

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on



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Executive Overview

Bursa Malaysia and FTSE Group introduced enhancements to the Kuala Lumpur Composite Index (KLCI) on 6th July, 2009. The headline index was renamed the FTSE Bursa Malaysia KLCI, covering the top 30 companies listed on the Bursa Malaysia Main Market. This research report highlights how the Malaysian equity market has performed since the transition, looking at the key market developments and drivers of performance during the one year period since the enhancement. Analysis will be based on data on the anniversary day, 6th July, 2010.

The second largest stock market among the ASEAN countries in terms of market capitalisation, Malaysia's GDP growth forecast in 2010 and 2011 is estimated to be 6.7% and 5.3% respectively according to the latest International Monetary Fund (IMF) projections. This compares strongly against not only Asian markets, but significantly larger than the forecasts of the United States, United Kingdom and Germany, with 2011 forecasts of 2.9%, 2.1%, and 1.6% respectively.

The Malaysian Prime Minister on 10th June 2010, unveiled the 10th Malaysia Plan which sets the real GDP growth at 6% in order to achieve its target for an increase in GNI by 2015. This growth will be led by investment in services, manufacturing, agricultural development programmes, biotechnology and other relevant technologies.

In June 2010, Malaysia was recognised as an approved investment destination under the Qualified Domestic Institutional Investor (QDII) scheme administered by the China Banking Regulatory Commission (CBRC). With this recognition, approved institutions in China may now invest funds in to Malaysian securities and this will have a positive impact on potential capital flows to the Malaysia stock market. In July 2010, Bursa Malaysia launched the first foreign underlying ETF on its market, based on the FTSE/Xinhua China 25 Index.

Other notable developments since the transition of the FTSE Bursa Malaysia KLCI:

- The FTSE Bursa Malaysia KLCI rose 22.6% year-on-year (6 July, 2009 to 6 July, 2010), this compares to the FTSE Asia Pacific All Cap ex Japan Index up only 10.2%
- The FTSE Bursa Malaysia Mid 70 Index had the best performance in the FTSE Bursa Malaysia Index Series up 25.6%, with the FTSE Bursa Malaysia ACE Index ending the period down -4%, the only index to show negative performance
- Liquidity in the FTSE Bursa Malaysia KLCI has improved, it only takes 0.16 days to trade a MYR 35m portfolio on 6 July, 2010. It took over a day to trade prior to the transition
- The banking sector that accounts for over a third of the FTSE Bursa Malaysia KLCI had the strongest sector performance year-on-year, up 39.2%

One further area of interest is the performance and volatility of the Malaysian market during the global financial crisis. The several strategies that were imposed to stabilise Malaysian economy following the 1997 Asian financial crisis, and subsequent liberalisation of rules in the foreign exchange administration and the capital market that took place from 2006 to 2008, has allowed Malaysia to weather the global financial crisis comparatively well.

Table One: Vendor Codes for FTSE Bursa Malaysia Index Series

Index Name	FTSE	BLOOMBERG	REUTERS
FTSE Bursa Malaysia KLCI	FBMKLCI	FBMKLCI	.FTFBMKLCI
FTSE Bursa Malaysia Mid 70 Index	FBM70	FBM70	.FTFBM70
FTSE Bursa Malaysia Top 100 Index	FBM100	FBM100	.FTFBM100
FTSE Bursa Malaysia Small Cap Index	FBMSCAP	FBMSC	.FTFBMSCAP
FTSE Bursa Malaysia EMAS Shariah Index	FBMS	FBMS	.FTFBMS
FTSE Bursa Malaysia Hijrah Shariah Index	FBMHS	FBMHS	.FTFBMHS
FTSE Bursa Malaysia EMAS Index	FBMEMAS	FBMEMAS	.FTFBMEMAS
FTSE Bursa Malaysia Fledgling Index	FBMFLG	FBMFL	.FTFBMFLG
FTSE Bursa Malaysia ACE Index	FBMMES	FBMMES	.FTFBMMES
FTSE Bursa Malaysia Palm Oil Plantation Index	FBMPM	FBMPM	.FTFBMPM
FTSE Bursa Malaysia Asian Palm Oil Plantation Index (MYR)	FBMAPM	FBMAPM	.FTFBMAPM
FTSE Bursa Malaysia Asian Palm Oil Plantation Index (USD)	FBMAPU	FBMAPU	.FTFBMAPU

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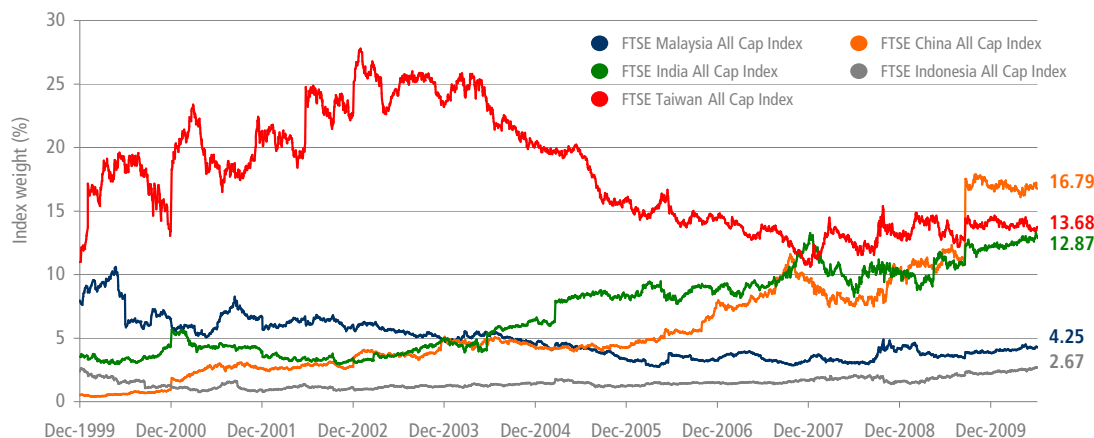
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Coverage of Malaysia within Global Indices and the FTSE Bursa Malaysia Index Series

Chart One: Coverage of the FTSE Malaysia All Cap Index and Selected Country Indices in the FTSE Emerging All Cap Index



Source: FTSE Group, data as at 6th July, 2010 - Red Chip companies changed country classification in FTSE's indices from Hong Kong to China on 21st September, 2009.

Malaysia has a ranking of 23rd position out of the 47 countries included in the FTSE Global All Cap Index. It has a weighting of 0.51% as at 6th July 2010, which is slightly lower than the next highest ranking country Mexico, with a weighting of 0.64%. In the FTSE Emerging All Cap Index, Malaysia ranks 8th out of 22 countries with a weighting of 4.25%. Within the Asia Pacific region Malaysia ranks 9th out of the 14 countries included in the benchmark index with a weighting of 2.31%, excluding Japan, Malaysia has a weighting of 3.71%. Of the 5 ASEAN countries included in the FTSE Global All Cap Index, Malaysia has the second highest weighting with 27.91%.

Table Two: Coverage of the FTSE Bursa Malaysia Index Series

Index Name	No of Cons	Full Market Cap (MYRm)	Net Market Cap (MYRm)*	% of FTSE Bursa Malaysia EMAS Index (Full Cap)	% of FTSE Bursa Malaysia EMAS Index (Net Cap)	% of Main Market Universe
FTSE Bursa Malaysia KLCI	30	652,060	402,796	69.05	71.36	63.48
FTSE Bursa Malaysia Mid 70 Index	70	187,135	106,773	19.82	18.92	18.22
FTSE Bursa Malaysia Top 100 Index	100	839,195	509,569	88.87	90.27	81.70
FTSE Bursa Malaysia Small Cap Index	253	105,137	54,914	11.13	9.73	10.24
FTSE Bursa Malaysia EMAS Shariah Index	274	599,789	337,690	63.51	59.82	58.39
FTSE Bursa Malaysia Hijrah Shariah Index	30	389,846	230,925	41.28	40.91	37.95
FTSE Bursa Malaysia EMAS Index	353	944,332	564,483	100.00	100.00	91.94
FTSE Bursa Malaysia Fledgling Index	432	26,250	15,784	-	-	2.56
FTSE Bursa Malaysia Palm Oil Plantation Index	25	115,093	75,942	12.19	13.45	11.21

* free float adjusted market cap before capping (if applicable)

Source: FTSE Group and Bursa Malaysia, as at 6th July, 2010

The FTSE Bursa Malaysia KLCI contains 30 companies, and covers around 70% of the FTSE Bursa Malaysia EMAS Index. The FTSE Bursa Malaysia EMAS index is a broad benchmark that aims to capture 98% of Bursa Malaysia's Main Market. Its representation was reduced to 92% of the Main Market eligible universe on 6th July 2010 - 6% below the target coverage due to the exclusion of a number of companies that fail the liquidity screening that is applied at the index series periodic review.

The FTSE Bursa Malaysia EMAS Shariah Index, a broad benchmark for Shariah-compliant investment, has 274 constituents as of 6 July, 2010. It covers around 60% of the FTSE Bursa Malaysia EMAS index. The FTSE Bursa Malaysia Palm Oil Plantation Index, which comprises the constituents of the FTSE Bursa Malaysia EMAS Index that derive substantial revenue from palm oil activities, has 25 constituents and covers around 13.5% of the FTSE Bursa Malaysia EMAS Index.

The weighting of Malaysia in the FTSE Emerging All Cap Index has fallen -3.65% since the end of 1999. As at 6th July 2010 Malaysia had a weighting of 4.25%. This compares to China's increase of 16.27% from its original weighting of 0.51% to its current weighting of 16.79%

The FTSE Bursa Malaysia KLCI covers around 70% of the FTSE Bursa Malaysia EMAS Index and just under 64% of the full market capitalisation of the Bursa Malaysia Main Market, with only 30 companies

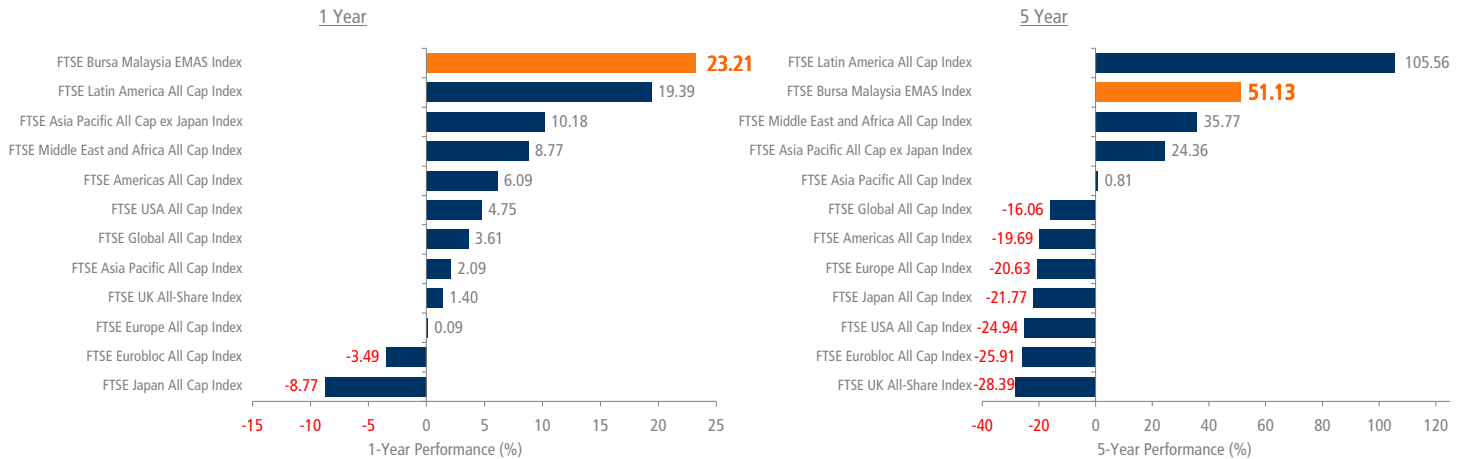
The FTSE Bursa Malaysia EMAS Index covers just under 92% of the Bursa Malaysia Main Market, and is the benchmark index for the Malaysian market

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Performance of the FTSE Bursa Malaysia Index Series and Selected Regions and Countries

Chart Two: Price Performance of the FTSE Bursa Malaysia EMAS Index and Selected FTSE Regional Indices



Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Comparing Malaysia with the main global and regional indices gives an idea of how Malaysia has performed over the past 10 years up to the transition anniversary date of 6th July, 2010. Over a one year period Malaysia has seen strong growth and has outperformed the majority of regional benchmarks. The FTSE Bursa Malaysia EMAS Index has shown a strong performance of 23.21%. Even over a three year time horizon the Malaysian market has outperformed the majority of regional benchmarks, although finishing down -4.80%. More interestingly, year-to-date, Malaysia has been the only index to show a positive performance, up 3.65%. The FTSE Eurobloc All Cap Index has seen the worst performance, down -22.67%.

Year-to-date, Malaysia has been the only index to show a positive performance, with the FTSE Bursa Malaysia EMAS Index up 3.65%. The FTSE Eurobloc All Cap Index has seen the worst performance, down -22.67%

Table Three: Price Performance of the FTSE Bursa Malaysia EMAS Index against Selected FTSE Regional Indices

Index Name	No of Cons	1M (%)	3M (%)	6M (%)	YTD (%)	1Y (%)	3Y (%)	5Y (%)	10Y (%)
FTSE Bursa Malaysia EMAS Index	353	1.31	-3.48	1.39	3.65	23.21	-4.80	51.13	48.53
FTSE Japan All Cap Index	1,226	-2.16	-8.56	-8.74	-7.13	-8.77	-37.90	-21.77	-40.94
FTSE Asia Pacific All Cap ex Japan Index	1,871	-0.87	-11.24	-14.56	-12.99	10.18	-24.93	24.36	58.20
FTSE Asia Pacific All Cap Index	3,097	-1.36	-10.25	-12.44	-10.85	2.09	-30.47	0.81	-8.41
FTSE USA All Cap Index	2,119	-5.82	-14.07	-13.93	-13.24	4.75	-36.25	-24.94	-35.13
FTSE Latin America All Cap Index	189	0.94	-11.84	-16.34	-14.09	19.39	-9.65	105.56	195.82
FTSE Americas All Cap Index	2,541	-5.38	-13.83	-13.99	-13.12	6.09	-34.31	-19.69	-28.98
FTSE UK All-Share Index	629	-0.50	-13.64	-18.21	-18.31	1.40	-47.85	-28.39	-14.96
FTSE Eurobloc All Cap Index	1,103	1.77	-16.02	-23.24	-22.67	-3.49	-49.85	-25.91	-28.98
FTSE Europe All Cap Index	1,523	2.01	-15.01	-21.10	-20.50	0.09	-47.12	-20.63	-22.35
FTSE Middle East & Africa All Cap Index	178	-0.92	-12.62	-11.97	-11.06	8.77	-15.70	35.77	164.22
FTSE Global All Cap Index	7,339	-2.56	-13.36	-15.63	-14.70	3.61	-37.37	-16.06	-23.25

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Over a five year period Malaysia has continued to perform well, and with a return of 51.13% it ranks second only to Latin America with a performance of 105.56%. Malaysia has outperformed its regional benchmark the FTSE Asia Pacific All Cap ex Japan Index by 26.77% over five years. The FTSE UK All-Share Index was the worst performer over five years, down -28.39%, underperforming the FTSE Europe All Cap Index by -7.76%.

Over ten years Malaysia has ranked fourth in performance terms, although its 48.53% return has been outshone by the stellar performances of Latin America and Middle East & Africa up 195.82% and 164.22% respectively.

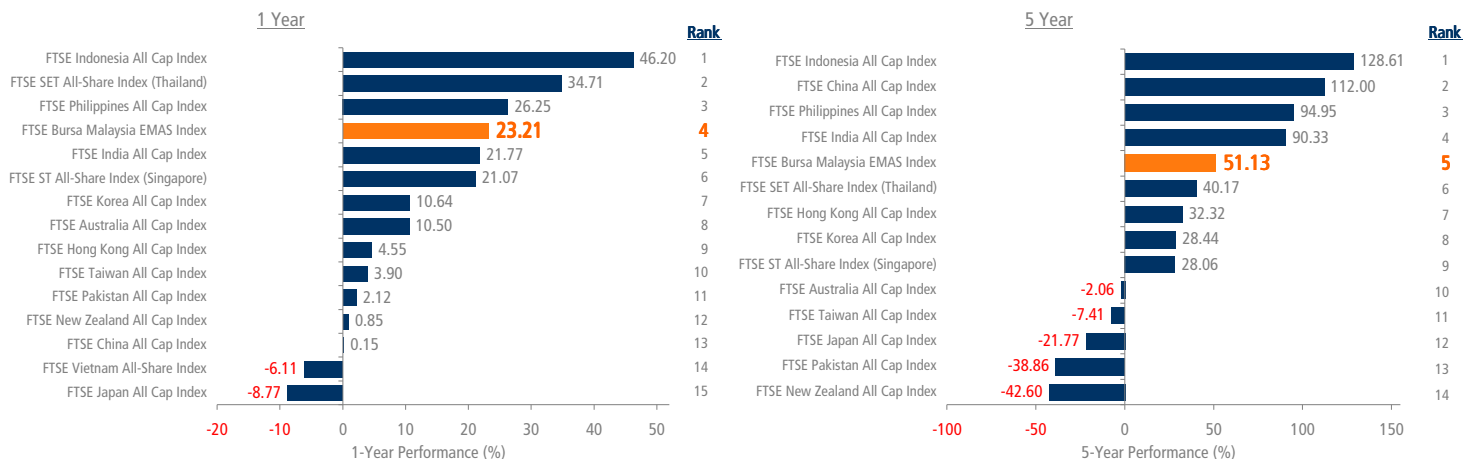
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Chart Three: Price Performance of the FTSE Bursa Malaysia EMAS Index and Selected FTSE Asia Pacific Country Indices



Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Comparing Malaysia's performance with the rest of the Asia Pacific markets shows that the FTSE Bursa Malaysia EMAS Index ranks in the top five performers on a 1, 3 and 5 year basis. Indonesia has shown good performance over 10 years, but is the only market - apart from a negative 3 month performance - to show continuous positive performance in our analysis. The best performer China, is made up of Red Chips and H Shares listed on the Hong Kong Stock Exchange, and B Shares listed on the Shanghai and Shenzhen Stock Exchanges, has had a positive performance of 402.19% over 10 years.

The FTSE Bursa Malaysia EMAS Index ranks in the top five performers on a 1, 3 and 5 year basis within the countries of Asia Pacific

Table Four: Price Performance of the FTSE Bursa Malaysia EMAS Index Against Selected FTSE Asia Pacific Country Indices

Index Name	No of Cons	1M (%)	3M (%)	6M (%)	YTD (%)	1Y (%)	3Y (%)	5Y (%)	10Y (%)
FTSE Bursa Malaysia EMAS Index	353	1.31	-3.48	1.39	3.65	23.21	-4.80	51.13	48.53
FTSE Australia All Cap Index	236	-3.19	-20.77	-23.42	-22.00	10.50	-38.11	-2.06	78.97
FTSE China All Cap Index	220	-0.15	-8.47	-15.09	-13.24	0.15	-13.63	112.00	402.19
FTSE Hong Kong All Cap Index	226	-0.71	-9.11	-12.63	-11.64	4.55	-13.87	32.32	37.83
FTSE India All Cap Index	243	1.19	-6.02	-6.92	-4.61	21.77	-2.93	90.33	189.21
FTSE Indonesia All Cap Index	42	2.37	-1.89	4.87	8.40	46.20	21.03	128.61	381.66
FTSE Japan All Cap Index	1,226	-2.16	-8.56	-8.74	-7.13	-8.77	-37.90	-21.77	-40.94
FTSE Korea All Cap Index	245	-2.81	-11.45	-14.43	-12.06	10.64	-34.18	28.44	73.00
FTSE New Zealand All Cap Index	20	-1.37	-11.74	-21.19	-20.45	0.85	-52.36	-42.60	11.65
FTSE Pakistan All Cap Index	21	-4.55	-14.29	-12.30	-10.44	2.12	-62.90	-38.86	39.56
FTSE Philippines All Cap Index	25	-3.05	-1.25	3.11	2.39	26.25	-23.09	94.95	113.85
FTSE ST All-Share Index (Singapore)	200	1.02	-3.57	-7.24	-6.57	21.07	-24.61	28.06	35.96
FTSE Taiwan All Cap Index	367	0.15	-9.27	-16.23	-15.48	3.90	-27.18	-7.41	-36.02
FTSE SET All-Share Index (Thailand)	150	3.65	-0.68	6.15	5.39	34.71	-2.37	40.17	186.97
FTSE Vietnam All-Share Index	54	-4.66	-5.46	-15.44	-10.29	-6.11	-60.32	-	-

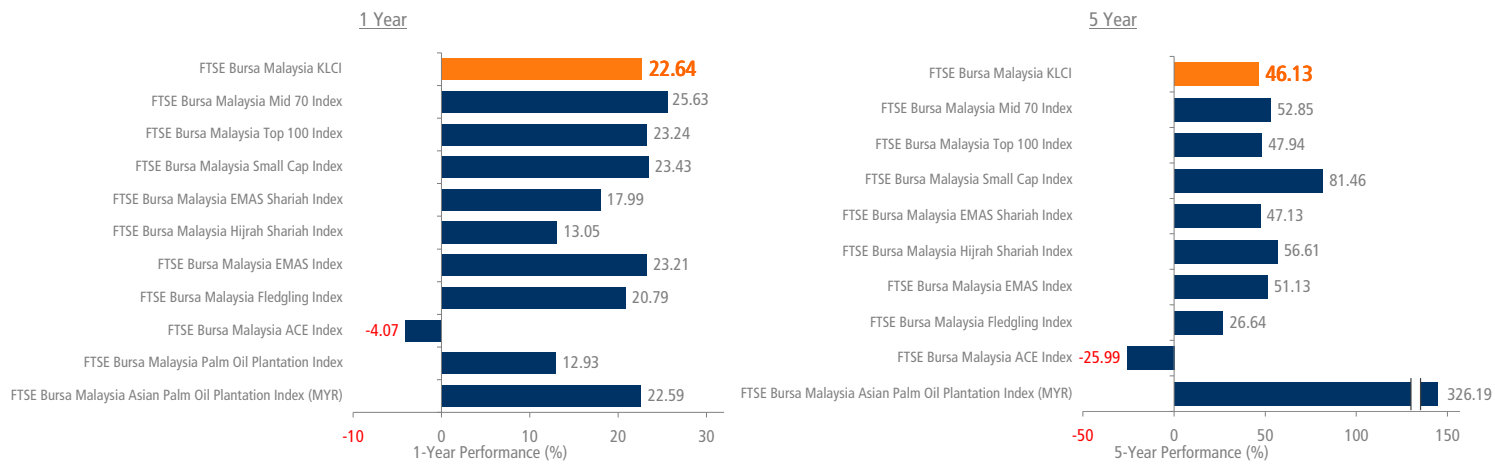
Source: FTSE Group - price return data in MYR, as at 6th July, 2010

China has been the best performing market in Asia Pacific, followed closely by Indonesia, with a positive 10 year return of 402.19% and 381.66% respectively

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Chart Four: Price Performance of the FTSE Bursa Malaysia Index Series



Source: FTSE Group - price return data in MYR, as at 6th July, 2010

The historical index performance of the FTSE Bursa Malaysia Index Series is shown in Chart Four and Table Five. The historical values of the FTSE Bursa Malaysia Large 30 Index are used as a proxy of the historical performance of the FTSE Bursa Malaysia KLCI in this research paper. This allows us to show how large cap companies have performed historically.

Large cap companies, represented by the FTSE Bursa Malaysia KLCI, have outperformed mid and small cap companies over a long time horizon

The FTSE Bursa Malaysia Asian Palm Oil Plantation Index over 5 years has had a performance of 326.19%, over 4 times the next best performer, the FTSE Bursa Malaysia Small Cap Index

Table Five: Price Performance of the FTSE Bursa Malaysia Index Series

Index Name	No of Cons	1M (%)	3M (%)	6M (%)	YTD (%)	1Y (%)	3Y (%)	5Y (%)	10Y (%)
FTSE Bursa Malaysia KLCI	30	0.98	-2.77	1.08	2.70	22.64	-1.96	46.13	61.30
FTSE Bursa Malaysia Mid 70 Index	70	2.44	-3.88	3.39	6.52	25.63	-11.38	52.85	52.59
FTSE Bursa Malaysia Top 100 Index	100	1.28	-3.01	1.55	3.47	23.24	-4.25	47.94	63.11
FTSE Bursa Malaysia Small Cap Index	253	1.64	-7.88	-0.13	5.60	23.43	-7.03	81.46	11.22
FTSE Bursa Malaysia EMAS Shariah Index	274	1.36	-4.38	-0.10	2.23	17.99	-8.42	47.13	39.88
FTSE Bursa Malaysia Hijrah Shariah Index	30	0.80	-4.63	-2.99	-1.50	13.05	-3.12	56.61	120.47
FTSE Bursa Malaysia EMAS Index	353	1.31	-3.48	1.39	3.65	23.21	-4.80	51.13	48.53
FTSE Bursa Malaysia Fledgling Index	432	1.33	-4.65	-0.54	3.66	20.79	-17.62	26.64	-15.71
FTSE Bursa Malaysia ACE Index	113	-0.45	-11.83	-16.00	-12.39	-4.07	-51.16	-25.99	-28.41
FTSE Bursa Malaysia Palm Oil Plantation Index	25	-0.18	-6.18	-4.52	-2.23	12.93	4.06	-	-
FTSE Bursa Malaysia Asian Palm Oil Plantation Index (MYR)	15	0.19	-11.03	-12.13	-8.32	22.59	32.57	326.19	-

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Large cap companies represented by the FTSE Bursa Malaysia KLCI, have outperformed mid and small cap companies over a long time horizon. The FTSE Bursa Malaysia KLCI has gained 61.30% over 10 years whilst the FTSE Bursa Malaysia Mid 70 Index and FTSE Bursa Malaysia Small Cap Index has gained 52.59% and 11.22%, respectively.

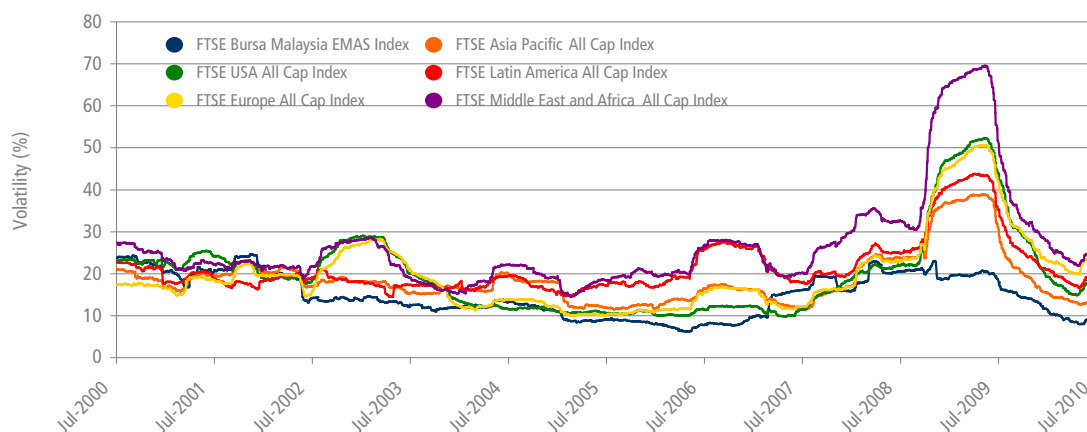
Over a one year and five year time horizon mid and small cap companies have outperformed large cap companies in Malaysia. The FTSE Bursa Malaysia Small Cap Index over 5 years has had the best performance of companies in the FTSE Bursa Malaysia EMAS Index, up 81.46%, this compares with 46.13% for the FTSE Bursa Malaysia KLCI. This relationship is similar to markets in Europe and the Americas, although interestingly this is not the case for the Asia Pacific region as a whole.

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Volatility of the FTSE Bursa Malaysia Index Series and Selected Regions and Countries

Chart Five: Index Volatility of the FTSE Bursa Malaysia EMAS Index and Selected FTSE Regional Indices



At the height of the global financial crisis the volatility of Middle East & Africa peaked at almost 70% on a rolling 180 day basis, this compares to Malaysia's volatility that did not exceed 25% over this period

Volatility in Malaysia has been considerably lower over the global financial crisis compared to the main regional indices, but also over the past 10 years it continues to remain low at just over 15%

Index volatility is calculated on a rolling 180 days basis

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Table Six: Historical Volatility of the FTSE Bursa Malaysia EMAS Index against Selected FTSE Regional Indices

Index Name	No of Cons	1M (%)	3M (%)	6M (%)	YTD (%)	1Y (%)	3Y (%)	5Y (%)	10Y (%)
FTSE Bursa Malaysia EMAS Index	353	8.73	10.92	10.06	10.07	9.65	17.02	15.02	15.11
FTSE Japan All Cap Index	1,226	15.77	18.60	17.90	17.73	18.28	28.06	24.56	23.18
FTSE Asia Pacific All Cap ex Japan Index	1,871	13.73	16.96	15.29	15.16	15.99	28.17	23.30	19.63
FTSE Asia Pacific All Cap Index	3,097	12.51	13.72	12.87	12.79	13.73	24.81	21.22	19.43
FTSE USA All Cap Index	2,119	21.33	24.16	19.74	19.48	18.19	30.73	24.86	22.16
FTSE Latin America All Cap Index	189	23.86	27.45	23.64	23.53	24.24	41.71	35.44	29.13
FTSE Americas All Cap Index	2,541	20.86	23.38	19.23	19.00	18.06	30.38	24.61	21.81
FTSE UK All-Share Index	629	21.52	26.95	22.36	22.02	22.29	32.85	26.81	23.05
FTSE Eurobloc All Cap Index	1,103	24.68	31.11	25.33	25.02	23.79	32.14	26.40	22.64
FTSE Europe All Cap Index	1,523	23.70	29.75	24.20	23.92	23.16	31.45	25.88	22.22
FTSE Middle East and Africa All Cap Index	178	19.94	24.10	19.58	19.32	19.53	28.70	26.12	22.29
FTSE Global All Cap Index	7,339	16.11	18.44	15.16	15.01	14.73	23.68	19.37	17.13

Based on annualised daily price returns.

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Latin America has the highest volatility of the global regions in our analysis over the past 10 years with a value of 29.13%, although over the same period it had a performance of 195.82%

Volatility in Malaysia has been considerably lower during the global financial crisis compared to the main regional indices, but also over the past 10 years it continues to remain low at just over 15%. This compares to Latin America whose volatility over 10 years has been 29.13%. The region with the lowest volatility of the same time horizon has been the FTSE Asia Pacific All Cap Index with a volatility of 19.43%. The FTSE Global All Cap Index with 7,339 constituents had a volatility of 17.13% over this period.

The Malaysian market was impacted by the global financial crisis, although through its lower volatility and comparatively better performance it can be argued its impact was not as severe as other markets. One of the reasons for this is due to the several strategies that were imposed to stabilize the Malaysian economy following the 1997 Asian financial crisis, and subsequent liberalization of rules in the foreign exchange administration and the capital market that took place from 2006 to 2008. This intervention limited the exposure to foreign investment in the Malaysian market and therefore the global financial crisis did not cause as much capital outflows as witnessed by other markets.

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Table Seven: Historical Volatility of the FTSE Bursa Malaysia EMAS Index against Selected FTSE Asia Pacific Country Indices

Index Name	No of Cons	1M (%)	3M (%)	6M (%)	YTD (%)	1Y (%)	3Y (%)	5Y (%)	10Y (%)
FTSE Bursa Malaysia EMAS Index	353	8.73	10.92	10.06	10.07	9.65	17.02	15.02	15.11
FTSE Australia All Cap Index	236	27.88	29.79	24.63	24.33	23.72	37.77	30.86	24.55
FTSE China All Cap Index	220	15.88	19.01	19.02	19.08	21.49	42.54	35.39	30.43
FTSE Hong Kong All Cap Index	226	11.31	13.83	13.76	13.74	16.35	30.36	25.06	22.52
FTSE India All Cap Index	243	13.74	18.74	18.21	18.05	21.79	38.06	33.30	28.57
FTSE Indonesia All Cap Index	42	17.68	28.22	24.56	24.35	24.80	38.26	34.05	32.50
FTSE Japan All Cap Index	1,226	15.77	18.60	17.90	17.73	18.28	28.06	24.56	23.18
FTSE Korea All Cap Index	245	23.81	27.02	24.61	24.35	24.29	42.11	34.95	34.49
FTSE New Zealand All Cap Index	20	19.97	19.16	15.99	15.90	17.73	27.00	22.78	20.41
FTSE Pakistan All Cap Index	21	31.14	24.16	20.31	20.18	23.03	32.36	29.67	28.20
FTSE Philippines All Cap Index	25	18.28	23.55	20.96	20.79	20.69	30.49	27.76	26.27
FTSE ST All-Share Index (Singapore)	200	11.28	15.26	14.14	13.99	15.12	26.78	22.61	20.56
FTSE Taiwan All Cap Index	367	17.22	18.10	17.44	17.29	17.83	28.52	24.63	26.99
FTSE SET All-Share Index (Thailand)	150	11.81	25.57	21.87	21.57	22.81	29.56	27.76	27.23
FTSE Vietnam All-Share Index	54	11.19	19.86	22.93	23.47	28.09	33.05	-	-

Based on annualised daily price returns.

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Since 6th July 2009 the FTSE Vietnam All-Share Index and FTSE Indonesia All Cap Index have had the greatest annualised volatility with 28.09% and 24.80% respectively

Korea over a 5 and 10 year period has shown the highest volatility figures in Asia Pacific with 34.95% and 34.49% respectively, over twice the values of the FTSE Bursa Malaysia EMAS Index

Since 6th July 2009 the FTSE Vietnam All-Share Index and the FTSE Indonesia All Cap Index have had the greatest annualised volatility with 28.09% and 24.80% respectively. Over 3 years both Korea and China had the highest volatilities with comparable volatility numbers of 42.11% and 42.54% respectively. Korea over a 5 and 10 year period has shown the highest volatility in Asia Pacific with 34.95% and 34.49% respectively, over twice the values of the FTSE Bursa Malaysia EMAS Index.

Table Eight: Historical Volatility of the FTSE Bursa Malaysia Index Series

Index Name	No of Cons	1M (%)	3M (%)	6M (%)	YTD (%)	1Y (%)	3Y (%)	5Y (%)	10Y (%)
FTSE Bursa Malaysia KLCI	30	8.55	10.29	9.67	9.63	9.30	17.18	15.00	15.62
FTSE Bursa Malaysia Mid 70 Index	70	9.46	12.90	11.69	11.80	11.32	18.49	16.69	16.30
FTSE Bursa Malaysia Top 100 Index	100	8.51	10.57	9.81	9.80	9.40	17.05	14.94	15.06
FTSE Bursa Malaysia Small Cap Index	253	12.04	17.20	16.06	16.46	15.56	20.87	19.60	19.46
FTSE Bursa Malaysia EMAS Shariah Index	274	8.87	10.60	9.47	9.53	9.09	17.39	15.20	15.06
FTSE Bursa Malaysia Hijrah Shariah Index	30	9.14	10.01	8.89	8.93	8.69	18.33	15.87	14.81
FTSE Bursa Malaysia EMAS Index	353	8.73	10.92	10.06	10.07	9.65	17.02	15.02	15.11
FTSE Bursa Malaysia Fledgling Index	432	7.71	10.20	10.89	11.24	11.16	17.91	20.43	20.91
FTSE Bursa Malaysia ACE Index	113	11.85	16.10	15.85	16.21	17.27	21.86	21.91	27.10
FTSE Bursa Malaysia Palm Oil Plantation Index	25	6.54	9.61	9.40	9.67	9.98	20.55	-	-
FTSE Bursa Malaysia Asian Palm Oil Plantation Index (MYR)	15	12.74	15.73	14.76	15.08	16.24	33.21	29.06	-

Based on annualised daily price returns.

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

From a perspective of size, the FTSE Bursa Malaysia KLCI that is made up of 30 large cap companies has a lower volatility compared to mid and small cap companies with a maximum volatility of 17.18% over the past 3 years

Within Malaysia over the past year the FTSE Bursa Malaysia KLCI and the FTSE Bursa Malaysia Hijrah Shariah Indices have had the lowest volatility values. From a perspective of size, the FTSE Bursa Malaysia KLCI that is made up of 30 large cap companies has a lower volatility compared to mid and small cap companies with a maximum volatility of 17.18% over the past 3 years.

The smaller sized companies in the FTSE Bursa Malaysia Small Cap Index, the FTSE Bursa Malaysia Fledgling Index, and the FTSE Bursa Malaysia ACE Index have the highest volatility values. The pan-Asian companies included in the FTSE Bursa Malaysia Asian Palm Oil Plantation Index have shown increased volatility over a 3 and 5 year period, although their performance over the same period has been very strong.

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on

Correlations of the FTSE Bursa Malaysia Index Series against Selected FTSE Regional Indices

Table Nine: 5 Year Correlation of the FTSE Bursa Malaysia EMAS Index against Selected FTSE Regional Indices

5 Year	FTSE Bursa Malaysia EMAS Index	FTSE Asia Pacific All Cap Index	FTSE USA All Cap Index	FTSE Latin America All Cap Index	FTSE Europe All Cap Index	FTSE Middle East and Africa All Cap Index	FTSE Global All Cap Index
FTSE Bursa Malaysia EMAS Index	1.0000	0.5201	0.0384	0.2487	0.3100	0.3726	0.2786
FTSE Asia Pacific All Cap Index		1.0000	0.0791	0.3211	0.4296	0.5085	0.4585
FTSE USA All Cap Index			1.0000	0.6913	0.5081	0.3028	0.8559
FTSE Latin America All Cap Index				1.0000	0.7370	0.6232	0.8380
FTSE Europe All Cap Index					1.0000	0.7494	0.8435
FTSE Middle East and Africa All Cap Index						1.0000	0.6388
FTSE Global All Cap Index							1.0000

Based on annualised daily price returns.

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Table Ten: 5 Year Correlation of the FTSE Bursa Malaysia Index Series

5 Year	FTSE Bursa Malaysia KLCI	FTSE Bursa Malaysia Mid 70 Index	FTSE Bursa Malaysia Top 100 Index	FTSE Bursa Malaysia Small Cap Index	FTSE Bursa Malaysia EMAS Shariah Index	FTSE Bursa Malaysia Hijrah Shariah Index	FTSE Bursa Malaysia EMAS Index	FTSE Bursa Malaysia Fledgling Index
FTSE Bursa Malaysia KLCI	1.0000	0.8363	0.9903	0.7101	0.9415	0.9157	0.9770	0.5623
FTSE Bursa Malaysia Mid 70 Index		1.0000	0.9039	0.8791	0.9123	0.8307	0.9268	0.7495
FTSE Bursa Malaysia Top 100 Index			1.0000	0.7762	0.9642	0.9230	0.9956	0.6303
FTSE Bursa Malaysia Small Cap Index				1.0000	0.8107	0.6787	0.8313	0.8804
FTSE Bursa Malaysia EMAS Shariah Index					1.0000	0.9590	0.9695	0.6663
FTSE Bursa Malaysia Hijrah Shariah Index						1.0000	0.9135	0.5340
FTSE Bursa Malaysia EMAS Index							1.0000	0.6870
FTSE Bursa Malaysia Fledgling Index								1.0000

Based on annualised daily price returns.

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

Table Eleven: Sharpe Ratio and Information Ratio of the FTSE Bursa Malaysia Index Series

Index Name	Sharpe Ratio		Information Ratio	
	1Y	5Y	1Y	5Y
FTSE Bursa Malaysia KLCI	2.1452	0.3462	-0.2771	-0.2266
FTSE Bursa Malaysia Mid 70 Index	2.0273	0.3696	0.5289	0.0392
FTSE Bursa Malaysia Top 100 Index	2.1865	0.3654	0.0347	-0.3290
FTSE Bursa Malaysia Small Cap Index	1.3325	0.5084	0.0225	0.3688
FTSE Bursa Malaysia EMAS Shariah Index	1.6836	0.3512	-2.1374	-0.1555
FTSE Bursa Malaysia Hijrah Shariah Index	1.1920	0.4219	-2.3393	0.1197
FTSE Bursa Malaysia EMAS Index	2.1266	0.3942	-	-
FTSE Bursa Malaysia Fledgling Index	1.6220	0.1051	-0.2968	-0.2536
FTSE Bursa Malaysia ACE Index	-0.3912	-0.3894	-1.9094	-0.8438
FTSE Bursa Malaysia Palm Oil Plantation Index	1.0262	-	-1.5841	-
FTSE Bursa Malaysia Asian Palm Oil Plantation Index (MYR)	1.2252	1.0649	-0.0558	1.2344

Malaysian 3-month interbank offered rate (KLIBOR) (2.69%) is used as the risk free rate.

FTSE Bursa Malaysia EMAS Index is used as a benchmark for calculation of the information ratio.

Based on annualised daily price returns.

Source: FTSE Group and DataStream - price return data in MYR, as at 6th July, 2010

The FTSE Bursa Malaysia EMAS Index has relatively low correlations with the FTSE regional indices, especially with the USA

The lowest correlations can be found over a 5 year period between the FTSE Bursa Malaysia Hijrah Shariah Index and the FTSE Bursa Malaysia Fledgling Index with 0.5340

Over a 5 year period its strong performance has led the FTSE Bursa Malaysia Small Cap Index to have the second highest Sharpe Ratio of 0.51. The FTSE Bursa Malaysia Asian Palm Oil Plantation Index's equally strong performance over 5 years has meant an Information Ratio of 1.23

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on



Table Twelve: Tracking Error of the FTSE Bursa Malaysia Index Series against the FTSE Bursa Malaysia EMAS Index

Index Name	Tracking Error	
	1Y (%)	5Y (%)
FTSE Bursa Malaysia KLCI	2.06	3.22
FTSE Bursa Malaysia Mid 70 Index	4.58	6.28
FTSE Bursa Malaysia Top 100 Index	1.02	1.41
FTSE Bursa Malaysia Small Cap Index	9.72	10.97
FTSE Bursa Malaysia EMAS Shariah Index	2.44	3.74
FTSE Bursa Malaysia Hijrah Shariah Index	4.34	6.48
FTSE Bursa Malaysia Fledgling Index	8.14	14.88
FTSE Bursa Malaysia ACE Index	14.28	17.13
FTSE Bursa Malaysia Palm Oil Plantation Index	6.49	10.63
FTSE Bursa Malaysia Asian Palm Oil Plantation Index (MYR)	11.01	20.27

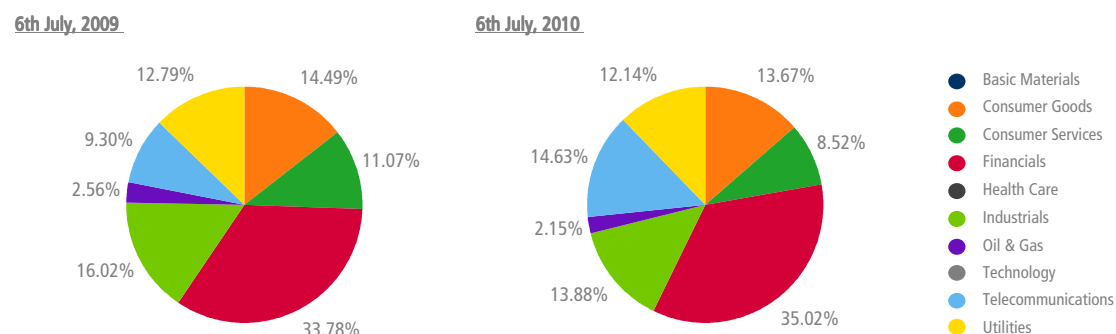
Based on annualised daily price returns.

Source: FTSE Group - price return data in MYR, as at 6th July, 2010

The tracking error of the FTSE Bursa Malaysia KLCI and the FTSE Bursa Malaysia EMAS Index has been 2.06% and 3.22% over a 1 and 5 year time horizon

The FTSE Bursa Malaysia Index Series Industry, Sector and Constituent Analysis

Chart Six: Industry Breakdown of the FTSE Bursa Malaysia KLCI (6th July, 2009 vs. 6th July, 2010)



Telecommunications had the largest increase in weighting in the FTSE Bursa Malaysia KLCI from July 2009 to July 2010, up 5.33%, with Consumer Services falling in weighting the most, down -2.56%

Table Thirteen: Industry Breakdown of the FTSE Bursa Malaysia KLCI (6th July, 2009 vs. 6th July, 2010)

Industry Name	6th July, 2009			6th July, 2010			Change in Wgt (%)
	No of cons	Net Mkt Cap (MYRm)	Index Wgt (%)	No of cons	Net Mkt Cap (MYRm)	Index Wgt (%)	
Consumer Goods	5	46,500	14.49	5	55,043	13.67	-0.82
Consumer Services	6	35,544	11.07	4	34,300	8.52	-2.56
Financials	6	108,447	33.78	7	141,059	35.02	1.24
Industrials	3	51,431	16.02	3	55,892	13.88	-2.15
Oil & Gas	2	8,202	2.56	2	8,673	2.15	-0.40
Telecommunications	3	29,839	9.30	4	58,928	14.63	5.33
Utilities	5	41,051	12.79	5	48,901	12.14	-0.65
Totals	30	321,014	100.00	30	402,796	100.00	-

Source: FTSE Group, data as at 6th July, 2010

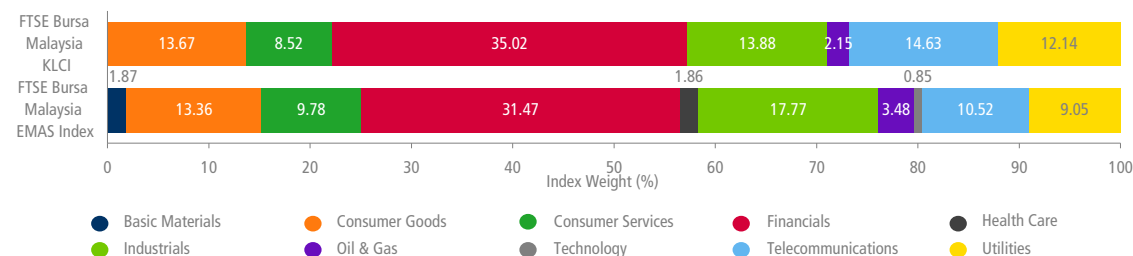
Both Financials and Telecommunications have added one more constituent each since 6th July 2009. Consumer Services has seen the largest decrease in constituents

Looking at the classification or industry representation of the FTSE Bursa Malaysia KLCI between 6th July 2009 and 6th July 2010, the financials and telecommunications industries both added one more constituent during the one year period. Weighting in financials has increased 1.24% to 35.02% since 6th July 2009, it is the largest industry in terms of weighting and number of constituents. Telecommunications is the second largest industry and has had the largest increase in weighting since 6th July 2009, up 5.33%.

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on

Chart Seven: Industry Breakdown of the FTSE Bursa Malaysia KLCI and the FTSE Bursa Malaysia EMAS Index (6th July, 2010)



Source: FTSE Group, data as at 6th July, 2010

Chart Seven above, shows the industry representation of FTSE Bursa Malaysia KLCI to the broader benchmark, the FTSE Bursa Malaysia EMAS Index. As the FTSE Bursa Malaysia KLCI only has 30 constituents, the industry coverage will not be as broad as the FTSE Bursa Malaysia EMAS Index, which covers all of the 10 industry groups under the Industry Classification Benchmark (ICB). The FTSE Bursa Malaysia KLCI does not have companies in the following industry groups: Basic Materials, Health Care and Technology, although all represent less than 2% of the FTSE Bursa Malaysia EMAS Index.

Similar to the FTSE Bursa Malaysia EMAS Index, the FTSE Bursa Malaysia KLCI is dominated by the Financials industry which accounts for 35.02% of its weighting, this compares to 31.47% for the FTSE Bursa Malaysia EMAS Index

The FTSE Bursa Malaysia KLCI does not have companies in the following industry groups: Basic Materials, Health Care and Technology, although all represent less than 2% of the FTSE Bursa Malaysia EMAS Index

Table Fourteen: Industry Breakdown of the FTSE Bursa Malaysia KLCI and FTSE Bursa Malaysia EMAS Index (6th July, 2010)

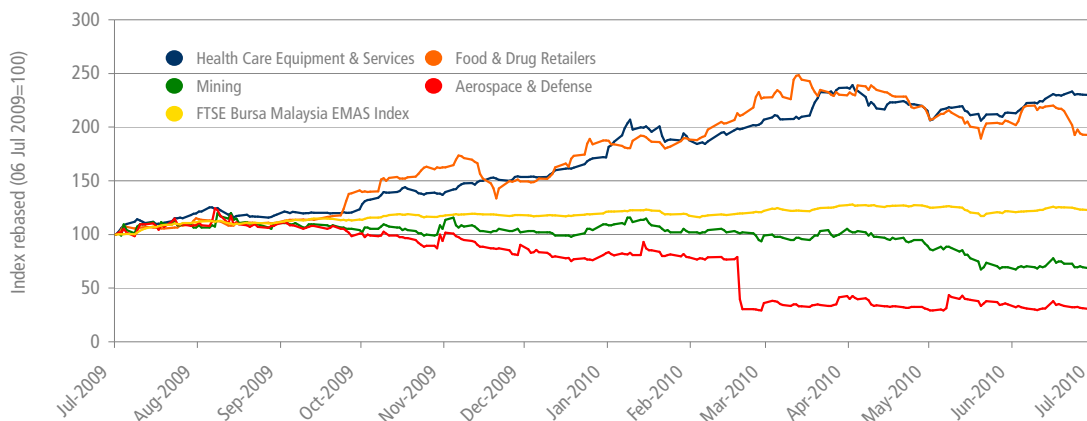
Industry Name	FTSE Bursa Malaysia KLCI			FTSE Bursa Malaysia EMAS Index			Difference in Wgt (%)
	No of cons	Net Mkt Cap (MYRm)	Index Wgt (%)	No of cons	Net Mkt Cap (MYRm)	Index Wgt (%)	
Basic Materials	-	-	-	31	10,571	1.87	-1.87
Consumer Goods	5	55,043	13.67	61	75,437	13.36	0.30
Consumer Services	4	34,300	8.52	28	55,192	9.78	-1.26
Financials	7	141,059	35.02	78	177,622	31.47	3.55
Health Care	-	-	-	13	10,483	1.86	-1.86
Industrials	3	55,892	13.88	91	100,294	17.77	-3.89
Oil & Gas	2	8,673	2.15	21	19,640	3.48	-1.33
Technology	-	-	-	12	4,782	0.85	-0.85
Telecommunications	4	58,928	14.63	5	59,378	10.52	4.11
Utilities	5	48,901	12.14	13	51,082	9.05	3.09
Totals	30	402,796	100.00	353	564,483	100.00	-

Source: FTSE Group, data as at 6th July, 2010

Looking at the classification representation of each industry compared to the FTSE Bursa Malaysia EMAS Index, the FTSE Bursa Malaysia KLCI covers all the major industries with its 30 constituents. The FTSE Bursa Malaysia KLCI is overweight in Financials by 3.5%, with the Public Bank accounting for almost 3% its overweighting. Public Bank has a weighting of 10.45% and 7.46% in the FTSE Bursa Malaysia KLCI and the FTSE Bursa Malaysia EMAS Index respectively. There is an overweight of 4.11% in the Telecommunications industry in the FTSE Bursa Malaysia KLCI of which 1.74% is attributed to Axiata Group. Four out of the five Telecommunications companies in the FTSE Bursa Malaysia EMAS Index are included in the FTSE Bursa Malaysia KLCI. The FTSE Bursa Malaysia KLCI is most underweight in Industrials which has a weighting of 13.88%, compared to 17.77% in the FTSE Bursa Malaysia EMAS Index.

The FTSE Bursa Malaysia KLCI is overweight in Financials by 3.5%, with the Public Bank accounting for almost 3% of its overweighting

Chart Eight: One Year Cumulative Price Performance of the FTSE Bursa Malaysia EMAS and Selected Sector Indices



Source: FTSE Group - price return data in MYR, as at 6th July, 2010

The Health Care Equipment & Services and Food & Drug Retailers sectors were the strongest performers in the FTSE Bursa Malaysia EMAS Index up 132.41% and 92% over a 1 year period. Both Mining and Aerospace & Defense companies had the worst performance, down -29.47% and -66.96% respectively.

The Health Care Equipment & Services and Food & Drug Retailers sectors were the strongest performers in the FTSE Bursa Malaysia EMAS Index up 132.41% and 92% respectively over a 1 year period

The Banks sector had the best one year performance in the FTSE Bursa Malaysia KLCI, up 39.24%, followed closely by the Mobile Telecommunications sector up 35.35%

Table Fifteen: FTSE Bursa Malaysia KLCI - Top 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Banks	7	35.02	39.24
Mobile Telecommunications	3	12.40	35.35
Food Producers	3	10.79	22.20
Fixed Line Telecommunications	1	2.23	16.72
Travel & Leisure	4	8.52	11.84

Table Seventeen: FTSE Bursa Malaysia Mid 70 Index - Top 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Health Care Equipment & Services	4	7.15	111.51
Automobiles & Parts	2	2.45	76.85
Banks	4	7.45	53.50
Chemicals	3	4.16	38.28
Media	3	4.27	38.07

The Health Care Equipment & Services sector in the FTSE Bursa Malaysia Mid 70 and Small Cap Index both outperformed over a 1 year period, up 111.51%, and 149.86% respectively

Table Nineteen: FTSE Bursa Malaysia Small Cap Index - Top 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Health Care Equipment & Services	6	4.71	149.86
Media	1	0.05	128.91
Food & Drug Retailers	1	1.01	92.00
Technology Hardware & Equipmen	6	4.48	82.39
Software & Computer Services	4	1.61	39.71

The Aerospace & Defense sector in the FTSE Bursa Malaysia Small Cap Index had the worst performance over a 1 year period, down -66.96%

Table Twenty One: FTSE Bursa Malaysia EMAS Index - Top 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Health Care Equipment & Services	10	1.81	132.41
Food & Drug Retailers	1	0.10	92.00
Technology Hardware & Equipmen	8	0.69	67.72
Media	4	0.81	41.81
Banks	12	26.44	40.04

Source: FTSE Group - 1 year price return data in MYR, from 6th July, 2009 to 6th July, 2010

Table Sixteen: FTSE Bursa Malaysia KLCI - Bottom 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Oil & Gas Producers	2	2.15	5.74
Automobiles & Parts	1	1.33	5.67
Industrial Transportation	2	5.50	5.23
General Industrials	1	8.38	4.17
Tobacco	1	1.55	-1.93

Table Eighteen: FTSE Bursa Malaysia Mid 70 Index - Bottom 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Oil Equipment, Services & Distrib.	5	6.19	12.80
Oil & Gas Producers	1	1.50	2.88
Financial Services	3	4.24	-4.08
Industrial Engineering	2	1.27	-7.01
Gas, Water & Multiutilities	1	0.78	-10.00

Table Twenty: FTSE Bursa Malaysia Small Cap Index - Bottom 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Life Insurance	1	0.27	-5.15
Pharmaceuticals & Biotechnology	3	0.47	-10.46
Oil Equipment, Services & Distrib.	12	4.52	-25.24
Mining	1	0.51	-29.47
Aerospace & Defense	1	0.14	-66.96

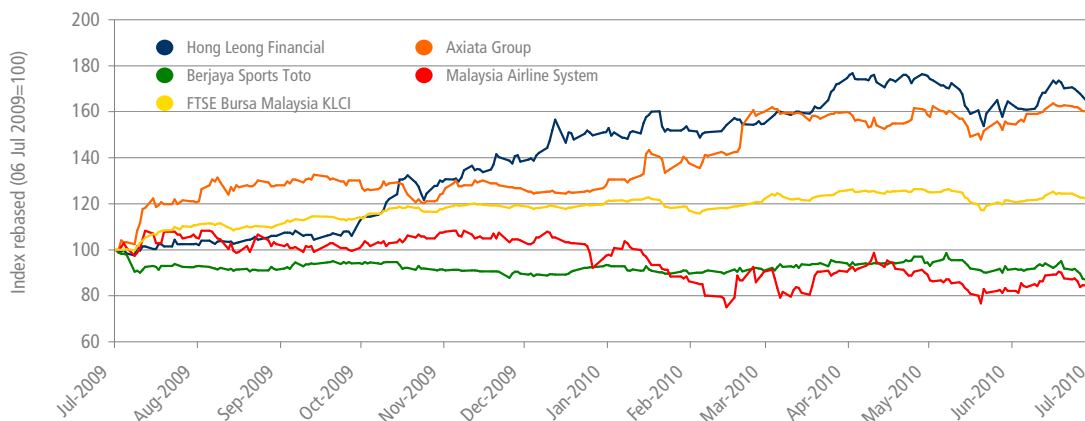
Table Twenty Two: FTSE Bursa Malaysia EMAS Index - Bottom 5 Sector Performers

Sector	No of Cons	Wgt (%)	1Y Perf (%)
Tobacco	2	1.18	-0.90
Life Insurance	1	0.03	-5.15
Pharmaceuticals & Biotechnology	3	0.05	-10.46
Mining	1	0.05	-29.47
Aerospace & Defense	1	0.01	-66.96

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on

Chart Nine: One Year Cumulative Price Performance of the Top/Bottom Performers in the FTSE Bursa Malaysia KLCI



Source: FTSE Group and DataStream - price return data in MYR, as at 6th July, 2010

Axiata Group was the second best performing company in the FTSE Bursa Malaysia KLCI up 59.92%, driven by the strong performance in their Malaysian (Celcom), Indonesia (XL) and Bangladesh (Robi) operations

Supermax and Latexx both members of the Health Care Equipment & Services sector saw an increase in after-tax profits of 169% and 238% respectively following a shortage of medical gloves in 2009

Health Care Equipment & Services, the top sector performer in the FTSE Bursa Malaysia EMAS Index, have benefited from the promotion of health tourism in Malaysia, with tax incentives introduced creating new hospitals and upgrading existing hospitals. Moreover, in 2009, H1N1 caused a shortage of disposable medical products, as a result, the profit margin of healthcare companies also increased.

Table Twenty Three: FTSE Bursa Malaysia KLCI - Top 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
Hong Leong Financial	Banks	0.64	64.86
Axiata Group	Mobile Telecommunications	6.09	59.92
Hong Leong Bank	Banks	1.35	52.21
CIMB Group Holdings	Banks	9.21	47.37
AMMB Holdings	Banks	2.81	47.06

Table Twenty Four: FTSE Bursa Malaysia KLCI - Bottom 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
YTL Power International	Water	1.56	1.39
British American Tobacco	Tobacco	1.55	-1.93
Genting Malaysia	Hotels	1.91	-2.24
Berjaya Sports Toto	Gambling	1.05	-11.68
Malaysia Airline System	Airlines	0.51	-14.58

Table Twenty Five: FTSE Bursa Malaysia Mid 70 Index - Top 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
Supermax Corp	Medical Supplies	1.87	353.08
Mudajaya Group	Heavy Construction	0.96	231.79
KPJ Healthcare	Health Care Providers	0.50	184.03
Tan Chong Motor Hlds	Automobiles	1.33	172.26
Top Glove Corp	Medical Supplies	2.96	112.73

Table Twenty Six: FTSE Bursa Malaysia Mid 70 Index - Bottom 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
Malaysian Bulk Carriers	Marine Transportation	0.79	-7.24
Boustead Heavy Industries	Commercial Vehicles & Trucks	0.34	-9.76
Puncak Niaga Holdings	Water	0.78	-10.00
UBG	Heavy Construction	0.20	-16.79
KNM Group	Oil Equipment & Services	1.42	-33.33

Transmile Group saw its share price fall considerably following the company's 23rd February 2010 announcement that its net loss in 2009 had soared by 720%. Its performance in the FTSE Bursa Malaysia EMAS Index ended the period down -66.96%

Table Twenty Seven: FTSE Bursa Malaysia Small Cap Index - Top 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
SEG International	Specialized Consumer Services	0.53	434.48
Three-A Resources	Food Products	0.50	384.21
Daibochi Plastic	Containers & Packaging	0.45	362.86
D&O Green Technologies	Semiconductors	0.28	307.69
KKB Engineering	Industrial Machinery	0.35	256.60

Table Twenty Eight: FTSE Bursa Malaysia Small Cap Index - Bottom 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
Petra Perdana	Oil Equipment & Services	0.69	-49.80
RGB International	Gambling	0.13	-52.94
ETI Tech	Nondurable Household Products	0.19	-60.53
Transmile Group	Aerospace	0.14	-66.96
Saag Consolidated	Oil Equipment & Services	0.26	-69.23

Table Twenty Nine: FTSE Bursa Malaysia EMAS Index - Top 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
SEG International	Specialized Consumer Services	0.05	434.48
Three-A Resources	Food Products	0.05	384.21
Daibochi Plastic	Containers & Packaging	0.04	362.86
Supermax Corp	Medical Supplies	0.35	353.08
D&O Green Technologies	Semiconductors	0.03	307.69

Table Thirty: FTSE Bursa Malaysia EMAS Index - Bottom 5 Performers

Constituent Name	ICB Subsector	Wgt (%)	1Y Perf (%)
Petra Perdana	Oil Equipment & Services	0.07	-49.80
RGB International	Gambling	0.01	-52.94
ETI Tech	Nondurable Household Products	0.02	-60.53
Transmile Group	Aerospace	0.01	-66.96
Saag Consolidated	Oil Equipment & Services	0.03	-69.23

Source: FTSE Group and DataStream - 1 year price return data in MYR, from 6th July, 2009 to 6th July, 2010

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FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on

Table Thirty One: The FTSE Bursa Malaysia KLCI Constituent Breakdown

Rank	Local Code	Constituent Name	ICB Subsector	6th July, 2009			6th July, 2010			1Y Perf (%)	Notes
				Full Mkt Cap (MYRm)	Free Float Factor (%)	Index Wgt (%)	Full Mkt Cap (MYRm)	Free Float Factor (%)	Index Wgt (%)		
1	1295	Public Bank	Banks	32,141	100	10.01	42,101	100	10.45	30.99	
2	1155	Malayan Banking	Banks	39,989	75	9.34	53,365	75	9.94	33.45	
3	1023	CIMB Group Holdings	Banks	33,992	100	10.59	49,445	75	9.21	47.37	(1)
4	4197	Sime Darby	Diversified Industrials	43,186	75	10.09	44,985	75	8.38	4.17	
5	5347	Tenaga Nasional	Conventional Electricity	33,284	75	7.78	36,353	75	6.77	9.22	
6	1961	IOI Corporation	Farming & Fishing	29,106	75	6.80	33,645	75	6.26	11.73	
7	6888	Axiata Group	Mobile Telecommunications	20,437	75	4.77	32,683	75	6.09	59.92	
8	3182	Genting	Hotels	21,427	75	5.01	27,116	75	5.05	26.55	
9	3816	MISC	Marine Transportation	31,805	40	3.96	38,433	40	3.82	4.36	
10	6947	Digi.Com	Mobile Telecommunications	17,027	40	2.12	17,914	75	3.34	5.21	
11	6012	Maxis	Mobile Telecommunications	-	-	-	39,975	30	2.98	2.50	(2)
12	1015	AMMB Holdings	Banks	9,258	75	2.16	15,071	75	2.81	47.06	
13	4065	PPB Group	Food Products	13,989	50	2.18	18,897	50	2.35	35.08	
14	4863	Telekom Malaysia	Fixed Line Telecommunications	10,267	75	2.40	11,984	75	2.23	16.72	
15	2445	Kuala Lumpur Kepong	Farming & Fishing	12,825	50	2.00	17,549	50	2.18	36.83	
16	4715	Genting Malaysia	Hotels	15,738	50	2.45	15,386	50	1.91	-2.24	
17	4677	YTL Corporation	Multiutilities	11,556	50	1.80	14,077	50	1.75	12.08	
18	5052	PLUS Expressways	Transportation Services	15,800	40	1.97	16,950	40	1.68	7.28	
19	6742	YTL Power International	Water	12,646	40	1.58	15,743	40	1.56	1.39	
20	4162	British American Tobacco	Tobacco	12,706	50	1.98	12,461	50	1.55	-1.93	
21	6033	PETRONAS Gas	Exploration & Production	19,194	30	1.79	19,471	30	1.45	1.44	
22	5819	Hong Leong Bank	Banks	8,928	40	1.11	13,589	40	1.35	52.21	
23	4588	UMW Holdings	Automobiles	6,547	75	1.53	7,141	75	1.33	5.67	
24	2267	Tanjong	Conventional Electricity	5,484	50	0.85	7,057	75	1.31	28.68	
25	1562	Berjaya Sports Toto	Gambling	6,823	75	1.59	5,620	75	1.05	-11.68	
26	2194	MMC Corporation	Multiutilities	6,273	40	0.78	7,521	40	0.75	19.90	
27	5681	PETRONAS Dagangan	Integrated Oil & Gas	8,146	30	0.76	9,438	30	0.70	15.85	
28	1082	Hong Leong Financial Group	Banks	5,243	30	-	8,643	30	0.64	64.86	(3)
29	1066	RHB Capital	Banks	9,045	20	0.56	12,598	20	0.63	39.29	
30	3786	Malaysian Airline System	Airlines	4,929	30	0.46	6,851	30	0.51	-14.58	(4)
-	5657	Parkson Holdings	Broadline Retailers	5,099	50	0.79	5,628	50	-	11.50	(5)
-	4707	Nestle	Food Products	7,504	30	-	8,156	30	-	8.69	(6)
-	5076	Astro All Asia Networks Plc	Broadcasting & Entertainment	6,149	40	0.77	-	-	-	-	(7)

- Notes:
- (1) Name changed from Bumiputra-Commerce Holdings on 9 September, 2009
 - (2) Fast entry effective 20th November, 2009; performance calculated using its first day's closing value
 - (3) Rebalance addition on 26th May, 2010 due to deletion of Astro All Asia Networks
 - (4) Rebalance deletion on 20th November, 2009 due to fast entry of Maxis; review addition in June 2010 review
 - (5) Review deletion in December 2009 review
 - (6) Review addition in December 2009 review; review deletion in June 2010 review
 - (7) Deletion following unconditional takeover announcement

Source: FTSE Group and DataStream, data as at 6th July, 2010

As at 6th July 2010, one year after the KLCI index transition, Public Bank has the largest index weighting of 10.45% in the FTSE Bursa Malaysia KLCI. It is the fourth largest company in the index by full market capitalisation, however, as it has free float factor of 100% it became the largest company in terms of investable market capitalisation. Malaysia Airline System is the company with the smallest index weighting, although at 0.51% its weighting remains large enough to warrant its inclusion in the index.

Free float adjusting the companies in the FTSE Bursa Malaysia KLCI does impact each constituent weighting. The dispersion of free float weightings ranges from 100% for Public Bank, to 20% for RHB Capital. Without free float adjusting RHB Capital, its index weighting could potentially be 5 times larger.

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FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on



Table Thirty Two: Constituent Changes and Index Turnover of FTSE Bursa Malaysia KLCI since 6th July, 2009

Date	Event	Addition	Deletion	Turnover (2-way) (%)
20/11/2009	Fast entry of Maxis (IPO in November 2009)	Maxis	Malaysia Airline System	6.15
21/12/2009	December 2009 index review	Nestle	Parkson Holdings	1.38
26/05/2010	Deletion of Astro All Asia Network due to takeover	Hong Leong Financial Group	Astro All Asia Networks	1.70
21/06/2010	June 2010 index review	Malaysia Airline System	Nestle	6.98
Total				16.21

Source: FTSE Group, data as at 6th July, 2010

The table above summarises the constituent changes of the FTSE Bursa Malaysia KLCI over the past year following the index transition on 6th July 2009. Besides the two regular index reviews in June and December, there were two interim changes made to the index. Maxis was added to the index as a fast entry in November, 2009 as its company size met the index inclusion criteria. The two-way index turnover of this change was 6.15% as it ranked 10th in the index after the first day it was added.

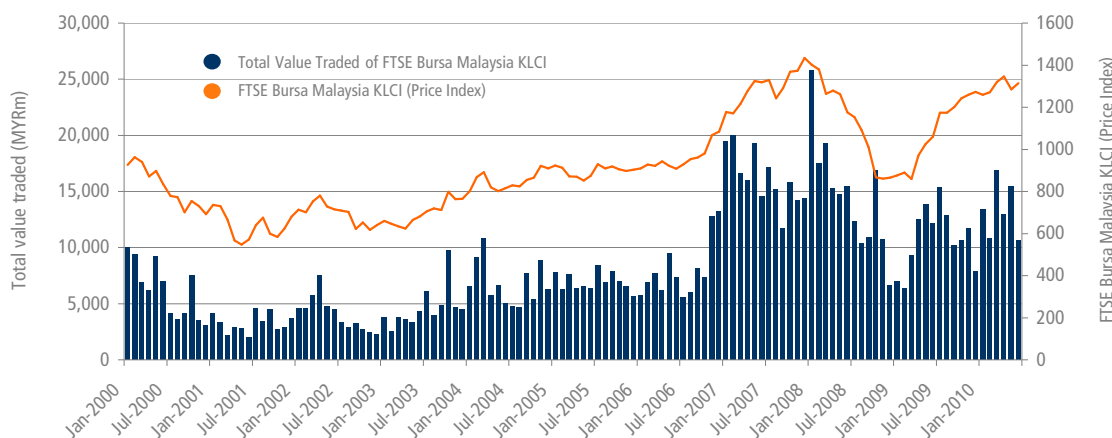
The 6.98% turnover at the June 2010 index review was partly caused by the addition of Malaysia Airline System and the deletion of Nestle, but also the change in free float of CIMB Group Holdings from 100% to 75%.

Liquidity Analysis of the FTSE Bursa Malaysia Index Series

Liquidity has increased in the Malaysian market since the transition of the FTSE Bursa Malaysia KLCI, monthly trading value of the Main Market has risen by 13.6% from 6th July 2009 to 6th July 2010. Chart Ten below, highlights the growth in liquidity of the FTSE Bursa Malaysia KLCI since 2000, particularly the large increase in the value traded from the end of 2006. The performance of the FTSE Bursa Malaysia KLCI tracks quite closely the underlying index trading value, although this was not the case in the first half of 2007, and has been more volatile since the second half of 2009.

Looking at the number of days it will take to trade a MYR 35 million index portfolio, the FTSE Bursa Malaysia KLCI would take 0.16 days as of 6th July 2010 while it took over 0.4 days to trade the index portfolio on 6th July 2009. Prior to the index transition it would have taken over 1 day to trade the KLCI. YTL Corp would take the longest to trade in the FTSE Bursa Malaysia KLCI, its six-month average daily trading value is over MYR 3.9 million. The 6-month weighted average daily turnover of the FTSE Bursa Malaysia KLCI was MYR 26.8 million on 6th July 2009, while the weighted average daily turnover of the FTSE Bursa Malaysia KLCI on 6th July 2010 was trading MYR 38.9 million per day. The tradability of the index has improved in the past one year after the index transition as well as eliminating illiquid stocks from the index universe of large cap companies.

Chart Ten: Monthly Traded Value of the FTSE Bursa Malaysia KLCI



Source: FTSE Group and DataStream, data as at 6th July, 2010

Besides the two regular index reviews in June and December, there were two interim changes made to the FTSE Bursa Malaysia KLCI - Maxis and Hong Leong Financial Group

Liquidity has increased in the Malaysian market since the transition of the FTSE Bursa Malaysia KLCI, monthly trading value of the Main Market has risen by 13.6% from 6th July 2009 to 6th July 2010

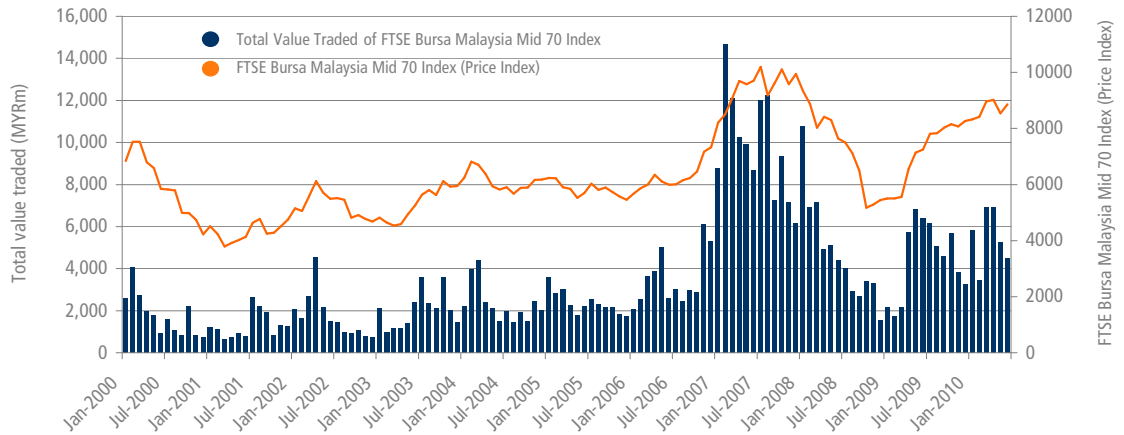
The FTSE Bursa Malaysia KLCI monthly trading value peaked in January 2008 at over MYR 25 billion

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on



Chart Eleven: Monthly Traded Value of the FTSE Bursa Malaysia Mid 70 Index



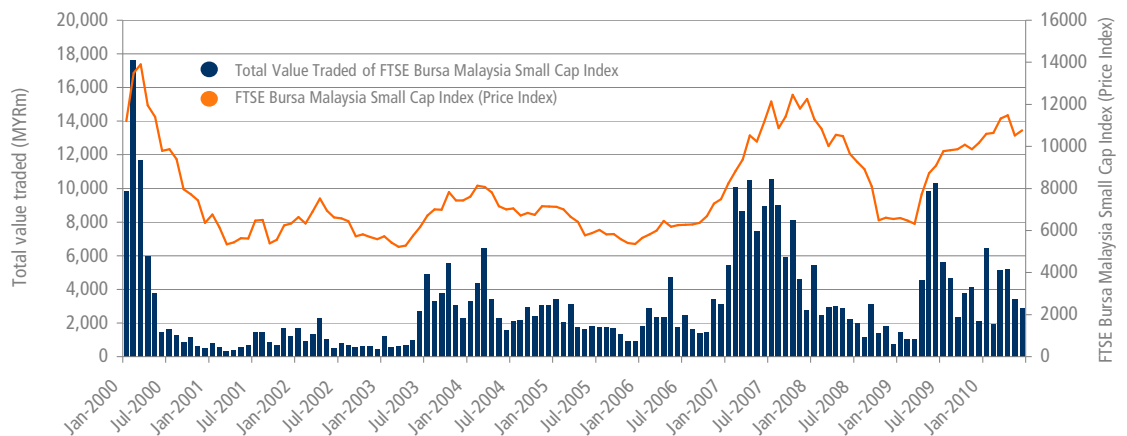
The trading patterns between the FTSE Bursa Malaysia Mid 70 Index and FTSE Bursa Malaysia Small Cap Index are very similar, although the FTSE Bursa Malaysia Small Cap Index had relatively strong trading compared to the FTSE Bursa Malaysia Mid 70 Index in the first half of 2000

Source: FTSE Group and DataStream, data as at 6th July, 2010

Compared to the FTSE Bursa Malaysia KLCI, the FTSE Bursa Malaysia Mid 70 Index and FTSE Bursa Malaysia Small Cap Index have lower trading values. The FTSE Bursa Malaysia Mid 70 Index on average trades more shares than the FTSE Bursa Malaysia Small Cap Index, although as at 6th July 2010 the mid cap index had only 70 constituents, whereas the small cap index had 253 constituents.

The trading patterns between the FTSE Bursa Malaysia Mid 70 Index and FTSE Bursa Malaysia Small Cap Index are very similar, although the FTSE Bursa Malaysia Small Cap Index had relatively strong trading compared to the FTSE Bursa Malaysia Mid 70 Index in the first half of 2000, peaking at just under MYR 18 billion in February 2000. The FTSE Bursa Malaysia Mid 70 Index monthly trading value peaked in February 2007 at over MYR 14.6 billion.

Chart Twelve: Monthly Traded Value of the FTSE Bursa Malaysia Small Cap Index



Source: FTSE Group and DataStream, data as at 6th July, 2010

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on

Risk Characteristics

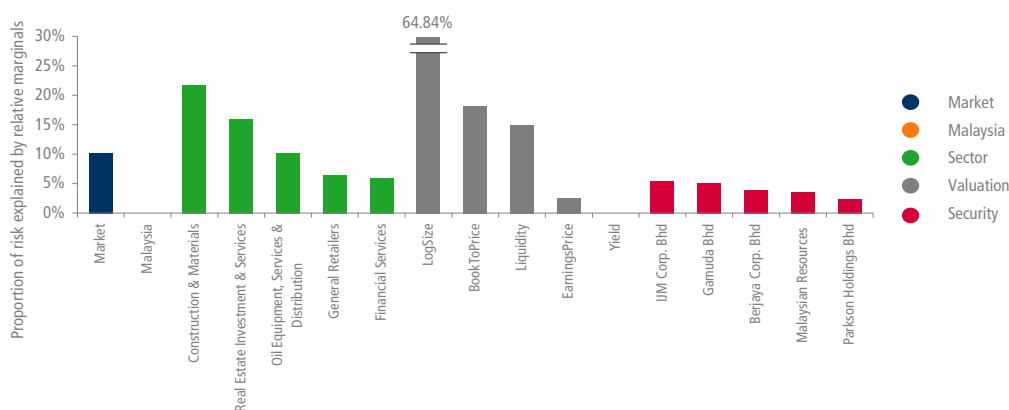
Using the risk application software from EM Applications, we can determine the risk characteristics of the FTSE Bursa Malaysia KLCI in relation to the FTSE Bursa Malaysia EMAS Index.

Table Thirty Three: Risk Characteristics of the FTSE Bursa Malaysia KLCI relative to the FTSE Bursa Malaysia EMAS Index

	FTSE Bursa Malaysia KLCI
Estimated Tracking Error (%)	3.40
Estimated Correlation	0.9840
Estimated Beta	0.9424
Estimated Volatility (%)	18.08
12 Month Historic Dividend Yield (%)	3.27

Source: FTSE Group / emapplications.com, data as at 6th July, 2010

Chart Thirteen: Risk Decomposition of Tracking Error



Source: FTSE Group / emapplications.com, data as at 6th July, 2010

The FTSE Bursa Malaysia KLCI has an estimated tracking error of 3.40% and estimated correlation of 0.9840 to the FTSE Bursa Malaysia EMAS Index

Valuation risk is the major attribute of the estimated tracking error of 3.40% between the FTSE Bursa Malaysia KLCI and the FTSE Bursa Malaysia EMAS Index, due to its skew towards large cap companies

The above chart shows the decomposition of the estimated tracking error of the FTSE Bursa Malaysia KLCI to the FTSE Bursa Malaysia EMAS Index. There are four categories of attributes - market, country, sector and valuation. The chart also shows the percentage of risk attributable to each security. For each category the chart shows the top 5 contributions to risk. The market risk (or in this instance the benchmark risk) is low and only contributes a small proportion of the estimated tracking error, as the FTSE Bursa Malaysia KLCI captures a good proportion of the market capitalisation of the FTSE Bursa Malaysia EMAS Index (over 70%).

Valuation risk is the major contributor to the estimated tracking error (it accounts for over 60%) with most of the deviation coming from the factor of log size (logarithm of the market cap), due to the skew of large cap companies in the FTSE Bursa Malaysia KLCI. The Construction & Materials and Real Estate Investment & Services sectors contribute most in terms of sector risk. This is no surprise as the FTSE Bursa Malaysia KLCI does not include companies from this sector and looking at the risk attributable to securities, IJM Corp, Gamuda and Malaysia Resources who are some of the highest contributors, all are from the Construction & Materials sector. The remaining two securities of the top 5 security contributors are from the General Retailers sector, this sector also does not have exposure in the FTSE Bursa Malaysia KLCI.

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on

Methodology Overview

Free Float methodology

The free float methodology differentiates the FTSE Bursa Malaysia KLCI from the KLCI. Under the free float banding, companies are included as a percentage of their free float

Within the Index Series each company is required to have a minimum free float of 15%. The free float excludes restricted shareholdings like cross holdings, significant long term holdings by founders, their families and/or directors, restricted employee share schemes, government holdings and portfolio investments subject to a lock in clause, for the duration of that clause. A free float factor is applied to the market capitalisation of each company in accordance with the banding specified in the FTSE Bursa Malaysia Ground Rules. The factor is used to determine the market capitalisation and therefore index weighting for each company in the index.

Free Float Bands :

Free float restrictions are calculated using available published information. The initial weighting of a constituent in the index will be applied in the following bands: -

If the free float is :

less than or equal to 15%	=	ineligible
greater than 15% but less than or equal to 20%	=	20%
greater than 20% but less than or equal to 30%	=	30%
greater than 30% but less than or equal to 40%	=	40%
greater than 40% but less than or equal to 50%	=	50%
greater than 50% but less than or equal to 75%	=	75%
greater than 75%	=	100%

Example :

From our research database, Axiata Group is 44.51% owned by Khazanah Nasional, the investment holding arm of the government of Malaysia. In this case, Axiata Group is eligible for inclusion, with a free float factor of 75% (excluding Khazanah Nasional's shareholding).

Share in issue methodology

Shares in issue are systematically checked and updated. Shares are updated on the ex-date for corporate events

The number of shares in issue for each constituent security in FTSE Bursa Malaysia KLCI is amended only when the total shares in issue held within the calculation system changes by more than 10% on a cumulative basis.

Adjustments to reflect a major change in the amount or structure of a constituent company's issued capital must be made before the start of the index calculation on the day on which the change takes effect (e.g. the Ex Date for a rights or capitalisation issue). Announcements of corporate events, which are made after the close of the index calculation, are normally deemed to be made on the following day.

Changes of shares in issue not arising from corporate actions, amounting to less than 10% of the number of shares in issue but more than 1%, will be made quarterly after the close of business on the third Friday of March, June, September and December.

All adjustments are made before the start of the index calculation on the day unless market conditions prevent this.

The following example shows the shares in issue change for YTL Corporation in the FTSE Bursa Malaysia KLCI calculation.

Date	Share no. in database	% Change	Reason for change	Share no. used in index
15/05/2008	1,630,956,589			1,630,956,589
27/06/2008	1,631,036,589	0.00%	Issue of shares	1,630,956,589
02/12/2008	1,633,728,830	0.04%	Issue of shares	1,630,956,589
13/01/2009	1,658,449,730	1.51%	Warrants conversion	1,630,956,589
10/02/2009	1,659,355,680	0.05%	Warrants conversion	1,630,956,589
02/03/2009	1,660,209,280	0.05%	Warrants conversion	1,630,956,589
20/03/2009	1,660,209,280	0.00%	-	1,630,956,589
23/03/2009	1,660,209,280	0.00%	-	1,660,209,280

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on



The number of shares of YTL Corporation used in the index calculation is 1,630,956,589 from 15th May, 2008. There are several minor share changes which amount to less than 1% of the number of shares in issue. On 13th January, 2009, the shares increased over 1% to 1,658,449,730. The shares in issue will then be adjusted at the close of business on third Friday of March, 2009, i.e. 20th March, 2009. As there are minor share updates from 13th January, 2009 to the 20th March, 2009, the latest share number in the database, 1,660,209,280 will be used as the shares in issue from the close of business on 20th March, 2009.

Liquidity Rule

Only liquid companies are eligible to be included in the FTSE Bursa Malaysia Index Series. 10% of their free float adjusted shares in issue must be traded in the past 12 months prior to the review month

A liquidity screen is applied to ensure a company's shares are liquid enough to be traded. Companies must ensure that at least 10% of their free float adjusted shares in issue are traded in the 12 months prior to an annual index review in December.

Example:

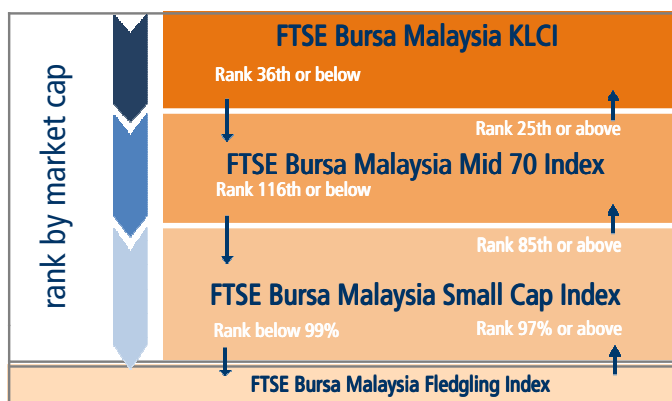
Nestle had a turnover of 8.54% of its shares in issue in the twelve months prior to the June 2010 review, which failed the 10% liquidity rule and was therefore not eligible to be included in the FTSE Bursa Malaysia Index Series.

Review process

The semi-annual review of the FTSE Bursa Malaysia Index Series constituents takes place in June and December. The meeting to review the constituents will be held in June and December, using data from the close of business on the last day of trading in May and November. Any constituent changes will be implemented after close of business on the third Friday in June and December.

In the review process, the FTSE Bursa Malaysia KLCI will consist of the largest 30 eligible companies ranked by full market capitalisation in the FTSE Bursa Malaysia EMAS Index. A company will be added at the periodic review if its market capitalisation rises above 25th position and a company will be deleted at the review if its ranking falls below 36th position.

The following diagram illustrates the review process of the FTSE Bursa Malaysia Index Series



Index	Stay	Move
FTSE Bursa Malaysia KLCI	Rank 1st to 35th	Move to FBM Mid 70 if ranking falls to 36th or below
FTSE Bursa Malaysia Mid 70 Index	Rank 115th or above	Move to FBM KLCI if ranking rises to 25th or above. Move to FBM Small Cap if ranking falls to 116th or below
FTSE Bursa Malaysia Small Cap Index	Not transferring to above index and within 99% full market cap of the Main Market	Move to FBM Mid 70 if ranking rises to 85th or above. Move to FBM Fledgling if falls below 99% full market cap of Main Market

Index calculation

The FTSE Bursa Malaysia KLCI has increased the frequency of index calculation from every 60 seconds to every 15 seconds which tracks the market pulse closely and more efficiently.

Total return index

A total return index of the FTSE Bursa Malaysia KLCI was available from 6th July, 2009, in addition to the capital index. The total return index calculation includes the dividends that are distributed by each index constituent into the performance of the index. The remaining indices of the FTSE Bursa Malaysia Index Series also have total return values historically as does the FTSE Bursa Malaysia Large 30 Index.

Total return index is available in addition to the capital index. It captures the price return and dividend income of each constituent

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on

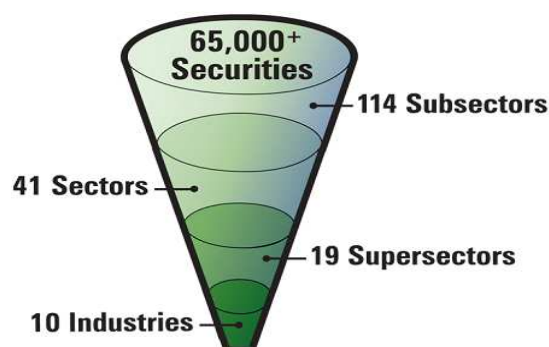
The consistent classification allows comparisons across region and sectors

ICB classification

The classification of a constituent is determined using the Industry Classification Benchmark (ICB), a definitive classification system jointly developed by FTSE Group and Dow Jones Indexes.

ICB is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The system allocates companies to the Subsector level whose definition most closely describes the nature of its business. The nature of a company's business is determined by its source of revenue or where it constitutes the majority of revenue.

Industry Classification Benchmark (ICB)



114 Subsectors allow for more detailed quantitative and qualitative analysis
41 Sectors provide a broad benchmark for investment managers
19 Supersectors can be used for identifying macroeconomic opportunities for investment and trading decisions
10 Industries help investors monitor broad industry trends

Overview of the FTSE Bursa Malaysia Index Series

TRADABLE INDICES

FTSE Bursa Malaysia KLCI

This tradable index comprises the 30 largest companies in the FTSE Bursa Malaysia EMAS Index by market capitalisation.

FTSE Bursa Malaysia Mid 70 Index

Comprises the next 70 companies in the FTSE Bursa Malaysia EMAS Index by full market capitalisation.

FTSE Bursa Malaysia Top 100 Index

Comprises the constituents of the FTSE Bursa Malaysia KLCI and the FTSE Bursa Malaysia Mid 70 Index.

FTSE Bursa Malaysia Hijrah Shariah Index

The FTSE Bursa Malaysia Hijrah Shariah Index is a tradable index which comprises the 30 largest companies in the FTSE Bursa Malaysia EMAS Index that meets the following three screening processes:

FTSE's global standards of free float, liquidity and investability
 Yasaar's international Shariah screening methodology
 Malaysian Securities Commission's Shariah Advisory Council (SAC) screening methodology

FTSE Bursa Malaysia Asian Palm Oil Plantation Index (USD and MYR)

This index comprises the companies from the universes of developed, advanced emerging and secondary emerging countries as classified by FTSE in the Asia Pacific region excluding Japan, Australia and New Zealand that derive substantial revenue from palm oil activities.

FTSE BURSA MALAYSIA INDEX SERIES

FTSE Bursa Malaysia KLCI transition...one year on



BENCHMARK INDICES

FTSE Bursa Malaysia EMAS Index

Comprises the constituents of the FTSE Bursa Malaysia Top 100 Index and FTSE Bursa Malaysia Small Cap Index.

FTSE Bursa Malaysia Small Cap Index

Comprises those eligible companies within the top 98% of the Bursa Malaysia Main Market excluding constituents of the FTSE Bursa Malaysia Top 100 Index.

FTSE Bursa Malaysia Fledgling Index

Comprises the remaining 2% of stocks from the Bursa Malaysia Main Market universe. No liquidity screening is applied.

FTSE Bursa Malaysia EMAS Shariah Index

The FTSE Bursa Malaysia EMAS Shariah Index comprises constituents of the FTSE Bursa Malaysia EMAS index that are Shariah-compliant according to the Securities Commission's SAC screening methodology and FTSE's screens of free float, liquidity and investability.

The index has been designed to provide investors with a broad benchmark for Shariah-compliant investment.

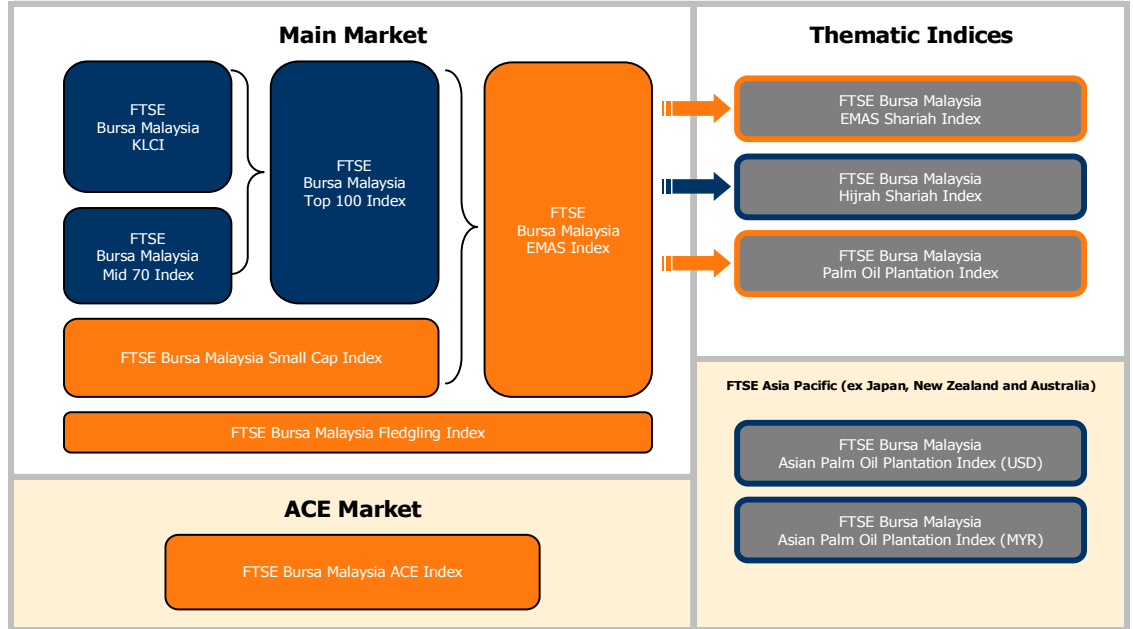
FTSE Bursa Malaysia ACE Index

The FTSE Bursa Malaysia ACE Index comprises all eligible companies listed on the ACE Market. No liquidity screening is applied.

FTSE Bursa Malaysia Palm Oil Plantation Index

This index comprises the constituents of the FTSE Bursa Malaysia EMAS Index that derive substantial revenue from palm oil activities that meet the stated eligibility requirements.

Overview of the FTSE Bursa Malaysia Index Series



Source: FTSE Group and Bursa Malaysia

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