

FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds

FUND DETAILS

Launch Date	20 October 2008
Domicile	Malaysia
Currency	Ringgit Malaysia
Launch Price	RM1.0000
Units in Circulation	27.72 million units (31 May 2014)
Fund Size	RM 31.76 million (31 May 2014)
Unit NAV	RM 1.1456 (31 May 2014)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	12 month FD
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> Have a medium to long term investment horizon Want a diversified portfolio of fixed interest securities Are looking for a less volatile investment but can accept lower returns
Fees	<ul style="list-style-type: none"> Management Fee: 1.000% p.a. Switching Fee: 3 free fund switches per policy year

ASSET ALLOCATION

Bonds/ Debentures	75% - 98%	Cash	Up to 25%
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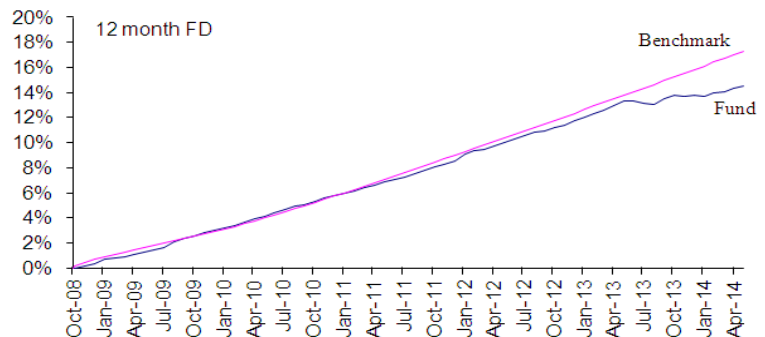
WHERE THE FUND INVESTS

Corporate Bond	90.33%
Government Bond	0%
Short Term Paper	0%
Cash	9.67%
Total	100.00%

TOP 10 HOLDINGS

HSBC Bank Malaysia Bhd	4.35% Due 28/6/2017 JD28	6.48%
Tanjung Bin Energy Issuer Berhad	4.87% 15/03/2019	6.43%
Teknologi Tenaga Perlis	4.51% 31/01/2020	6.41%
First Resources Limited	4.30% 08/12/2017	6.38%
Am Islamic Bank Berhad	4.40% 30/09/2021	6.37%
Tanjung Bin Power Sendirian Berhad	4.66% 14/08/2020	6.35%
Kuala Lumpur Kepong Berhad	3.88% 10/10/2016	6.34%
Hong Leong Bank Berhad	4.35% 05/05/2021	6.33%
Projek Lebuhraya Usahasama Berhad	4.40% 12/01/2022	6.33%
Perbadanan Kemajuan Negeri Selangor	4.35% 28/10/2016	6.31%

PERFORMANCE RECORD



NAV TO NAV

%	MTD	YTD	1-Year	3-Year	Since Inception
Fund*	0.14	0.65	1.05	7.18	14.56
Benchmark	0.25	1.28	3.09	9.58	17.33

*Calculation of past performance is based on NAV-to-NAV

Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.

FUND MANAGER'S COMMENTS

The Fund's performance for the month of May was 0.14% as compared to its benchmark of 0.25%.

First quarter economic numbers releases during the month saw GDP rise 6.2% y-o-y, after climbing by 5.1% in the final quarter of 2013. This was substantially higher than the consensus estimate of 5.7%, thus recording its fastest pace in five quarters, amid an export recovery, and increasing pressure for the central bank to raise policy rates.

In a statement following the data release at the policy meeting, Bank Negara Malaysia ("BNM") highlighted the need to be 'anticipatory' and 'pre-emptive' in containing threats to financial stability, raising expectations that a rate hike in the region of 25 bps – 50 bps could arrive sooner rather than later. CPI in March was recorded at 3.5% in March, as higher fuel prices and subsidy removals have driven inflation to its highest in over 2 years. While consistent with BNM's forecast for the year of 3% - 4%, continued robust growth will see more pressure on the central bank to raise rates. Earliest estimates are for the hike to occur in July.

In line with cautious investor sentiment coupled with expectations of a potential rate hike in the second half of 2014, we prefer to invest in longer duration liquid securities as the yield curve is at its steepest as compared to the past 2 years. We aim to maintain duration and invest in higher coupon bonds to cushion any increase in yields. We will concentrate on primary issues with higher yields as the market continues to re-price. Primary issues that have been re-priced to current levels should see good pick up from investors. Furthermore, we will continue to maintain our trading stance on MGS/ GII and accumulate (increase exposure in MGS/ GII) as we believe that yields are expected to trade within a wider range going forwards.

Disclaimer:

The benchmark performance is not a guide to future performances which may differ. The performance of the fund is not guaranteed. The value of the fund will fluctuate and may fall below the amount of premiums paid and the fund value depends on the actual performance on the underlying investment.