

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:	1.32%	<i>The portfolio value is net of initial sales charge of 2% or lower for equity funds</i>
Portfolio Value:	RM20,264.90	June 2011 Return:	0.08%	

CONSERVATIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		31/5/2011	30/6/2011	
AmBond	42%	1.1441	1.1501	0.52
AmDynamic Bond	14%	0.6052	0.6089	0.61
RHB Asian Total Return Fund	24%	0.4134	0.4097	-0.90
Alliance Global Equities Fund	14%	0.5626	0.5563	-1.12
Kenanga Growth Fund	6%	1.994	2.037	2.16

MARKET COMMENTARY

- Global stock markets lower on renewed European debt concerns
- Fear of Greece will default has significantly affect the global stock markets
- Slower economic growth and end of QE2 weighing on markets
- Investors are concerned on U.S. unable to increase its debt ceiling; S&P and Moody have subsequently warning on reduce credit rating on U.S. government bonds
- Credit tightening due to inflation concern has a negative impact on the markets
- MSCI AC World dropped 1.61% in the month in MYR terms
- MSCI Emerging Markets dropped 1.73% while MSCI Asia Ex-Japan dropped 2.59% in the month in MYR terms.
- Malaysian markets outperformed, FBMKLCI gained 1.32% in the month

PORTFOLIO COMMENTARY

- 0.08% gain in June, following a 0.85% gain in May.
- Alliance Global Equities Fund was the worst performing fund in the portfolio, by returning a 1.12% loss in June, outperformed the 1.61% loss in the MSCI AC World.
- Kenanga Growth Fund was the best-performing fund in the portfolio. Its 2.16% gain outperformed the 1.32% gain in the FBMKLCI
- Due to the concerns on the markets, investors have chosen to invest in safer vehicle like bond. As a result, AmBond and AmDynamic Bond have achieved return of 0.52% and 0.61%.
- Negative sentiments have hurt the performances of global markets, however when all of these have been priced in, markets will start to catch up with its strong fundamentals
- Global economic growth remains on track, maintaining overweight in equities

ACTION TAKEN

The following **fund switch** will be taken place on 01 August 2011 based on our recommended funds for 2011 / 2012 launching on 13 July 2011:-

1. Existing RHB Asian Total Return Fund to Alliance Asian Bond Fund.