

Adjustments to FSM Portfolios For 31 July 2009

Conservative Portfolio

Commentary

After a flat performance in June, equities market rallied in the month of July in response to more positive economic news flow. China, Singapore and Korea reported strong GDP growth in the second quarter of 2009 while the fall in US's was lower than consensus estimates. Companies are also reporting better-than-expected earnings in the second quarter as economies showed signs of stabilization. In the US, 61% of the 197 companies (as at 24 July) reported earnings that beat estimates. As a result, investors flocked towards riskier assets such as equities, emerging market bonds and high yield bonds.

The portfolio has gained about 10.1% from April 09 to July 09. Within the conservative portfolio, OSK-UOB Global Equity Yield, Prudential Asia Pacific Equity, and Alliance Global Equities Fund delivered double-digit returns with the OSK-UOB Global Equity Yield Fund being the best performer.

The portfolio continues to benefit from the large exposure to Asian ex-Japan and global equities. While we still find Asian ex-Japan and emerging markets to be more attractive regions of investment, we are adding investments into bond funds to ensure proper diversification.

Table 1: Year-To-Date Performance of Markets

Market	Indices	YTD as at 31 July 2009 (RM terms)
Indonesia	JCI	91.2%
India	BSE SENSEX	67.0%
Taiwan	TWSE	56.6%
Asia ex-Japan	MSCI Asia ex-Japan	53.2%
Singapore	FTSE STI	53.0%
Asian Tech	Bloomberg AP Tech	51.2%
Emerging Markets	MSCI Emerging Markets	51.1%
China	HSMCLI	48.6%
Korea	KOSPI	48.4%
Hong Kong	HSI	45.2%
Thailand	SET	43.2%
Tech	Nasdaq 100	34.3%
Malaysia	KLCI	34.0%
Europe	DJ Stoxx 600	17.5%
World	MSCI World	15.3%
Japan	Nikkei 225	12.8%

Source: Bloomberg, returns in RM terms

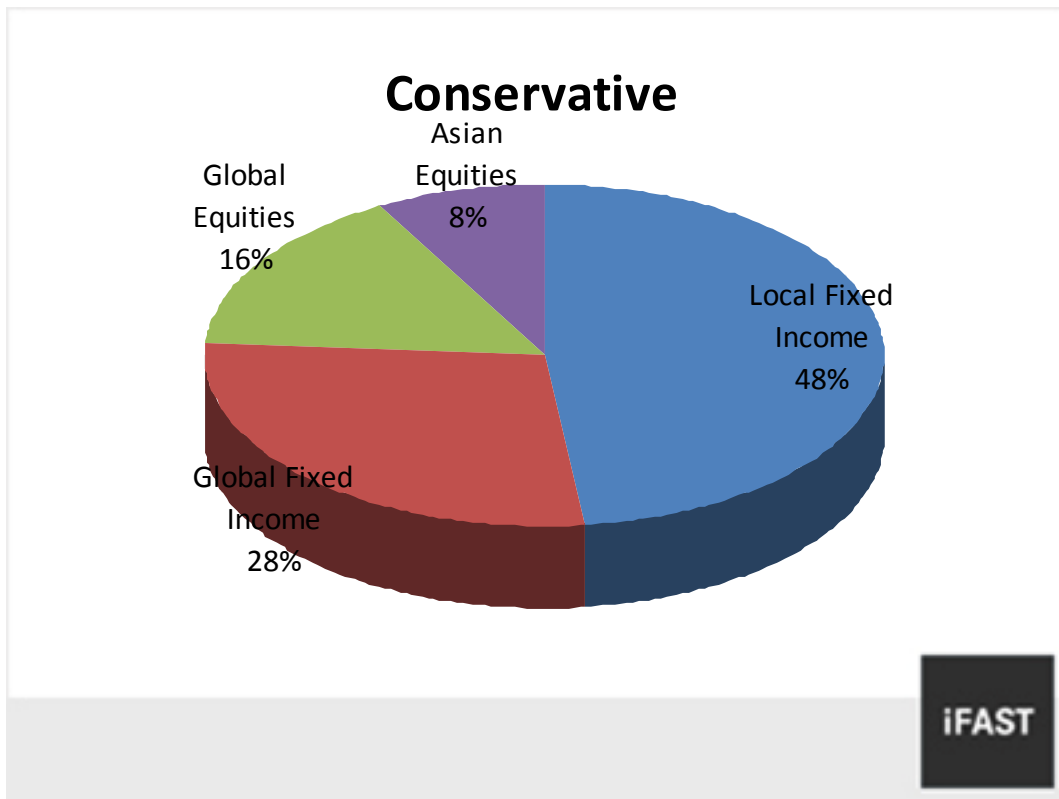
Table 2: Conservative Portfolio Returns

Date of Inception:	7 August 2008
Total Amount Invested	RM27,000
Portfolio Value As At End July 2009	RM28,521.73
Absolute Return:	<u>5.64%</u> as at end July 2009

Source: iFAST Compilations

Actions Taken in July 2009:

- 1) Added RM4,000 into Alliance Global Bond Fund.



Reasons for Action Taken

Equity markets rose sharply in the month of July. We have added to conservative bond funds by adding RM4,000 into Alliance Global Bond Fund to reduce overall exposure to risky assets. In the next portfolio adjustment, we will be switching into new recommended funds and rebalancing the entire portfolio.