

CMS ISLAMIC BALANCED

To achieve steady capital growth and income distribution (if any) over the medium to long-term period by investing in a diversified portfolio of authorized investments in accordance with Shariah requirements.

THE FUND IS SUITABLE FOR INVESTORS

- prefer a portfolio of investments that complies with the Syariah principle.
- Are willing to accept moderate to high risk in order to achieve a reasonable return on their capital over the medium to long term period.
- Seek professionally managed diversified investment portfolio.

MANAGER'S COMMENTS

KLCI gained 3.44% in December. In December, US cut its interest rates yet again by another 25bps to contain the emerging credit problems and also with a hope to rescue the deteriorating housing market. Within three months, US Fed fund rates dropped from 5.25% to 4.25%. Following the rate cuts, the US and Europe central bankers also pumped more liquidity into the system to prevent the escalation of the credit woes. Judging by the pace of the actions taken, the problems are deeper and likely to be prolonged. We can look forward to more liquidity pumping for the near future.

The last time diesel and petrol prices were raised in 2005-2006. We expect various tariffs to be hiked up next year after the election. The price hikes will dampen consumer and business sentiment but the easing of the subsidies should be positive for the stock market as this will allow the government to reallocate financial resources to fund other more important welfare policies. The less strain on the government's fiscal position should raise the chances of a personal income tax cut in next year's budget announcement when the GST is implemented.

On the horizon, the recent demonstrations and protests have affected investors' sentiment. However, the general election is still expected to be held by the 1Q08 unless the political situation worsens. Despite the global and political uncertainty, we remain optimistic on equities

FUND DETAILS

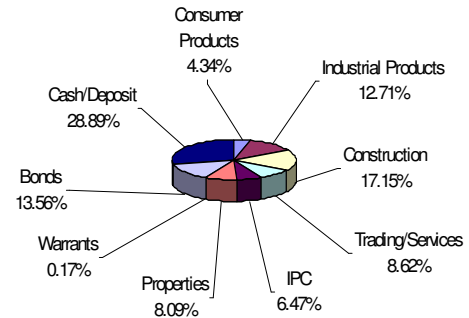
Unit Nav (as at 31 December 2007)	RM0.6720
Fund Size (as at 31 December 2007)	RM15 million
Fund Currency	Ringgit Malaysia
Fund Inception	6 December 2004
Offer Price at Inception	RM0.50
Annual Fee	1.50% p.a.
Trustee Fee	0.07% to 0.10% of the NAV or RM18,000 p.a. whichever is higher
Exit Fee	Nil
Initial Charge	Up to 5.99% of the NAV
Redemption Payment Period	Up to 10 days
Investment Manager	CMS Asset Management Sdn Bhd (Formerly known as CMS Dresdner Asset Management Sdn Bhd)
Distribution Frequency	Nil

LARGEST HOLDINGS * (as at 31 December 2007)

Jimah Energy Ventures (PDS)	6.88%
Malakoff Corporation Bhd (PDS)	6.68%
Puncak Niaga Holdings Bhd	6.47%
KNM Group Bhd (PDS)	6.37%
Gamuda Bhd	6.36%

* as percentage of NAV

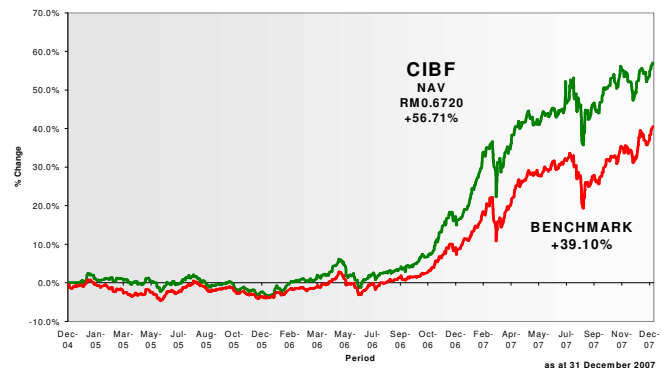
SECTOR ALLOCATION * (as at 31 December 2007)



* as percentage of NAV. Please note that asset exposures for the funds are subjected to frequent change on a daily basis.

PERFORMANCE RECORD (as at 31 December 2007)

NAV-NAV prices
Cumulative return over the period %



Source: CMS Trust Management Bhd

The value of units may go down as well as up. Past performance is not indicative of future results. Performance data verified by Mercer Zainal Consulting Sdn Bhd (35090-H).

PERFORMANCE TABLE

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	6.75	8.07	32.94	54.61	N/A
Benchmark*	7.07	4.72	24.64	36.13	N/A

* 60% FTSE Bursa Malaysia EMAS Shariah Index & 40% MGS

Source: CMS Trust Management Berhad

Fund performance figures and benchmark are sourced from Lipper Table published in The EDGE issue dated December 24 2007