

Investment Objective

Long-term capital growth through investing in securities listed or traded on the stock exchanges of Singapore and Malaysia.

Investment Scenario & Strategy (4th Quarter, 2002)

- In Singapore market, the interim reporting season saw mixed results and analysts have downgraded earnings on the back of a more uncertain global economic and geo-political outlook. The disappointment over Government-Linked Companies (GLCs) restructuring also dampened market sentiment. Besides the global tech downward earnings revision, local governance factors such as Commercial Affairs Department's investigation at Datacraft and Chartered Semiconductors' huge rights issue at a heavily discounted price also weighed down the market.
- We remain Neutral on the market despite attractive valuations of 13x forward P/E and a Price to Book multiple of 1.1x. Near term outlook remains hazy with US/Iraq confrontation not likely to be resolve soon. The US pre-announcement season may also spring further profit warnings while disappointment with the GLC's restructuring will continue to affect sentiments.
- Over in Malaysia, earnings were mixed with disappointments from MISC and Tenaga. However, improvements were seen from the gaming and plantation sectors. The banking sector also saw a peak in non-performing loans. The 2003 budget turned out to be a non-event with reduced emphasis on external sectors and greater reliance on domestic consumption for growth.
- Although fundamental for the economy remains strong and market is attractive at 12x forward P/E, we remain Neutral. Market sentiment will continue to be externally led by worries of US slowdown and conflict in the Middle East. We will focus on domestic oriented sectors that could benefit from the consumption growth and pump priming measures.

Asset Allocation – By Sector (as at 31 Oct 2002)

Consumer	19.56%	Materials	2.36%
Financials	31.95%	Others	2.16%
Info Technology	6.45%	Cash	20.43%
Industrials	17.09%		

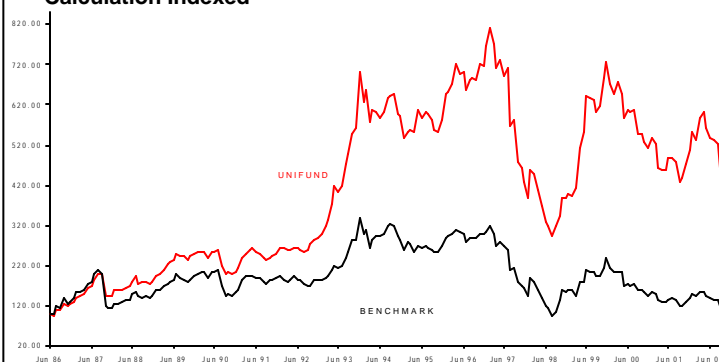
Asset Allocation – By Country (as at 31 Oct 2002)

Singapore	48.19%
Malaysia	31.38%
Cash	20.43%

Top 10 Holdings (as at 31 Oct 2002)

UOB
DBSH
SPH
RANHILL BHD
OUE
OCBC (L)
MAGNUM
WONG ENGRG
G E HOLDINGS
KEPPEL CORPN

30th Jun 86 to 31st Oct 02, Offer-Bid, Net, Based on S\$, Calculation Indexed



Performance	Fund	Benchmark
1 month	-1.49%	5.29%
3 months	-13.48%	-5.89%
6 months	-23.75%	-17.09%
1 year	4.98%	6.32%
3 years	-9.22%	-13.24%
5 years	-0.50%	-6.45%
10 years	5.38%	-2.85%
Since Inception	10.29%	1.47%

Source : S & P Micropal, Performance are in S\$, Offer-Bid as at 31 Oct 2002

Performance figures for 1 month till 1 yr show the % change
Performance figures for those exceeding 1 yr show the average annual compounded return

Benchmark:

- From Inception of Fund till Jan 1993 : 100% DBS 50
- Feb 1993-Aug 1998 : 50% DBS 50, 50% KLEMAS
- Sept 1998-May 2000 : 100% DBS 50
- June 2000 to present - 50% STI, 50% KLEMAS.

Fund Details

Launch Date	April 1986 (Cash/CPF-OA)
Bid/Offer Price	S\$0.9950/S\$1.0500 (as at 31 Oct 2002)
Initial Investment	S\$500
Sub Investment	S\$500
Management Fee	1% p.a.
Subscription Fee	5%
Minimum RSP	S\$100/month, S\$500/quarter
Trustee	Bermuda Trust (S) Ltd