

**UNI INCOME FUND**

**JUNE 2011**

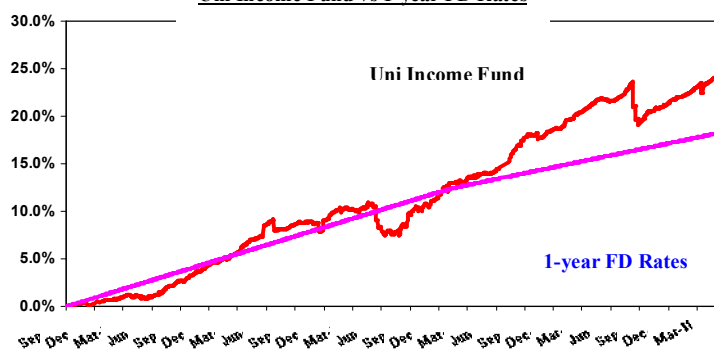
**OBJECTIVE:**

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.

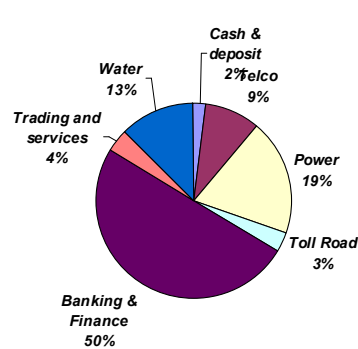
**THE FUND IS SUITABLE FOR INVESTORS WHO:**

- 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 26.10%** since inception on 22<sup>nd</sup> Sept 05.

**Fixed Income Review & Outlook**

Across the MGS benchmark tenures the 3 year, 5 year, 7 year and 10 year, MGS yields ended the month mixed compared to the previous month at 3.31% (Apr: 3.27%), 3.52% (Apr: 3.48%), 3.92% (Apr: 3.90%) and 4.02% (Apr: 4.04%) respectively.

Our near term positive view on the MGS remains unchanged. Appreciation of Ringgit, interest rate differentials, large amount of maturities in September and limited long dated new issuance after June are the underlying factors supporting our positive view.

In the month of May, the corporate bond market saw higher trading activities as monthly traded volume increased 31% compared to the previous month, with RM8.366 billion done. Trading interest continued to cluster at AAA and AA due to better liquidity in those segments.

Existing bondholders of water bonds are offered to sell their holdings to Acqua SPV Bhd, a wholly-owned subsidiary of Pengurusan Aset Air Bhd (PAAB), in the tune of RM6.5 billion by end of June. PAAB will finance the purchase via government guaranteed bonds. We expect some of the proceeds from the sale of water bonds will reinvest in corporate bonds other than the PAAB bonds. As corporate bond pipeline is not heavy in the near future, the incremental demand could support prices for corporate bonds. We think the buying activities will likely persist for awhile.

**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 (31/5/2011)	RM 0.6242	Malakoff Corp Berhad	<b>19.01%</b>
Fund Size (31/5/2011)	RM8.656mil	RHB HYBRID	<b>16.45%</b>
Inception Date	22 Sept 2005	Binariang GSM Sdn Bhd	<b>8.99%</b>
Annual Fee	1.00%	Sykt Pengeluar Air Selangor Sdn Bhd	<b>6.70%</b>
Initial Charge	1.00%	Sykt Bekalan Air Selangor Sdn Bhd	<b>5.75%</b>

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