

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:	0.89%	<i>The portfolio value is net of initial sales charge of 2% or lower for equity funds</i>
Portfolio Value:	RM20,177.17	August 2011 Return:	1.09%	

CONSERVATIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		29/7/2011	29/8/2011	
AmBond Fund	42%	1.156	1.1679	1.03
AmDynamic Bond Fund	14%	0.6176	0.6082	-1.52
Alliance Asian Bond Fund	24%	0.4141	0.5604	-1.11
Alliance Global Equities Fund	14%	0.5518	0.4939	-10.49
Kenanga Growth Fund	6%	2.0698	1.9938	-3.67

MARKET COMMENTARY

- Global stock markets down sharply in the month of August due to European debt concern.
- Slower economy growth in US also impacted the global markets negatively.
- We have revised down the Euro-zone GDP forecasts and expect a mild recession in the Euro-zone for the next coming 12 months.
- We have also revised down the US economic growth forecasts and expect a slower growth in 2011 and 2012. Please refer to ["Key Changes To Investment Outlook"](#).
- Even though we expect a recession in Euro-zone and slower growth in US, based on our stress test on the earnings forecasts for those markets under our coverage, we still see very attractive valuation. Please refer to ["Looking Past The Current Turmoil – Upgrading 12 Markets; Downgrading Europe"](#).
- MSCI AC World dropped 8.98% in the month in MYR terms.
- MSCI Emerging Markets dropped 11.48% while MSCI Asia Ex-Japan dropped 12.49% in the month in MYR terms.
- Malaysian market has been affected by the global slowdown causing FBMKLCI to drop 6.56% in the month.

PORTFOLIO COMMENTARY

- 1.09% loss in August, following a 0.67% gain in July.
- Alliance Global Equities fund was the worst performing fund in the portfolio, by returning a 10.49% loss in August.
- Kenanga Growth fund returns a 3.67% loss which outperformed the 6.56% loss in the FBMKLCI.
- Due to the investors' flight for safety, AmBond fund was the best-performing fund in the portfolio with 1.03% gain.
- AmDynamic Bond fund returns a loss of 1.52% due to dividend payout on 1 August 2011 however extra 155 units have been added into the total units.
- As markets valuations still remain attractive, we maintain overweight on equities.
- Investors should not be panic during this period and take the recent market downturn as an opportunity to buy into the cheaper markets.

ACTION TAKEN

The following **fund switch** has been 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.

AmDynamic Bond has distributed a dividend of RM 0.020052 per unit with Ex-date 1 August 2011.