

NAV as at 31 December 2008: RM 0.9955

December 2008

**FUND OBJECTIVE**

The fund seeks to provide investment opportunities that generate reasonable returns and growth over the tenure of the Fund while endeavouring to provide capital protection to Unit Holders.

**INVESTOR PROFILE**

The fund is suitable for Investor who:-

- Seek capital protection
- Wish to participate in the potential upside of global equities, interest rates or any other indices.
- Have low risk tolerance.
- Have a medium-term investment horizon.

**FUND DETAILS**

- Currency : Malaysian Ringgit MYR
- Fund Size (December 31,2008) : 2,446.17 mill
- Unit NAV (December 31,2008) : 0.9955
- Financial Year : July 31
- Fund Category : Mixed Asset
- Fund Type : Income & Growth (close-ended)
- Launch date : May 12, 2008
- Maturity Date : July 5, 2013
- Tenure : 5 Years
- Initial Sales Charge : 1.50% on the NAV per unit.
- Management Fee : 1.00% per annum of NAV
- Investment Manager : Permodalan Nasional Berhad
- Benchmark : 12-month Maybank fixed deposit rate
- Trustee Fee : Up to 0.08 % per annum of the NAV

**ASSET ALLOCATION**

- Structured Products : Up to 80% of the Fund's Net Asset Value may be invested in Structured Products.
- PNB REIT : Up to 50% of the Fund's Net Asset Value may be invested in PNB REIT.
- Cash & any other capital market instruments : A minimum of 2% of the Fund's Net Asset Value will be invested in cash & any market instruments to provide for liquidity purposes.

**MANAGER'S REVIEW**

**Fund Manager's Comments**

In December 2008, PNB SIF had neither purchase nor sell any new structure product. The investment remains status quo in six structured products issued by Deutsche Bank (Malaysia) Berhad, with underlying linked to interest rates and equities indices globally.

During the month, deepening of financial crisis had taken its toll on global equities market. It had also sparked the worry on global economic recession as a result of low consumer and business confidence, low manufacturing production and the expected lower corporate profitability. Economic performance was seen deteriorating with countries such as Japan and Singapore already in recession. The situation had prompted global effort to utilize monetary and fiscal measure to re-stabilise the economy.

The underlying indexes of PNB SIF's structured products were not exempted. However, this fall was mitigated by the unrealized gain recorded from the capital protection component which the price had increased from the entry of 4.89% yield to 2.95% (as at Dec 31, 2008) as a result of the high demand for safer assets. Combining both, the structured products portfolio declined minimally, resulting in the fund's NAV increased by 1.45% m-o-m.

The investment portfolio of PNB REIT as at 31st December 2008 is 96.5% invested in real estate with a value of RM 967,300,150 while 3.50% is in short term investment and cash amounting to RM 39,141,576. PNB REIT had invested in 7 real estates at a total cost of RM 967,300,150 with an average occupancy rate of 92.51%.

**Economic Outlook**

The Malaysian property market in general is likely to soften in 2009 unless the global economy is able to recover swiftly. Nevertheless, this market should be much more resilient especially in prime locations as financial institutions have been more prudent in project lending. With relatively strong macroeconomic fundamentals, ample liquidity and relatively robust job market, the belief that Malaysia would avoid 'property price crash' would hold true. It is undeniable fact that the property markets are becoming a 'globalised' nation. Therefore the PNB REIT manager will monitor the market very closely throughout 2009 and undertake in-depth feasibility studies before embarking on new property investments.

Malaysia's exports has shrank for two months in a row while another leading indicator to the economy, the industrial production index, slid for a third month in December. As a sign of weaknesses become more eminent in developed economies, it is expected that external demand will impact our local economy for the coming months. Therefore, the hope of cushioning the slowdown is pinned on domestic demand which in our view will depend on consumer sentiment.

**PERFORMANCE RECORD**

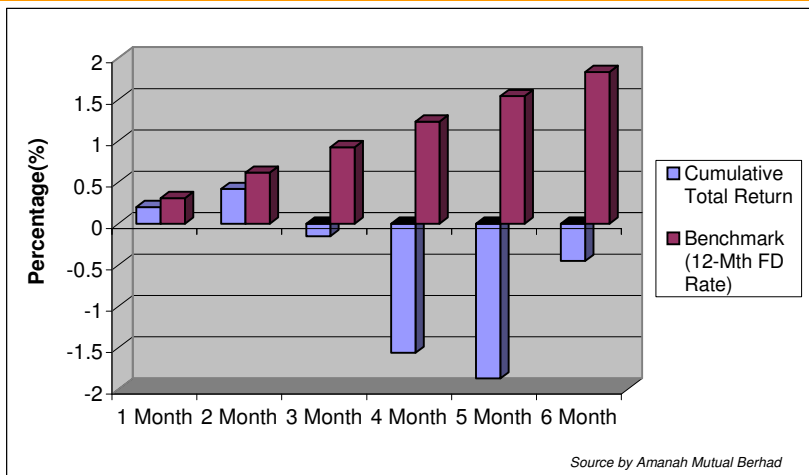
**Cumulative Total Return**

	%	Rank
• 6 month	-0.44	13 / 24

\* Source : Lipper (G) - Category of Protected-Conventional

**High/Low NAV**

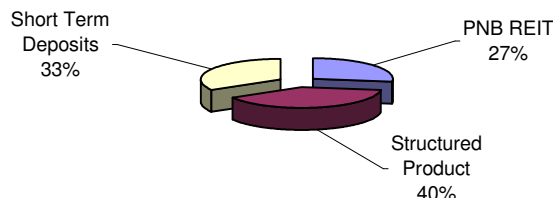
	High	Low
• December 08	0.9991	0.9816



**TOP 5 LARGEST HOLDINGS**

- Cash : 33%
- Structured Product : 40%
- PNB REIT : 27%

**ASSET ALLOCATION AS AT DECEMBER 31, 2008**



Investors are advised to read and understand the contents of the Prospectus date September 17, 2008, and First Supplementary Master Prospectus dated November 28, 2008 before investing. This prospectus has been registered and lodged with the Securities Commission. Among others, investor should consider the fees and charges involved. The price of units and distributions payable, if any, may go down as well as up. Units will only be issued on receipt of an application form referred to in and accompanying the Prospectus, which are obtainable at Amanah Mutual Berhad office or any Maybank distribution branches.