

UNI INCOME FUND

March 2010

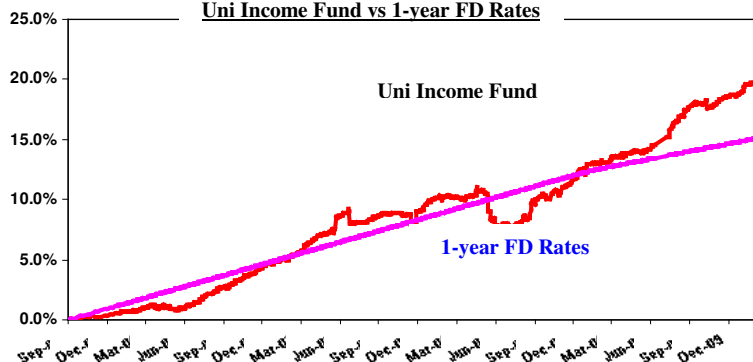
OBJECTIVE:

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.

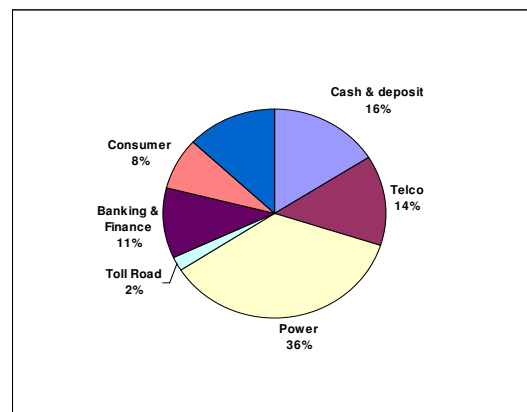
THE FUND IS SUITABLE FOR INVESTORS WHO:

- 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 20.06%** since inception on 22nd Sept 05.

Fixed Income Review & Outlook

Malaysian Government Securities (MGS) yield curve bearish flattened in the month of February 2010 amid market players' concern over an imminent rate hike by Bank Negara Malaysia. The yield of the 3 yr and 5 yr MGS ended the month higher whereas the yields of the 10 yr ended the month lower. The 3 yr, 5 yr and 10 yr MGS ended the month at 3.34% (January: 3.275%), 3.85% (January: 3.764%) and 4.260% (January: 4.282%) respectively.

Trading activities in the corporate bond market slowed down considerably due to the festive session and the shorter trading days. Investors' buying interest continued to cluster around the AAA and AA rated segment. However, the pace of buying remained skewed towards the higher grade AAA and AA1 segments. Primary market issuances also slowed down sharply as corporate issuers are weighting the cost benefits of raising capital in different capital markets. We maintain our view that the MGS market is expected to trade in a tight range with upwards yield bias as Bank Negara Malaysia is expected to normalize interest rate amid the improving economic performances. That said, the MGS yield curve has turned less steep compared to the peak level seen in early 2009 as market players have priced in at least a 25bps increase in OPR in the current yield curve. In addition, the bearish flattening of the MGS yield curve where yields on the shorter tenure have moved higher compared to longer tenure again showed that investors have priced in the impending interest rate normalization.

Against such a backdrop, for those portfolios where investment in MGS is a must, we advocate investment in the 5-years tenure MGS as it offers the best value vis-à-vis other part of the MGS yield curve. For the PDS secondary market, we maintain our stance that trading activities are expected to normalize at current levels. Going forward, we expect market players to move cautiously over the credit curve for yield pick-up amid the improving corporate earning visibility.

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 (25/2/2010)	RM 0.5943	Malakoff Corp Berhad	18.23%
Fund Size (25/2/2010)	RM9.63m	YTL Power	17.58%
Inception Date	22 Sept 2005	Binariang GSM Sdn Bhd	13.85%
Annual Fee	1.00%	CIMB	10.63%
Initial Charge	1.00%	Sykt Pengeluar Air Selangor Sdn Bhd	6.72%

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