

**UNI INCOME FUND**

**July 2010**

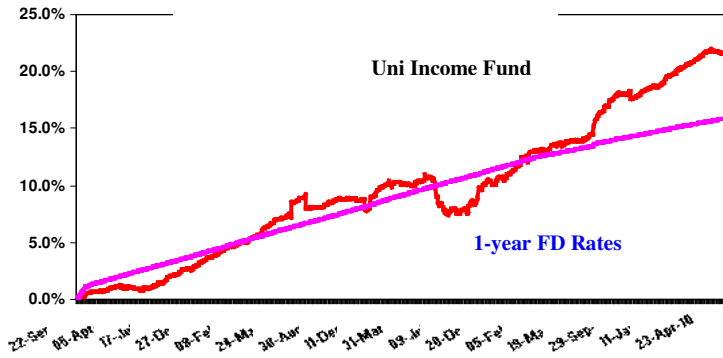
**OBJECTIVE:**

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.

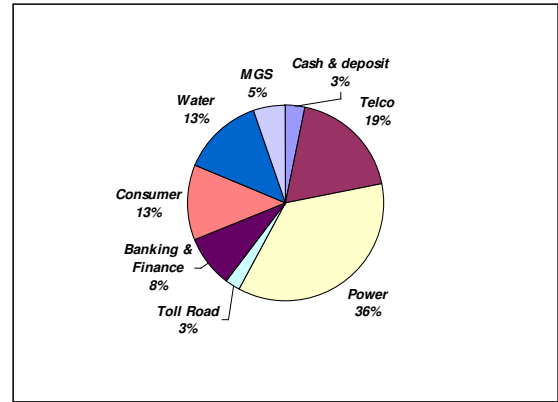
**THE FUND IS SUITABLE FOR INVESTORS WHO:**

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

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



**Portfolio composition**



**MANAGER’S COMMENTS:**

The Net Asset Value (NAV) of **Uni Income Fund** has **appreciated by 21.58%** since inception on 22<sup>nd</sup> 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 (30/6/2010)	RM 0.6018	Binariang GSM Sdn Bhd	<b>18.72%</b>
Fund Size (30/6/2010)	RM9.6m	YTL Power	<b>17.98%</b>
Inception Date	22 Sept 2005	Malakoff Corp Berhad	<b>17.77%</b>
Annual Fee	1.00%	Sykt Pengeluar Air Selangor Sdn Bhd	<b>6.74%</b>
Initial Charge	1.00%	Sykt Bekalan Air Selangor Sdn Bhd	<b>6.34%</b>

**Disclaimer**

This report is for circulation to members of the field force only. It shall not be reproduced, copied, circulated or forwarded either in part or otherwise without the prior written consent of Uni.Asia Life Assurance Berhad (UAL). The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities or financial instruments covered by this report. UAL does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against UAL. UAL and/or its associated persons may from time to time have an interest in the securities or financial instruments mentioned by this report.