

The portfolio aims to achieve long term capital appreciation by investing 30% into bond funds and 70% 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 20% to bond funds and 80% to equity funds.

Total Investment:	\$100,000	Absolute Return: (Since inception: 20 Nov 2002)	13.8%	Annualised Internal Rate of Return:	3.0%
Portfolio Value:	\$113,746	Jul 2010 Return:	4.9%		

MODERATELY AGGRESSIVE PORTFOLIO

Fund Name	Target Allocation (%)	NAV		% Change
		30/6/2010	29/7/2010	
LionGlobal Singapore Fixed Income	10	1.34	1.352	0.9
Schroder ISF Global Corporate Bond SGD	10	11.58	11.73	1.3
Aberdeen Global Emerging Markets	20	1.6173	1.6985	5.0
Schroder Asian Growth Fund	11	1.943	2.038	4.9
Aberdeen American Opportunities	18	0.5803	0.6002	3.4
PRU Pan European Fund	16	0.789	0.869	10.1
DBS Japan Growth	5	0.726	0.734	1.1
UOB United Global Capital	5	1.437	1.533	6.7
Henderson Global Technology	5	1.28	1.33	3.9

MARKET COMMENTARY

- July was a spectacular month for global equities as the rally went into full swing after the World Cup ended. The top performing markets were Brazil, Europe and Australia, returning 10.1%, 8.7% and 8.5% respectively in July (in SGD terms as of 31 July 2010). Part of the strong gains for Europe and Australia is attributed from the appreciation of EUR and AUD against SGD, rising 3.7% and 4.6% respectively.
- IMF upgraded the forecast of world output growth rate to 4.6% from April's forecast of 4.2%. However, the upward revision is mainly due to better-than-expected first half and IMF highlighted increased risks brought by the escalation of financial stress and contagion prompted by rising concern over sovereign risk moving forward.
- US earnings season for 2Q 2010 reporting kicked off on 12 July 2010 with Alcoa reporting 2Q earnings. Based on companies that have reported their quarterly earnings as at end July, there has been net positive surprises as S&P 500 index rallied 6.9% in USD terms for July.
- Results for the stress test on 91 European financials which represent 65% of EU banking sector were released on 23 July 2010. 7 banks did not pass the threshold level of 6% Tier 1 capital ratio required based on the scenario analysis. However, they only require recapitalization of 3.5 billion euro, a far cry from consensus expectation of 30 to 35 billion euro. While the stress test conditions were criticized as being too lenient, the market reception of the stress test result has been positive as the Stoxx 600 index rallied 4.9% in EUR terms for July.

PORTFOLIO COMMENTARY

The portfolio gained 4.9% in July following a 0.4% gain in June. All the portfolio's funds managed a positive return in July. With a slight underweight in our Europe allocation, we did not managed to reap the full reward of European equities rebound as PRU Pan European Fund gained 10.1% in July. However, our globally diversified portfolio benefitted from the global equity rally as all equity funds except DBS Japan Growth saw returns in excess of 3.0%. While the fixed income funds were the laggards, they nonetheless generated positive returns for the portfolio.

ACTION TAKEN

Our exposure to both US and Japan equities has the largest deviation from our intended allocation. As such, our monthly top-up will be used to close this allocation gap. The portfolio actions for July are as follows:

- Monthly top-up:
1. \$500 into Aberdeen American Opportunities
 1. \$500 into DBS Japan Growth