

# Pi Global Portfolios

## Pi-7 Global Portfolio

JULY 2010

### Investment Objective

The investment objective of the Pi-7 Global Portfolio is to aim to achieve medium to long term capital appreciation, in line with the respective asset class/market performance.

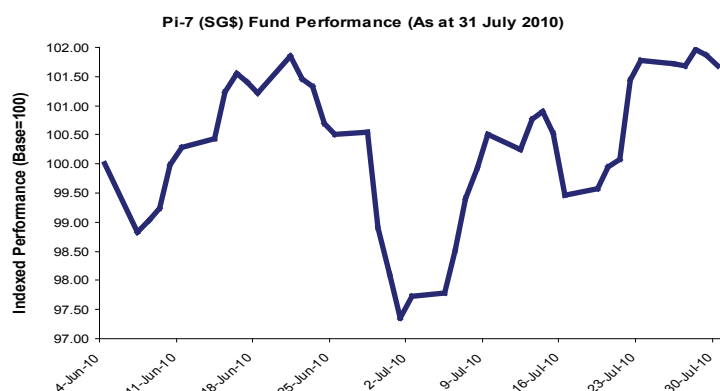
### Fund Information

Inception date: 4th June 2010  
 Inception price: S\$1.0000  
 Investment Manager: Phillip Capital Management (S) Ltd  
 Sub-Advisor: Providend Ltd  
 Currencies Available: US\$ and S\$  
 Bloomberg Ticker (US\$): PPI7GLU SP  
 Bloomberg Ticker (SG\$): PPI7GLS SP  
 ISIN Code (US\$): SG9999006696  
 ISIN Code (SG\$): SG9999006654  
 SRS Code: UR0507

Min. Initial Investment: US\$/S\$5000.00  
 Min. Subsequent Investment: US\$/S\$1000.00  
 Min Holdings: 1000units  
 Min. Partial Realisation: 500units  
 Dealing Frequency: Daily  
 Initial Sales Charge: Currently NIL, maximum 5%  
 Redemption Charge: Currently NIL, maximum 5%  
 Annual Management Fee: 1.5% per annum, maximum 1.5%

^Fund Size: S\$13.27 million  
 ^Bid/Offer: S\$1.0168 / S\$1.0168  
 US\$0.7479/ US\$0.7479

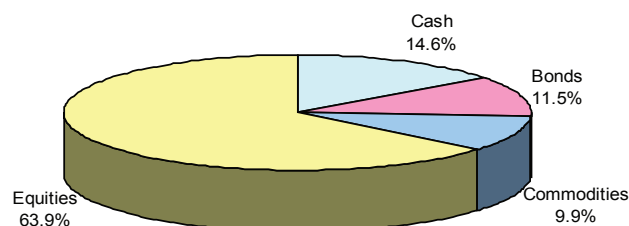
### Fund Performance



### ^Top Ten Holdings

Lyxor ETF Taiwan  
 Lyxor ETF South Africa  
 Lyxor ETF Japan Topix  
 Lyxor ETF Commodities  
 iShares DAX  
 iShares FTSE BRIC  
 iShares S&P Latin America  
 CIMB FTSE Asean 40  
 SPDR DJIA Trust  
 Vanguard Total Stock Market ETF

### Asset Allocation



	*Total Returns (%)	
	Bid to Bid	Offer to Bid
Since Inception	1.69	1.69
1 month	3.66	3.66
3 months	-	-
6 months	-	-
1 year	-	-
3 years	-	-
5 years	-	-
10 years	-	-
Annualised Returns (%p.a.) Since Launch		
Bid to Bid	11.543%	
Offer to Bid	11.543%	

\* Figures above are cumulative and calculated using bid-to-bid and offer-to-bid prices, with any income or dividends reinvested. As at 31 July 2010. ^Source: Phillip Capital Management (S) Ltd & Bloomberg.



### Phillip Capital Management

250 North Bridge Road #06-00  
 Raffles City Tower, Singapore 179101  
 Tel: (65)6538 3638 Fax: (65) 6538 3066  
 Website: [www.phillipcapitalmanagement.com.sg](http://www.phillipcapitalmanagement.com.sg)  
 Co. Reg. No: 199905233W



37 Duxton Hill Singapore 089615  
 Tel: (65)6309 2488 Fax: (65) 6220 2533  
 Website: [www.providend.com](http://www.providend.com)  
 Co. Reg. No: 200209049C

Manager's Commentary**Portfolio overview and strategy: Pi-7 Global Portfolio**

The strategic allocation of this fund is 75% equities, 15% bonds and 10% commodities (excluding cash). For all the three asset classes, we buy into relevant ETFs to replicate the targeted exposure. For the bonds asset class, we also buy into mutual funds.

We will stick to this allocation as new money flows into the fund. For the month, in addition to the existing positions in the fund, we added three new ETFs to replicate our positive views on two sectors: one is the SPDR Gold Trust ETF (listed in the US), and the second and third are the DB x-trackers CSI300 ETF and the DB CSI300 Consumer Discretionary ETF, which track the broad China A-share index and the China consumer discretionary sector respectively. In our view, gold is likely to continue its bullish momentum due to its inflation hedging and "currency of last resort" qualities, as quantitative easing policy (or money printing, to put it crudely) continues in the US and worldwide currency volatility prevails. China is also a market that we are long-term positive on, and we felt it was time to take a separate position on China (in addition to our BRIC ETF), in view of the fact that the Chinese market had already dropped a quarter of its market value over 2010 and had become one of the world's worst-performing markets --- a disconnect with its fast-growing economy.



**Market overview for July 2010: Pi-7 Global Portfolio**

In July the concerns about Europe fiscal and bank problems and about China fiscal tightening receded into the background. It was a great month for the major asset classes— prices rose across the board. All the broad measures of stocks, bonds and commodities posted gains in the month. It was the best calendar month overall for the markets since last November.

July was the month of corporate earnings reports in the US, and at the time of writing, over half of the S&P500 companies have reported their second quarter earnings, with a big majority beating their earnings estimates and revenue forecasts. The big question however is whether this strong performance is sustainable when economic growth slows in the second half of the year; economic slowdown is anticipated by the US Federal Reserve, which is why Ben Bernanke is reluctant to end his quantitative easing monetary policy. Nonetheless, we believe the strong earnings is a big reason for the broad market rally in July, as it spurred a resurgence in risk appetite.

On the Europe front, the release of the European Bank stress test results on 23<sup>rd</sup> July helped to alleviate fears about European banks, boosting confidence in the financial sector. Indeed, the euro currency has been on a charge since late June, sweeping up from below 1.70 against the US dollar to 1.78, an appreciation of about 5% within one month. On the China front, property prices finally fell 0.1% in June from May, the first monthly decline since February 2009. It is likely the government will continue liquidity tightening in this sector until prices have dropped by at least 10%. In comparison to the US and Europe, we think China has an easier problem to deal with, given that it has just one problematic sector to deal with and has historically been able to bring big government to bear on economic problems it targets.

The unexpected market rally of July has, in a sense, served to remind market-timers that market entries and exits are notoriously difficult to get correct. The approach of the Pi-7 Global Portfolio is exactly to avoid such a situation. Over the long run, if the investor stays invested, he can reap the rewards of the long-term uptrend of the market.

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