

2 June 2010

The portfolio aims to achieve a slow but steady return by investing 90% into bond funds and 10% into equity funds. The target allocation may change with our views on financial markets. Currently we have an **overweight position in equities** and we are targeting to have an exposure of 80% bond funds and 20% equity funds.

<b>Total Investment:</b>	RM39,000.00	<b>Absolute Return:</b>	2.84%	<b>Annualised</b>	
<b>Portfolio Value:</b>	RM40,106.94	<b>May '10 Return:</b>	-0.19%	<b>Internal Rate of Return:</b>	2.32%

## CONSERVATIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		30/04/2010	31/05/2010	
Affin Capital Fund	28%	0.5093	0.5111	0.35%
AmDynamic Bond	28%	0.5865	0.5917	0.89%
RHB Asian Total Return Fund	24%	0.4165	0.433	3.96%
OSK-UOB Smart Treasure Fund	10%	0.6167	0.586	-4.98%
OSK-UOB Global Equity Yield Fund	10%	0.3251	0.3013	-7.32%

## MARKET COMMENTARY

- Market sell-off in April extended into May over fears of a possible spillover effect should Europe's debt problem get out of hand. Global equities fell sharply, with most equity markets recording negative year-to-date returns.
- Europe's debt problem was largely blamed for the market weakness as investors are worried that Europe will derail the global economic recovery. The 110 billion euro rescue package for Greece was finalised on 1 May and an additional 750 billion euro aid mechanism which is similar to the one offered to Greece was set up for any EU member state that may require assistance. However, the market remained unconvinced that Europe's debt problem is now contained.
- The Australian government imposed a new 40% Resource Super Profit Tax (RSPT) on resource mining companies. Investors were concerned that the new tax may significantly hurt the profits of the Australian miners. In reaction to the tax announcement, coupled with global uncertainties, the S&P / ASX 200 index tumbled 14.1% as of 31 May 2010 in MYR terms.
- A sharp reversal of market sentiments saw investors selling out riskier assets and buying into safer ones and the USD strengthened against most currencies, particularly that of commodity driven countries such as Brazilian real and Russian ruble. USD gained 7.5% against Brazilian real and 6.6% against Russian ruble. The Bovespa index (Brazil) fell by 8.9% while the RTS\$ index (Russia) fell by 9.8% respectively as of 31 May 2010 in MYR terms.
- Political tension escalated in Thailand as both government and the protesters engaged in violent clashes. Buildings were torched by protestors, paralyzing the capital, Bangkok. Economic activity came to a standstill. As a result, the Thai equity market was closed for almost a week. Having fallen sharply last month, the market appears unscathed amidst this month's uncertainty, emerging as the top performing market, rising marginally by 0.1% as of 31 May 2010 in MYR terms.

## PORTFOLIO COMMENTARY

The portfolio value shed 0.19%, mainly dragged down by equity funds such as OSK-UOB Global Equity Yield Fund and OSK-UOB Smart Treasure Fund which declined by 7.32% and 4.98% respectively. Nonetheless, bond funds helped to offset the slide in portfolio value with RHB Asian Total Return Fund, AmDynamic Bond and Affin Capital Fund rising by 3.96%, 0.89% and 0.35% respectively.

## ACTION TAKEN

European debt crisis coupled with escalating tension on the Korean peninsula has triggered sell-down in major stock markets. To play safe, we are placing our additional investments into local equities and bonds. Our monthly addition of RM1,000 is as follows:

RM500 in OSK-UOB Smart Treasure Fund  
RM500 in AmDynamic Bond