

**Investment Objective**

MAA Takaful Shariah Income Fund is a bond fund which aim to provide steady capital growth at a rate higher than average deposit rates over medium to long-term period.

**Fund Data**

NAV (as at 30<sup>th</sup> July 2010)                      0.5110  
 Fund Value (RM)                                      17,467,055

**Market Review**

In July, Bank Negara raised the overnight policy rate (OPR) by another 25bps to 2.75%. The Malaysian Government Securities (MGS) curve flattened towards the mid and longer-end maturities as short-term yields spike to reflect this OPR hike. With the tepid debt supply continuing in 2010 and the expectation of no further OPR hikes for the rest of the year, yields on the mid to longer-end continues to be dragged lower as investors saw value in the 5-year as well as 7-year benchmark as they lengthened their maturity profile.

Bank Negara raised the overnight policy rate (OPR) by another 25bps to 2.75% on the 8th Jul 2010. In the accompanying statement, policymakers said they expect the domestic economy to remain robust in 2H2010 although they take cognizance of international financial markets volatility as a result of the ongoing sovereign debt crisis in several advance economies. With a stance that the monetary policy “continues to remain accommodative and supportive of economic growth”, policymakers hinted of a pause in further rate hikes for the remainder of the year.

The view of a pause was further supported by June’s Consumer Price Index (“CPI”) figure of a 1.7 per cent year-on-year, which was in line with expectations.

On the corporate front, investment flows remained slanted along the higher grade AAA rating segment, but there was also interest for selected AA and single-A rated names. Buoyed by firm risk appetite, some investors took opportunity to re-evaluate their portfolios.

**Outlook & Strategy**

On the bond market, foreign holdings of government bonds and Bank Negara bills were up by RM2bn in June to RM78.4bn. At this level, foreign holdings of government bonds, in ringgit terms, have surpassed their level back in 2007-2008. This may however prove temporary as the liquidity inflows have been driven by the OPR increases which are expected to remain at 2.75% till end of 2010.

Meanwhile, we continue to maintain our focus on corporate bonds as the corporate bond market has thus far remained well supported due to the lack of supply amidst signs of an increase in investors risk appetite. On the government bond market, we continue to adopt a cautious stance with a short term trading view and as mentioned above, we foresee a reversal in hot money and will monitor for such a potential reversal which may shift in the sovereign yield higher. We will remain fully invested but take opportunity to switch to selective new primary issues for which the corporate pipeline has seen some pickups.

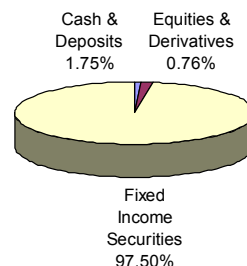
**Top Five Equity Holdings**

YTL Power International Bhd                      0.76%

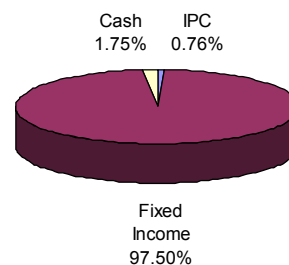
**Top Five Fixed Income Holdings**

Tanjung Bin Power Sdn Bhd                      12.43%  
 Putrajaya Holdings Sdn Bhd                      11.88%  
 Teknologi Tenaga Perlis                      6.93%  
 Jimah Energy Ventures Sdn Bhd                      6.54%  
 Jimah Energy Ventures Sdn Bhd                      6.44%

**Asset Allocation**



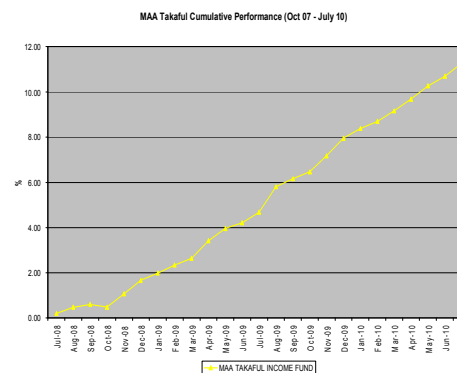
**Sector Allocation**



**Fund Review**

	<b>MOM</b>	<b>YTD</b>
<b>NAV(% change)</b>	0.39%	3.06%

**Performance (Since Inception)**



Fund's performance is calculated on NAV to NAV.  
 The value of units may go up as well as down.  
 Past performance is not indicative of future results