



Singapore Update

Market Overview

- Local equities rose in June, outperforming the region, as heightened risk aversion caused by weak US economic data and fears that the global recovery may stall drove investors to Singapore's defensive market.
- Economic data were mixed: industrial output accelerated in May, driven by pharmaceuticals; export growth slowed from the previous month, dragged down by non-electronics; retail sales continued to decline in April as demand for motor vehicles fell in tandem with rising prices; and manufacturing growth slowed in June with fewer new orders.
- Real-estate prices rose to an all-time high in the second quarter. Consumer prices rose in May, driven by higher energy prices.

Model Portfolio News

We sold a small position in K-Green Trust, which was spun off from our holding Keppel Corp in late June.

Note:

The changes mentioned in this part refer to our model portfolio, which is the basis for actual portfolios we manage that have similar investment objectives. However, there might be minor variations among these, so the above descriptions might not apply to the actual portfolios.

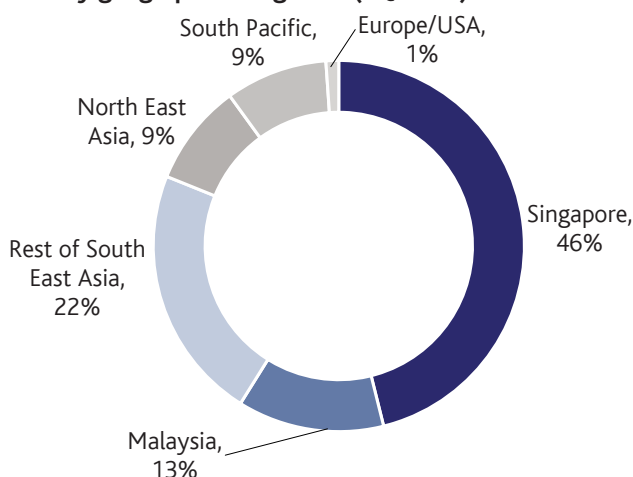
Corporate News

UOB set up a euro medium-term note programme, a debt-issuing facility that allows it to borrow up to S\$5 billion in various currencies and at different maturities. SingTel's wholly-owned subsidiary, NCS, won an S\$850 million contract from the Ministry of Education. ST Engineering's marine arm, ST Marine, and a local partner were awarded a S\$66.5 million contract to design and construct a waste management facility in Brunei.

We hold the companies highlighted above.

Focus – Fraser & Neave: a regional play

EBIT by geographical segment (2Q FY10)*



* The chart does not include losses incurred in 'South Asia' segment
Source: Fraser & Neave, BNP Paribas

Many local companies that we hold are regional plays. Among them is Fraser & Neave, which derives more than half of its earnings from outside Singapore. The conglomerate has property developments in China, Australia and Thailand, while its beer brewing business, via subsidiary Asia Pacific Breweries, is the market leader in Indonesia and Cambodia. F&N's diversified geographical exposure makes it a stable and defensive holding for our portfolio; net profits rose 89% year-on-year in the second quarter.

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