

UNI BOND FUND

February 2010

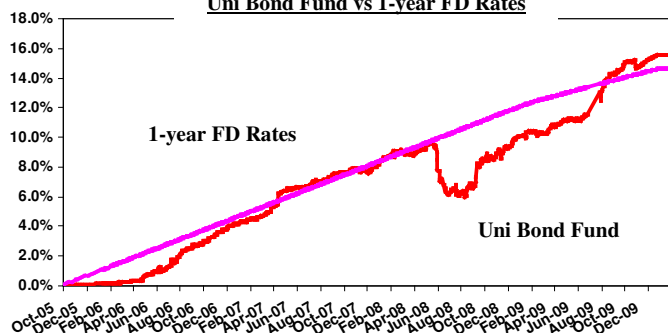
OBJECTIVE:

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.

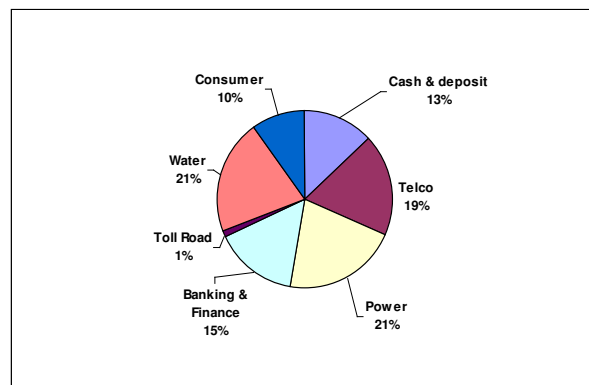
THE FUND IS SUITABLE FOR INVESTORS WHO:

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

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



Portfolio composition



MANAGER'S COMMENTS:

The Net Asset Value (NAV) of Uni Bond Fund has appreciated by **16.04%** since inception on 29th Sept 05.

Fixed Income Review & Outlook

At the end of January, Malaysian Government Securities (MGS) yields closed mixed across all sectors. The yield of the 3 years and 10 years MGS ended the month slightly higher whereas the yields of the 5 years ended the month lower. The 3 years, 5 years and 10 years MGS ended the month at 3.275% (December: 3.24%), 3.764% (December: 3.790%) and 4.2820% (December: 4.250%) respectively.

Trading activities on account of portfolio re-building activities and new investment mandates resulted in strong net buying activities along the PDS segment. However, the pace of buying remained skewed towards the higher grade AAA and AA1 segments. We observed that issuers like Rantau Abang, Cagamas, Sime Darby, YTL Power International and Seafield continue to attract investors' interests.

On January 26th 2010, Bank Negara Malaysia (BNM) kept Overnight Policy Rate unchanged at 2.00% but issued a statement that has got the market consensus abuzz with impending rate hikes in the order of 25 - 50bps by 2Q10. While BNM broadly reiterated that its current monetary policy stance is appropriate to support local economic activities .

In any case if BNM should hike in the coming quarters it is unlikely to be overly aggressive, perhaps a 25bps in late 2H10, as the Governor has stressed on normalization and going by past history, BNM is unlikely to depart from its historical gradualist policy stance.

In the interim, the bond market is expected to succumb to heightened rate hike concerns which may have already set a bearish underlying market tone. That being said, we maintain our earlier view if growth recovery theme sustains and if inflationary expectations strengthen considerably over the course of the month then we can expect MGS yields to skew upwards notwithstanding BNM's dovish stance of no change in the near term.

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 (29 Jan 2010)	RM 0.5512	Binariang GSM Sdn Bhd	18.83%
Fund Size	RM 5.75m	CIMB	15.39%
Inception Date	29 Sept 2005	Malakoff Corp Berhad	13.25%
Annual Fee	1.00%	SPLASH	10.80%
Initial Charge	5.00%	Sykt Bekalan Air Selangor Sdn Bhd	10.03%

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