

The fund's objective is to provide a steady appreciation of the net asset value of the Fund with a regular flow of income to our investors through investments in debt securities that are permissible under Shariah Principles.

**Income Fund**

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

**INVESTOR PROFILE**

The fund is suitable for investors who prefer a consistent and steady appreciation in value through investment in debt instruments permissible under Shariah Principles and possess an investment horizon in excess of 5 years.

**FUND DETAILS AS AT 31 JULY 2011**

Unit In Circulation	: 55.201 million
Unit NAV	: RM 0.5621
Financial Year	: May 31
Fund Category	: Bond Fund
Fund Inception	: April 27, 2004
Initial Sales Charge	: 1.00% of NAV per unit
Annual Management Fee	: Profit sharing scheme of 15:85 from Net Investment Income of the Fund.
Benchmark	: 12-month General Investment Account-rates
Asset Allocation	: Min 50% to Max 98% in debt securities. : Min 2% to Max 50% in liquid assets and short-term money instruments.

**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**

The month started off with a weaker than expected export data. May exports rose 5.4% y-o-y (from 11.1% y-o-y in April), which was below expectations. Imports disappointed as well, coming in 5.6% y-o-y (from 9.4% y-o-y in April). Additionally, May Industrial Production (IP) also declined 5.1% y-o-y, again below expectations (consensus expected a 2.7% y-o-y decline). The decline was due primarily to dips in the mining and electricity components of the IP Index. Perhaps due to the weakening economic indicators, Bank Negara Malaysia (BNM) kept the overnight policy rate (OPR) on hold at 3.00% while raising the Statutory Reserve Requirement (SRR) by 100 bps to 4.00%. CPI inflation continued to edge up in June, rising 3.5% y-o-y (from 3.3% y-o-y in May), largely on the back of higher food prices.

For the month, the sovereign yield curve bull flattened with the 10yr and 20yr MGS yields changing by -5 bps and -17 bps. The 3, 5, 7, 10 and 20 year MGS benchmarks ended the month at 3.21%, 3.47%, 3.86%, 3.88% and 4.18% respectively. There were 2 MGS/GII auctions for the month: the 5 year reopening of the MGS 9/16 and 10 year reopening of the GII 4/21. Foreign holdings of MGS as at June continued to climb to a new high. The USD/MYR exchange rate climbed to its strongest level since September 1997, touching 2.9345, but has since retreated to trade at 2.9550 levels. The bullishness in the MGS market translated well into the Corporate bond market. The Bond Pricing Agency Malaysia (BPAM) generic AAA yield curve bull flattened for the month with 3, 5, 10 and 15 year yields changing by -3 bps, -5 bps, -8 bps and -12 bps to end at 3.92%, 4.19%, 4.74% and 5.11% respectively.

**Manager's Comments**

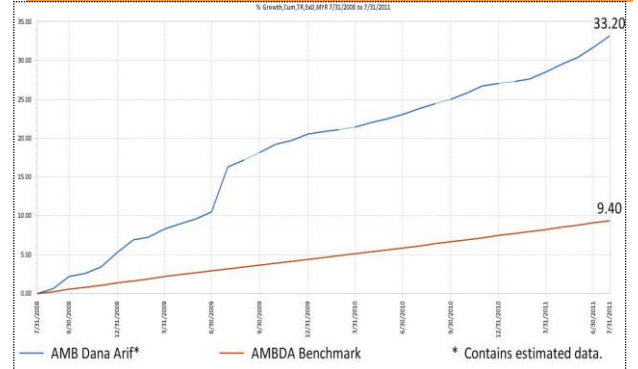
We believe that BNM will attempt another 25 bps rate hike before year-end bringing the OPR to rest at 3.25%. As the market by and large expects one more hike, we believe any adverse reaction to the sovereign yield curve will be muted if not negligible. We believe the sovereign yield curve will continue to bull flatten going into August.

In the corporate bond market, we continue to expect the current trend of duration lengthening and lower yield to persist as end-investors move down the credit curve for yield pickup. Liquidity remains ample in the market, and unless supply of new issuances substantially improves in August, we continue to foresee spread compression for credit markets. Lower yields in the MGS market will provide an impetus for risk adverse players to participate in government-guaranteed (GG) rated PDS papers.

We expected more issuances from the ETP to tap the debt capital markets. We believe the rally thus far has been liquidity driven, with both local and foreign players in the market, and unless new issuances substantially pick up the slack, there is further short-term upside to the rally. In the near term, we continue to lengthen duration although we will closely monitor the risk to this strategy as well. Key risks to our forecast remains higher-than-expected headline inflation or abrupt subsidy revisions.

**PERFORMANCE RECORD**

**3 Years Growth Total Return**



**Cumulative Total Return**

Period	Fund (%)	Rank
1 - Month (30 June 2011 - 31 July 2011)	1.13	1/20
6 - Month (31 January 2011 - 31 July 2011)	4.59	2/19
1 - Year (31 July 2010 - 31 July 2011)	7.61	4/17
3 - Year (31 July 2008 - 31 July 2011)	33.20	1/14
5 - Year (31 July 2006 - 31 July 2011)	22.74	7/12

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

**High/Low NAV (RM)**

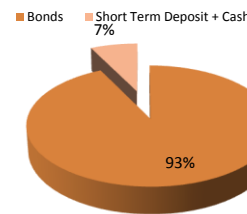
Period	High	Low
1 - Month (30 June 2011 - 31 July 2011)	0.5620	0.5561
6 - Month (31 January 2011 - 31 July 2011)	0.5687	0.5501
1 - Year (31 July 2010 - 31 July 2011)	0.5687	0.5472
3 - Year (31 July 2008 - 31 July 2011)	0.5687	0.4451
5 - Year (31 July 2006 - 31 July 2011)	0.5687	0.4451

**Income Distribution**

Period	Net (sen per unit)
Interim Nov 30, 2010	1.70
Interim, 2011	1.30

\*Source : Extracted from the annual report of AMBDA which has been audited by our external auditor  
\*Declared on June 30, 2011

**Asset Allocation as at 31 July 2011**



**Top 5 Largest Holdings in Bond**

- 1) BANK MUAMALAT BERHAD
- 2) JIMAH ENERGY VENTURES SDN BHD
- 3) KONSORTIUM LEBUHRAYA UTARA-TIMUR KUALA LUMPUR S/B
- 4) NATIONAL BANK OF ABU DHABI
- 5) SUNRISE BERHAD

Where a distribution is declared, investors are advised that following the distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV

Based on the fund's portfolio returns as at July 15, 2011, the Volatility Factor (VF) for this fund is 3.0 and its Volatility Class (VC) is classified as "Very 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.