

Income Fund

Smart Investment Choice for Constant Capital Growth
Fund Fact Sheet 31 January 2011

INVESTOR PROFILE

The Fund is suitable for investors seeking a medium term investment with regular consistent income and some potential for moderate capital growth.

FUND DETAILS AS AT 31 JANUARY 2011

Unit In Circulation	: 104.065 million
Unit NAV	: RM 0.7938
Financial Year	: June 30
Fund Category	: Bond Fund
Fund Inception	: June 19, 1996
Initial Sales Charge	: 2.00% of NAV per unit
Annual Management Fee	: 1.00 % of NAV
Benchmark	: 12- month fixed deposit rate of commercial banks
Asset Allocation	: Min 40% Max 98% in fixed income securities : Up to 60% in cash and money market

FUND MANAGER'S REVIEW

Market Review

MGS benchmark yield curve bull flattened after BNM maintained the OPR rate at 2.75% in the first MPC meeting of the year held on 27 January 2011. The overall tone of the MPC statement was dovish, and this was positive for the MGS market. Meanwhile, the government sold RM3.5 billion of new 10-year MGS notes maturing in July 2012 on January 13, the first auction for the year. Bid-to-cover ratio stood at a commendable 2.30 times whilst the average yield was 4.16%. On the same day, another RM3.0 billion of the same notes were also sold via private placement, bringing the total year-to-date debt sales to RM6.5 billion.

Trading along the Private Debt Securities (PDS) market was brisk with RM5.37 billion turnover recorded for the month. AAA rated segment led as usual with the most volume. Credit spreads widened for the most liquid AAA names as 10-yr MGS yields decline. Short to medium end AAA credit spreads widened by 5 to 10bps. Selected AAA bond such as Malaysia Airport Berhad saw yield rose by 19bps from a low of 4.33% to 4.52% in January. New issues were scarce, notable issuances were the AA3 rated RM350 million Padiberas Nasional Bhd IMTN, RM100m Sunrise Bhd and the AAA (bg) RM20 million LBS Bina Group Bhd IMTN.

Rating upgrades/downgrades for the month were equal with 4 positive and 4 negative rating actions. The 4 upgrades were Tenaga Nasional Behad, Cagamas SME Bhd, Mulpha International Bhd and Genting Plantations Bhd while the negative actions were Kenanga Investment Bank Bhd, Hubline Bhd, Offshoreworks Capital Sdn Bhd and MAA Holdings Bhd. But most importantly, RAM Ratings has maintained the BBB3 ratings of the respective debt issues of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"), Destinasi Teguh Sdn Bhd and Sungai Harmoni Sdn Bhd despite SPLASH failing to meet the minimum balance for its finance service reserve account ("FSRA") on the 19th January 2011. This however is just a temporary relief as the shareholders continue to work with the State and Federal government on a long term solution.

Comments

Ahead of the Chinese New Year holidays and the short month of February, we believe sovereign yields will trade range bound as players continue to nibble along selected securities. With BNM having held the Overnight Policy Rate ("OPR") unchanged and still benign inflation, expectations of next rate hike is still generally expected in 2H11. Despite the general pullback of foreign funds in the region, the Malaysian bond market continues to be attractive with further expectation of appreciation in the Ringgit, hence we believe local sovereign yields will remain supported in light of improvements seen in the U.S economy.

As borrowings costs remain low and with a slew of upcoming mega projects from the Economic Transformation Programme ("ETP") requiring funding, we expect to see an active primary market in the short term. In the month of February alone, PASB and Sabah Development Bank will tap the market for RM2.7 billion and RM340 million respectively. As market liquidity remains ample, we believe the new issuances will be easily absorbed and fairly well supported by market players hungry for papers.

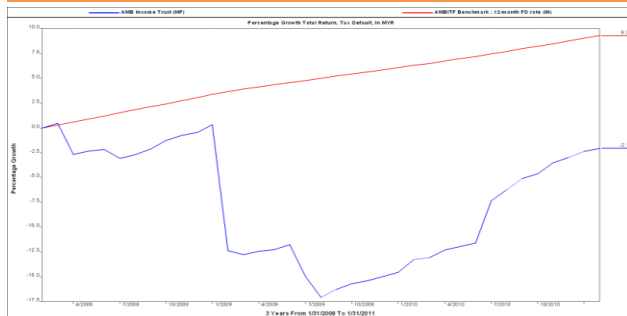
We continue to like the corporate debt segment and aim to switch to new issuances should primary yield pick-up prove attractive. Meanwhile, we continue to maintain an overweight on Corporate bonds versus Government bonds.

Based on the fund's portfolio returns as at January 15, 2011, the Volatility Factor (VF) for this fund is 10.8 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.

PERFORMANCE RECORD

3 Years Growth Total Return



Cumulative Total Return

	Fund (%)	Rank
6 - Month (31 July 2010 - 31 January 2011)	4.46	7/42
1 - Year (31 January 2010 - 31 January 2011)	12.93	2/40
3 - Year (31 January 2008 - 31 January 2011)	-2.06	31/32
5 - Year (31 January 2006 - 31 January 2011)	-10.75	24/26

* Source : Lipper(G) - Category of Bond - Non Islamic

High/Low NAV (RM)

	High	Low
6 - Month (31 July 2010 - 31 January 2011)	0.7938	0.7562
1 - Year (31 January 2010 - 31 January 2011)	0.7938	0.7029
3 - Year (31 January 2008 - 31 January 2011)	0.8202	0.6644
5 - Year (31 January 2006 - 31 January 2011)	0.9815	0.6644

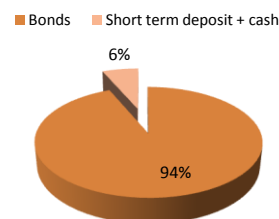
Income Distribution

2010

Net (sen per unit)
NIL

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

Asset Allocation as at 31 January 2011



Top 5 Largest Holdings in Bond

- 1) AMBANK BERHAD
- 2) RHB CAPITAL BERHAD
- 3) HYUNDAI CAPITAL SERVICES
- 4) TEKNOLOGI TENAGA PERLIS SDN BHD
- 5) ARA BINTANG BERHAD