

UNI INCOME FUND

June 2010

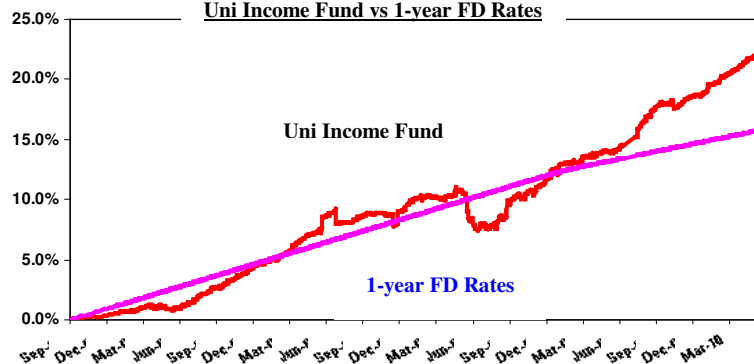
OBJECTIVE:

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.

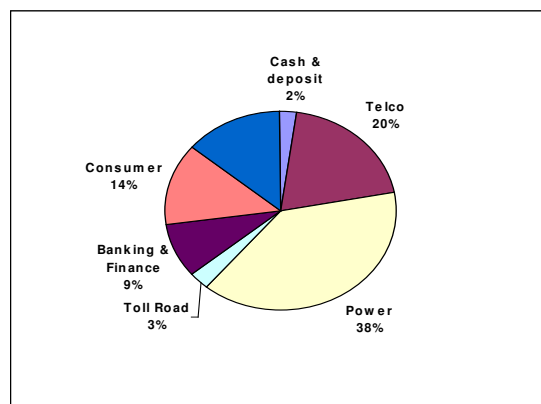
THE FUND IS SUITABLE FOR INVESTORS WHO:

- 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 21.78%** since inception on 22nd Sept 05.

Fixed Income Review & Outlook

Bank Negara Malaysia increased its benchmark overnight policy rate (OPR) to 2.5 percent from 2.25 percent at its Monetary Policy Meeting (MPC) held on 13 May 2010. It was the second time the central bank raised interest rates for this year as economic growth accelerated, a move which indicates that policy makers view risks stemming from low borrowing costs from sustained low interest rates to be greater than any impact from Europe's debt crisis. Meanwhile, inflation has been slowly creeping up, albeit still benign, with the consumer price index (CPI) rising 1.5% from a year earlier after gaining 1.3 percent in March.

In recent months, sentiments in the MGS market have been less affected by the OPR hike but more by the movement of the MYR which has appreciated over the last 3 months from a high of 3.4440 to a low of 3.1825 against the USD. For May however, the Greek debt crisis and the ensuing contagion fears caused the MYR to weaken against the USD to 3.2615 as at month end from 3.1838 as at end April. Consequently, the 3yr MGS benchmark, which has seen its yield dropping in tandem with the appreciation of the MYR since February from foreign inflows, experienced a sharp rise of 22 bps from 2.99% to 3.21% over the month of May. The OPR hike and rosier economic data did not however, adversely affect the mid and longer end of the yield curve as both Malaysian Government Securities (MGS) and Corporate Bonds continued to see yields dropping across these tenors over the course of the month. Month-on-month the 5-yr and 10-yr MGS benchmark yields fell by 3bps i.e. from 3.62% to 3.59% and 4.06% to 4.03% respectively. In the corporate bond market, private debt securities saw continued buying as falling MGS yields compelled investors to buy private debt securities (PDS) for yield pick-up. However, most trades were still confined to the high grade segment i.e. AAA and AA-rated PDS.

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 (31/5/2010)	RM 0.6028	Malakoff Corp Berhad	18.45%
Fund Size (31/5/2010)	RM9.61m	YTL Power	18.04%
Inception Date	22 Sept 2005	Binariang GSM Sdn Bhd	17.26%
Annual Fee	1.00%	Sykt Pengeluar Air Selangor Sdn Bhd	6.82%
Initial Charge	1.00%	Sykt Bekalan Air Selangor Sdn Bhd	6.36%

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