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CONSERVATIVE PORTFOLIO

3 March 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.

Total Investment:	RM36,000	**Absolute Return:**	5.0%	**Annualised Internal Rate of Return:**	4.7%
Portfolio Value:	RM37,811.90	**February '10 Return:**	0.12%		

CONSERVATIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		29/01/2010	25/02/2010	
Affin Capital Fund	28%	0.5232	0.5226	-0.1%
AmDynamic Bond	28%	0.5752	0.5800	0.8%
RHB Asian Total Return Fund	24%	0.4389	0.4397	0.2%
OSK-UOB Smart Treasure Fund	10%	0.6042	0.6062	0.3%
OSK Global Equity Yield Fund	10%	0.3312	0.3257	-1.7%

MARKET COMMENTARY

- Markets continued to exhibit volatility in February 2010, as Greek debt problems weighed on investor sentiment. European leaders contemplated a Greek bailout, but failed to provide any details of any initiatives, hurting European stocks and resulted in a further weakening of the euro. European equity sentiment continued to deteriorate as Germany reported flat growth and the UK's GDP figures came in poorer than expected. As at 24 February 2010, European stocks (as represented by the DJ Stoxx 600) lost 2.7% (in RM terms) since our last update on 31 January 2010, the worst performing market under our coverage over this period. Most markets lost ground in February, with the notable exception of the US, Thailand, Hong Kong, and the technology sector (represented by the Nasdaq 100).

- Interest rate uncertainty was brought about by the US Federal Reserve's decision to raise the discount rate from 0.5% to 0.75% on 19 February. While the media has widely reported this as a rate "hike", investors should note that the policy rate (Fed Funds Target Rate) has been left unchanged, and the Fed Chairman has also reiterated its policy of keeping rates low for the foreseeable future. The Fed discount rate represents the cost of emergency borrowings via the Fed discount window, and has traditionally been pegged to the target rate with a 100bps spread. This spread was lowered twice to 25bps in the recent crisis, and with financial markets having stabilised, it is only natural for the discount rate to be hiked back to a 50bps or 100bps spread over the target rate.

- Further tightening activity has been observed in China, with the reserve ratio raised by another 50 basis points, a strong hawkish signal by the People's Bank of China. As previously discussed, loans growth has spiked tremendously over the prior few quarters (a result of the massive amounts of stimulus), and the possible speculative usage of such borrowed funds presents a potential problem for bank loan quality further down the road. Thus, we continue to view such moves by the Chinese central bank as positive moves to ensure long-term sustainable growth, and to suppress any potential asset bubbles.

PORTFOLIO COMMENTARY

The portfolio performance rose slightly by 0.12% in Feb 2010. The top gainer was AmDynamic Bond which rose 0.8%, followed by OSK-UOB Smart Treasure which rose 0.3%. Nonetheless, the better performance was dragged down by OSK Global Equity Yield which lost 1.7%.

ACTION TAKEN

We have added RM1,000 into the portfolio to bring the allocation of funds nearer to our target. Portfolio additions are as follow:

RM200 into Affin Capital Fund
RM300 into RHB Asian Total Return Fund
RM200 into OSK-UOB Smart Treasure Fund
RM300 into OSK-UOB Global Equity Yield