

UNI INCOME FUND

January 2010

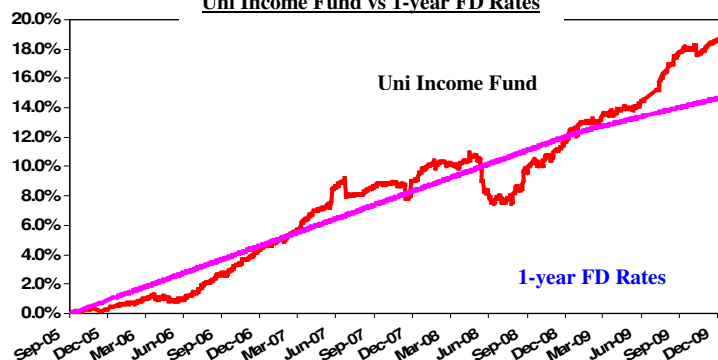
OBJECTIVE:

To achieve capital preservation over the medium term while providing a stable long term and secured income return by investing primarily in a portfolio of investment grade fixed income securities.

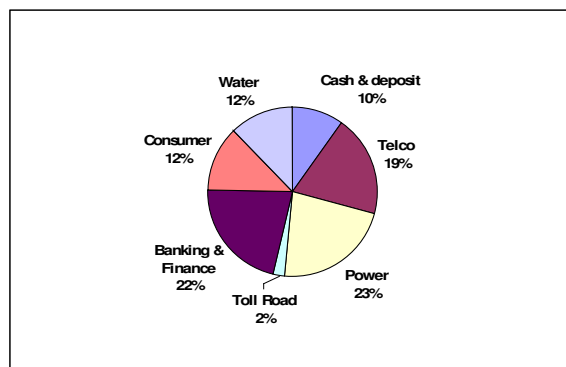
THE FUND IS SUITABLE FOR INVESTORS WHO:

- Seek a stable income stream
- Have a medium to long term investment horizon

**Relative performance since inception
Uni Income Fund vs 1-year FD Rates**



Portfolio composition



MANAGER'S COMMENTS:

The Net Asset Value (NAV) of **Uni Income Fund** has **appreciated by 18.75%** since inception on 22nd Sept 05.

Fixed Income Review & Outlook

The yield of the 3 years MGS ended the month slightly higher whereas the yields of the 5 and 10 years MGS ended the month lower at 3.24% (November: 2.963%), 3.790% (November: 3.733%) and 4.250% (November: 4.236%) respectively. The reduced supply pipeline in 2010 for MGS amid a shrinking budget deficit will present a more balanced supply-demand dynamics compared with 2009, and that shall be a positive factor for the MGS market in general.

However, the continued emergence of positive economic data releases in the future shall encourage investors to shift allocation away from this safe haven asset into more risky asset classes. Furthermore, the government's commitment to reduce and restructure various subsidies could once again, cause inflation fears. In the meantime, we hold on to our view that Bank Negara Malaysia will keep the Overnight Policy Rate unchanged at least until the 1H10, policy action beyond that will very much be data-dependent. Premised on all the above, MGS yields are expected to trade sideways, with upwards bias as re-opening of some of the longer dated papers would cause the shape of the yield curve to be repriced. As such we will continue to hold onto our strategy of shifting allocation to PDS for higher running portfolio yields.

For the PDS secondary market, we maintain our stance that trading activities are expected to normalize at current levels as market players stay sidelines awaiting for new issuances to burn down their cash holding. With the tightening in credit spreads seen in recent months, our view is that corporate bond yields have reached fair value levels, especially for the AAA rated category. Going forward, we expect market players to move cautiously over the credit curve for yield pickup amid the improving corporate earning visibility. On primary issuance side, more issuers will return to the market as investors' risk appetite improves amidst the improving debt market environment. The primary market is expected to be flushed with good quality papers, especially issuances from government-related companies as well as companies tapping the Financial Guarantee Institution (FGI) guarantee facility

Fixed Income Market Strategy

We maintain our investment strategies which are to overweight corporate vis-à-vis sovereign bonds, to actively participate in new issuances via switching from existing holdings in order to take advantage of the higher yield, to maintain neutral portfolio duration compared to benchmark especially for all MGS portfolios, to concentrate on high grade liquid corporate bonds and those with potential credit upgrades and to capitalize on volatility and enhance returns by trading.

FUND DETAILS		TOP 5 HOLDINGS (%)	
Unit NAV (31/12/2009)	RM 0.5878	Binariang GSM Sdn Bhd	19.26
Fund Size (31/12/ 2009)	RM9.7mil	MALAKOF Corporation	17.14
Inception Date	22 Sept 2005	KEXIM	11.65
Annual Fee	1.00%	CIMB	10.02
Initial Charge	1.00%	Sykl Pengeluar Air Selangor	6.38

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