

5 May 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:	RM38,000.00	Absolute Return:	3.1%	Annualised	
Portfolio Value:	RM39,194.16	April '10 Return:	-0.96%	Internal Rate of Return:	2.6%

CONSERVATIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		31/03/2010	30/04/2010	
Affin Capital Fund	28%	0.5251	0.5093	-3.01%
AmDynamic Bond	28%	0.5833	0.5865	0.55%
RHB Asian Total Return Fund	24%	0.4214	0.4165	-1.16%
OSK-UOB Smart Treasure Fund	10%	0.6074	0.6167	1.53%
OSK-UOB Global Equity Yield Fund	10%	0.3316	0.3251	-1.96%

MARKET COMMENTARY

- Investors' scepticism returned following a series of negative economic news announcements. Global equity markets took a beating, falling 2% in April. The worst performing markets were Thailand and Europe, falling by more than 5% in MYR terms in April due to rising political tension and continued debt worries respectively.
- In Asia, investors focused on the new Chinese government policies to clamp down on the property market. Property developers were hit, hurting the overall performance of Chinese equities. The Hang Seng index was also dragged down by property stocks and banks, which are expected to see slower loans growth if the Chinese housing market slows.
- In Thailand, political tension intensified as the protest turned violent, leaving more than 25 dead and hundreds injured. The tourism sector was badly hit and many countries' governments have warned against traveling to Bangkok. Based on current situation, dissolution of the government may happen this year and is likely to interrupt the planned fiscal spending tabled in the annual government budget.
- S&P downgraded the credit rating of Greece to "junk" status over its debt concerns. The short term yield for Greek Bonds escalated past 20%, resulting in an inverted yield curve and starving Greece of financing via the open market to meet May's bond repayment of 8.5 billions euros. Meanwhile, the negotiation of the EU/IMF rescue package for Greece has been finalised. The rescue package will see Greece taking further debt reduction measures such as the removal of 13th and 14th month bonuses for civil servants and a wage freeze for 3 years. The package is worth 110 billion euros over the 3 years with the 15 Eurozone nations covering 80 billions euros. IMF will provide 30 billion euros.

PORTFOLIO COMMENTARY

The portfolio value shed 0.96%, mainly dragged down by Affin Capital Fund which declined by 3.01%, followed by OSK-UOB Global Equity Yield Fund and RHB Asian Total Return Fund which shed 1.96% and 1.16% respectively. The biggest gainer was OSK-UOB Smart Treasure Fund which rose by 1.53% followed by AmDynamic Bond which gained 0.55%. Our previous month's addition of RM800 into OSK-UOB Smart Treasure helped to cushion the decline in portfolio value.

ACTION TAKEN

Owing to the strong ringgit performance, it would be safer for us to invest into local-currency denominated assets to prevent possible currency loss. Our monthly addition is as follow:

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