

Income & Growth Fund

Smart Investment Choice for Constant Capital Growth

Fund Fact Sheet 31 July 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 31 JULY 2011

| | |
|-----------------------|---|
| Unit In Circulation | : 30.038 million |
| Unit NAV | : RM 0.6356 |
| 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 Zuhdi bin Hj Ab. Majid

FUND MANAGER'S REVIEW

Market Review

Equity

For the month, the FBM KLCI fell 30 points or 1.9% to close at 1,549 points. The broader index FBM EMAS fell 1.5% to 10,683 points. Smaller caps outperformed as the FBM Small Cap fell 1.7% to 12,511 points. Among the major regional bourses, the Thai and Indonesian markets posted substantial gains whilst the Indian and China markets declined.

The government has identified 33 government-linked companies (GLCs) that are ready for divestment through partial sales, outright sales or listings on the stock market. This is part of the government's Strategic Reform Initiatives (SRIs) or policy measures to drive its Economic Transformation Programme (ETP). However, market sentiment turned negative shortly as investors became more concerned about the European debt problem which has the potential of spreading from Greece to other vulnerable countries like Spain, Portugal, Italy and Ireland. In addition, the inability of both the Democrats and Republicans in the US House of Representatives and the Senate to reach an agreement to raise the nation's debt ceiling and cut the federal deficit also added to market jitters.

Fixed Income

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 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

Equity

Malaysia will face more intense competition from ASEAN neighbours who are flexing new-found economic muscle, strong capital & portfolio inflows, and foreign direct investment. With Thailand spending more on infrastructure and cutting tax rates, Malaysia's advantages of good infrastructure and a lower tax regime will be eroded within a few years. Hopefully the GTP/ETP programmes will have lifted the country to a different level by then. Valuation-wise, Malaysia continues to be expensive from a regional standpoint. The market is starting to factor in 2012 forecasts, as the FBM-KLCI is fairly valued for 2011. Current estimates point to the market being valued at 1740 for 2012. This represents an 11-12% upside for the KLCI, assuming the price-to-earnings ratio for Malaysia holds.

Fixed Income

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 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) | 0.05 | 9/19 |
| 6 - Month (31 January 2011 - 31 July 2011) | 4.82 | 3/19 |
| 1 - Year (31 July 2010 - 31 July 2011) | 17.83 | 1/19 |
| 3 - Year (31 July 2008 - 31 July 2011) | 41.35 | 3/19 |
| 5 - Year (31 July 2006 - 31 July 2011) | 67.11 | 6/18 |

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

High/Low NAV (RM)

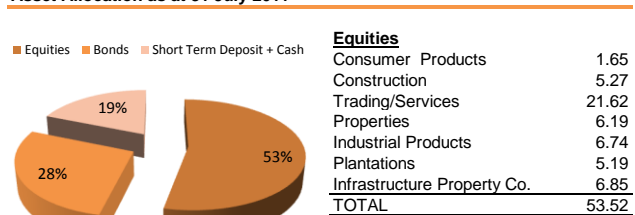
| Period | High | Low |
|--|--------|--------|
| 1 - Month (30 June 2011 - 31 July 2011) | 0.6386 | 0.6301 |
| 6 - Month (31 January 2011 - 31 July 2011) | 0.6642 | 0.6283 |
| 1 - Year (31 July 2010 - 31 July 2011) | 0.6642 | 0.5632 |
| 3 - Year (31 July 2008 - 31 July 2011) | 0.6642 | 0.4058 |
| 5 - Year (31 July 2006 - 31 July 2011) | 0.6642 | 0.3973 |

Income Distribution

| Period | Net (sen per unit) |
|---------------|--------------------|
| Interim, 2011 | 2.89 |

*Declared on June 30, 2011

Asset Allocation as at 31 July 2011



Equities

| | |
|-----------------------------|--------------|
| Consumer Products | 1.65 |
| Construction | 5.27 |
| Trading/Services | 21.62 |
| Properties | 6.19 |
| Industrial Products | 6.74 |
| Plantations | 5.19 |
| Infrastructure Property Co. | 6.85 |
| TOTAL | 53.52 |

Top 5 Largest Holdings

- 1) SIME DARBY BERHAD - EQUITY
- 2) KONSORTIUM LEBUHRAYA UTARA-TIMUR KUALA LUMPUR S/B - BOND
- 3) SARAWAK ENERGY BERHAD - BOND
- 4) BANK MUAMALAT BERHAD - BOND
- 5) PADIBERAS NASIONAL BERHAD - BOND

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 8.8 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.