

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 : 2,447.00 mill
- NAV per unit : 0.9844
- Financial Year : July 31
- Fund Category : Mixed Asset
- Fund Type : Income & Growth
- Commencement : July 7, 2008
- Initial Sales Charge : Max to 1.50% on the NAV per unit.
- Management Fee : 1.00% per annum of NAV
- Trustee Fee : Up to 0.08% per annum of the NAV
- Investment Manager : Permodalan Nasional Berhad
- Benchmark : 1-year Maybank fixed deposit rate
- Tenure : 5 Years
- Maturity Date : July 5, 2013

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

During the month, worldwide economic recession fear had heightened following deteriorating US manufacturing, unemployment data and falling corporate profits. The financial crisis, which started in September continued to deepen and had prompted many governments and central banks taking series of measures to safeguard their economy. Among the measures taken include cutting interest rate as well as injecting capital into the banking system hoping to rescue and to a certain extent, stimulate the financial system.

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 whose prices increased as a result of the high demand for safe assets. Combining both, the structured products portfolio declined minimally, resulting in the fund's NAV declining by 0.56% m-o-m.

ECONOMIC OUTLOOK

●A global recession now seems unavoidable with the UK, US and Eurozone reported decline in economic growth. Expect more companies to go under in the next few months, as they can no longer cope with the tight credit conditions and asset market weakness as a result of the deepening financial crisis.

●The equities market globally is expected to continue its fall as investors avoid risky assets and move to safer haven in view of a possible recession in the United States and slowing GDP growth elsewhere.

●Meanwhile, the 5-year swap rate is expected to remain low for the next few months, as investors continue to overweight safe assets in their portfolio.

PORTFOLIO STRATEGY

Given the current financial turmoil, PNB SIF will continue to monitor its investment in the three asset classes of PNB REIT, structured products and cash. As the investment in PNB REIT and cash is confined to Malaysia, the fund expects its investment in these assets to be relatively unscathed by the current fall in asset values in the global market

PERFORMANCE RECORD

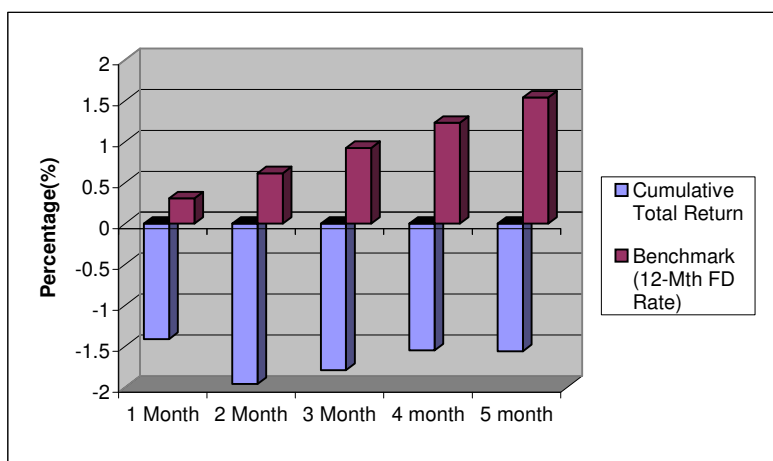
Cumulative Total Return

	%	Rank
● 1 Month	-1.41	23/30
● 2 Month	-1.96	21/29
● 3 Month	-1.76	16/27
● 4 month	-1.55	12/24
● 5 month	-1.56	12/22

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

High/Low NAV

	High	Low
● October 2008	0.9988	0.9844



TOP 5 LARGEST HOLDINGS

- Cash 39%
- Structured Product 34%
- PNB REIT 27%

ASSET ALLOCATION AS AT OCTOBER 31, 2008

