



EQUITIES - JAPAN	1 Mth	3 Mth	YTD	12 Mth
MSCI Japan	-10.7	-13.8	-23.5	-30.8
Nikkei 255	-10.8	-12.0	-22.5	-29.9
Topix	-10.2	-13.2	-22.4	-29.7
Jasdaq	-6.5	-9.4	-23.6	-25.7

Returns in Singapore dollars  
Source: Bloomberg

The TOPIX fell 13.3% in September for its fourth straight month of decline in Yen term. The US financial crisis worsened with the collapse of Lehman Brothers. The US government's move to provide bridge financing to AIG and the SEC's announcement to restrict short-selling on all listed stocks were insufficient to alleviate concerns about the US financial sector. Confidence took a further beating when the US House of Representatives rejected the government's proposed financial bailout plan. The yen strengthened against other major currencies (namely US Dollar and Euro) during the month.

The best performers during the month were Rubber Products, Banks, Warehousing & Harbour Transportation, Insurance, Fishery and Agriculture & Forestry. Among the worst performers included Oil & Coal Products, Mining, Iron & Steel, Wholesale Trade and Marine Transportation.

### OUTLOOK AND STRATEGY

EQUITIES	Policy	Change	Comment
Financials	Neutral	-	Prefer insurance companies. Turned less positive on mega and regional banks, on expectations of rising credit costs.
Consumer	Neutral	-	Consumption indicators still weak. Prefer consumer staples.
IT Hardware	Neutral	-	Benefits from weakening Yen.
Industrials	Neutral	-	Like companies with exposure to the emerging economies, and relatively more defensive on domestic names in services and transportation.
Pharmaceuticals	Overweight	-	Like cash-rich companies with strong drug pipeline. Looking for investment opportunities in the medical equipment space where visibility is better.
Materials	Negative	↓	Concerns about the impact of high energy and commodity prices on margins.

On the macro-front, it is still uncertain how the global credit crisis will evolve, and global equity markets could remain volatile. Moreover, global growth is decelerating. Within Japan, leading indicators continue to be skewed towards the weaker side. A strengthening yen against the euro is also increasing the risk of further downward revisions by Japan companies. Thus, while valuations look increasingly compelling, we maintain our defensive posture in the near term; preferring undervalued stocks with the potential to withstand negative macroeconomic pressure.

We are overweight in Pharmaceuticals and Consumer Staples, and are neutral in Consumer Discretionary, Industrials, Banks, Real-Estate, Info-Comm, Utilities and Technology. We are underweight in Materials.

## 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 and Disclaimer

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