

June 2009

**FUND OBJECTIVE**

To attain a mix of regular income stream and possible capital growth via investments into listed equities, debt instruments and other assets that are permissible under the Shariah Principles

**INVESTOR PROFILE**

Suitable for all investors who are seeking a fully managed and balanced portfolio of investments that conform to the Shariah Principles and has investment horizon of 5 years or more.

**FUND DETAILS AS AT JUNE 30, 2009**

- Unit In Circulation : 43.83 million
- Unit NAV : RM 0.4662
- Financial Year : November 30
- Fund Category : Balanced Fund (Shariah)
- Fund Inception : September 17, 2002
- Initial Sales Charge : 5.50% of Nav per unit
- Annual Management Fee : 1.10% of NAV (Money Market & Bonds)  
1.50% of NAV (Shares)
- Investment Manager : CIMB Principal Asset Management  
(Effective from April 1, 2009)
- Benchmark : 60% of the FTSE Bursa Malaysia EMAS  
Shariah Index  
40% of 12-month General Investment  
Account-rates of commercial banks.

**Shariah Committee Members**

- Dato' Dr. Abdul Halim bin Ismail
- Datuk Dr. Syed Othman bin Syed Hussin Al Habshi
- Prof. Dato' Dr. Abdul Monir bin Yaacob
- Prof. Dato' Dr. Mahmood Zuhdi bin Hj Ab. Majid

**FUND MANAGER'S REVIEW**

**Market Review**

June was a better-than-expected month for Malaysia as the FBM Shariah Index 105 points or +1.4% to close at 7,446 points. This is despite the market undergoing its first and real consolidation since its strong ascent started in late March/early April. The Invest Malaysia conference on 30<sup>th</sup> June-1<sup>st</sup> July also helped boost market sentiment as investors awaited further liberalization policy announcements from the Prime Minister. The market stayed relatively flat thereafter signaling profit-taking on news. The broader market's performance was slightly better than the FBM Shariah Index as FBM Emas gained +3.2% to 7,207 points. Smaller caps were mixed as FBM KL 2<sup>nd</sup> Board rose +3.9% to 4,755 points while FBM MDQ inched up +1.4% to 4,096 points. The average value traded on Bursa in June eased -12% m-o-m to RM1.62bn (RM1.84bn in May) per day. Regional markets ended mixed in June. Thailand continued its surge for a second month (+10.6%) and was the best performing market for the month. Other performers in June include Indonesia (+5.6%), Australia (+4.6%) and China (+3.6%). The laggards for the month in terms of performance are however Taiwan (-7.7%), India (-2.5%) and Hong Kong (-1.7%). Despite a slight slowdown in overall performance in June, the non-Japan Asia equity markets still reported a year-to-date gain of 22-57% (in terms of US Dollar), with India (+57%), Indonesia (+55%) and Thailand (+42%) leading the pack. Meanwhile, Malaysia was the worst performing country, gaining +22.5% year-to-date. The MGS market remained weak in for the period under review. The sluggish MGS performance was mainly attributed to a downgrade of Malaysia's local currency rating to "A" from "A+" by Fitch Ratings. Meanwhile, the 2 MGS auctions during the month drew lukewarm investor demand. The 3 year benchmark MGS maturing 27 August 2012 drew bid to cover of 2.01x with average yield tendered of 2.946% while the 5 year GII 12/14 drew bid to cover of 1.48x with an average yield tendered of 3.902%. The issuances were nonetheless supported at high levels by ample domestic liquidity. Over in the PDS segment, the trading volume shrank 14.7% month on month, while the shorter-duration and 'AA'-rated papers garnered the most trades. More issuances of banks' capital securities took place while downgrading activity was concentrated on the structured finance segment. However, the rating trend turned more positive towards month end with narrowing credit spreads across the board.

**Manager's Comments**

Expectations of a global recovery are gaining traction as markets broke through major resistant levels. Incremental positive news flow and data point to a gradual bottoming out process and a recovery in 2010. This had led to cash being flushed out of money market funds back into risky assets. The market rallies have also compelled analysts to upgrade earnings forecasts. However, the challenge remain the strength of earnings growth in 2010, which we suspect is low compared to history, implying that markets are taking forward valuations with more than a grain of salt. Manufacturers/exporters have no orders visibility beyond one quarter or even a month, making 2010 forecast of 30% EPS growth for non-Japan Asia equities questionable. Nevertheless, we are maintaining our equity exposure at 85.5% as we believe global economy is stabilizing after falling off a cliff. We will be more selective in companies to invest in given the fragility of the recovery at the moment. There are ten more open-market tenders and two more private placements scheduled for the 2H09 with RM47.5 billion already raised. There are more 2, 3 and 5 year offerings and only three 10 year MGS benchmark offerings. There is also a new issuance of a 2.5 year MGS in August. With gradually improving economic growth and the prospect of a long period of low policy rates, we remain underweight on MGS for the quarter with trading opportunities as and when supply concern pushes yields higher. As for the corporate bond market, the recently created Financial Guarantees Institution, Danajamin is expected to help companies of lower credit profiles raise funds for their operations. With a paid up capital of RM1 billion, Danajamin is expected to guarantee up to RM15 billion of bonds. Additionally, in the pipeline, there are more government guaranteed papers such as Prasarana as well as from the water sector. With high concentration of high grade issues coming onstream, there may be potential spread widening. Also credit conditions will continue to deteriorate mostly from small companies with single A and lower ratings. As such, we are selective on credit names and prefer higher yielding AA rated bonds.

**Third Supplementary Master Prospectus**

Effective July 30, 2009, the changes made for AMB's fund are detailed on page 2 of the fund factsheet. Kindly refer to next page and you can also download our 3rd Supplementary Master Prospectus from our website [www.ambmutual.com.my](http://www.ambmutual.com.my)

**PERFORMANCE RECORD**

**Cumulative Total Return**

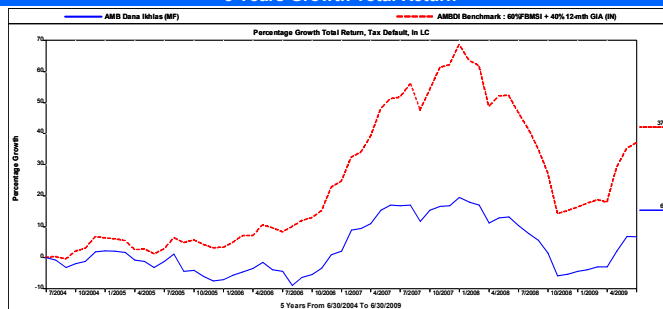
	%	Rank
• 6 - Month	11.69	19 / 23
• 1 - Year	-3.30	12 / 23
• 3 - Year	11.58	18 / 20
• 5 - Year	6.69	13 / 14

\* Source : Lipper (G) - Category of Mixed Asset-Islamic

**High/Low NAV(RM)**

	High	Low
• 6 - Month	0.4728	0.4104
• 1 - Year	0.4803	0.4058
• 3 - Year	0.5363	0.3925
• 5 - Year	0.5363	0.3925

**5 Years Growth Total Return**

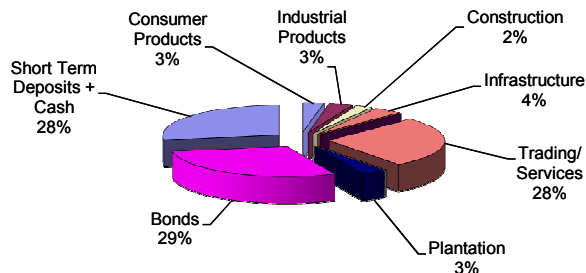


**TOP 5 LARGEST HOLDINGS**

- 1) HARUM INTISARI SDN BERHAD
- 2) KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BERHAD
- 3) SIME DARBY BERHAD
- 4) DANGA INDUSTRIAL MAINTENANCE TRAINING NETWORK
- 5) SYARIKAT BEKALAN AIR SELANGOR SDN BHD

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Website : [www.ambmutual.com.my](http://www.ambmutual.com.my)

**ASSET ALLOCATION AS AT JUNE 30, 2009**



Based on the fund's portfolio returns as at 15 June 2009, the Volatility Factor (VF) for this fund is 10.4 and is classified as "Low" (source: Lipper). "Low" includes funds with VF that are above 5.035 but not more than 11.960. The VF means there is a possibility for the fund in generating an upside return or downside around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC

Investors are advised to read and understand the contents of the Master Prospectus dated September 17, 2009, the First Supplementary Master Prospectus dated November 28, 2008, the Second Supplementary Master Prospectus dated April 1, 2009 and the Third Supplementary Master Prospectus dated June 30, 2009, before investing. These prospectuses have been registered and lodged with the Securities Commission. Among others, investor should consider the fees and charges involved. The price of units and distributions payable, if any, may go down as well as up. Past performances of the fund should not be taken as indicative of its future performance. Units will only be issued on receipt of an application form referred to in and accompanying the Prospectuses, which are obtainable at Amanah Mutual Berhad or any Maybank distribution branches.