

Income & Growth Fund

Smart Investment Choice for Constant Capital Growth

Fund Fact Sheet 28 February 2011

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 28 February 2011

Unit In Circulation	: 30.293 million
Unit NAV	: RM 0.6294
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	: 1.00% of NAV (Bond) 1.50% of NAV (Equity)
Benchmark	: 60% of the FBM EMAS Shariah Index 40% of 12-month General Investment Account-rates
Asset Allocation	: Min 20% to Max 70% in equities : Min 20% to Max 70% in debt instrument : Min 2% in cash and cash equivalent

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 Zuhi bin Hj Ab. Majid

FUND MANAGER'S REVIEW

**Market Review
Equity**

The Malaysian market ended the month on a negative note due to a reversal of funds flow from the emerging to the developed markets amidst the turmoil faced by some of the Middle East North African (MENA) countries which also resulted in oil rising to above USD100bbl. For the month, the FBM KLCI lost 29 points or 1.9% to close at 1,491 points. The broader index FBM EMAS fell 2.4% to 10,216 points. Smaller caps underperformed as the FBM Small Cap plunged 4.4% to 12,413 points as investors preferred the index heavyweight stocks. Among the regional bourses, China and Japan posted gains whilst Korea and Taiwan markets declined.

On the local corporate front, a consortium comprising Kencana Petroleum, Bhd SapuraCrest Petroleum and Petrofac secured a USD800 million marginal oil field deal which is the first of such contracts to be awarded by Petronas. Meanwhile, corporate developments continued as IGB announced the sale of The Gardens Mall to subsidiary KrisAssets for a total consideration of RM820 million in cash as part of its efforts to streamline its operations.

Fixed Income

Local government bonds generally trended lower in February with the 3-year MGS benchmark declining the most. On the economic front, export growth slowed further to 4.6% YoY for the month of December 2010. Industrial output also grew at a slower pace during the same period and posted a YoY growth rate of 4.2%. Meanwhile inflation edged higher to 2.4% in January 2011.

There was healthy demand for the new issuance of RM4.5 billion 3.5-year MGS, attracting a bid-to-cover ratio of 2.19 times with an average yield of 3.43%. The new RM3.5 billion 7.5-year GII was also well received, registering a bid-to-cover ratio of 2.42 times and drawing an average yield of 3.87%. The 3-, 5-, 7-, 10-, and 20-year benchmark yields rose by 1 to 15 bps to 3.37%, 3.50%, 3.77%, 4.07% and 4.54% respectively. In addition, Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz said the country would meet this year's gross domestic product growth target of between 5% and 6%.

**Comments
Equity**

We continue to favour growth stocks. Inflation pressures have risen which may result in margin compression. Hence, we are cautious over companies that do not have pricing power. Interest rates are slowly rising in the region but we do not expect higher interest rates to de-rail the consumption theme that is present in the region. As result, we are maintaining our portfolio exposure across all sectors, and are paying careful attention to volatility which can erode gains that have been made.

Fixed Income

We expect BNM to maintain the OPR at 2.75% in their monetary policy meeting this month. We believe BNM is not too concerned with inflation at this juncture and may use other measures such as an increase in Statutory Reserve Requirements (SRR) for banks as one policy tool to control liquidity. However if the situation in the Middle East is prolonged, and results in an oil supply shock that leads to rising inflationary pressure, we expect BNM to start raising rates in the second half of 2011(2H11).

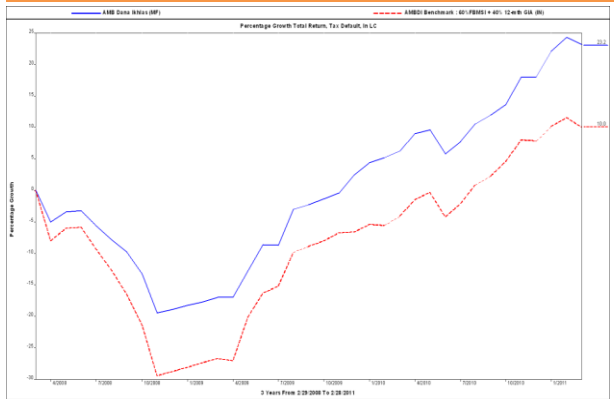
Despite the general pullback of foreign funds in the emerging equity space, the Malaysian bond market continues to see an increase in Bank Negara Bills and MGS foreign holdings in January by close to RM6 billion. With continued foreign inflows, further ringgit appreciation expected, and a benign inflation figure, we believe local sovereign yields will trade range bound and be supported from excessive yield rising.

As borrowing costs remain low in addition to upcoming mega projects emanating from the Economic Transformation Programme ("ETP") which require funding, we expect to see an active primary market in the short term. Due to ample liquidity in the market, we believe the new issuances will be easily absorbed and fairly well supported by market players hungry for bonds.

We continue to maintain our strategy with an overweight in the corporate debt segment and aim to switch to

PERFORMANCE RECORD

3 Years Growth Total Return



Cumulative Total Return

	Fund (%)	Rank
6 - Month (31 August 2010 - 28 February 2011)	10.05	2/19
1 - Year (28 February 2010 - 28 February 2011)	15.95	2/19
3 - Year (29 February 2008 - 28 February 2011)	23.24	4/19
5 - Year (28 February 2006 - 28 February 2011)	50.94	10/17

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

High/Low NAV (RM)

	High	Low
6 - Month (31 August 2010 - 28 February 2011)	0.6509	0.5743
1 - Year (28 February 2010 - 28 February 2011)	0.6509	0.5312
3 - Year (29 February 2008 - 28 February 2011)	0.6509	0.4058
5 - Year (28 February 2006 - 28 February 2011)	0.6509	0.3925

Income Distribution

	Net (sen per unit)
2010	NIL

*Source : Extracted from the annual report of AMBDI which has been audited by our external auditor

Asset Allocation as at 28 February 2011

	Equities	Bonds	Short Term Deposit + Cash
Equities	62%	22%	16%
Consumer Products	2.08		
Construction	5.44		
Trading/Services	22.84		
Properties	2.23		
Industrial Products	9.31		
Plantations	13.70		
IPC	6.72		
TOTAL	62.32		

Top 5 Largest Holdings

- 1) KONSORTIUM LEBUH UTARA TIMUR - BOND
- 2) SIME DARBY BERHAD - EQUITY
- 3) AXIATA GROUP BERHAD - EQUITY
- 4) PADIBERAS NASIONAL BERHAD - BOND
- 5) SYARIKAT PENGELUAR AIR SUNGAI SELANGOR - BOND

Based on the fund's portfolio returns as at March 15, 2011, the Volatility Factor (VF) for this fund is 9.5 and its Volatility Class (VC) is classified as "Low" (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The VC is assigned by Lipper based on quintile ranks of VF for qualified funds. The fund's portfolio may have changed 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, 2010 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 will only be issued on receipt of an application form referred to in and accompanying the Prospectus, which is obtainable at Amanah Mutual Berhad or any of its distribution branches.