

UNI INCOME FUND

May 2010

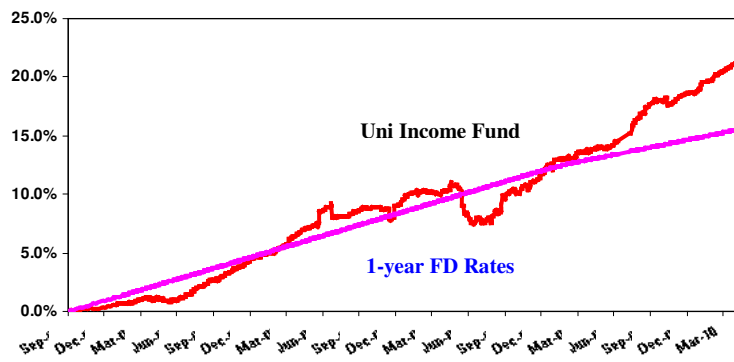
OBJECTIVE:

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.

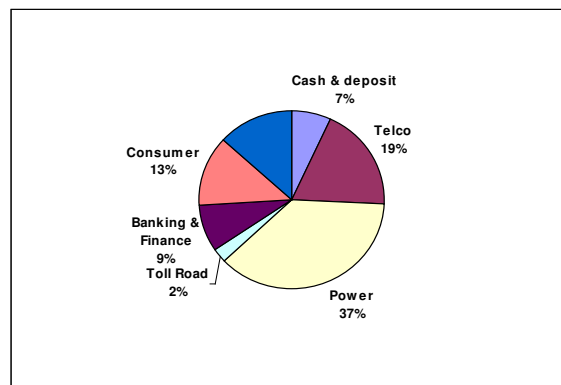
THE FUND IS SUITABLE FOR INVESTORS WHO:

- 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 21.45%** since inception on 22nd Sept 05.

Fixed Income Review & Outlook

The Malaysian Government Securities (MGS) yield curve shifted down for the month of April 2010 as strong buying interest from foreign investors that bet on Ringgit currency pushed down yields across the tenure. The yield curve mostly bull steepened. The Corporate Bond market saw active trading, but monthly traded volume was lower this month compared to last month. Trading interest continued to cluster at AAA and AA segment due to better liquidity in those segments. The primary market has seen several issuers tapping the bond market, mainly in the AAA segment. In the meantime, investors remained net buyers of corporate bonds, with yields declining across the AAA and AA rating segments, in line with the movement in the MGS market.

Going forward, the MGS market is expected to trade in current tight range but with expected increased in yield volatility. The potential higher policy rate scenario will serve as a price cap while the expectation of further appreciation in Ringgit currency on the back of possible eventual move in Renminbi would lend buying support to the MGS market.

For the PDS secondary market, we maintain our stance that trading activities are expected to normalize at current levels. Corporate bonds in the AAA segment are now fairly priced and hence its yield movement would be more in tune with movement in MGS market given its high interest rate sensitivity nature. Against such a backdrop, we expect market players to move cautiously over the credit curve for yield pick-up amid the continuous improvement in corporate earnings and current undemanding valuations. 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 flush 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, riding on the anticipated spread tightening trend especially on the lower rated segment of the credit curve, 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 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 (30/4/2010)	RM 0.6012	Malakoff Corp Berhad	18.88%
Fund Size (30/4/2010)	RM9.67mil	Binariang GSM Sdn Bhd	18.73%
Inception Date	22 Sept 2005	YTL Power	18.14%
Annual Fee	1.00%	Sykt Pengeluar Air Selangor Sdn Bhd	6.87%
Initial Charge	1.00%	Sykt Bekalan Air Selangor Sdn Bhd	6.45%

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