

Capital Protected* Fund
Smart Investment Choice for Constant Capital Growth
Fund Fact Sheet 31 August 2011

FUND DETAILS AS AT 31 AUGUST 2011

| | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Unit In Circulation | : 122.910 million |
| Unit NAV | : RM 0.5359 |
| Financial Year | : April 30 |
| Fund Category | : Fixed Income Fund (closed ended) |
| Fund Inception | : March 9, 2010 |
| Maturity Date | : May 3, 2013 |
| Tenure | : 3 Years |
| Initial Sales Charge | : Up to 1.80 % of initial offer price per unit |
| Annual Management Fee | : 1.00 % of NAV |
| Benchmark | : 12 month General Investment Account-rates |
| Asset Allocation | : Min 85% to Max 98% in Shariah fixed income securities : Max 10% in equities : Min 2% in cash or cash equivalent instrument |

SHARIAH COMMITTEE MEMBERS

- Dato' Dr. Abdul Halim bin Ismail (Chairman)
- 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

Equity

Global markets experienced heavy selling pressure due to debt concerns in Europe and implications from the loss of America's triple-A sovereign rating for the first time in history. For the month, the FBMKLCI fell 102 points or 6.6% to close at 1,447 points. The broader FBM Emas index fell 7.2% to 9,909 points. Smaller caps underperformed as investors moved to bigger cap stocks in the search for safety with the FBM Small Cap Index falling 9.4% to 11,333 points. No major bourses were safe from this sharp decline with the Taiwan and Korean markets experiencing the worst selling pressure whilst Australia and China showed better resilience. The USD had appreciated marginally in the month of August 2011 but has since retreated, trading at 2.9803 against the MYR as at of the month (end-July 2011 : 2.9555).

On the local corporate front, mergers and acquisitions were still very much in vogue with AirAsia entering into a collaboration agreement with Malaysian Airlines (MAS) and AirAsia X. In this collaboration, Khazanah will take a 10% stake in AirAsia via a share swap for a 20.5% equity stake in MAS. In addition, Khazanah proposes to acquire a 10% stake in AirAsia X on terms and at a price to be mutually agreed later. Meanwhile, Sime Darby announced that it is acquiring 30% of Eastern & Oriental at the acquisition price of RM2.30/share to gain exposure into Penang's property market.

Fixed Income

The MGS yield curve continued to bull flatten in August 2011. The MGS trading momentum was strong in the month; trading volume surged 46.2% m-o-m to RM97.4 billion (July 2011: RM66.6 billion). Investors flocked towards the relative safety of government bonds amidst fears of slowing domestic economy. This was exacerbated by worries over the US global recovery and volatility in the global financial markets. The MGS rallied across most tenures but particularly in the long end of the curve. The 10- and 20-year MGS yields dropped by 23 bps and 12 bps respectively. The 3-, 5-, 7-, 10- and 20-year MGS benchmark yields ended the month at 3.18%, 3.39%, 3.68%, 3.65% and 4.06% respectively. Given the short month of August, there was only one MGS public auction (RM3 billion) and one private placement (RM2 billion). Corporate bonds trading volume jumped 58.2% y-o-y (July 2011: RM6.73 billion). Trading remains concentrated in the AAA and AA rating categories with 36% and 42% trade shares respectively (July 2011: 32% and 50% respectively).

Manager's Comments

Equity

Like the rest of the region, Malaysia's GDP forecast is being reduced. Growth will be supported by government pump priming ahead of expected General Elections this year, projects under the governments Economic Transformation Project ("ETP") and domestic consumption arising from Malaysia's traditionally high savings rate. In spite of the downside risk to earnings, we expect the market downside to be cushioned by the disproportionate weight of government funds in the market. Still, the portfolios are positioned defensively with a significant weighting in dividend stocks in the Telecommunication and Consumer Staple sectors. We have reduced weightings in cyclical stocks and speculative RNAV plays. Our preference remains for large caps with a visible and predictable earnings stream.

Fixed Income

We expect BNM to hold the overnight policy rate (OPR) steady at the next monetary policy committee (MPC) meeting on 8 September 2011 given the weaker economic outlook and lower inflationary pressures. The timing of the normalisation of the OPR will depend largely on external economic data. If more positive economic data surfaces, supporting the government's GDP growth target of 5% - 6%, we think that there will be a 25 bps rate hike in November, bringing the OPR to 3.25%. We continue to see volatility in the MGS market with more positive flows from offshore investors while local players take a trading position. Total issuance of the MGS/GII as at end-August 2011 stood at RM66.5 billion, comprising 14 public auctions and seven private placements.

For the corporate bond space, we remain bullish on corporate bonds versus MGS. The low yields in the MGS market is expected to push investors towards more government-guaranteed rated PDS. Nonetheless, as the global growth shows some signs of lethargy, we will be maintaining the current portfolio duration and will be selective on corporate credits with focus on issuers with steady cashflow streams.

* Investors are advised that unlike a guaranteed fund, this capital protected fund is protected by investments predominantly in Sukuk which is issued locally and not by a guarantee. Consequently the return of capital is SUBJECT TO the credit/default risk of the issuers of the fixed income securities.

The fund is not guaranteed and subject to investment risks. The capital protection only applies to unit holders who hold their investments until maturity date specified in the prospectus. Any redemption before the maturity/specified date will be based on the NAV of the fund on that day and would be charged an exit fee, if any, and that the protection does not apply in this case. There may be dilution of performance due to the capital protection structure being put in place, compared to a conventional fund without capital protection. Investors are advised to read the prospectus for further details of the capital protection structure.

Investors are advised to read and understand the contents of the Prospectus dated March 9, 2010 (close ended fund) before investing. This Prospectus has 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 for redemption will only be issued on receipt of a redemption form referred to in and accompanying the Prospectus, which is obtainable at Amanah Mutual Berhad or any of its distribution branches. Unit is no longer available for subscription.

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AMB Dana Aqeel
Capital Protected*

To protect the initial capital* of the fund at the Maturity Date through investments principally in fixed income securities predominantly in Sukuk that are permissible under Shariah Principles whilst seeking potential returns over the tenure of the fund.

INVESTOR PROFILE

The fund is suitable for investors who:-

- Seek for low risk investments that are in accordance with Shariah Principles.
- Seek for capital protection* with potential to yield better return than the 12-month GIA rates of commercial banks.
- Have a medium-term investment horizon of 3 years.

PERFORMANCE RECORD

Total Return Since Inception

