

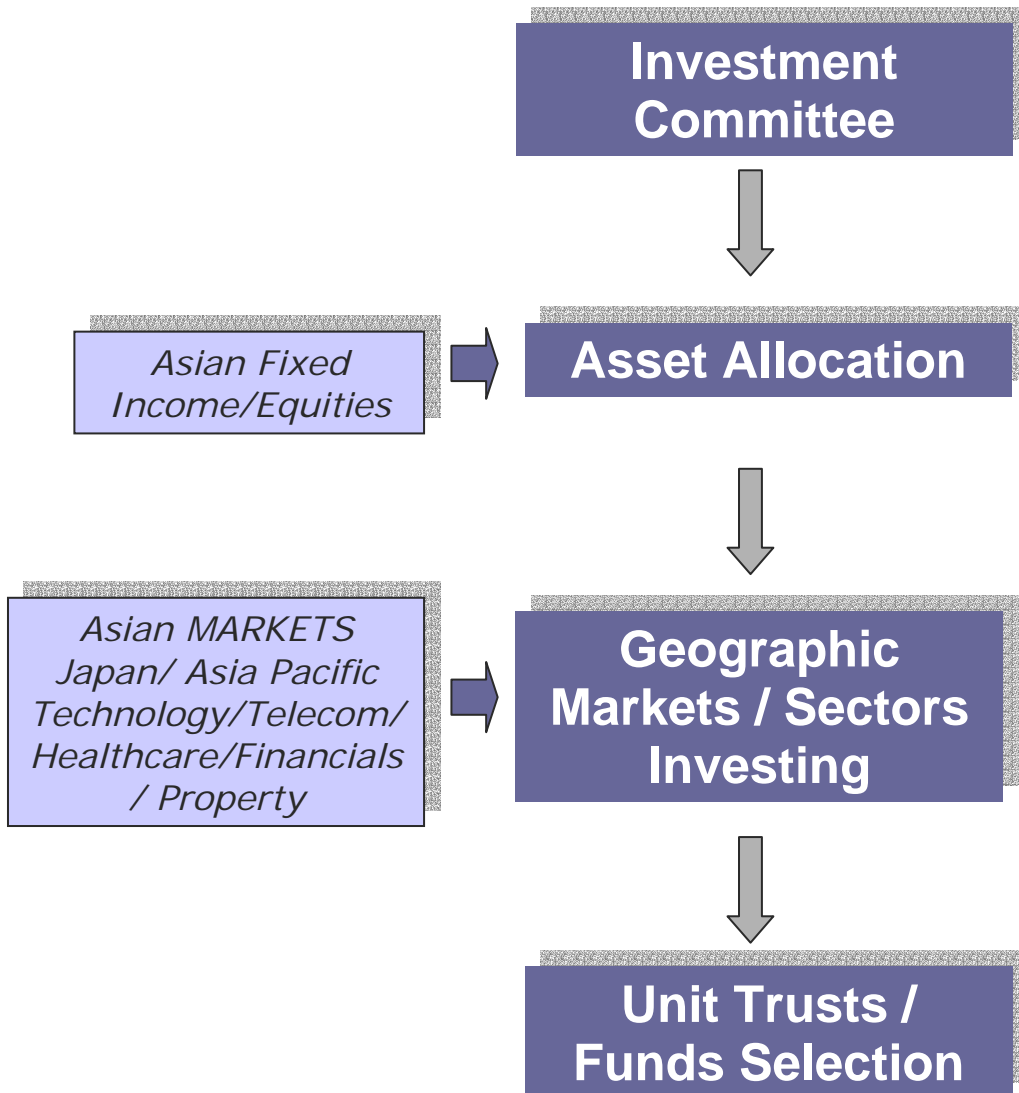
## ASIAN PORTFOLIO INVESTMENT ADVISORY

This Asian Portfolio Investment Advisory service is set up to assist international financial advisory and planning organizations to create dedicated Asian investment portfolios for their clients. FPA Financial recognizes that many international organizations based outside of the Asian time zone would like to tap on our expertise in providing investment advisory service on Asian stock and bond markets. In addition, the Singapore headquarters location of FPA puts us in good position to provide significant value-added advice on the peculiarities of the Asian financial markets. Almost all the major Asian financial centres are within a six hours' flight from Singapore.

The Advisory service derives significant inputs from the **Investment Committee** at FPA which determines the asset allocation weightings for the dedicated Asian investment portfolios. It will set the appropriate weightings that should be invested in the Asian equities and fixed income markets. These are determined by looking at various economic indicators including interest rate movements, foreign exchange reserves and fund flows.

Once the **asset allocation** weightings are determined, the Investment Committee will conduct an in-depth study of the economic and corporate data of the various **geographical markets** which would include Japan and the Asia Pacific region. The Asia Pacific region would include China, Hong Kong, India, South Korea, Malaysia, Singapore, Taiwan and Thailand. The statistics and corporate data of the Industry sectors which encompass the Technology, Telecom, Financial, Healthcare and Property sectors within the respective geographic markets would also be analysed. These analyses would determine the attractiveness of the markets and sectors to be invested in. Once these **markets and sectors** have been identified, we will use both quantitative and qualitative studies to make our **funds selection** and assign the appropriate weightings accordingly.

The process is summarised in the following flow chart:



Our approach can also be classified as **top-down**. This approach undertakes the extensive review and evaluation of the economic statistics, stock and bond market data. Some of these statistics will include the following:

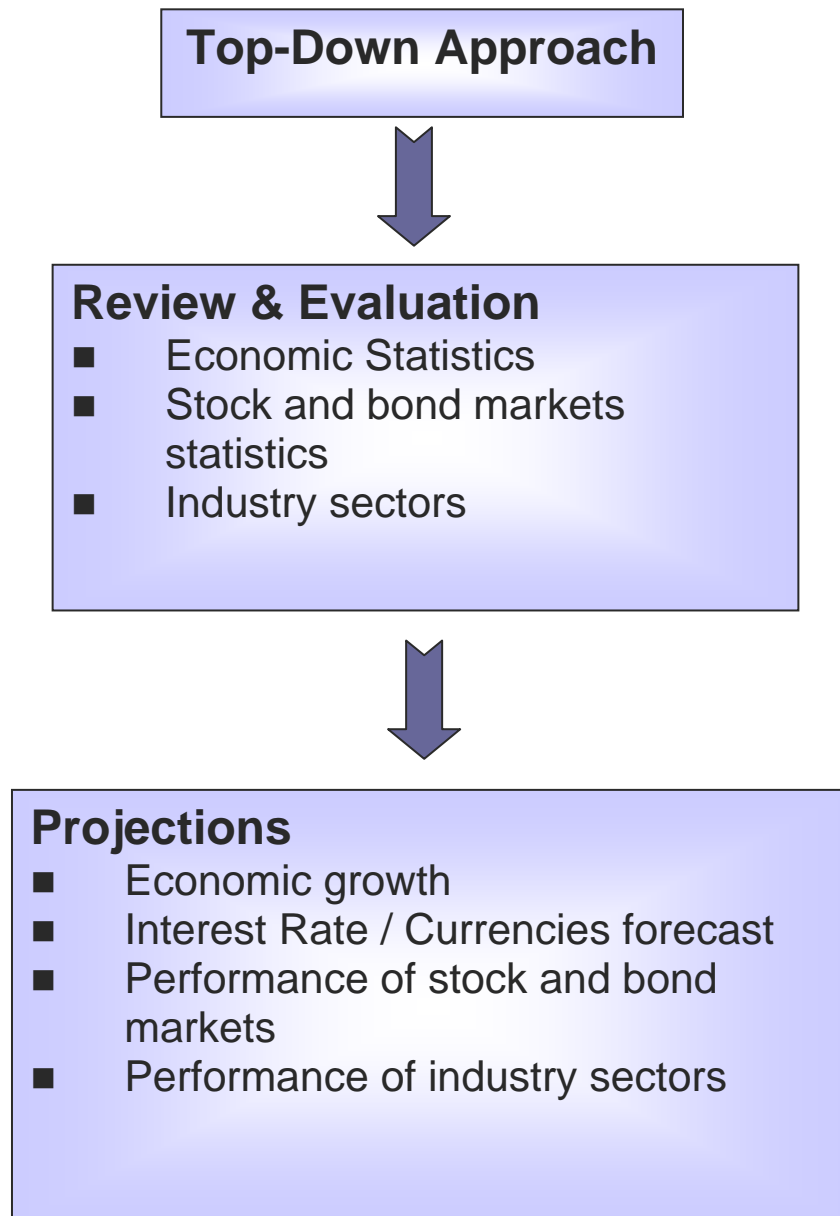
- ☑ GDP growth
- ☑ Current account surplus/deficit
- ☑ Budget surplus/deficit
- ☑ Foreign exchange reserves
- ☑ Unemployment rate
- ☑ Consumer spending/ Retail sales
- ☑ Housing starts
- ☑ Capital spending
- ☑ Inventory level
- ☑ Capacity utilisation
- ☑ Consumer Price Index (CPI)
- ☑ Interest rate
- ☑ Productivity
- ☑ Funds flows
- ☑ Valuation
- ☑ Dividend yields
- ☑ Price Earnings multiple

Similarly for the determination of the attractiveness of each industry sector for thematic investing, various sector and industry studies will be done. Some of these studies include:

- Industry forecasts
- Mergers & Acquisition activities
- Quarterly profit increases
- Market share
- Product Development

After the **review and evaluation**, the **projections** of economic growth and expected performance of the asset classes, markets, and sectors will be made.

The process is summarised in the following flow chart:



We extensively encourage investments through unit trusts (mutual funds). It is FPA's firm belief that **unit trust investing** provides clients with the most cost and time efficient access to the recommended Asian asset classes, markets and sectors. **Portfolio construction** is made easy by investing in a portfolio of unit trust holdings which is tailored to suit each portfolio's risk profile and investment horizon.

We have an extensive in-house proprietary ranking and rating system of the unit trusts which will take into account of the following:

- (i) **Qualitative** discussion within the investment committee;
- (ii) **Quantitative** analysis of the funds selection criteria

Some of our unit trusts / funds selection criteria include:

- Fund size
- Inception date
- Management Fee
- Expense Ratio
- Standard deviation (Volatility)
- Returns over 6-month, 1-year, 3-year periods
- Risk adjusted returns
- Sharpe ratio
- Beta
- Portfolio turnover
- Top 20 holdings
- Sector/Country allocation
- Investment style