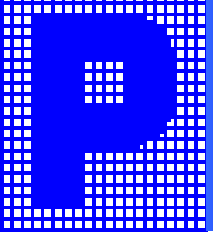


Content

1. Investment Seminars
2. Fund Promotion
3. Special fund focus – Why High Yield Investments?



Investment Seminars Aug 2009

No	Date	Time	Venue	Theme	Speaker
1	17 Aug	12.30pm – 1.30pm	Raffles City Tower 6 th Floor	Adopt a Play it safe strategy with Regular Savings Plan	Unit Trust Marketing
2	19 Aug	12.30pm – 1.30pm	Raffles City Tower 6 th Floor	Why invest in High Yield Fixed Income?	Franklin Templeton

Investment Promotions

Henderson RSP Promotion (waiver of Initial Lumpsum)

Receive **BONUS** units when you start your Regular Savings Plan with the

[Henderson Horizon China Fund - SGD](#)

Monthly RSP amount	Reward
S\$100 – <S\$300	S\$50 worth of units
S\$300 and above	S\$100 worth of units

You can start your RSP at \$100 monthly on this China fund, without the initial Lumpsum during this promotional period.

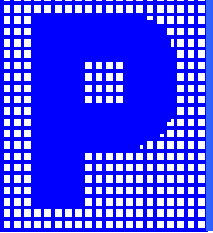
What's more, ENJOY 1.5% sales charge on the your RSP now!

Go to ASAP to place your RSP today!

To find out more on RSP contact us @ 65311 555 or unittrust@phillip.com.sg

Terms and conditions:

- This promotion is only valid for NEW trade placed from **16 June 2009 to 31 Aug 2009 (both dates inclusive)** for the above mentioned Henderson RSP cash and SGD transactions.
- This promotion is applicable for approved cash RSP trades and will not apply to switch and transfer-in transactions.
- Investors do not need a minimum initial purchase in this Henderson China fund before applying for a RSP during this promotion.
- To qualify for the reward or bonus units, investors must stay invested on the RSP till 30 June 2010, the bonus units will be credited within 1 month after 30 June 2010.
- Phillip Securities Pte Ltd reserves the right to amend the Terms and Conditions from time to time without prior notification



Invest in the following LionGlobal Funds

Receive a \$10 Shopping voucher for every 10K investment

- LionGlobal Bond Fund
- LionGlobal Australia Fund

Terms & Conditions:

- Free Shopping voucher promotion is valid for placement of trade from 13 July 2009 - 30 September 2009.
- Only applicable to above selected LionGlobal funds for Cash or SRS trade.
- This free voucher promotion does not apply to switch trade or RSP transaction
- Investors must invest a min. of 10K in LionGlobal funds to qualify for the vouchers.
- Qualifiers will receive the vouchers and gift around 6 – 8 weeks from the close of the fund promotion.

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Invest in the following UOB Funds

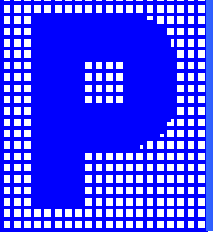
Receive a \$10 Shopping voucher for every 10K investment

- UOB United Growth Fund
- UOB Global Resources Fund
- UOB Gold & General Fund
- UOB Asian Growth Opportunities Fund
- UOB Greater China Fund

Terms & Conditions:

- Free Shopping voucher promotion is valid for placement of trade from 01 July 2009 - 30 September 2009.
- Only applicable to above selected UOB funds for Cash or SRS trade.
- This free voucher promotion does not apply to switch trade or RSP transaction
- Investors must invest a min. of 10K in UOB funds to qualify for the vouchers.
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August 2009

High Yield Bonds

The recent run up in equities on improved fundamentals continues to drive the credit market. The unemployment rate might stop falling and credit conditions are set to improve because banks are more willing to issue more loans. With this in mind, we continue to be bullish on high yield bond funds

Credit could improve some more

Figure 1 shows a snap shot of the 3 month LIBOR rate at different times. The LIBOR curve has fallen significantly from 3 months ago. The orange line shows the curve 3 months ago while the red line shows the curve more recently. We can see that credit conditions in the banks have improved and could improve some more.

Bank Tier 1 and 2 Swap Rates continue to fall

The improvement in credit is reinforced by the asset 1 and asset 2 swap rates, which continues to tread lower. (See Figure 2) The swap rate has been trending lower on improved fundamentals in credit. With a lower swap rate, bank balance sheets would look better and interbank rates would go lower and with cheaper access to financing conditions, high yield bond holders would benefit.

Fed Chairman in a recent speech to Congress said that he would continue to keep interest rates low and would probably act through the purchase of reverse repo agreements to control the amount of liquidity in the system. Furthermore, it is in the interest of the Federal Reserve to keep interest rates low to benefit the end consumer (because the interest rates on mortgages are tied to the prime loan rate) and also to keep US Treasuries attractively priced for investors.

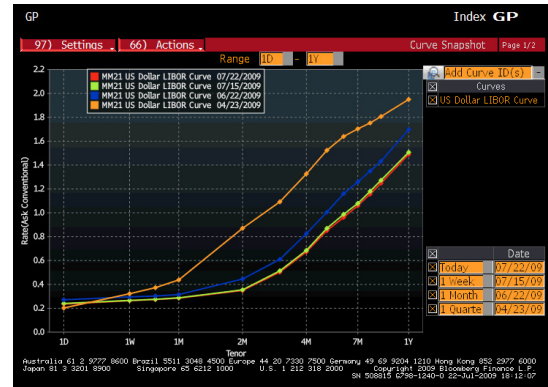


Figure 1: US 3 month LIBOR improving
Source: Bloomberg

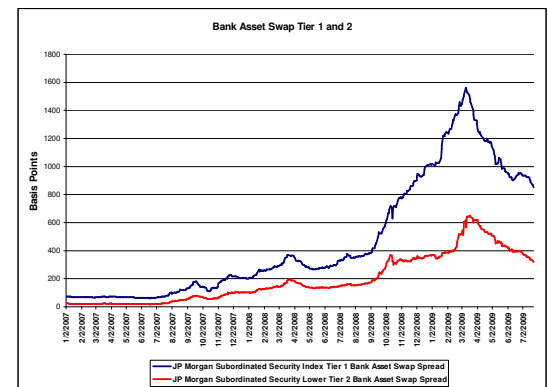
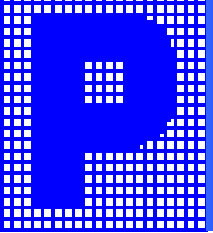


Figure 2: JP Morgan Banks Subordinated Tier 1 and Tier 2 Swap Rate
Source: Bloomberg



The Fund we have in mind

There are 5 funds on the platform that invest in high yield bonds, the Schroder Global High Yield Bond Fund, the PIMCO High Yield Bond Fund, the Fidelity US High Yield Bond Fund, the Fidelity European High Yield Bond Fund and the Franklin Templeton High Yield Bond Fund.

As shown in Figure 3, the PIMCO High Yield Bond Fund and the Fidelity US High Yield Bond Fund continue to outperform the other funds. This is because the fundamentals in the US economy have improved and exceed investor's expectations.

However we like the Schroder Global High Yield Bond Fund because it is well diversified but majority of its exposure is in the US. In fact, as of 29 May 2009, 83% of the portfolio is in the US while 3.4% is invested in Canada. The following table highlights the performance of the fund thus far

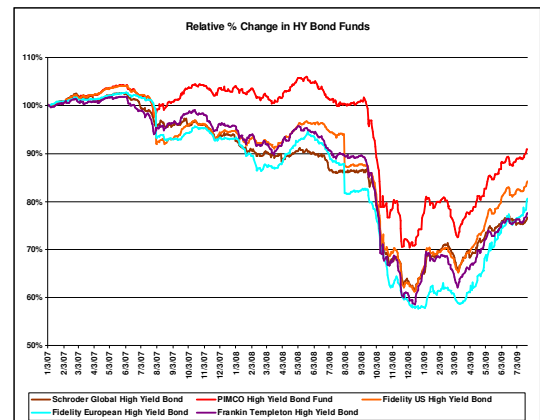
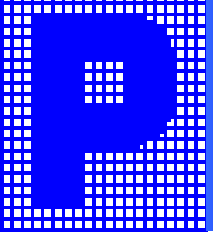


Figure 3: Relative Performance of funds from 3 January 2007 to 22 July 2009
Source: Bloomberg

Fidelity Global Financial Service Fund Performance (as of 22 July 2009)						
	1 mth	3 mth	YTD	1 Year	3 Year	5 Year
Absolute Return	0.39	7.12	16.74	-11.12	-4.91	N.A
Maximum Drawdown				-29.28		
Volatility				16.41		
Semi variance				20.83		
Sortino Ratio				-0.54		



PHILLIP SECURITIES PTE LTD

UTalk Aug 2009

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