

July 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:	RM40,000.00	Absolute Return:	3.17%	Annualised	
Portfolio Value:	RM41,267.34	June '10 Return:	0.41%	Internal Rate of Return:	2.47%

CONSERVATIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		31/05/2010	30/06/2010	
Affin Capital Fund	28%	0.5111	0.5131	0.39%
AmDynamic Bond	28%	0.5917	0.5943	0.44%
RHB Asian Total Return Fund	24%	0.4330	0.4363	0.76%
OSK-UOB Smart Treasure Fund	10%	0.5860	0.5962	1.74%
OSK-UOB Global Equity Yield Fund	10%	0.3013	0.2940	-2.42%

MARKET COMMENTARY

- Equity markets performances were mixed in June 2010. Global equity markets rebounded initially but developed markets took a dive in the last few trading days of the month while Asia equity markets showed resiliency. The sharp decline was led by US technology stocks as the S&P500 index fell by 7.4% month-to-date (all figures as of 30 June 2010).
- Most Asia equity ended June 2010 on a positive note as the recent correction seems to have found a bottom in early June. The top three performing markets are Thailand, Indonesia and India, which all rebounded strongly by 5.3%, 4.4% and 3.1% respectively in June. This has helped lift MSCI Asia-ex Japan index which returned 0.32% in June, the only regional index to be in the positive zone.
- Recent economic data coming from US was discouraging as it suggests slowing growth from the region. Sentiment indices from Europe were mixed as investor confidence took a dive in both Germany and UK while France remains resilient. However, PMI indices for both manufacturing and services for these developed regions remain above the 50 mark which indicates expansion.
- Emerging markets debt delivered a positive return of 0.9% in June as yields inched down slightly. However, the yield spread between emerging markets debt versus 5-year US Treasuries widened as the latter's yield fell significantly. The current spread indicates attractive opportunities given the better debt profiles for emerging countries.

PORTFOLIO COMMENTARY

The portfolio value rose by 0.41%, driven by bond funds which were in the positive territory while supported by OSK-UOB Smart Treasure Fund. Our previous monthly addition into OSK-UOB Smart Treasure Fund and AmDynamic Bond helped support the portfolio performance as the highest gainer was OSK-UOB Smart Treasure Fund which rose 1.74% while AmDynamic Bond has the third highest return of 0.44%. The second highest gainer was RHB Asian Total Return Fund which gained 0.76%. The only loser was OSK-UOB Global Equity Yield Fund which was down by 2.42%.

ACTION TAKEN

As we have released our new list of recommended funds for 2010, we did some fund switches to include the changes in recommended funds wherever suitable. The portfolio actions for June are as follow:

Fund selection changes:

- Affin Capital Fund to AmBond
- OSK-UOB Smart Treasure Fund to Kenanga Growth Fund
- OSK-UOB Global Equity Yield Fund to Alliance Global Equities Fund

Monthly top-up:

- RM1000 into AmBond