Adjustments to FSM Portfolios for September 2008

Aggressive Portfolio

Monthly Commentary

At the end of September 2008, all equity markets under our coverage have given up more than 15% (in Ringgit Malaysia terms, year-to-date), with the worst performers India and China having lost 44.2% and 38.7% since the start of 2008 (See Table 1). September was a turbulent month, with bank failures and credit worries galore. Despite the financial troubles stemming from the US housing market, the US equity market remained relatively resilient compared to the performance of other key markets. The S&P 500 has only lost a paltry 16.0%, which contrasts to the huge falls of markets in Korea, China and India. The overall Asian stock market (as represented by the MSCI Asia ex-Japan index) fell a hefty 37.0% year-to-date, more than twice the fall of the US equity benchmark.

September was a tumultuous month for markets, as investors tried to digest a host of significant events in the US financial sector. Mortgage lenders Fannie Mae and Freddie Mac were placed under conservatorship while insurance giant AIG received US$85 billion worth of government aid. Troubled banks fell like flies in September as we saw the likes of Lehman Brothers, Merrill Lynch, Washington Mutual and Wachovia either failing or being taken over. The voting down of a US$700 billion bailout plan to purchase troubled mortgage securities was badly received by the market with over US$1 trillion wiped off US stocks on news of the negative vote.

Volatility hurt global stock markets, as investors fled to the safe-haven of US government debt. As uncertainty dominated financial markets, the 3-month US Treasury Bill yield fell below zero for the first time since 1940. Higher-risk instruments like emerging market bonds and stocks suffered in the uncertain financial climate. Positions in high-yield credit instruments suffered due to increasing credit fears on the failure of several large financial institutions. As markets plummeted, our portfolios have also declined.

The Aggressive Portfolio is the worst affected portfolio by the recent drawdown in the equity market. It has dropped by 13.47% since inception. This is not surprising, considering the high downside volatilities of the markets which the portfolio has invested and the fact that the Aggressive Portfolio has more than 90% invested in equities. Nonetheless, we will continue to observe the valuations of our favorite markets and position ourselves for the eventual recovery.

Table 1: Year-to-date Performance of Markets

Markets	Indices	YTD as at 30 September 08
US	SPX Index	-15.95%
Japan	NKY Index	-17.68%
Tech	NDX Index	-20.10%
World	MXWO Index	-20.73%
Asian Tech	BPRTECH Index	-25.81%
Taiwan	TWSE Index	-25.90%
Singapore	FSSTI Index	-26.84%
Europe	SXXP Index	-26.97%
Malaysia	KLCI Index	-27.01%
Indonesia	JCI Index	-29.90%
Hong Kong	HSI Index	-30.35%
Emerging Markets	MXEF Index	-32.99%
Thailand	SET Index	-33.28%
Asia ex-Japan	MXASJ Index	-36.95%
Korea	KOSPI Index	-37.97%
China	HSMLCI Index	-38.74%
India	SENSEX Index	-44.22%

Source: Bloomberg and iFAST compilations. All returns in Ringgit Malaysia terms.

Actions Taken in September 2008

1) Added RM500 into Prudential Asia Pacific Equity Fund.
2) Added RM500 into Prudential Global Emerging Market Fund.

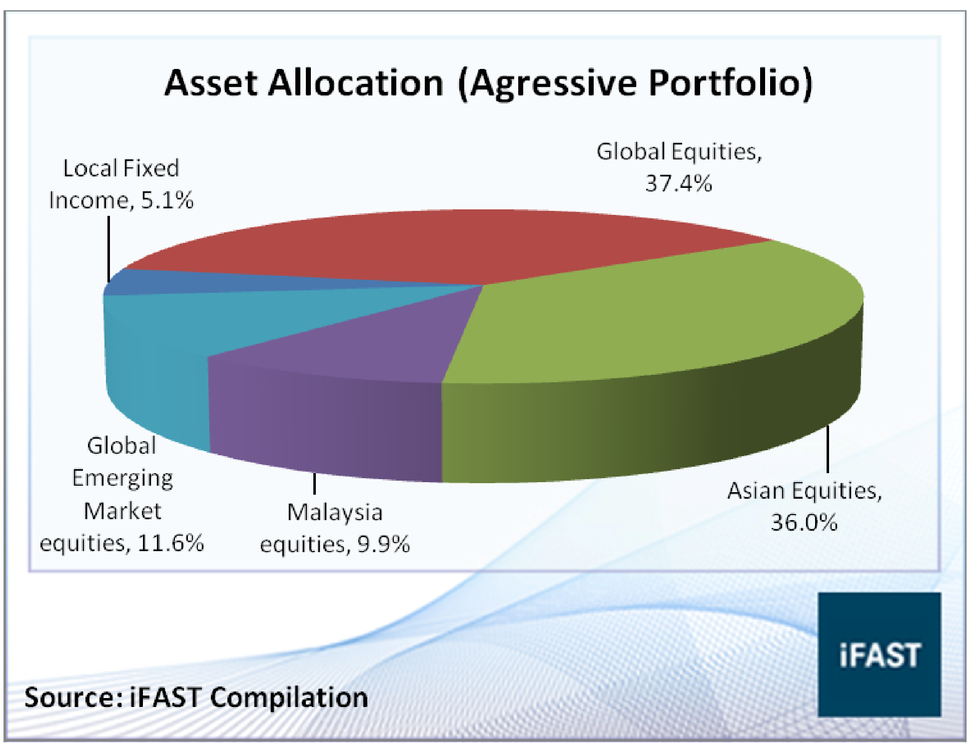

Table 2: Aggressive Portfolio Returns

Date of Inception:	7 August 2008
Total Amount Invested	RM20,000.00
Portfolio Value As At End September 2008	RM17,306.04
Absolute Return:	-13.47% as at end September 2008

Source: iFAST Compilations

Reasons for Action Taken

We will continue to see markets being volatile over the short term. Investors should note that the recent sell-offs in emerging market equities have been due to liquidity reasons owing to the global credit crunch rather than fundamental reasons. We added RM500 into the Prudential Asia Pacific Equity Fund and another RM500 into the Prudential Global Emerging Market Fund to dollar cost average in anticipation that the market will eventually recover.