

UNI INCOME FUND

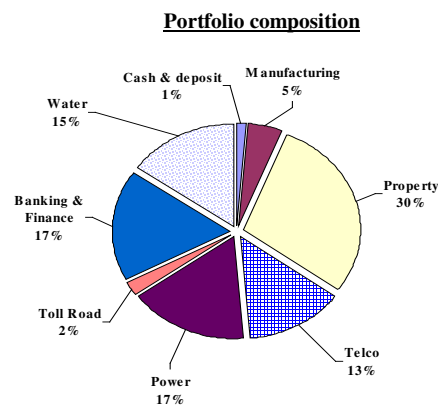
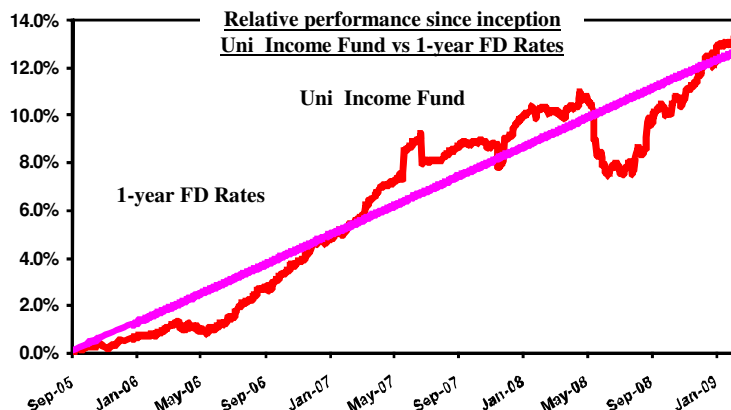
March 2009

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



MANAGER'S COMMENTS:

The Net Asset Value (NAV) of **Uni Income Fund** has appreciated by **13.9%** since inception on 22th Sept 05.

Fixed Income Review & Outlook

BNM cut the OPR by 50 bps citing worsening economic conditions on 24 February 2009. The central bank had since November last year cut the OPR by a total 150 bps from 3.5% to 2.0%. The latest rate action was largely unexpected as the central bank governor had only 2 weeks earlier indicated that rate cuts have been “front-loaded”. It is likely that latest economic indicators which showed a slump in production and exports together with falling inflation had prompted BNM to act sooner. Despite the rate cut, the MGS curve steepened as long-end yields spiked higher on supply concerns. The government is expected to issue more MGS this year to finance its 2nd stimulus package as part of its fiscal measures to jump-start the economy. MGS yields closed at 2.54%, 3.34% and 4.07% for the 3, 5 & 10 years benchmarks respectively. Meanwhile, sentiment on the PDS market remained cautious with investors still risk averse and focusing only on the high grade segment.

On a medium term outlook, we expect a contracting economy and falling inflation to be key drivers of the bond market. Monetary policy is still biased towards easing with BNM expected to cut interest rates further if 1Q09 GDP figures show further slump in economic activities. Recent economic indicators point towards continued weakness in all economies around the world particularly OECD countries which would adversely affect export oriented economies such as Malaysia. As such, BNM is expected to maintain an accommodative monetary policy to stimulate domestic demand in the face of export market weakness. However, fears of increased MGS supply from a mushrooming budget deficit due to additional fiscal spending of as much as RM30 bil have resulted in a steepening of the yield curve. Hence, MGS supply concerns will keep longer-end yields elevated while shorter-end yields will remain anchored close to the OPR level. This situation will persist as market participants await details of Government's 2nd stimulus package on 10 March 2009 for further clarity and direction.

Fixed Income Market Strategy

Our investment strategy is to overweight sovereign and high-grade corporate bonds with emphasis on liquidity in view that value should emerge on the long end as curve steepening may be overdone. We will seek to enhance returns by actively participating in new issuances with acceptable credit quality and maintain a neutral portfolio duration relative to the benchmark duration.

FUND DETAILS		TOP 5 HOLDINGS (%)	
Unit NAV (27 February 2009)	RM 0.5603	Malakoff Corporation Bhd	16.58
Fund Size (27 February 2009)	RM 10.8 mil	Sunway City Bhd	15.15
Inception Date	22 Sept 2005	RHB Capital Bhd	13.70
Annual Fee	1.00%	Binaring GSM Sdn Bhd	13.44
Initial Charge	5.00%	Berjaya Land Bhd	7.24

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