

Adjustments to FSM Portfolios for December 2008

Conservative Portfolio

Monthly Commentary

2008 will be a year that investors will remember mostly for the wrong reasons. The financial crisis has spread far and wide, a US housing recession, multiple failures of financial institutions and volatile commodity prices and extreme investor risk-aversion has characterized 2008 in a nutshell.

Equity markets suffered, with not a single market amongst those that we track turning in positive returns, we saw fixed income assets also sold down, resulting in a decline in even the most conservative portfolios. The word deleveraging has become a concept known to every investor, as all asset classes were affected in a sell off.

However, going forward into 2009, we are turning more positive on equity, and believe that risk reward ratios for investing now are extremely attractive for the next 3-5 years. While we are unlikely to see this portfolio recover immediately, we think that these times present opportunity for the focused investor.

The portfolio has been rebalanced to a 55-45 fixed income/equity allocation at the start of 2009.

Table 1: Year-to-date Performance of Markets

Table 1

Market	Indices	2008 Returns (MYR terms)
Japan	Nikkei 225	-24.42%
US	S&P 500	-35.63%
Tech	Nasdaq 100	-39.19%
Malaysia	KLCI	-39.33%
World	MSCI World	-39.40%
Asian Tech	Bloomberg AP Tech	-43.65%
Taiwan	TWSE	-44.20%
Hong Kong	HSI	-45.53%
Europe	DJ Stoxx 600	-45.54%
China	HSMCLI	-46.18%
Singapore	FTSE STI	-46.74%
Asia ex-Japan	MSCI Asia ex-Japan	-51.50%
Emerging Markets	MSCI Emerging Markets	-52.37%
Thailand	SET	-52.62%
Korea	KOSPI	-55.23%

Source: iFAST compilations. All returns in Ringgit Malaysia terms.

Actions Taken in December 2008

- 1) Added RM1,000 into OSK-UOB Global Equity Yield Fund.
- 2) Switch 2804.53 units (Approx RM1,500) from Alliance Global Bond Fund to OSK-UOB Global Equity Yield Fund.

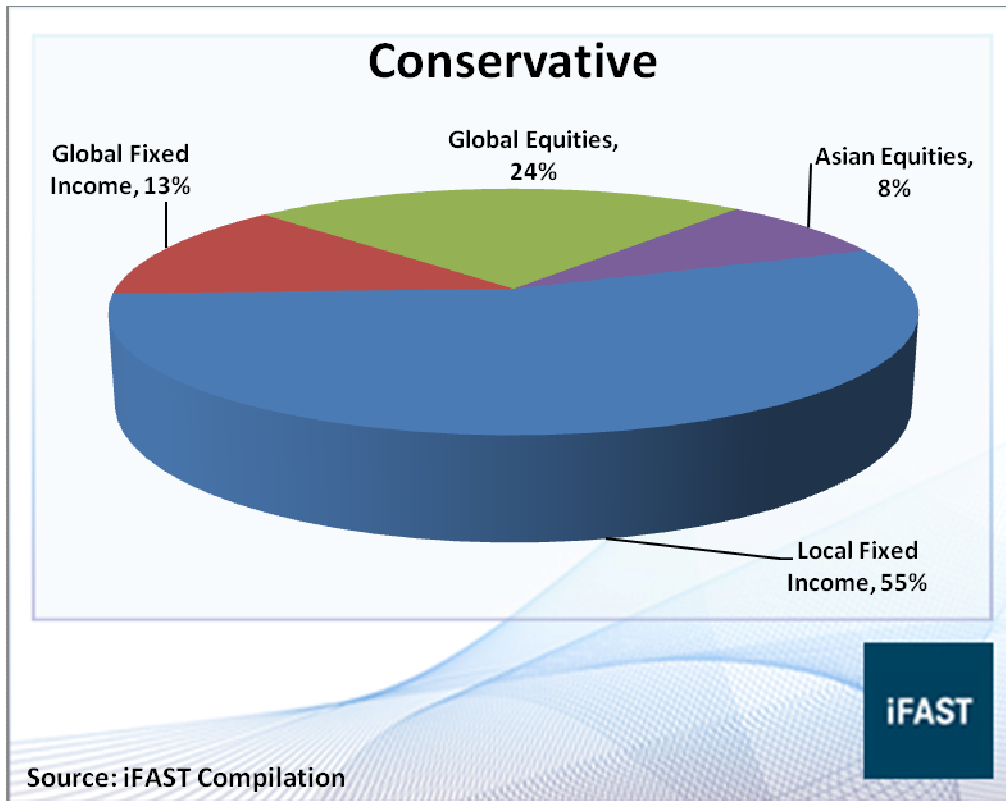


Table 2: Conservative Portfolio Returns

Date of Inception:	7 August 2008
Total Amount Invested	RM22,000.00
Portfolio Value As At End December 2008	RM20,902.25
Absolute Return:	<u>-4.99%</u> as at end December 2008

Source: iFAST Compilations

Reasons for Action Taken

We partially redeem from global bond fund as a profit taking measure. Proceeds from global bond and the additional monthly additional investment of RM2000 are then invested into OSK-UOB Global Equity Yield Fund taking opportunity on the weakness in equity market to increase our equity weightage.