

**UNI ASIA EQUITY FUND**

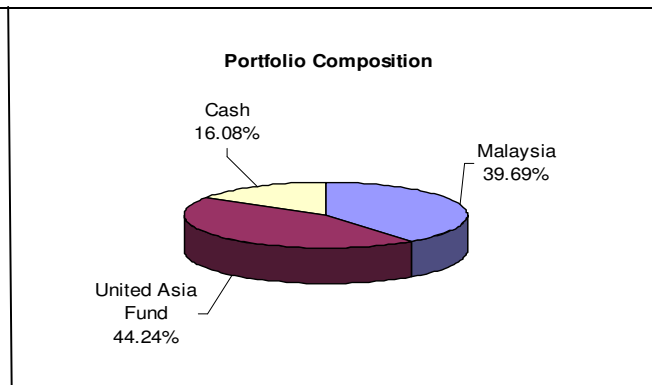
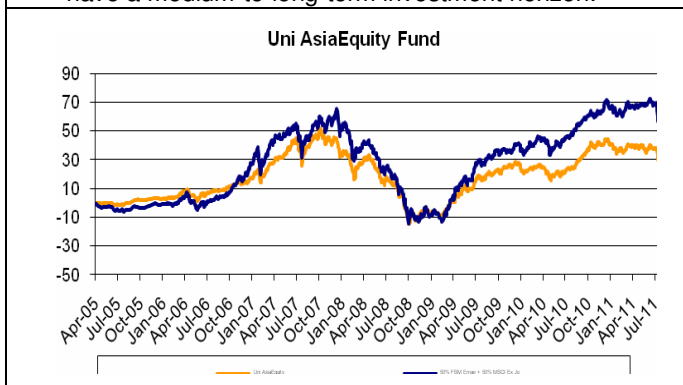
**September 2011**

**OBJECTIVE**

To achieve consistent, above average capital appreciation and reasonable income over the medium to long term by investing in a balanced portfolio of quality investments in Malaysia and Asia excluding Japan.

**THE FUND IS SUITABLE FOR INVESTORS WHO:**

- are willing to accept risks for returns presented by the stock markets of Malaysia and Asia (excluding Japan).
- have a medium-to-long-term investment horizon.



**MANAGER'S COMMENTS**

MSCI Far East ex Japan equities was fell 9.22% (in MYR terms), while the portfolio depreciated 10.15% for the month of August 2011. Asian equity markets fell sharply on concerns about the global economy with increased downside risks on the US economic outlook and the fiscal crisis in Europe. Standard & Poor's (S&P) downgrade of the US long-term sovereign credit rating by one notch from AAA to AA+ and earlier political wrangling over the US debt ceiling contributed to uncertainty on the global front. The Federal Reserve announced that it would keep the US Federal Funds Target Rate at 0-0.25% and the ultra low policy interest rate could be held through mid-2013. In Asia, while growth has moderated amid weaker external demand, domestic economic activity continues to provide strong support to growth momentum.

The **Philippines** market fell 5.5% as exports declined by 10.2% yoy in June, after falling 3.2% yoy in May. The **Indonesian** market posted a loss of 7.7% as 2Q11 GDP grew by 6.5% yoy, similar to the pace in 1Q11. The **Malaysian** market fell 7.8% as the economy grew 4.0% in 2Q11, its slowest pace in nearly two years, on softening global export demand, down slightly from 4.6% growth in 1Q11. **Hong Kong** market declined 9.4% as 2Q11 GDP moderated to 5.1% yoy from 7.5% yoy in 1Q11. **Thailand** fell 9.4% as Bank of Thailand (BoT) raised the benchmark interest rate by 25 bps to 3.50%. The **Taiwan** market fell 11.7% as industrial production rose 3.9% yoy in July, weaker than the consensus forecasts of 5.4%. The **China** market fell 12.6% as inflation recorded a new high of 6.5% yoy in July, up from 6.4% yoy in June. The **Singapore** market fell 13.2% as July inflation rose 5.4% yoy, 1.5% mom, surpassing market estimates. The **Korean** market posted a loss of 16.1% as inflation pressures remained high, with the July headline and core inflation rates having reached the highest levels in more than two years.

**OUTLOOK AND STRATEGY**

We view the recent spate of weak global economic data to be indicative of a more persistent slowdown rather than just a temporary soft patch. Growth in the US is likely to come in at the lower end of subpar range at a "stall" level of between 0 and 2 per cent GDP growth, which is likely negative for risk assets. The risk of a recession and market anxiety of a new recession is increasing. As expansion and job hiring has faltered and with austerity coming sooner than expected in the US, we think the risk that the economy has not achieved "escape velocity" has increased significantly. With such a view of a more protracted macro slowdown, we look to position our portfolio more defensively. We favour countries with a strong domestic consumption story and pare our exposure to export-oriented markets. We also favour more defensive sectors such as the telecommunication sector.

Fund Details		Top Holdings			
Unit NAV(29/8/11)	RM 0.5913	<b>Malaysia</b>	%	<b>Asia</b>	%
Fund Size	RM14.5 million	Public Bank Bhd	3.83	United Asia Fund	44.24
Inception Date	4 August 05	RHB Capital Bhd	3.78		
Annual Fee	1.5%	CIMB Group Holdings Berhad	3.71		
Initial Charge	5.0%	Malayan Banking Bhd	3.07		
		Axiata Group Berhad	2.61		

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