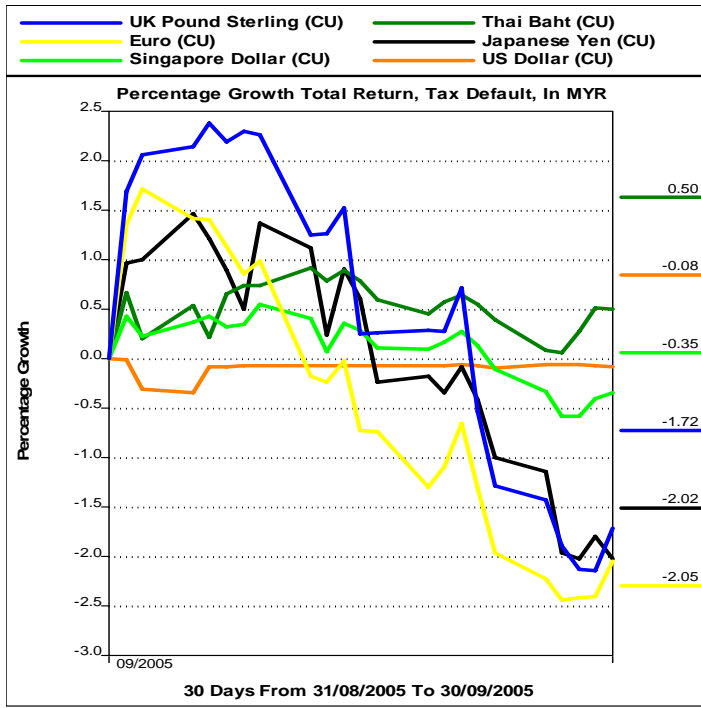
Source: Lipper

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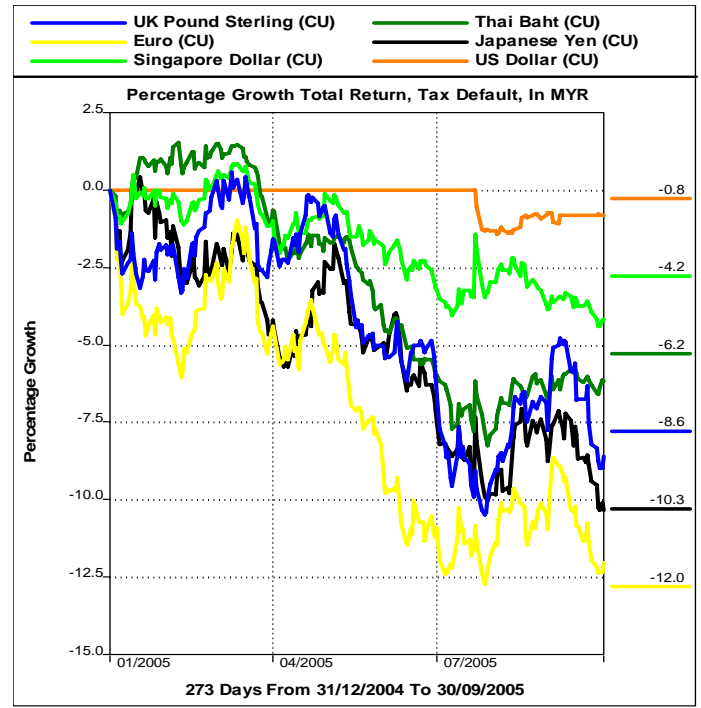
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Figure 2 Performance of Selected Currencies Against the Malaysian Ringgit

(a) For the month of September 2005



(b) For the year of 2005



NB: An increase in the index represents an appreciation of the currency against the ringgit.

Fund Performance

Lipper Malaysia Sector Review ¹

Malaysian unit trusts managed to recover 0.44% in September, after the previous month's 1.37% decline. Most Lipper Malaysian fund sectors registered positive returns, with the exception of Equity State Fund and Equity Small Companies, which slipped 0.04% and 0.54%, respectively.

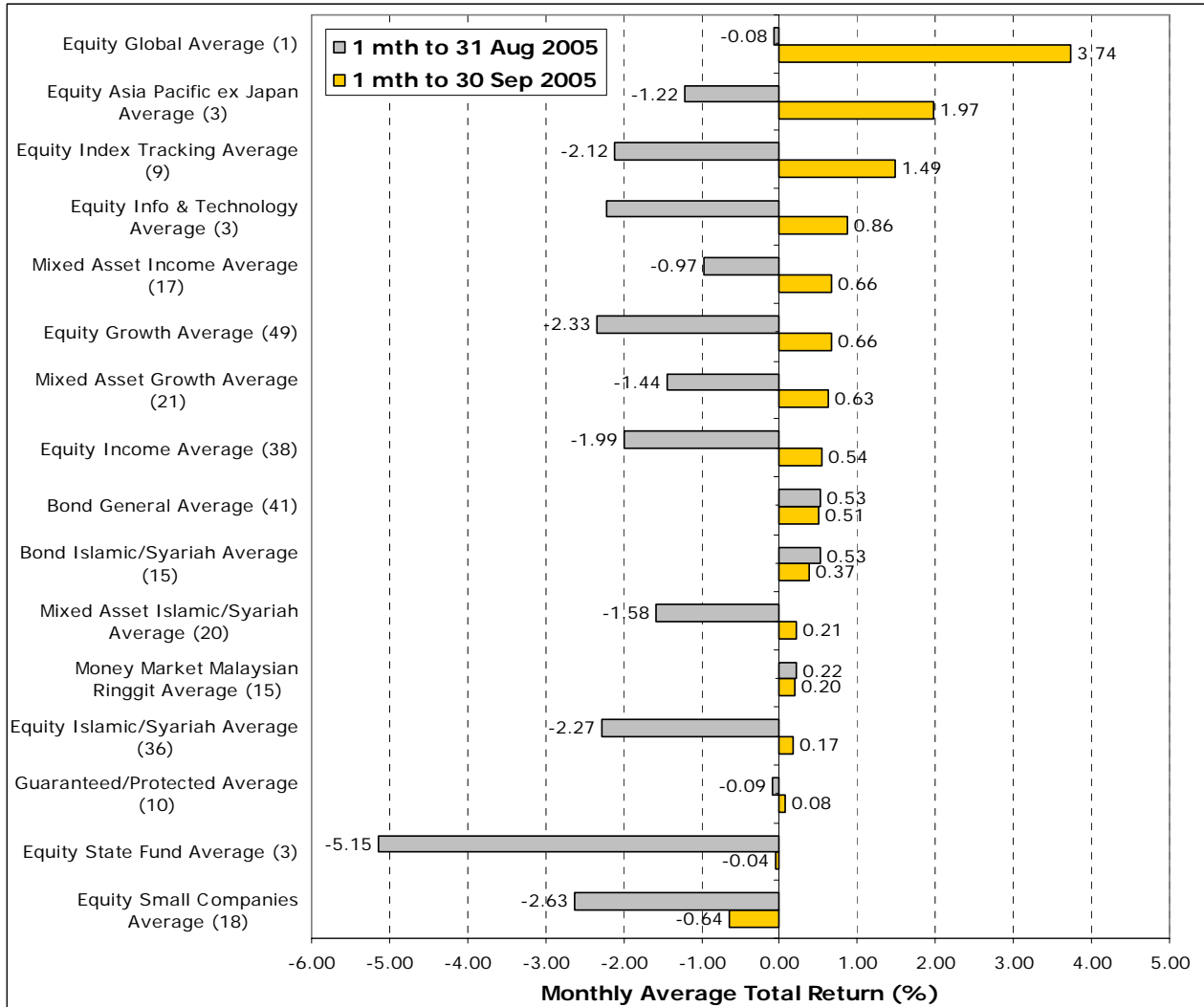
The best performing sector for the month was Equity Global, which rose 3.74%, while funds investing in the Asia-Pacific (ex-Japan) markets also did well, gaining 1.97% on average. Equity Index Tracking funds led returns among the domestic equity unit trusts, appreciating 0.86% in value—albeit underperforming the KL Composite Index return of 1.53%.

¹ Malaysian funds are categorized according to the commonly used local Lipper Malaysia Classification as well as according to an international Lipper Global Classification (LGC). The LGC provides a detailed and consistent basis for comparison of investment funds at the global level and will be of particular interest to Malaysian investors with the liberalization of the unit trust industry. The LGC will be introduced progressively in Lipper reports in the Malaysian market. Further information on the LGC and a list and mapping of the individual funds to the local classification are provided in Appendices A, B, and C.

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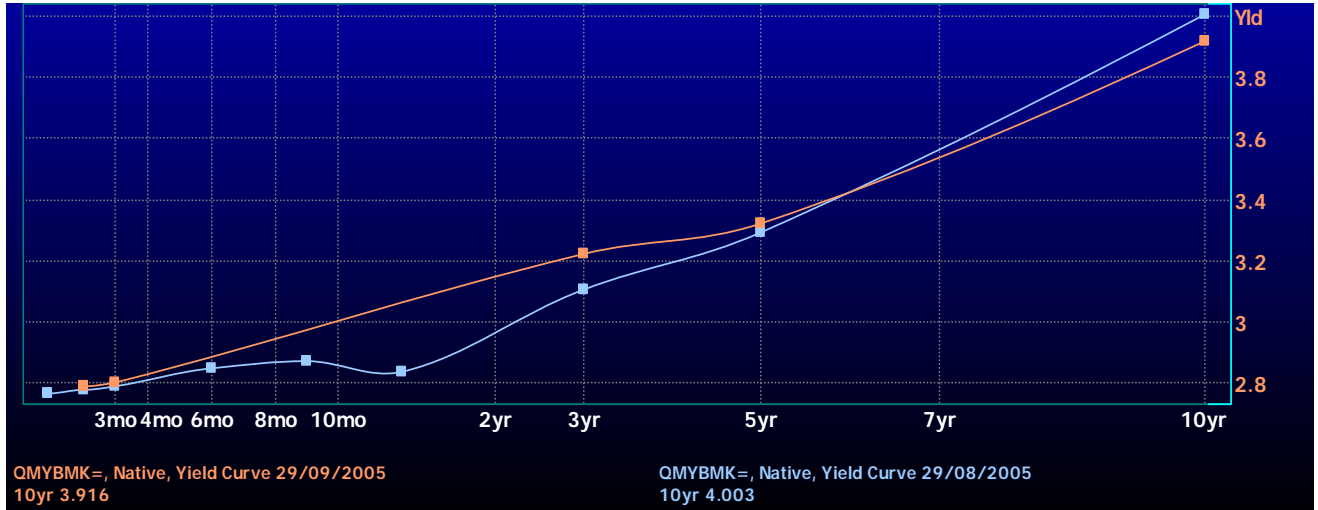
Figure 3 Performance of Lipper Malaysia Fund Sectors for September 2005 and August 2005



Note: Sectoral returns for Equity Growth and Equity Asia Pacific ex-Japan for the month of August have been adjusted following a fund reclassification.

Unlike regional markets where rising interest rates resulted in eroding fixed income valuations during the month, Malaysian bonds continued to provide stable returns in September. Short-term benchmark issues traded with an upward bias, but at the long end of the curve the ten-year benchmark yield slipped a further 12.2 basis points to 3.916%. Bond General and Bond Islamic appreciated 0.51% and 0.37%, respectively, while Money Market funds yielded 0.20%.

Figure 4 Shift in Malaysian Benchmark Curves



Source: Reuters

Top and Bottom Funds

Eight of the ten top-performing unit trusts for September were equity funds. Heading the list with a robust 4.76% gain was the recently launched **Prudential Asia Pacific Equity Fund**, which invests in bourses in the Asia Pacific (ex-Japan) region. Another fund investing overseas, the **CIMB-Principal Global Titans Fund**, also did well and finished in fourth place with a 3.74% return.

The **OSK-UOB TMT Focus Fund**, which invests in the telecommunication and technology sector, returned 4.11% and was the second best performing fund of the month despite a 4.28% decline in the KL Technology Index. A Mixed-Asset Income fund from OSK-UOB Unit Trust Management—the **OSK-UOB Growth & Income Focus Trust Fund**—finished third, up 4.08%.

Several small-cap unit trusts such as the **Public Small Cap Fund** and **Prudential Small Cap Fund**, gaining 2.69% and 2.39% in value, respectively, were also among the better performers for the month. Most of the other funds in the same sector, however, performed poorly, with several ending up in the bottom-ten list. These included the **SBB Emerging Companies Growth Fund**, which finished last overall with a 3.09% loss, as well as the **SBB Dana Al-Azam Fund** and **TA Small Cap Fund**, which fell 2.46% and 2.37%, respectively.

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Table 3 Ten Top- and Bottom-Performing Malaysian Funds for September 2005 ¹

Name	Lipper Malaysia	% Growth TR MYR 1M 29/07/2005 To 31/08/2005 Rank by Table		Std Dev TR MYR 1Y 31/08/2004 To 31/08/2005
		Univ Value	Rnk	
Prudential Asia Pacific Equity	Equity Asia Pacific ex Japan	4.76	1	
OSK-UOB TMT Focus	Equity Info & Technology	4.11	2	3.70
OSK-UOB Growth & Income Focus Trust	Mixed Asset Income	4.08	3	
CIMB-Principal Global Titans	Equity Global	3.74	4	
Public SmallCap	Equity Small Companies	2.69	5	5.42
Avenue TacticalEXTRA	Equity Growth	2.51	6	
AUTB Bond	Bond General	2.50	7	5.57
OSK-UOB Smart Treasure	Equity Growth	2.46	8	4.33
Prudential Small Cap	Equity Small Companies	2.39	9	0.59
SBB Double Growth	Equity Growth	2.26	10	6.64
ASM KMBY Kesepuluh	Equity Income	-1.40	286	-2.39
KSC Value	Equity Growth	-1.54	287	6.06
SBB Enterprise	Equity Small Companies	-1.73	288	-9.27
PJB Amanah Saham Angkasa	Equity Islamic/Syariah	-2.04	289	-11.11
Mayban SmallCap Trust	Equity Small Companies	-2.07	290	-17.91
Phillip Master Equity Growth	Equity Growth	-2.13	291	0.04
TA Small Cap	Equity Small Companies	-2.37	292	-7.62
SBB Dana Al-Azam	Equity Small Companies	-2.46	293	-17.21
Phillip Master First Ethical	Equity Growth	-2.46	294	-0.36
SBB Emerging Companies Growth	Equity Small Companies	-3.09	295	-11.49

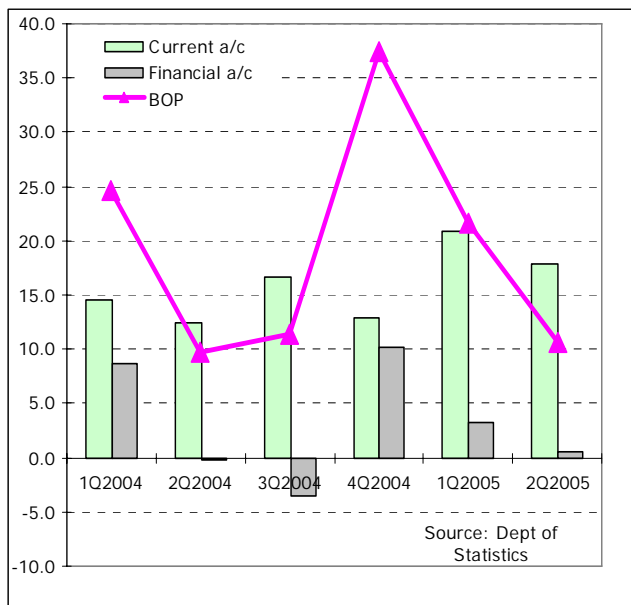
A similar divergence was noted in the Equity Growth sector, where returns among the funds were also highly polarized. Performers from the sector included the **Avenue TacticalEXTRA Fund** and **OSK-UOB Smart Treasure Fund**, which rose 2.51% and 2.46% respectively. Laggards for the month were the **Phillip Master First Ethical Fund** which lost 2.46% and ended in the penultimate position of the fund scoreboard, and the **Phillip Master Equity Growth Fund**, which fell 2.13%.

Outlook

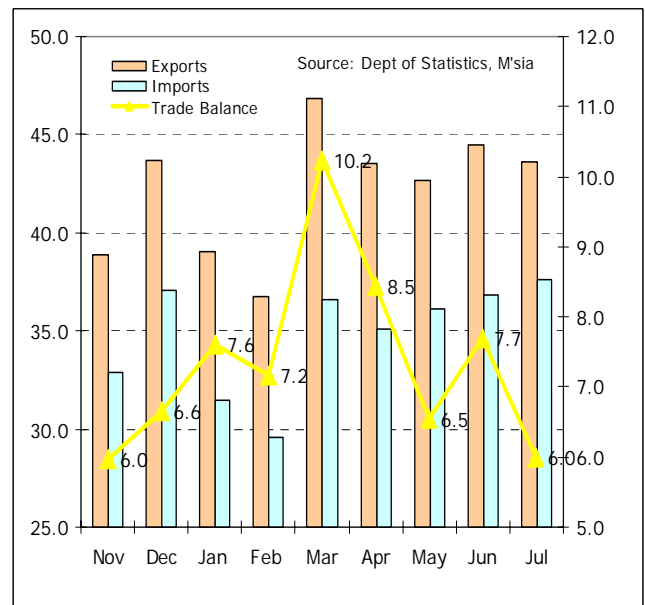
Macroeconomic numbers released during the month indicated that Malaysia posted a lower surplus of RM10.6 billion in its overall balance of payments for the second quarter, down 50.9% from the previous quarter. This was due mainly to a lower surplus of RM17.9 billion in the current account from a higher growth in imports. The financial account also recorded a markedly lower net inflow of RM0.5 billion from a net inflow of RM3.3 billion previously.

Figure 5 Malaysia Macroeconomic Statistics

a) Balance of Payments 1Q2004-2Q2005



b) Trade Performance November 2004–July 2005



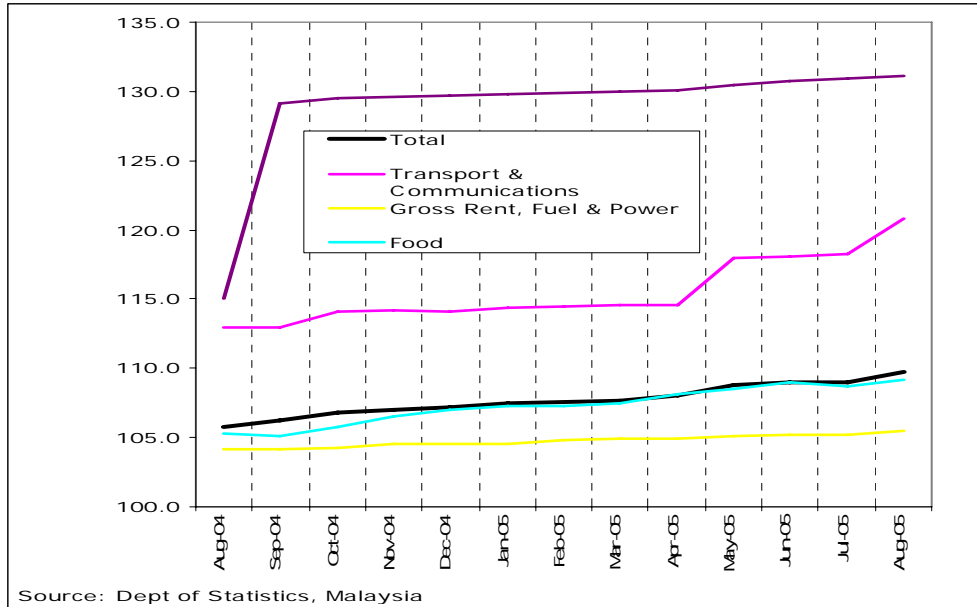
This trend was also reflected in trade numbers for July, where the surplus decreased 19% to RM6.0 billion compared to the same period a year ago. The decline was due to a higher increase in imports—up 7.5% to RM 37.6 billion—against total exports of RM43.6 billion—up 2.9%. Electrical & electronic products (50.5% of total exports) expanded 2.6% to RM22.0 billion, and the sector retained its position as the largest revenue earner. Imports of intermediate and capital goods (86.2% of total imports) grew 8.8% to RM32.4 billion.

After July's reprieve, Malaysia's CPI for August registered a 3.7% year-on-year increase from 105.8 to 109.7 points—its largest rise in six years. Compared with the previous month, the CPI for August appreciated 0.6%, with increases seen in the indices of seven main groups, including higher alcohol and tobacco (+0.2%) and transport prices (+2.1%), as well as higher food prices (+0.4%).

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Figure 6 Malaysia Consumer Price Indices, August 2004–August 2005



On the unit trust front a key market development for the month was the announcement of a tie-up between SBB Mutual Bhd and U.S.-based investment firm Franklin Templeton Investments to launch three global unit trust funds with a total expected size of about RM500 million. This marked the latest unit trust firm that has taken advantage of Bank Negara’s relaxation of capital controls to allow funds to be invested overseas. Local fund managers can invest as much as 30% of their assets overseas, up from 10%, after Bank Negara eased overseas investment limits from April 1 onward.

Table 4 Recent Malaysian Fund IPOs Investing Overseas

Fund	Foreign Exposure / Market	Portfolio Manager	IPO Date	Fund Size @30 Sep 2005 (RM mil)
Pacific Focus18	Up to 30% / Asia-Pacific (ex-Japan)	Pacific Mutual Fund Bhd	16-Jun	97.38
MAAKL Pacific	Up to 100% / Asia Pacific (ex-Japan)	Meridian Asset Mgt Sdn Bhd	23-Jun	39.50
RHB Dividend Valued Equity	Up to 70% / Asia Pacific (ex-Japan)	UOB-OSK Asset Mgt Sdn Bhd	13-Jul	41.63
CIMB-Principal Global Titans	Up to 100% / Global	CIMB-Principal Asset Mgt Bhd	18-Jul	181.57
Prudential Asia Pacific Equity	Up to 100% / Asia Pacific (ex-Japan)	Prudential Asset Mgt (HK) Ltd	21-Jul	488.95

Source: Lipper

The Malaysian bourse may continue to range-trade in the absence of fresh leads, while taking its cue from regional and overseas markets. From a technical perspective the KLCI may find support at the 900-point level. The benchmark KL Composite Index is currently trading at a FY2005 PE ratio of about 15.33X and yielding 3.78%.

Table 5 Market PERs and Dividend Yields of Selected Asian Bourses as of September 30, 2005

	30-Sep-05	PE FY1	PE FY2	DIVY FY1	DIVY FY2
Korean SE KOSPI Composite Index	1,221.01	8.74	7.92	2.47	2.88
Thailand SET Index	723.23	9.10	8.58	5.95	6.29
Jakarta SE Composite Index	1,079.28	10.18	8.69	3.82	4.48
Philippine SE Composite Index	1,942.07	11.74	10.33	2.70	3.14
Taiwan Weighted Price Index	6,118.61	11.93	11.11	4.44	4.36
Hang Seng Index	15,428.50	14.00	13.69	3.58	3.83
Straits Times Index	2,305.14	14.21	13.84	3.28	3.42
Kuala Lumpur SE Composite Index *	927.54	15.33	13.87	3.78	4.02
Bombay SE SENSEX Index	8,634.48	16.05	13.93	1.67	2.02
Nikkei 225 Index	13,574.30	20.78	19.45	0.97	1.01

Source: Reuters

NB: JKSE, KOSPI and TWII based on earnings estimates @31 Aug 2005

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Appendix A Introduction to the Lipper Global Classification

1. Overview

The purpose of the Lipper Global Classification (LGC) is to create homogeneous groups of funds that have comparable investment objectives. Funds within one LGC sector invest in the same financial market(s) or specific segments of those markets but may adopt different investment strategies or styles to achieve their investment objectives. The exceptions to this general rule are LGC sectors containing the word “Other.”

LGC sectors are accessible in a variety of methods (*Hindsight*, Lipper Web feeds, press listings, etc.). By using these classifications users have the ability to identify and analyze funds in a multitude of ways.

Lipper operates these classifications on an ongoing-development basis. When new fund products or structures enter a fund market, Lipper introduces new classifications where necessary.

Lipper also supports other classification schemes; these are supplied dependent on the fund universe analyzed. These may be constructed externally by regulators/trade bodies or designed by Lipper. Details of these are available upon request.

2. Monitoring

Lipper analysts use a variety of processes to monitor fund classifications. Lipper analyzes both the outliers and the “outlying”-performing funds in each sector, that is, those funds that regularly return the top and bottom positions in their respective categories. (Further details of these processes are available upon request.) In addition, Lipper operates a classification committee, which regularly discusses any classification issues that may arise.

3. Structure

For each fund in the Lipper global database the following classification information is provided:

- Asset Type
- Geographical Focus
- Lipper Global Classification

These three fields are intended to build a unit of coherent and homogenous information within each fund item.

As a general rule a fund must hold a prevalent exposure (with a threshold set at 75%) of its portfolio to meet a LGC requirement. Since it may be possible to have temporary changes in strategic asset allocation with divergences from the threshold as defined above and the historical pattern, Lipper looks at historical data to detect any trend in portfolio allocation to meet the specific classification requirement.

Appendix B Mapping of Lipper Malaysia and Lipper Global Classifications @ September 2005

Lipper Malaysia	Lipper Global Classification		No. of Funds
	Classification	Attribute	
Bond General	Bond MYR		41
Bond Islamic/Syariah	Bond MYR	<i>Islamic</i>	15
Equity Asia-Pacific Ex-Japan	Equity Asia-Pacific Ex-Japan		3
Equity Global	Equity Global		1
Equity Growth	Equity Sector Basic Industries		1
	Equity Sector Cyc Cons Goods		1
	Equity Sector Cyclical Service		1
	Equity Sector Banks & Financial		1
	Equity Malaysia		45
Equity Income	Equity Malaysia		38
Equity Index Tracking	Equity Malaysia		9
Equity Info & Technology	Equity Sector Information Tech		3
Equity Islamic/Syariah	Equity Malaysia	<i>Islamic</i>	36
Equity Small Companies	Equity Malaysia Sm & Mid Cap	<i>Islamic</i>	2
			16
Equity State Fund	Equity Malaysia		3
Guaranteed/Protected	Guaranteed		9
	Protected	<i>Islamic</i>	1
Mixed Asset Growth	Mixed Asset MYR Balanced		19
	Mixed Asset Other Flexible		2
Mixed Asset Income	Mixed Asset MYR Balanced		14
	Mixed Asset Other Flexible		1
	Mixed Asset Other Conservative		2
Mixed Asset Islamic/Syariah	Mixed Asset MYR Balanced	<i>Islamic</i>	20
Money Market Malaysian Ringgit	Money Market MYR		13
	Money Market MYR	<i>Islamic</i>	2
TOTAL			299

Source: Lipper

Appendix C Mapping of Top-and Bottom-Performing Funds and Lipper Leader Scores

Name	Lipper Malaysia	Lipper Global	Islamic	Lipper Leaders		
				3 years		
				Consistent Return	Total Return	Preservation
Prudential Asia Pacific Equity	Equity Asia Pacific ex Japan	Equity Asia Pacific Ex Japan	No			
OSK-UOB TMT Focus	Equity Info & Technology	Equity Sector Information Tech	No			5
OSK-UOB Growth & Income Focus Trust	Mixed Asset Income	Mixed Asset MYR Balanced	No			
CIMB-Principal Global Titans	Equity Global	Equity Global	No			
Public SmallCap	Equity Small Companies	Equity Malaysia Sm&Mid Cap	No	Leader	Leader	Leader
Avenue TacticalEXTRA	Equity Growth	Equity Malaysia	No			
AUTB Bond	Bond General	Bond MYR	No	5	5	5
OSK-UOB Smart Treasure	Equity Growth	Equity Malaysia	No			
Prudential Small Cap	Equity Small Companies	Equity Malaysia Sm&Mid Cap	No	Leader	Leader	4
SBB Double Growth	Equity Growth	Equity Malaysia	No	3	3	3
ASM KMBY Keseputuh	Equity Income	Equity Malaysia	No	3	4	5
KSC Value	Equity Growth	Equity Malaysia	No			
SBB Enterprise	Equity Small Companies	Equity Malaysia Sm&Mid Cap	No			
PJB Amanah Saham Angkasa	Equity Islamic/Syariah	Equity Malaysia	Yes	5	5	5
Mayban SmallCap Trust	Equity Small Companies	Equity Malaysia Sm&Mid Cap	No			
Phillip Master Equity Growth	Equity Growth	Equity Malaysia	No			
TA Small Cap	Equity Small Companies	Equity Malaysia Sm&Mid Cap	No			
SBB Dana Al-Azam	Equity Small Companies	Equity Malaysia Sm&Mid Cap	Yes			
Phillip Master First Ethical	Equity Growth	Equity Malaysia	No			
SBB Emerging Companies Growth	Equity Small Companies	Equity Malaysia Sm&Mid Cap	No	5	5	5

Source: Lipper



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