

Equities

The trouble spots in different parts of the world, namely Europe, China, and the US, which started to emerge in first quarter, continued to weigh on markets in the second quarter. In Europe, concerns over high sovereign debt levels in Greece subsequently extended to several other countries and spiraled into concerns of banking crisis. However, as most of these governments have come up with fiscal plans to reduce fiscal deficits, in addition to the aid package from IMF and the EU, market concerns have now eased, although fears of slower economic growth linger. In China, severe tightening measures continued to be introduced, especially targeted at the property sector, and this was the main drag to its equity markets which fell over 20% for the quarter.

Weaker than expected economic data, especially jobs data, from the US, compounded the concerns of slowing growth momentum in advanced economies. And the oil spill in the Gulf of Mexico did not help sentiment in the US. On the other hand, although economic data is generally weaker, which is not unexpected given the strength of the rebound earlier, the uptrend remains largely intact. More importantly, the US Fed is expected to continue to keep interest rates low for an "extended period".

Overall for the quarter, US markets were down over 10%, while MSCI Asia ex-Japan fell less than 6%, underpinned by appreciating currencies on the back of expected revaluation of the Chinese Renminbi. Our Malaysian market showed its usual resilience with a loss of less than 1% for the quarter. In the region, Indonesia remains the best performing market for the first half of 2010.

Domestically, there were several positive developments. Ties between Malaysia and Singapore have improved with the dispute over KTM land being resolved, and Temasek and Khazanah co-operating to develop a wellness township in Iskandar, while looking into various initiatives that are likely to ease labour mobility and spur growth in Iskandar. The 10th Malaysian Plan with a total allocation of RM230 billion was also unveiled, with more emphasis on nonphysical infrastructure aimed to lift income levels of Malaysians. Malaysia has also been recently included as one of China's Qualified Domestic Institutional Investor (QDII) destinations which means China investment funds can now flow into our capital markets. All these developments are likely to underpin growth going forward. Meanwhile, 1Q10 GDP growth numbers came out at a brisk 10.1%.

Fixed Income

During the second quarter, sentiment in the domestic bond market remained bullish despite two consecutive interest rate increases in March and May. Government bonds rallied on the back of persistent Ringgit appreciation and strong foreign purchases. Foreign inflows into the MGS market persisted, driven by prospects of Ringgit currency appreciation given firmer domestic economic fundamentals and potential China Yuan revaluation (which may eventually translated into a firmer Ringgit). Investors were undeterred by Bank Negara's move to raise the Overnight Policy Rate (OPR) by 25 basis points to 2.50% on March 13th, as it had been mostly priced in by the market. The central bank cited that the OPR increase was to further normalize monetary conditions, while remaining accommodative and supportive of economic growth. Malaysia's 1Q10 real GDP surpassed expectations, with a strong 10.1% rise against market consensus of 9.3% (4Q09 4.4%). The local market also benefited from Europe's sovereign debt crisis which has diverted offshore investments into emerging markets debt. As a result, foreign holdings in MGS reached a new high in May surpassing previous peak in April 2008. Demand for MGS remained well supported towards the end of the period as concerns over European sovereign debts escalated, along with early signs of slowing economic growth in the US and China.

Corporate bonds continued to thrive with yields driven lower on strong local demand. Fund raising activities sustained in April with around RM6 billion in primary corporate bond issuances. Towards the end of the quarter, corporate bonds outperformed MGS with yields trending lower amidst active secondary market trading and the lack of pipeline supply of private debt securities.

Equities

Just as the global economic recovery was gaining traction, the outlook has been made murkier by the European debt crisis, hence confidence remains fragile. At the same time, although latest economic data worry some market commentators, global growth remains intact. The rate of growth may be slower than originally hoped for but it is premature to forecast a double-dip recession.

Market volatility may persist for the next few months until a clearer picture emerges on the strength of the global economic recovery, and investors are also awaiting the results of the European bank stress tests (to be disclosed on 23 July). By that time, if there are no negative surprises, and investors are more convinced that economic growth has not been derailed, market sentiment could see a significant lift.

Domestically, there should be news flow on the award of key infrastructure projects or privatisation of government land for redevelopment under the 10th Malaysian Plan. We can also look forward to increased foreign participation now that Malaysia is one of China's QDII destinations.

Fixed Income

Buying momentum from offshore investors on the back of a stronger Ringgit has contributed to a bullish trend in government bonds. Despite the interest rate hikes, the bond market remained buoyant as bond investors have to some extent priced in rate hike expectations into MGS yields in the earlier part of the year. Interest rate increases has been coming in stages as pre-emptive measures to prevent financial imbalances. To some extent, Bank Negara's early measures in normalizing rates ahead of similar moves by its other regional counterparts had been effective in stemming potential capital outflows arising from interest rate differentials and currency play. Reduced supply in government bonds issuance scheduled for the current year in order to rein in fiscal deficit has assisted in stabilizing demand and MGS yields.

Meanwhile, firmer domestic economic fundamentals gave rise to improved investors risk appetite for private debts credits. Given the relatively low MGS yields, fixed income investors were driven to the PDS market in search of higher returns. Secondary market trading volume has been healthy while the tight supply of fresh PDS issuances has elevated corporate bond prices further.

More PDS issuances is expected in the second half of the year, as corporate issuers are likely to rush in to capitalize from the current low interest rate environment. Supply is likely to be centred towards the AAA rating with Danajamin stepping up their efforts to utilize their allocation.

Under the current market environment, we aspire to maintain our flexible duration strategy with the objective of realizing income and capital gains via active trading and portfolio positioning. A flexible duration strategy would also allow us to be more responsive to changes in economic environment and market sentiment, with a view to strike a balance between duration risk management and funds returns.

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Fund Performance 基金表现 – oneINVEST

Avenue IncomeEXTRA Fund
艾文纽入息特惠基金

Avenue EquityEXTRA Fund
艾文纽股票特惠基金

Avenue DividendEXTRA Fund
艾文纽股息特惠基金

Performance and Fund Information as at 30 June 2010

截至 2010 年 6 月 30 日之季度表现及基金资料

	3-month 3个月	6-month 6个月		3-month 3个月	6-month 6个月		3-month 3个月	6-month 6个月
IncomeEXTRA 入息特惠基金	1.13%	2.38%	EquityEXTRA 股票特惠基金	-2.69%	3.79%	DividendEXTRA 股息特惠基金	0.19%	-0.49%
6-mth FD 6个月 定期存款利率	0.61%	1.13%	FBM100 富马 100股	1.87%	6.65%	FBM100 富马 100股	1.87%	6.65%
Net Asset Value 净资产值		RM0.4980	Net Asset Value 净资产值		RM0.5459	Net Asset Value 净资产值		RM0.5757
Fund Size 基金规模			Fund Size 基金规模			Fund Size 基金规模		
		RM196.79mil 百万令吉			RM45.07mil 百万令吉			RM9.21mil 百万令吉

Asset Allocation Mandate

投资委託

Fixed Income Securities	Min 70%	Equities and Equity-Related Securities	Min 70%	Equities and Equity-Related Securities	Min 70%
Liquid Assets	Min 2%	Liquid Assets	Min 2%	Liquid Assets	Min 2%

Asset Allocation

投资分配

Private debt securities 私人债券	85.50%	Equities 股票	75.71%	Equities 股票	83.88%
Quoted debt securities 挂牌债券	0.50%	Private debt securities 私人债券	10.30%	Liquid assets 流动资产	16.12%
Commercial paper 商业票据	3.51%	Liquid assets 流动资产	14.00%		
Liquid assets 流动资产	10.49%				

Top 5 Fixed Income Holdings

Top 5 Equity Holdings

Top 5 Equity Holdings

首 5 项投资

1. CapOne Bhd	1. CIMB Group Holdings Bhd	1. Public Bank Bhd
2. Titisian Modal (M) Sdn Bhd	2. Public Bank Bhd (F)	2. Maybank Bhd
3. Dura Palm Sdn Bhd	3. Berjaya Sports Toto Bhd	3. Tanjong PLC
4. Oxbridge Height Sdn Bhd	4. IOI Corporation Bhd	4. Berjaya Sports Toto Bhd
5. Ample Zone Bhd	5. DiGi.com Bhd	5. Tenaga Nasional Bhd

Fund Performance 基金表现 – Standalone 独立基金

Avenue BondEXTRA Fund
艾文纽优惠息特惠基金

Avenue VersatileEXTRA Fund
艾文纽积极特惠基金

Avenue TacticalEXTRA Fund
艾文纽策略特惠基金

Performance for the period ended 30 June 2010

截至 2010 年 6 月 30 日之季度表现

	3-month 3个月	6-month 6个月		3-month 3个月	6-month 6个月		3-month 3个月	6-month 6个月
BondEXTRA 优惠息特惠基金	1.52%	2.70%	VersatileEXTRA 积极特惠基金	-2.11%	-1.69%	TacticalEXTRA 策略特惠基金	-1.49%	3.53%
12-mth FD rate 12个月定期存款利率	0.69%	1.31%	Benchmark ¹ 表现指标	1.32%	4.01%	Benchmark ¹ 表现指标	1.32%	4.01%
Net Asset Value 净资产值		RM0.5066	Net Asset Value 净资产值		RM0.5004	Net Asset Value 净资产值		RM0.6367
Fund Size 基金规模			Fund Size 基金规模			Fund Size 基金规模		
		RM151.14mil 百万令吉			RM13.04mil 百万令吉			RM70.05mil 百万令吉

Asset Allocation Mandate

投资委託

Fixed Income Securities	Min 70%	Equities and Equity-Related Securities	40% to 60%	Equities and Equity-Related Securities	Min 70%
Liquid Assets	Min 2%	Fixed Income Securities	40% to 60%	Fixed Income Securities	Max 30%
		Liquid Assets	Min 2%	Liquid Assets	Min 5%

Asset Allocation

投资分配

Private debt securities 私人债券	89.54%	Equities 股票	60.28%	Equities 股票	79.35%
Quoted debt securities 挂牌债券	0.65%	Private debt securities 私人债券	6.62%	Private debt securities 私人债券	8.33%
Commercial paper 商业票据	1.31%	Quoted debt securities 挂牌债券	2.50%	Liquid assets 流动资产	12.32%
Liquid assets 流动资产	8.51%	Liquid assets 流动资产	30.60%		

Top 5 Fixed Income Holdings

Top 5 Equity Holdings

Top 5 Equity Holdings

首 5 项投资

1. CapOne Bhd	1. Maybank Bhd	1. Public Bank Bhd
2. Tesco Stores (M) Sdn Bhd	2. Berjaya Sports Toto Bhd	2. Berjaya Sports Toto Bhd
3. TSH Sukuk Ijarah Sdn Bhd	3. CIMB Group Holdings Bhd	3. Parkson Bhd
4. Ample Zone Bhd	4. Wilmar International Bhd	4. Genting Bhd
5. Focal Quality Sdn Bhd	5. Maxis Communications Bhd	5. Unisem (M) Bhd

Unit prices and distributions payable, if any, may go down as well as up. Past performance of a fund is no indication of future performance.

¹ 50% of FTSE Bursa Malaysia 100 富马 100 股 + 50% of 12-month Maybank's fixed deposit rate 12 个月马银行定期存款利率

Fund Performance 基金表现 – Standalone 独立基金

Avenue Consumer & Leisure Asia Fund
艾文纽亚洲消费与休闲基金

Avenue MoneyEXTRA Fund
艾文纽日息特惠基金

Avenue Liquidity Fund
艾文纽流动基金

Performance and Fund Information as at 30 June 2010

截至 2010 年 6 月 30 日之季度表现及基金资料

	3-month 3个月	6-month 6个月		3-month 3个月	6-month 6个月		3-month 3个月	6-month 6个月
ACLAF 亚洲消费与休闲基金	-2.33%	-3.10%	MoneyEXTRA 日息特惠基金	0.80%	1.56%	Liquidity 流动特惠基金	0.46%	0.88%
MSCI AC Asia Consumer Discretionary Index 表现指标	-9.27%	-5.81%	Repo rate 表现指标	0.56%	1.05%	Maybank's Overnight Repo Rate 表现指标	0.25%	0.50%
Net Asset Value 净资产值	RM0.4696		Net Asset Value 净资产值	RM0.5350		Net Asset Value 净资产值	RM0.5035	
Fund Size 基金规模	RM41.25mil 百万令吉		Fund Size 基金规模	RM186.09mil 百万令吉		Fund Size 基金规模	RM2.03mil 百万令吉	

Asset Allocation Mandate			投资委託			
Equities and Equity- Related Securities	At least 70% in equities, min 50% in non-Malaysian equities		Cash, Deposits and other Liquid Assets	Min 70%	Short-term deposits	Up to 100%
Fixed Income Securities (Malaysia)	Min 10%		Money market instruments, Fixed Deposits, Bonds, and Commercial Paper	Up to 30%		
Liquid Assets	Min 2%		Liquid Assets	Min 2%		

Asset Allocation			投资分配			
Equities 股票	82.99%		Private debt securities 私人债券	25.11%	Liquid assets 流动资产	100%
Private debt securities 私人债券	10.02%		Commercial papers 商业票据	47.25%		
Liquid assets 流动资产	6.99%		Liquid assets 流动资产	27.64%		

Top 5 Equity Holdings		Top 5 Fixed Income Holdings		首 5 项投资	
1. Oriental Bank of Commerce		1. TSH Sukuk Ijarah Sdn Bhd			
2. Tencent Holdings Ltd		2. Naim Cendera Holdings Bhd			
3. Singapore Airport Terminal Services Ltd		3. KNM Capital Sdn Bhd			
4. China Construction Bank Ltd		4. Hong Leong Financial Group Bhd			
5. REXLot Holdings Ltd		5. Esso Malaysia Bhd			