

UNI BOND FUND

July 2010

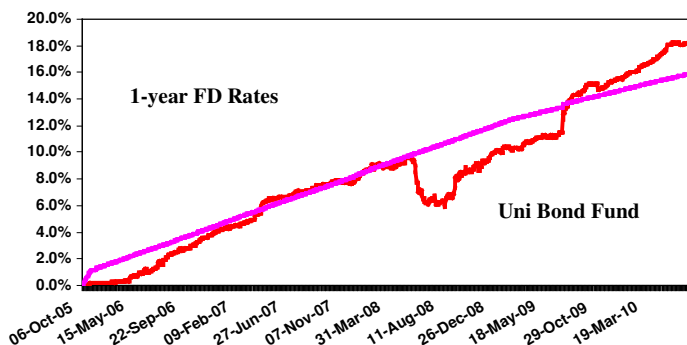
OBJECTIVE:

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.

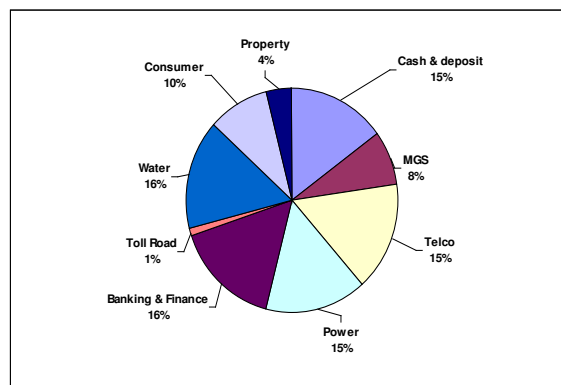
THE FUND IS SUITABLE FOR INVESTORS WHO:

- 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 18.23% since inception on 29th Sept 05.

Fixed Income Review & Outlook

The Malaysian Government Securities (MGS) yield curve shifted down for the month of June 2010 as investors focused on the strength of the Ringgit and inflation risks remained benign, supported by the release of data on consumer prices and BNM Governor Dr Zeti's statement that inflation in Malaysia is not a concern. The Corporate Bond market saw active trading, although monthly traded volume was 15.5% lower compared to the previous month, with RM6.27 billion done. 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 in the AAA and AA segment. The first Danajamin Nasional Berhad (Danajamin) guaranteed bonds were issued this month, at a rating of AAA (fg). The Danajamin-guaranteed bonds, were issued by Syarikat Kapasi Sdn Bhd (Syarikat Kapasi), a property development company with total issuance size of RM30 million with three (3) year maturity and is the first tranche of Syarikat Kapasi's RM200 million five-year Private Debt Securities programme.

Bank Negara Malaysia's (BNM) decision in upcoming Monetary Policy Committee (MPC) meeting is hard to call as although its last policy statement left the door for further policy "normalisation" open, BNM also noted the uncertainties on the international front which could dampen the growth outlook. The lingering global uncertainty may lead BNM to end its "normalisation" of interest rates and a pause for rest of the year may see bonds rally especially if the BNM statement after the MPC meeting adopts a dovish tone. In any case, the Yield Curve has already priced in a 25 bps hike and an OPR hike, if any, will likely only see a flattening of the yield curve led by rise in short rates while the long end yields will probably be supported at current levels. Overall, the bond market is expected to be well supported as market is generally short in supply of new bonds and investors are flushed with liquidity. In addition, the recent change in China's currency policy will lead to speculation of Asian currency appreciation which in turn will provide support for bond markets.

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 (30 th June 2010)	RM 0.5611	Binariang GSM Sdn Bhd	16.37%
Fund Size (30 th June 2010)	RM 5.28m	CIMB	12.59%
Inception Date	29 Sept 2005	Malakoff Corp Berhad	10.06%
Annual Fee	1.00%	SPLASH	8.39%
Initial Charge	5.00%	Sykt Bekalan Air Selangor Sdn Bhd	7.89%

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