

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:	RM20,000.00	Absolute Return:	2.07%	<i>The portfolio value is net of initial sales charge of 2% or lower for equity funds</i>
Portfolio Value:	RM20,413.90	December 2011 Return:	0.18%	

1 Month	3 Month	6 Month	1 Year	2011^	Since Inception*
0.18%	2.54%	0.74%	-	2.07%	2.07%

^2011 return starting from 1 January 2011 since portfolio revamped. *Cumulative Return

CONSERVATIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		30/11/2011	30/12/2011	
AmBond Fund	42%	1.1662	1.1722	0.51
AmDynamic Bond Fund	14%	0.6157	0.6229	1.17
Alliance Asian Bond Fund	24%	0.5552	0.5496	-1.01
Alliance Global Equities Fund	14%	0.507	0.4977	-1.83
Kenanga Growth Fund	6%	2.0563	2.1317	3.67

MARKET COMMENTARY

- 2011 has been an extremely turbulent year for the global economies and global financial markets.
- In the US we evidenced US sovereign credit rating downgraded by Standard & Poor's one notch from AAA to AA+ the first time since US got its AAA-rating in 1917.
- In Asia Pacific we saw some major disasters like the earthquake and tsunami which led to nuclear crisis in Japan. And then the worst flooding for 5 decades in Thailand which dragged for more than 4 months.
- In Europe, the contagion of the European sovereign debt crisis spread from Greece to Spain and Italy and even to France.
- Passing through all these challenging events, [only 3 countries able to survived](#) and gave positive returns in 2011.
- MSCI AC World Index declined 0.6% in the month of December and declined 6.3% in 2011 (in RM terms).
- MSCI Emerging Markets Index dropped 1.5% in December and dropped 17.6% in 2011 (in RM terms).
- MSCI Asia Ex-Japan Index returned a gain of 0.2% in December while declined 16.3% in 2011 (in RM terms).
- In Malaysia, FBMKLCI rose 4.0% in December and returned a gain of 0.8% in 2011.

PORTFOLIO COMMENTARY

- The Conservative Portfolio achieved a positive gain of 2.07% in 2011.
- 0.18% gained in December, following a 0.47% gained in November.
- Kenanga Growth fund was the best performing fund in the portfolio by returning a 3.67% gain in December.
- In the bond universe, AmDynamic Bond fund and AmBond fund returned a 1.17% and 0.51% gain respectively in December while Alliance Asian Bond fund returned a 1.01% loss in the month.
- As markets valuations still remain attractive, we maintain overweight on equities. And here is our [Key Investment Theme and Outlook for 2012](#).

ACTION TAKEN

NIL