



EQUITIES - JAPAN	1 Mth	3 Mth	YTD	12 Mth
MSCI Japan	-0.7	-13.3	-13.3	-30.9
Nikkei 225	4.1	-11.9	-11.9	-28.2
Topix	-0.7	-13.3	-13.3	-29.3
Jasdaq	-4.4	-18.0	-18.0	-29.5

Returns in Singapore dollars. Source: Bloomberg, 31 March 2009

The TOPIX gained 2.2% (in Yen terms) in March for its first rise in three months. Early in the month, the decision by US financial authorities to provide additional support to a major US insurer heightened concerns about the financial system. TOPIX briefly fell below 700, a record post-bubble low. The market subsequently rebounded with financial concerns easing on reports of expected firm 1Q earnings at US and European financial institutions, and expectations for government fiscal stimulus growing. Japanese equities also firmed as the market reacted positively to news on the US government's announcement of a scheme to purchase toxic assets of financial institutions.

The five best performers were Other Financial Business, Securities & Commodity Futures, Glass & Ceramics Products, Precision Instruments, and Construction. The five worst performers were Electric Power & Gas, Information & Communications, Pharmaceuticals, Marine Transportation, and Land Transportation.





OUTLOOK AND STRATEGY

	Policy	Change	Comment
Financials	Neutral	–	Rising credit costs remains a concern for Mar 10. Valuations are undemanding.
Consumer	Neutral	–	Reduced underweight in Autos as government stimulus measures in various markets may help support demand.
IT Hardware	Neutral	–	Demand remains weak, but inventory adjustment is over for certain sub-sectors.
Industrials	Underweight	↑	Raised rating given signs that Japan's IP has bottomed out, and in view of undemanding valuations.
Pharmaceuticals	Neutral	–	Slow pace of product approval, negative new developments within the US healthcare sector, and the next biennial NHI price cut scheduled in April 10 for Japan are expected to weigh on the sector.
Materials	Neutral	–	Demand remains weak for electronic materials and chemicals. Nevertheless, inventory adjustment period could likely bottom out in 1H for certain segments.
Info Communications	Overweight	–	Like companies with high dividend yield.

Range-bound and volatile market conditions could continue in the near-term until a clear easing of global financial conditions, and a bottoming out in the earnings revision momentum. We are nevertheless encouraged by some economic data which suggests that an economic bottom may be approaching. This led us to raise our weighting on the Industrial sector. In light of lingering credit concerns, we would continue to be highly selective, favouring companies with strong, competitive franchise and brands and solid balance sheets.

We are overweight in Consumer Staples and Info-Communications, and neutral on Pharmaceuticals, Materials, Consumer Discretionary (ex-Autos), Banks, Real-Estate, Utilities, Technology and Industrials. We remain underweight in Autos.



Contact Details

Address 80 Raffles Place UOB Plaza 2 Level 3 Singapore 048624
24-hour Hotline 1800 222 2228 (Local) • (65) 6222 2228 (International)
Fax (65) 6534 3909
Email uobam@uobgroup.com
Website uobam.com.sg

Regional Offices

Singapore

Institutional Investments
Dennis Siew
Senior Director

Retail Investments
Norman Wu
Senior Director

Regional Investments
Faizal M. Fazluddin
Senior Director

Alternative Investments
Ho Yew Weng
Director

Malaysia

Lim Suet Ling
Chief Executive Officer

Thailand

Vana Bulbon
Chief Executive Officer

Brunei

Kamal Muhd
General Manager

China

Jasmine Lim
Senior Director

Taiwan

Juang San Tay
General Manager

Important Notice & Disclaimers

This publication shall not be copied, or relied upon by any person for whatever purpose. The information herein is given on a general basis without obligation and is strictly for information only. This publication is not an offer, solicitation, recommendation or advice to buy or sell any investment product, including any collective investment schemes or shares of companies mentioned within. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, UOB Asset Management Ltd and its employees cannot be held liable for any errors, inaccuracies and/or omissions, howsoever caused, or for any decision or action taken based on views expressed or information in this publication. The information contained in this publication, including any data, projections and underlying assumptions are based upon certain assumptions, management forecasts and analysis of information available as at the date of this document and reflects prevailing conditions and our views as of the date of the document, all of which are accordingly subject to change at any time without notice. UOB Asset Management does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. Nothing in this publication constitutes accounting, legal, regulatory, tax or other advice. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. **You may wish to seek advice from a professional or an independent financial adviser about the issues discussed herein or before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.**

UOB Asset Management Ltd Co. Reg. No. 198600120Z