

Malaysia Update

Monthly Commentary

January 2012

Market Overview

- Malaysian equities rose in December due largely to window dressing activities towards the month-end. The benchmark FTSE Bursa Malaysia KLCI gained 58.6 points or 4.0% to 1,530.7. The average daily value traded eased 8.9% month-on-month to M\$1.3 billion per day.
- The consumer price index for the year to November rose because of higher food and energy prices.
- Industrial production grew in October led by mining and manufacturing for the domestic sector. Exports were also up on non-electronics and commodities.
- In macro news, Bank Negara unveiled the Financial Sector Blueprint (FSB) which focused on nine major areas of the financial sector to drive the economy. The FSB forecasts sector growth at an annual rate of 8-11%, which may contribute 10-12% of GDP by 2020. Bank Negara Malaysia will allow greater flexibility for foreign equity participation in banks and increase the maximum permitted shareholdings by institutions and cross-shareholdings in financial institutions.

Model Portfolio News

There were no major changes to the portfolio in December.

Note:

Any changes refer to those of our model portfolio, which is the basis for actual portfolios we manage that have similar investment objectives. However, there might be minor variations, so the comments may not apply to all portfolios.

Corporate News

Some of our holdings reported healthy quarterly results. Marketing and promotional activities drove up the volume of financing transactions for **Aeon Credit Service (M)**. **United Malacca** benefited from higher selling prices and increased production; it declared an interim dividend of 10 sen per share. **SP Setia**'s income was bolstered by higher margin launches and stabilising of construction material prices; the developer declared a final dividend of 67.5 sen per share.

Separately, SP Setia's request for more time to fulfil the conditions of purchase for land in Selangor was rejected by the owner. The company is seeking legal advice and appropriate relief from the court. Elsewhere, **DiGi** and **Celcom Axiata** (a subsidiary of Axiata Group) were allotted 20MHz each of the 4G services spectrum which will be rolled out by 2013. **Carlsberg Malaysia** will brew 'Asahi Super Dry' beer locally.

We hold the companies highlighted above.

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