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SECTOR REVIEW

MONTHLY MORNING MEETING JUL 2010. PRESENTED BY iFAST FINANCIAL PTE LTD ©

BONDS

SGS BONDS	BENCHMARK	YEARS TO MATURITY	OFFER INDICATIVE YIELD (%) AS AT 31 MAY 2010	OFFER INDICATIVE YIELD (%) AS AT 30 JUNE 2010
N507101E; Coupon 2.500%; Maturity 01/10/2012	2 year	2.00	0.52	0.44
N509100N; Coupon 1.375%; Maturity 01/10/2014	5 year	4.00	0.91	0.76
N710100Z, Coupon 2.375%, Maturity 01/04/2017	7 year	5.00	2.09	1.57
NY05100N, Coupon 3.250%, Maturity 01/09/2020	10 year	8.16	2.79	2.37
NY09100H, Coupon 3.000%, Maturity 01/09/2024	15 year	12.16	3.11	2.88
NZ07100S, Coupon 3.500%, Maturity 01/03/2027	20 year	16.67	3.22	3.01

OFFER YIELDS INCLUDE SALES CHARGE OF 0.1% AND COMMISSION CHARGE OF 0.3%
SOURCE: iFAST FINANCIAL

SINGAPORE INTERBANK RATES (SIBOR)

	OVERNIGHT	1-WEEK	1-MONTH	2-MONTH	3-MONTH	6-MONTH	12-MONTH
27 Jan 10	0.06	0.38	0.44	0.56	0.69	0.75	0.94
23 Feb 10	0.03	0.38	0.44	0.56	0.69	0.75	0.94
31 Mar 10	0.025	0.38	0.44	0.56	0.69	0.75	0.94
28 Apr 10	0.03	0.31	0.38	0.50	0.63	0.75	0.94
26 May 10	0.06	0.38	0.38	0.44	0.56	0.63	0.88
30 Jun 10	0.01	0.31	0.38	0.44	0.56	0.63	0.88

SOURCE: MAS

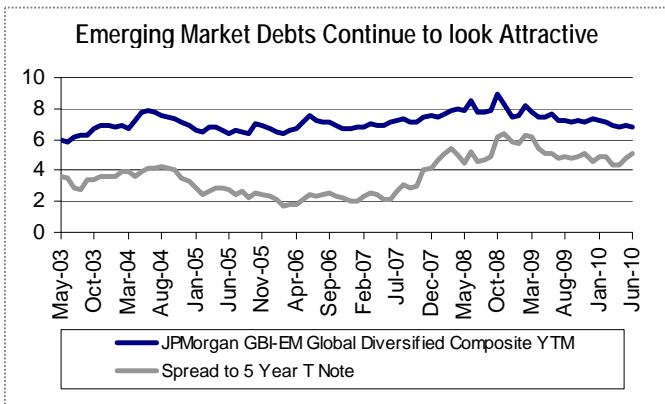
COUNTRY / REGION	PARAMETER	CPI VALUE ON 30 APR 2010 (YOY)	CPI VALUE ON 30 MAY 2010 (YOY)	BENCHMARK INTEREST RATES AS AT 26 MAY 2010
US	CPI (core)	0.90%	0.90%	0.25%
	CPI (all items)	2.20%	2.00%	
Europe	CPI (core)	0.80%	0.80%	1.0%
Japan	CPI (nationwide, all items)	-1.1%	-0.90%	0.10%
Indonesia	CPI	3.91%	4.16%	6.50%
Malaysia	CPI	1.50%	1.60%	2.50%
South Korea	CPI (all items)	2.30%	2.30%	2.00%
Hong Kong	CPI (composite)	2.40%	2.50%	0.50%
Thailand	CPI	3.00%	3.50%	1.25%
China	CPI (consumer prices)	2.80%	3.10%	5.31%
Taiwan	CPI	1.34%	0.74%	1.375%*
India	WPI	9.59%	10.16%	3.75%
Singapore	CPI	3.20%	3.20%	N.A.

*BENCHMARK INTEREST RATE HAS BEEN CHANGED SINCE LAST MONTH

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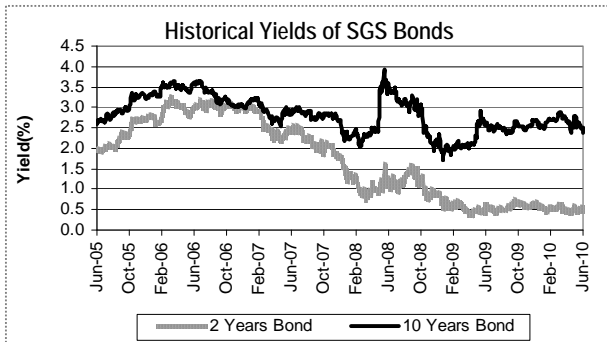
fundsupermart.com

BOND CHART OF THE MONTH

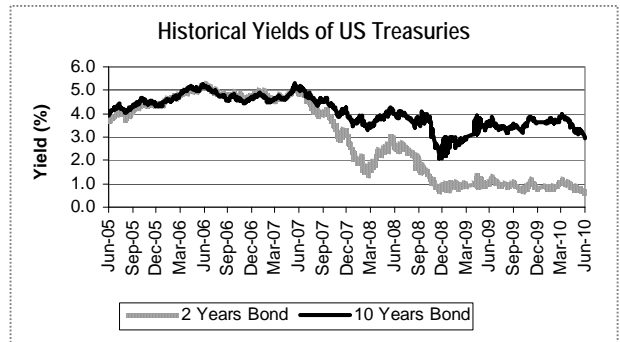


SOURCE: JP MORGAN & IFAST FINANCIAL COMPILATIONS

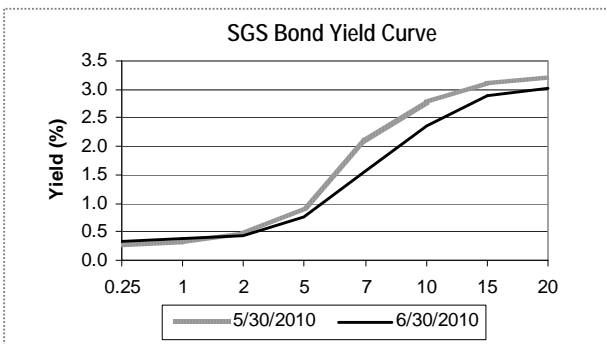
Emerging market debt delivered a positive return of 0.89% for the month of June as yields on the emerging market debts inched down slightly. However, the difference in yields of between emerging market debts and 5 year US Treasuries widened to 507 basis points as yields on US Treasuries fell significantly. We reiterate our view that given the better debt profiles for emerging countries, current spreads for the emerging market debts signifies attractive opportunities.



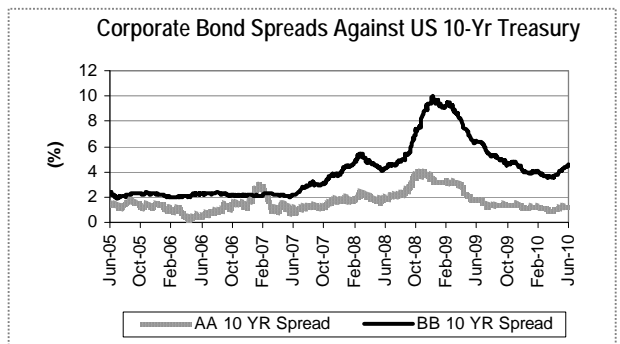
SOURCE: BLOOMBERG & IFAST COMPILATIONS



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KEY DEVELOPMENTS

Central banks of the major economies kept their rates unchanged to maintain an easy monetary policy in view of the development in the sovereign debt crisis in Europe and also in recognition that austerity measures taken by European governments would slow Europe's economic growth in coming years which also affects the global trade. Taiwan was the only country that raised the interest rates in June. The pre-emptive strike on inflationary pressures and potential asset bubble, though unexpected, would likely be appreciated eventually.

Global economic data were hits and misses in June, resulting in high volatility for equity markets. Focus has spread from Greece to the peripheral economies. Moodys Investor Service has warned that it may downgrade Spain's credit rating. While the bailout package has sought to provide liquidity to Greece, the market believes that it is a solvency issue which means the default is delayed but inevitable. As a result, global equities fell 3.2% while US Treasuries as represented by iBoxx USD Treasuries Total Return Index gained 1.8% in June. Yield on 10 year and 2 year UST fell 35bps (to 2.93%) and 16 bps (to 0.60%) respectively. Current yields are the lowest in a year, reflecting investors' spike in risk aversion. (All data refers to month-to-date data as at 30 June 10 in USD terms)

In Singapore, inflation maintained at a 3.2% year-on-year increase in CPI in May 10. Housing prices gained 1.6% while transport spiked 15%. The falling supply of vehicle permits has caused the prices of permits to spike, leading to the surge in transport cost. As labour market starts to tighten in view of the strong growth in economy, inflation will likely remain at elevated levels or above 3%. The strength of SGD should help mitigate the costs of imported goods in coming months.

SGD to USD rate was unchanged at the end of the month. As China has changed its currency policy to allow appreciation, SGD is likely to continue its appreciation against other developed nations currencies in the near term and over the longer term so investors would do well to stay in SGD hedged funds, protecting themselves against currency risks. In current environment as investors consider the likelihood of a double-dip recession, we believe that the high coupons for high yields and emerging market debts would offer cushion against near-term potential downside risk of equity.

RECOMMENDED BOND FUNDS:
DWS LION BOND FUND (GLOBAL BOND)
PIMCO GLOBAL BOND FUND (USD) (GLOBAL BOND)
LEGG MASON ASIAN BOND TRUST (ASIAN BOND)
PRU MONTHLY INCOME PLAN CLASS A (ANNUAL DISTRIBUTION)
LEGG MASON SINGAPORE BOND FUND
UOB UNITED GLOBAL EMERGING MARKET PORTFOLIOS