Executive Summary

Economic Update:

Many economies in Asia are looking at tightening their monetary policies. As such we think that one should reduce one's exposures to these areas. On the other hand, conditions are favorable for the United States and allocation to this country should increase.

Asset Class Update: Gold price hanging onto support; Greece fate awaits.

Equities – Global equities had picked up well since the mid-January correction. India equities outperformed, gaining 7.5% on a MoM basis.

Commodities – Gold price is in the focus, forming a bearish head and shoulders pattern and may head down in the short term.

Fixed income – Greece's debt woes linger; High yield bonds may be a winner in anticipation of interest hike.

Focus of the Month: Recovery in South Korea; Buoyant equities

Inherent Export Competitiveness – Against its regional export competitors like Japan and Taiwan, the industrial production in South Korea had shown a shallower dip, an earlier turnaround.

Growing Export Demand and Stable Won – At the moment China remains its key export partner and the Korean Won has been trading in a stable range since the credit crisis.

Accommodative Monetary Policy – A new governor will be appointed for the new term and an imminent rate hike is unlikely. Job creation remains the top priority for the Korean administration.

Analyst
Hillary Ho
+6565311517
hillaryho@phillip.com.sg

ECONOMIC UPDATE

Executive Summary

Many economies in Asia are looking at tightening their monetary policies. As such we think that one should reduce one's exposures to these areas. On the other hand, conditions are favorable for the United States and allocation to this country should increase.

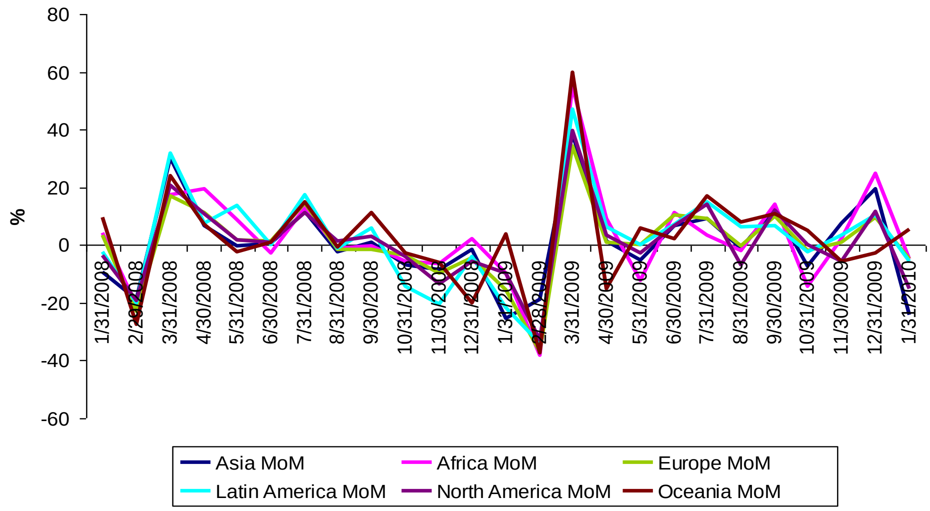
China – Reduce but not exit

Last month in our monthly economic report, we highlighted that policy headwinds are developing in the Chinese economy and that caution is warranted in the near term. The Chinese market has proved to be resilient and this is evident in the Shanghai Composite Index which edged up approximately 0.5 percent month to date (till 19th March 2010). Nonetheless, the increment has paled in comparison relative to the 2 percent gain in February.

We continue to believe in the long term growth story of this economy. Fundamentally, the economy remains sound although we do note that some key indicators have turned south on a month on month basis. The Purchasing Manager Index for instance continued to point towards expansion in February. However, it has declined sharply from the previous month from 55.8 percent to 52 percent. This also marked the second consecutive month of decline since the index started moving higher in December 2008. Similarly, exports rose from the same period a year ago in February. It grew by 45.7 percent y-o-y. However, on a monthly basis, exports declined by 13 percent from the previous month. Demand for China exports fell across the region with Oceania the only exception. Demand from this area rose by 5 percent from the previous month. On the other hand, demand from Asia fell by the largest amount. It dropped as much as 24 percent. This is shown the figure below.

We continue to believe in the long term growth story of this economy. Fundamentally, the economy remains sound although we do note that some key indicators have turned south on a month on month basis.

Figure 1: Exports from China

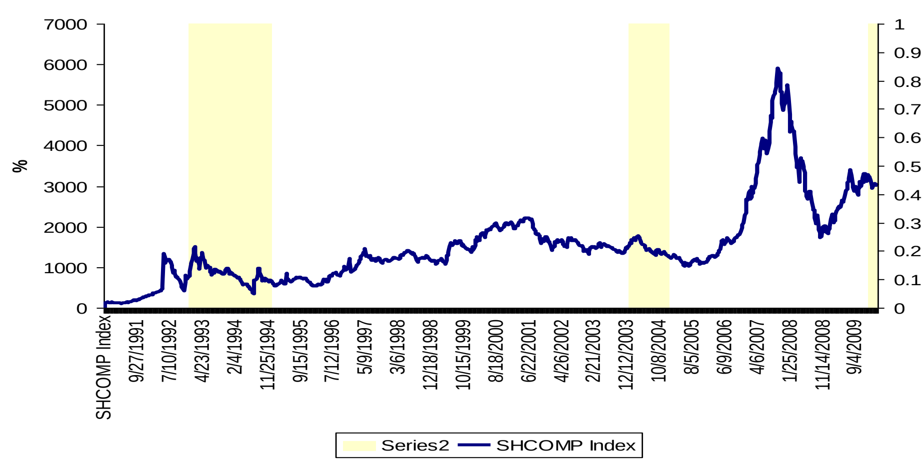


Source: Bloomberg, as of Jan 2010

While we remain upbeat on the long term prospect of the Chinese economy, we remain cautious in the near term. As mentioned in our previous report, we are of the view that more tightening policies are likely to develop in the months to come. There is further pressure to tighten as inflation gradually creeps higher. Tightening of policy while beneficial to the domestic economy in the long run; is detrimental to the equity markets in the short run. Historically, equities have reacted negatively when tightening measures were imposed. As shown in the diagram below, the Shanghai Composite index edged down when tightening policies were imposed in 1993 and 2004. Equities dipped by approximately 16 percent in these two periods.

While we remain upbeat on the long term prospect of the Chinese economy, we remain cautious in the near term. As mentioned in our previous report, we are of the view that more tightening policies are likely to develop in the months to come.

Figure 2: Shanghai Composite Index



Source: Bloomberg. As of 19th March 2010.

Historically, equities have reacted negative when tightening measures were imposed

We maintain our view that the long term growth story of the Chinese economy is still intact although we do think that there might be some short term pressure on the equity market. As such, we do not suggest that investors exit totally from this country but rather reduce their exposure.

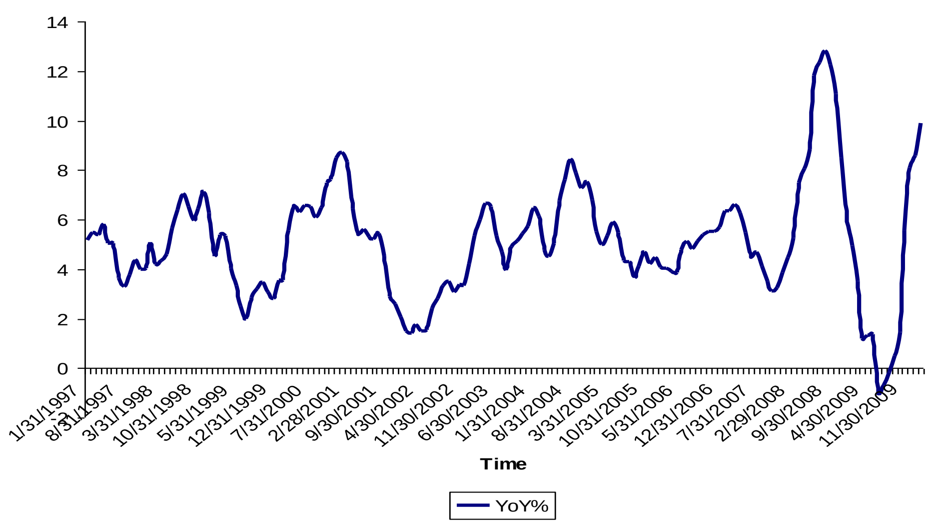
We do not suggest that investors exit totally from this country but rather reduce their exposure.

India – A similar scenario

Improvement in the global economy has led to an increase in demand for raw materials and in turn this has led commodity prices higher. With India importing more than it exports, it's natural that prices are rising in India. Inflation in India as measured by the wholesale-price index has accelerated to a 16 month high of 9.89 percent in February. It is gradually inching towards the peak registered in Aug 2008 where the index rose by 12.82 percent y-o-y.

Inflation is soaring in India. wholesale-price index has accelerated to a 16 month high of 9.89 percent in February.

Figure 3: Whole Sale Prices YoY



Source: Bloomberg. As of Feb 2010

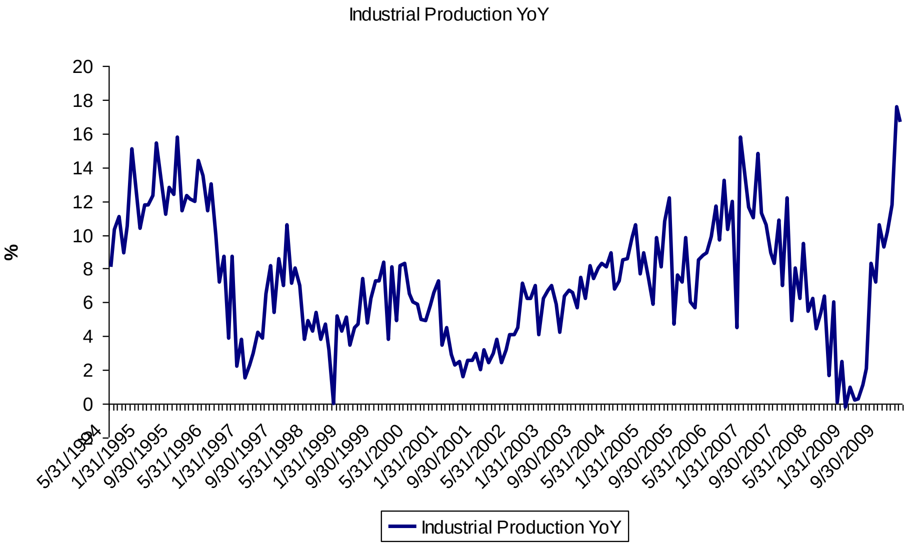
In a bid to combat soaring inflation, India has also begun to tighten its policy. On 19th March 2010, India's central bank announced a 25 basis point increase in its key policy rates. This raised the benchmark reverse repurchase rate to 3.5 percent from 3.25 percent and the repurchase rate to 5 percent from 4.75 percent. The latest move was a continuation of the government's effort to withdraw from the loose monetary policies implemented in face of the crisis. Indeed, in January this year, India raised the proportion of deposits that banks must hold in reserve.

In a bid to combat soaring inflation, India has also begun to tighten its policy.

It is no wonder that moderating inflation has become a key concern for the Indian government. This is so as fundamentally, the India economy has stabilized and is making good progression since the crisis. Industrial production for instance rose as much as 16.7 percent y-o-y in January, slightly lower than the 17.6 percent increase in December.

Fundamentally, the India economy has stabilized and is making good progression since the crisis.

Figure 4: Industrial Production YoY



Source: Bloomberg, as of Jan 2010

We believe that similar to the Chinese economy, further tightening will come in the months to come. Likewise, these tightening measures will create some short term pressure on the equity market. As such, we too are of the view that investors should reduce their exposure to this area.

While it's no doubt that the central bank will move to raise rate, the timing of the hike however came as a surprise. This is so as the central bank had indicated that it was unlikely to take any action in between quarterly policies.

We believe that similar to the Chinese economy, further tightening will come in the months to come. Likewise, these tightening measures will create some short term pressure on the equity market. As such, we too are of the view that investors should reduce their exposure to this area.

United States – A revisit

Economic data in the States has been somewhat cloudy recently. Sales in the housing market for instant have been disappointing. The National Association of Realtors reported that sales of previously occupied homes fell 0.6 percent last month to an annual rate of 5.02 million. A day later, new home sales were reported to have fallen by 2.2 percent to a seasonally adjusted annual sales pace of 308,000 in February as bad weather helped kept buyers out of the market. The drop in new home sales brought fresh reminder of the troubles in the housing market.

Economic data in the States has been somewhat cloudy recently.

Meanwhile, indicators that have shown clear improvement include the non-manufacturing Institute for Supply Management index, which hit 53.5 in Feb. This is the best reading since October 2007. This suggests that the service sector is beginning to catch up with the manufacturing sector. The number of people filing for unemployment claim for the first time has also improved. Weekly jobless claims declined one percent from the previous week in the week ending 12 March.

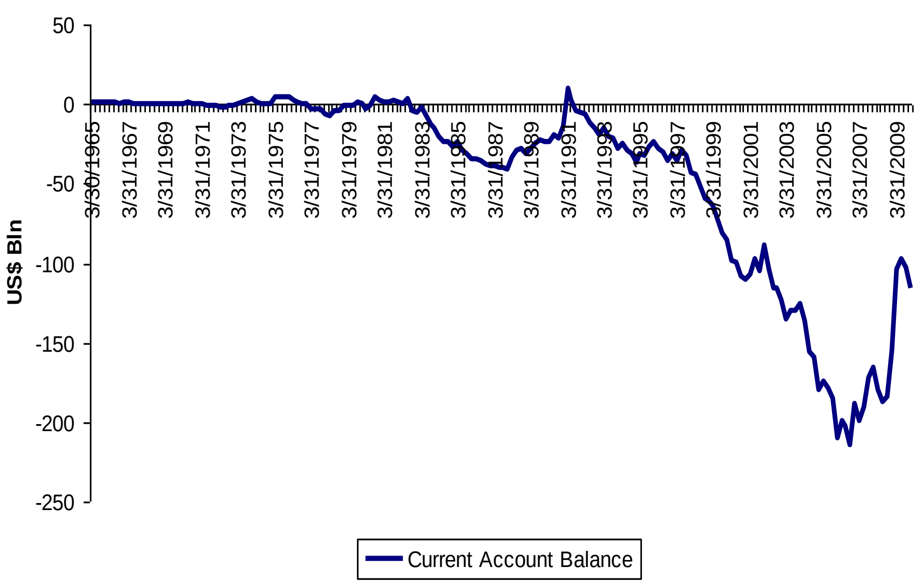
Although data has been somewhat cloudy of late, we think that there might be some surprise to the upside for the United States. Firstly, unlike the countries in the East, inflation is not an issue at the moment. This thus allows the government to keep interest rates low for an extended period of time, which will in turn create an attractive environment for businesses. Indeed, in a latest statement by Federal Reserve Chairman Ben Bernanke, he "cited still-fragile economic conditions, and noted that inflation is low, which gives the Fed leeway to keep rates at rock-bottom levels."

Secondly, current account deficit is narrowing. As shown in figure 1, deficit has narrowed by as much as 30 percent from the peak registered in August 2006. With consumption fairly stable as well, these factors will contribute positively to economic performance.

Although data has been somewhat cloudy of late, we think that there might be some surprise to the upside for the States.

Firstly, unlike the countries in the East, inflation is not an issue at the moment. Secondly, current account deficit is narrowing.

Figure 5: US Current Account Balance



Source: Bloomberg. As of Dec 2010

Analysts surveyed by Bloomberg are of the view that the United States economic growth for 2010 will surprise to the upside.

Table 1: Economic Growth Consensus

Real GDP	2007	2008	2009	2010	2011
United States	2.1	0.4	-2.4	3.0	3.0
Euro	2.7	0.6	-4.1	1.1	1.5
Japan	2.4	-1.2	-5.2	1.9	1.9
China	13.0	9.6	8.7	9.3	8.9
Indonesia	6.3	6.1	4.6	5.6	6.1
South Korea	5.1	2.2	0.2	5.0	4.5
Thailand	4.9	2.5	-2.3	4.0	4.3

Source: Bloomberg. As of 23rd March 2010

Analysts surveyed by Bloomberg are of the view that the United States economic growth for 2010 will surprise to the upside.

Thirdly, strengthening of the dollar could cause a reverse in the dollar carry trade. Those who have borrowed would have to unwind their positions as the dollar appreciates. This will subsequently lead to a turn around in the flow of funds and hence be positive for US equities. We think that the rally in the dollar could sustain for a while as total debt is declining and eventual rise in interest rates will be supportive.

Thirdly, strengthening of the dollar could cause a reverse in the dollar carry trade. This will subsequently lead to a turn around in the flow of funds and hence be positive for US equities.

Given the above factors, we are of the view that investors should increase exposure to this area.

Conclusion

Base on the fact that many economies in Asia are looking at tightening their monetary policies, we think that one should reduce their exposures to these areas. On the other hand, conditions are favorable for the United States and thus allocation to this country should increase.

Analyst
Liang Shibin
+6565311516
liangsb@phillip.com.sg

GOLD PRICE HANGING ONTO SUPPORT; GREECE FATE AWAITS.

Executive Summary

Equities – Global equities had picked up well since the mid-January correction. India equities outperformed, gaining 7.5% on a MoM basis.

Commodities – Gold price is in the focus, forming a bearish head and shoulders pattern and may head down in the short term.

Fixed income – Greece's debt woes linger; High yield bonds may be a winner in anticipation of interest hike.

Equities – A Good Month

Major global indices were up for most part of the month. In particular, the Indian equities were up 7.50%, outperforming the group. The U.S. S&P 500 was up 6.51%, on the back of bargain hunting following previous month correction. However, the Hang Seng Index and Shanghai Composite Index were trading at 10% off their 52-week high, while equities in other regions were less than 5% away from their 52-week peaks. On a 3-month and 6-month basis, the Indonesia equities were up more than 10% and is near its 2008 high at the 2830 level. During the month, the Reserve Bank of India (RBI) hiked the repo and reverse repo rate by 25 basis points to 5% and 3.5% respectively, causing global equities to give up part of the earlier gains. As Asian central banks start to take steps to tighten monetary policies, equities look set to undergo a series of choppy session in the near term. Signs of corporate earnings recovery will be the main driving factor for the equities to make a series of higher highs moving forward.

Major global equities had recovered most of the losses from the earlier correction.

Table 1: Selected Equity Stock Market Index Returns

Country	Index	Mar. 23	1-mth % gain/loss	3-mth % gain/loss	6-mth % gain/loss	52 week High	52 week Low
India	BSE Sensex 30	17508.22	7.50 ▲	1.61 ▲	4.72 ▲	17790.33	9040.30
United States	S&P 500 Index	1165.81	6.51 ▲	4.04 ▲	9.89 ▲	1169.84	772.31
Britian	FTSE 100	5644.54	6.20 ▲	5.07 ▲	9.83 ▲	5691.22	3762.91
Indonesia	Jakarta Composite	2742.30	6.14 ▲	10.81 ▲	11.61 ▲	2779.36	1361.15
World Equities	MSCI World	1193.45	5.75 ▲	2.33 ▲	4.88 ▲	1210.31	787.78
Singapore	Straits Times Index	2903.96	4.36 ▲	2.20 ▲	8.12 ▲	2947.08	1608.72
Korea	KOSPI Index	1681.75	3.24 ▲	1.23 ▲	-1.74 ▼	1723.22	1179.13
China	Shanghai SE Composite	3070.41	2.94 ▲	-0.11 ▼	8.01 ▲	3478.01	2274.90
Hong Kong	Hang Seng Index	21128.91	2.45 ▲	-0.94 ▼	-2.16 ▼	23099.57	13001.55

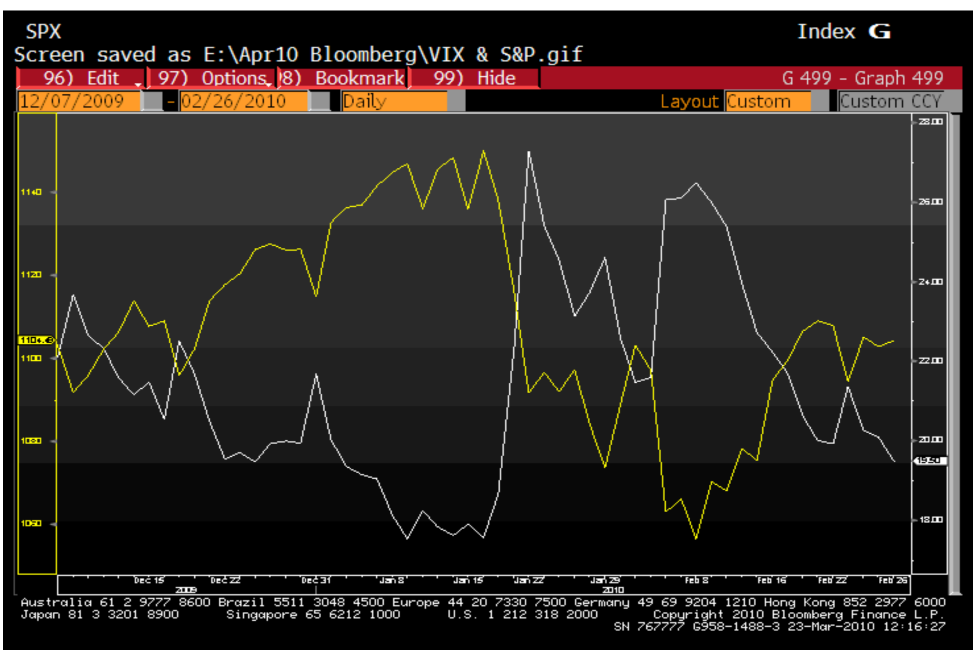
Source: Bloomberg, as of 23 March 2010

Market players often monitor the VIX Index, which provides an indication on the U.S. equities' near-term direction. From Chart 1 below, the VIX index went up to the 27.0 level region before coming down to the 20.0 level region in recent weeks. Within the same time frame, the U.S. S&P 500 corrected more than 8% before recovering the losses since mid-February. On the basis that this negative correlation between the two indices remains intact and given that the VIX is heading down back below the 18.0 region, the underlying price momentum in U.S. equities remains positive at the moment.

On the other hand, from a technical perspective, there appears to be a growing divergence between the underlying trend and price momentum in U.S. equities and Hong Kong equities performance. The U.S. equities are still trading well within the upward channel as shown in Chart 2 (on the next page) whereas the Hong Kong equities had retreated various times away from the resistance trend line established between May'09 and July'09. This points to a slightly bearish outlook for the Hong Kong equities at the moment while the U.S. S&P 500 looks to be in a more bullish tone, supported above the trend line established between Apr'09 and July'09.

VIX Index is heading back to the 18.0 region and may spur U.S. equities in the short term.

Chart 1: Negative Correlation between VIX and S&P 500



Source: Bloomberg, as of 23 March 2010

Chart 2: Price Performance of U.S. S&P 500 as of 25th Mar 10

Source: Bloomberg, as of 25 March 2010

U.S. Equities are trading within an upward channel at the moment.

Chart 3: Price Performance of Hang Seng Index as of 25th Mar 10

Source: Bloomberg, as of 25 March 2010

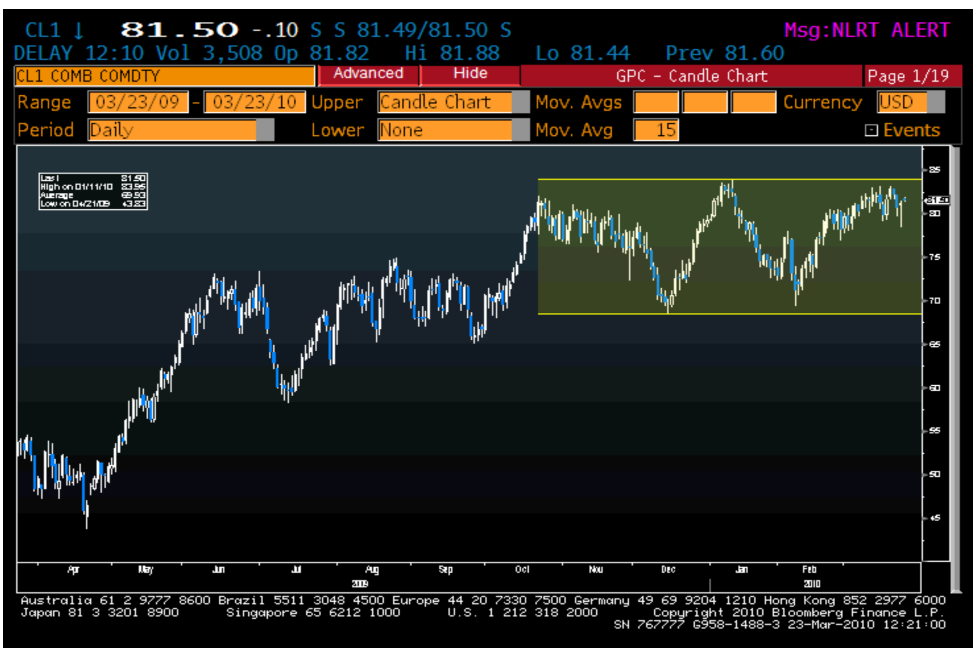
Hong Kong equities had dropped out of the upward channel and price actions are pointing to the downside.

Commodities – Gold price at its last line of defense

During the month of February, we mentioned that the commodities' price direction will be largely dictated by the U.S. dollar movement, on the back of the negative correlation between the two. At the same time, the annual food price index in India jumped to 17.97% as compared to 9.82% the previous year, leading us to believe that aggressive domestic tightening measures will follow up. At the same time, it was pointed out that gold price hit a record high in Euro dollar term.

On the crude oil front, the most recent OPEC oil ministers' meeting had left its members' production quotas yet unchanged since December 2008. During then, it announced the last of a series of cuts aimed at bringing their output down by 4.2 million barrels per day. The cuts helped engineered a rebound in crude prices, which had collapsed to the low $30s from a mid-2008 high of almost $150 per barrel. At the moment, crude oil prices are consolidating in a range between $69 to $84 (USD/bbl.). With supply kept constant and no major economic news on the horizon, we maintain our neutral stance.

Chart 4: Price Chart for WTI Crude Oil (One Year)



Source: Bloomberg, as of 23 March 2010

Crude Oil prices has been trading in a neutral range since Oct'09.

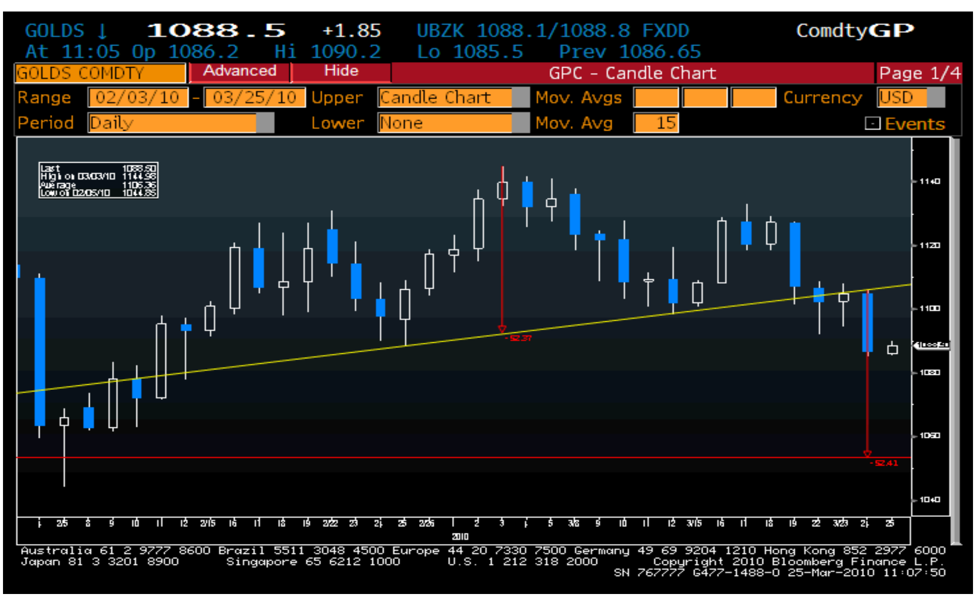
The focus right now is on the price movement of Gold. Chart 5 on the next page shows a Head and Shoulder formation on Gold's daily chart. A Head and Shoulders reversal pattern forms after an uptrend, and its completion marks a trend reversal. The pattern contains three successive peaks with the middle peak (head) being the highest and the two outside peaks (shoulders) being low and roughly equal (as shown on Chart 6). The reaction lows of each peak can be connected to form support, or a neckline as shown by the yellow line. Short term downside target is at 1050 region, which coincided with the low on 25 Feb 10.

Chart 5: Price Performance of Gold as of 25 Mar 2010

Source: Bloomberg, as of 25 March 2010

Gold Price is testing the lower trend line of the highlighted channel.

Chart 6: Head & Shoulder formation on Gold



Source: Bloomberg, as of 25 March 2010

Head & Shoulders formation on Gold price may bring price to the $1050 (USD/oz.) region.

Fixed Income – Interest Rate play with High Yield

The market is still waiting on a rescue solution on the Greece's debt problem. The European Union Summit, which will be taking place on 25 & 26 March should help to clear the clouds on possible bailout plans. With a total of EUR 54 billion of debt due this year and EUR 20 billion of that due in April and May, Greece may be running short of time with a potential default looming. Moving forward, the overall sovereign debt world will be widely discussed around the following three factors: 1) Debt held by foreigners, 2) No aid from friends and 3) Denominated in foreign currency.

On the other side of the world, it is interesting to note that recent data showed that the foreign purchases of U.S. Treasuries had dropped from US$69.9 billion in Dec'09 to US$61.4 billion in Jan'10. Importantly, China has been a net seller of Treasuries for three straight months. Surprisingly the biggest buyer is England with about US$200 billion (for the seven months to January, annualized). (London is a financial center representing buying for others). One source is likely to be those putting on the carry trade of borrowing from the Fed at 0.1% and investing in longer-term Treasuries at, say, 2%. This could be banks, hedge funds, or hot money. The risk is low as long as the short-term rate is kept low for an extended period, so leveraging the carry trade several times over can make this a very profitable investment on the small rate differential. According to recent reports, the Treasury purchases made by the major banks increased since 2008 to more than US$1.4 trillion as of end of January 2010.

Lastly, high-yield bonds funds may be the potential outperformer when interest rate hikes do occurs. At this moment, the spread of high yields over Treasuries, which climbed as high as 21.82 percentage points during the worst of the financial crisis, have tightened to around seven points as investors have rediscovered their risk tolerance. Given that this recovery still puts spreads above the 4.5-percentage-point long-term average, prices for high-yield bonds still have room to rise. There has been historical studies indicating that high-yield bonds tend to perform well during tightening cycles. While Treasury yields increased from 2.3% in June 2003 to 3.9% in June 2004, high-yield bonds gained 14.2% (See Table 2 below for details). Also, the default rates on speculative-grade credits are expected to be lower for the year itself given that global recovery is likely to boost companies' profitability.

Table 2: High Yield & Investment Grade in rising rate environment

12-months ending:	10-yr Treasury yield move	High-yield bonds total return	Investment-grade bonds total return
Sep-87	+220bp	5.97%	0.20%
Feb-89	+117bp	7.32%	4.72%
Dec-94	+204bp	-1.57%	-3.34%
Dec-99	+179bp	3.38%	-1.89%
May-04	+130bp	13.32%	-0.47%
Jun-06	+120bp	4.64%	0.27%

Source: J.P. Morgan

High Yields tend to perform much better than the investment grades during a rising rate environment.

Analyst
Liang Shibin
+6565311516
liangsb@phillip.com.sg

RECOVERY IN SOUTH KOREA; BUOYANT EQUITIES

Executive Summary

Inherent Export Competitiveness – Against its regional export competitors like Japan and Taiwan, the industrial production in South Korea had shown a shallower dip, an earlier turnaround.

Growing Export Demand and Stable Won – At the moment China remains its key export partner and the Korean Won has been trading in a stable range since the credit crisis.

Accommodative Monetary Policy – A new governor will be appointed for the new term and an imminent rate hike is unlikely. Job creation remains the top priority for the Korean administration.

Introduction

Our focus of this month will be on South Korea equities. The export-led recovery in South Korea in 2009 reflects three key factors: (1) Korean exporters' competitiveness edge in key sectors like high-tech and autos, (2) the supportive environment due to growing demand from Mainland China and a stable domestic currency, (3) central bank had maintained an accommodative stance since beginning October 2008 and is unlikely to start tightening in the near term. At the same time, the KOSPI Index looks to be a bargain with its current Price-to-Book ratio at under 1 and trading at a fairly low PE compared to its Asia-Pacific regional peers (See Table 1 below for details).

The KOSPI Index is trading at a Price-to-Book ratio significantly lower than its Asian peers.

Table 1: Market Valuation of Asia-Pac (ex Japan) Equities

Country / Region	Index	Price to Book	Dividend Yield	Current PE	Forward PE
India	BSE Sensex	3.44	1.06	26.09	21.24
China	Shanghai Composite	3.24	1.30	31.34	17.71
Indonesia	Jakarta Composite	2.85	2.01	30.52	14.39
Vietnam	Ho Chi Minh Stock Index	2.28	1.64	12.01	12.97
Malaysia	FTSE Bursa Malaysia KLCI	2.18	2.90	18.70	15.77
Philippines	Philippine SE	2.17	3.66	14.92	13.03
Taiwan	Taiex Index	2.13	2.29	63.21	15.35
Asia	MSCI Asia-Pac ex Japan	2.01	2.05	21.32	13.90
Hong Kong	Hang Seng Index	1.92	2.56	17.10	13.91
Singapore	Straits Times Index	1.69	2.87	14.32	15.17
Thailand	Stock Exch of Thai Index	1.65	3.40	14.10	11.79
South Korea	KOSPI Index	0.71	1.36	14.87	10.70

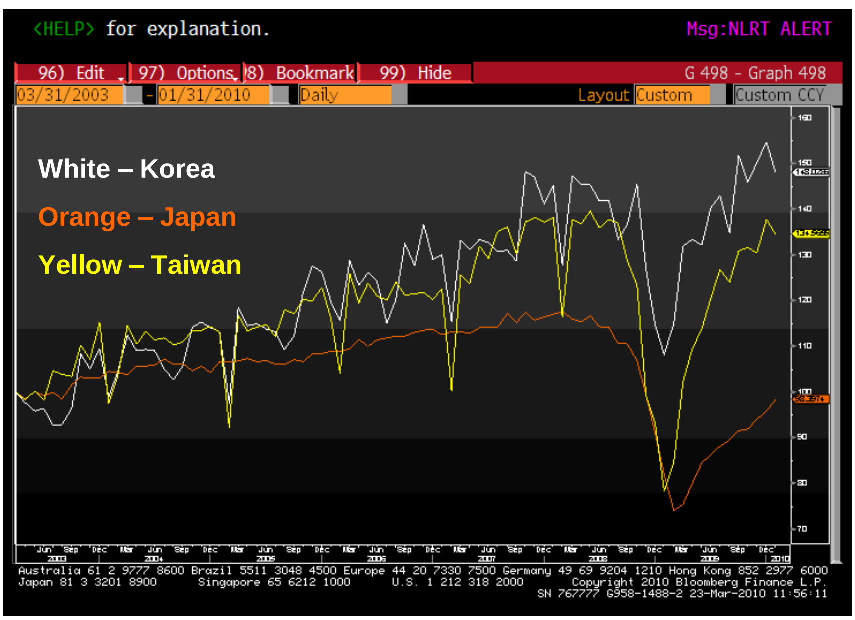
Source: Bloomberg, as of 23 March 2010

Inherent Export Competitiveness

We believe that South Korea has one of the most resilient export-driven economies in the Asian continent. Chart 1 below shows the industrial production levels for South Korea, Japan and Taiwan. As the credit crisis began in the third quarter of 2008, the sharp dip in the production levels was more pronounced for Japan and Taiwan, as compared to South Korea. Korean exporters' competitive edge in key sectors like high-tech and autos, has allowed Korea's key export players to make significant gains in the global market share and to stage an impressive recovery since the recession.

Although it remains to be seen whether this rebound in industrial production is sustainable in the long term, it is evident from the credit crisis that South Korea does have an edge over Japan and Taiwan in its exports as industrial production had returned to pre-crisis levels while levels in Japan and Taiwan are still trailing behind.

Chart 1: Industrial Production Level Comparison



Source: Bloomberg, as of 23 March 2010

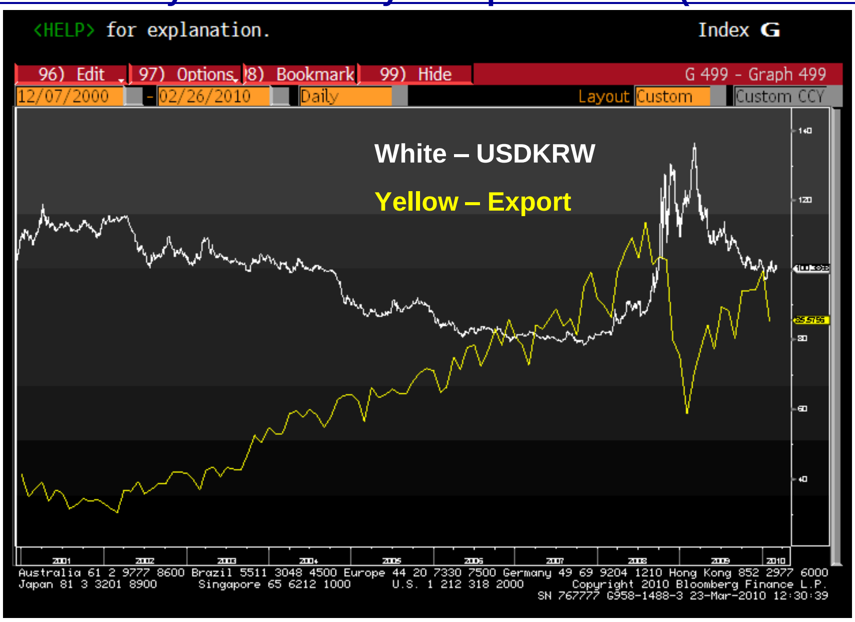
The Industrial Production in South Korea had a shallow dip and an earlier turnaround than Japan and Taiwan.

Growing Export Demand and Stable Won

Earlier on, it was reported that the FX authorities in South Korea are carrying out 'smoothing operations' in the form of FX intervention on its currency, Korean Won. As in the case of China, we saw that currency can be a powerful tool to boost export performance. From Chart 2 below, we observed that a stable Won is crucial for the long term growth in level of exports for South Korea especially during the 2000 to 2008 period. Since the beginning of mid-2009, the Korean Won has stabilized greatly ever since the crisis and is trading near the 1100 Won per U.S dollar range. Moving forward, the Korean government will be looking to create more jobs mainly through its exports sector and maintaining a stable Korean Won will be crucial in achieving the job creation goal. Figure 1 below shows that the manufacturing sector dominates more than a quarter of the Korean economic activities.

The Korean Won has been a key factor in the country's export performance.

Chart 2: Stability of Won is key to Export Growth (South Korea)



Source: Bloomberg, as of 23 March 2010

Figure 1: Manufacturing Sector Dominates the Korean Economy

Source: Bloomberg, as of 23 March 2010

The Manufacturing sector occupied more than a quarter of the economic activities in South Korea.

Accommodative Monetary Policy

The Bank of Korea (BoK) has been holding down its interest rates at 2%, as of 11 March 2010. At the same time, BoK Governor Lee Seong Tae's term will be expiring on 31 March 2010. This led to a wide consensus that the near term monetary policy will remain accommodative given that a newly appointed bank governor will be inclined to continue adopting the current dovish monetary stance for the coming quarters. Therefore, the interest rate in Asia's fourth-largest economy is likely to stay low in the near term, amidst low inflationary concerns at the same time.

On the political front, President Lee Myung Bak had indicated that unemployment is at the top of his political agenda, vowing to cut the average jobless rate to about 3 percent in 2010. Market observers had also taken the hint from the country's Finance Minister Yoon stating that "it is the government's firm belief that it is not the right time for rate hikes" as business investment is weak and prices are at manageable levels. At the same time, the government boosted this year's budget by 3 percent to 292.8 trillion won (US$ 258 billion) and will accelerate distribution of funds as it seeks to maintain the recovery.

Lastly, local elections will be held in June 2010, serving as a kind of mid-term election before the presidential and parliamentary elections in 2012. As such, there are good reasons to believe that domestic fiscal and monetary policies are unlikely to tighten and will remain supportive of growth into the next few quarters.

Recent data from South Korea paints a rosy outlook, with a rising export level as well as manufacturers' confidence at a seven-year high.

Figure 2: Economic Snapshot (South Korea)

4 Msg:NLRT ALERT

12:33 SOUTH KOREA SNAPSHOT Page 1 / 1

SECURITY	DATE	LAST	SECURITY	DATE	LAST
GDP			Confidence		
2) Real QoQ	12/31/09	.2	20) Consumer Conf	08/31/08	91.2
3) Real YoY	12/31/09	6.00	21) Business Conf	03/31/10	116.20
4) Nominal QoQ	09/30/09	3.4	External Trade		
5) Nominal YoY	09/30/09	4.5	23) Current Account	01/31/10	-447.50
6) Deflator YoY	09/30/09	3.6	24) Trade Balance	02/28/10	2075
Prices			25) Exports YoY	02/28/10	30.50
8) CPI MoM	02/28/10	.350	26) Imports YoY	02/28/10	37.50
9) CPI YoY	02/28/10	2.700	Sales		
10) PPI MoM	02/28/10	.3	28) Dept Store MoM	02/28/10	15.2
11) PPI YoY	02/28/10	2.4	29) Discount St MoM	02/28/10	30.8
12) Export Price MoM	02/28/10	1.20	Production		
13) Export Price YoY	02/28/10	-10.20	31) Ind Prod MoM	01/31/10	.00
14) Import Price MoM	02/28/10	.50	32) Ind Prod YoY	01/31/10	36.90
15) Import Price YoY	02/28/10	-4.10	33) Mfg Ind YoY	01/31/10	38.90
Labor			34) Mfg Usage YoY	01/31/10	33.47
17) Unemployment	02/28/10	4.9	35) Mfg Capacity YoY	01/31/10	4.45
18) Unemployment SA	02/28/10	4.4			

BN 5:00 South Korea Consumer Sentiment Falls for Second Month in March
BN 5:00 South Korea's March Consumer Confidence (Table)

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 2010 Bloomberg Finance L.P.
SN 767777 G477-1488-1 25-Mar-2010 12:33:38

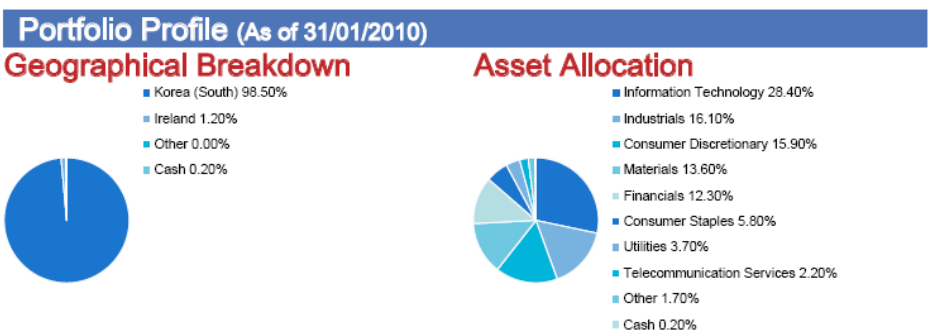
Source: Bloomberg, as of 23 March 2010

Recommended Fund

We recommend the Fidelity Korea Fund which invests substantially in the Information Technology sector of South Korea (See Figure 3 below). The fund has enjoyed more than 69 percent annual return so far and has a Sharpe ratio at 1.99. Moving forward, the fund is seeking to increase exposure in information technology companies, especially in a semiconductor manufacturer and reducing exposure to financials, such as exposure to brokerages and insurance companies.

Fund has more than 28% exposure to the Information Technology sector in South Korea.

Figure 3: Fund breakdown and data



Largest Holdings

SAMSUNG ELECTRONICS	10.10%	KOREA ELECTRIC POWER	3.70%
POSCO	6.70%	LG CHEMICAL	3.60%
HYNIX SEMICONDUCTOR	5.40%	KIA MOTORS	3.50%
HYUNDAI MOTOR	4.80%	SAMSUNG ELECTRO-MECHANICS	3.20%
SHINHAN FINANCIAL GROUP	4.30%	NHN	3.10%

Source: Fund Factsheet, as of 31 January 2009

Table 2: Fund statistics

Fund Facts	Figures
Assets under Management (AUM)	590.7 Million
1 Year Return	69.87%
Maximum Drawdown	-12.99%
Volatility	38.2%
Sharpe Ratio	1.99

The Fund generated more than 69% annual return so far and manages a fairly large AUM.

Source: Bloomberg, as of 23 March 2010

GENERAL DISCLAIMER

This publication shall not be reproduced in whole or in part, distributed or published by you for any purpose. Phillip Securities Pte Ltd shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

This publication is solely for general information and should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities, and specifically funds, mentioned herein. It does not have any regard to your specific investment objectives, financial situation and any of your particular needs. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of any person or group of persons acting on such information and advice. Unit Trusts distributed by Phillip Securities Pte Ltd are not obligations of, deposits in, or guaranteed by, Phillip Securities Pte Ltd or any of its affiliates. No action should be taken without first viewing the details in a fund's prospectus. A copy of the prospectus can be obtained from Phillip Securities Pte Ltd or online at www.eunittrust.com.sg. Past performance is not necessarily indicative of future returns. Investments in unit trusts are subject to investment risks, including the possible loss of the principal amount invested. Investors should note that the value of the units and income from the fund may rise as well as decline. Investors should also note that there are limitations whenever performance is stated or comparison is made to another unit trust or index for any specific period as no funds or indices are directly comparable.

This publication should not be relied upon as authoritative without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction nor a representation that any investment product described in this material is suitable or appropriate for the recipient. Recipients should be aware that the investment products described in this publication may involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Whilst we have taken all reasonable care to ensure that the information contained in this publication is accurate, we do not guarantee the accuracy or completeness of this publication. Any advice contained in this publication is made only on a general basis and is subject to change without notice. We have not given any consideration to and have not made any investigation of the investment objectives, financial situation or particular needs of any specific person or group of persons as we are not in possession of any such information. You may wish to seek advice from a financial adviser before making a commitment to purchase the investment products mentioned. In the event you choose not to seek advice from a financial adviser, you should consider whether the investment product is suitable for you. Any unit trusts mentioned in this publication is not intended for U.S. citizens.

DISCLOSURE OF INTEREST

Statement pursuant to section 36 of the Financial Advisers Act - Phillip Securities Pte Ltd, its directors and employees may have interest in the securities recommended herein from time to time, and its associates and connected persons may also have positions from time to time. Opinions and views expressed in this report are subject to change without notice.

PhillipCapital is a group of companies who together offer a full range of quality and innovative financial services to retail, corporate and institutional customers. Member companies in Singapore include Phillip Securities Pte Ltd, Phillip Securities Research Pte Ltd, Phillip Financial Pte Ltd, Phillip Futures Pte Ltd, Phillip Trading Pte Ltd, Phillip Capital Management (S) Ltd, CyberQuote Pte Ltd, International Factors (Singapore) Ltd and ECICS Ltd.

Information on any and all independent PhillipCapital members and the respective financial services they offer can be obtained through the following website – www.phillip.com.sg. Members can otherwise be identified by their authorised use of PhillipCapital brand name along with their own name in their documentation and literature.