



Investment Linked Fund Performance Report September 2018

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EXECUTIVE SUMMARY

It was a negative month for the Malaysian market as FBMKLCI fell 1.5% m-o-m to close at 1,793 points in September. We believe the decline could be due to profit taking by investors following FBMKLCI's outperformance in August, concerns over US-China trade tensions and weaker-than-expected Malaysian corporate earnings. Average daily value traded on Bursa Malaysia in September grew 2% m-o-m to RM2.49bil as the market saw a slight pick-up in foreign interest.

MGS rose in September, moving up by 1~5 bps at the belly, and 12 bps at the shorter-end of the curve. It was mainly driven by capital flight from emerging markets on the back of US Fed rate hike and heightened US-China trade war tension. Brent crude oil prices rose to USD82.68/barrel from a month earlier at USD77.39/barrel and ringgit was last seen at RM4.137/USD from RM4.108/USD a month ago.

On the local economic front, Malaysia's August export growth slipped into its first decline in six months, showing early signs of weakening external demand amid the escalation of the US-China trade war. Shorter working month due to public holidays and fears of the escalating trade war may have caused weak August trade numbers.

We are cautious on the outlook of local equity market. Apart from global geopolitical tension on trade war and uncertainties, Malaysian market is also facing headwinds from weak economic data. In the coming weeks, investors are expected to see further clarity on the Government's economic and fiscal policies that should offer investors with greater confidence. We would look for bottom-fishing opportunities to accumulate quality stocks at lower levels.

For fixed income, post OPR rate hike in Jan'18, BNM is likely to maintain a neutral monetary policy for the remaining of 2018. The external risk factors will continue to weigh on the local market, but we believe corporate bond space still provides attractive yields given stable monetary stance from BNM and strong fundamentals in local market. As such, we will keep looking to buy on dips of corporate bonds if the opportunity arises.

Based on the performance table below, on monthly basis, all MCIS Investment-Linked Funds had outperformed their benchmarks return.

Policyholders are encouraged to focus into regular premium given the current risk and volatile period of the economic and market condition. Risk adverse investors should focus into income fund due to its less volatile as compared to equity related funds.

Performance Table: Funds vs Benchmarks

	Asiapac Fund		Balanced Fund		Dividend Fund		Equity Fund		Global Yakin Fund		Income Fund		Jati Fund	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Monthly (%)	0.98%	0.09%	0.02%	-0.61%	-0.16%	-1.46%	0.06%	-1.46%	0.94%	0.66%	0.41%	0.25%	-0.24%	-1.00%
3 Months (%)	4.37%	2.49%	3.07%	4.01%	6.07%	6.01%	5.46%	6.01%	3.89%	3.22%	2.26%	1.98%	3.98%	4.85%
6 Months (%)	6.69%	-1.86%	-0.58%	-0.91%	-1.00%	-3.77%	-1.64%	-3.77%	7.24%	4.12%	2.43%	1.82%	-3.26%	-4.17%
12 Months (%)	-0.80%	-1.15%	0.79%	3.07%	1.49%	2.14%	2.25%	2.14%	1.71%	5.98%	4.32%	3.70%	-1.67%	-0.93%

Source: MCIS Insurance Berhad

AsiaPac Fund Monthly Report (September 2018)

Investment Objective

To achieve steady income stream with potential growth in the Asia Pacific Region over medium to long term. The aim of the Fund is to outperform the S&P Ethical Pan Asia Select Dividend Opportunities Index over periods of five or more years.

Investment Strategy

To invest in Asia Pacific Ethical Dividend Exchange Traded Fund (ETF), managed by CIMB Principal Asset Management where the ETF is listed on the Singapore Stock Exchange.

The ETF focuses on top 40 ethical and high yielding stocks in the Asia Pacific Region excluding India, Taiwan, Japan, New Zealand and Philippines. The fund provides country diversification across the industry that is traded in US Dollar.

Risks

The Fund is considered low risk given the exposure to only one underlying securities with no attempt to select stocks individually or to take defensive positions in declining markets. Risk is managed at the management level, where the asset allocation of the fund to be reviewed on regular basis, and adjusted to commensurate with the Investment Team view on the relative attractiveness of each asset class.

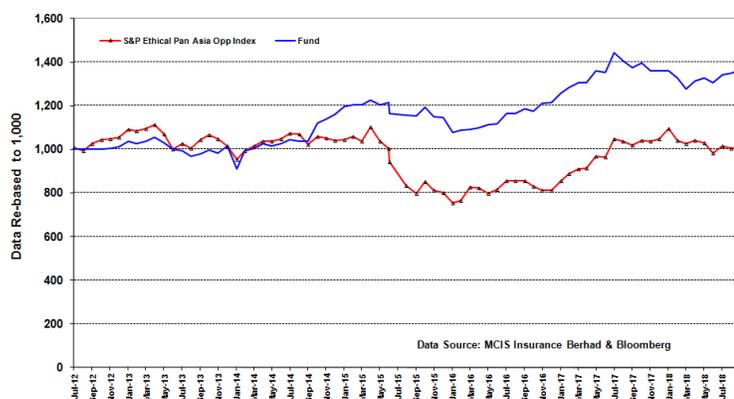
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

The target market is for investors who are seeking regional exposure from investment and at the same time, seeking for medium to long term capital appreciation with moderate market risk.

Fund Performance

For the month ended September 2018, the fund had outperformed the benchmark by 89bps MoM (month on month). The fund had also outperformed the benchmark since inception.

AsiaPac Fund Performance Since Inception



Top Ten Holdings

CIMB S&P Asia Pacific Ethical Dividend Exchange Traded Fund (ETF)

Fund Information

NAV (28.09.18)	RM0.6812
Fund Size	RM45.58 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	83%
Cash	0%	20%	17%

Performance Table

Period	Fund	Index*
1 month (%)	0.98%	0.09%
3 months (%)	4.37%	2.49%
6 months (%)	6.69%	-1.86%
12 months (%)	-0.80%	-1.15%
2 years (% pa)	14.95%	17.73%
3 years (% pa)	5.70%	8.09%
5 years (% pa)	6.85%	-0.76%
Since Inception	5.07%	0.11%

Notice: Past performance is not indicative of future performance, and the performance of the Fund is not guaranteed.

The Fund returns are calculated by MCIS and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

* Index is S&P Ethical Pan Asia Select Dividend Opportunities sourced from Bloomberg.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Balanced Fund Monthly Report (September 2018)

Investment Objective

The objective of the Balanced Fund is to provide security and income, while maintaining and potentially increasing the value of capital over the medium to long-term, through exposure across a range of asset classes. The Fund aims to outperform the performance benchmark over periods of three or more years.

Investment Strategy

To invest in Malaysian equities and fixed income securities, including government bonds and corporate debt securities. The asset allocation is reviewed on a regular basis, and is adjusted commensurate with our view on the relative attractiveness of each asset class.

Risks

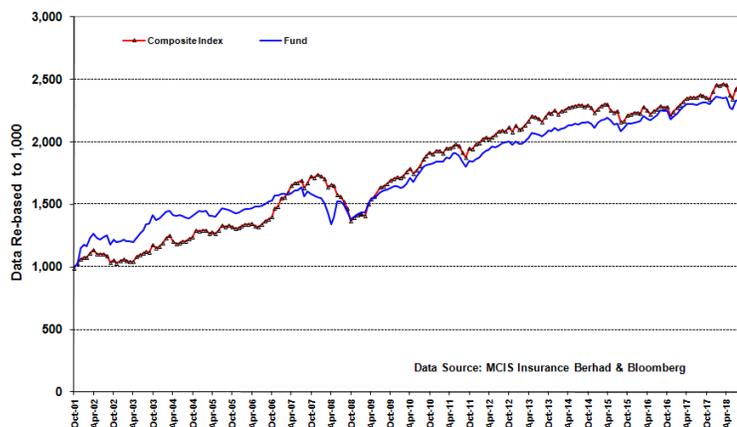
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, and the liquidity of the underlying assets. Additionally, levels of interest rates, and credit downgrades of defaults can affect the value of fixed income securities

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

Fund Performance

For the month ended September 2018, the fund had outperformed the benchmark by 63bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Balanced Fund Performance Since Inception



Top Ten Holdings

- Malaysian Government Securities (Bond)
- CIMB Bank Berhad (Bond)
- Tenaga Nasional Berhad (Equity)
- Northern Gateway Infrastructure Sdn Bhd (Bond)
- Sabah Development Bank Berhad
- Malayan Banking Berhad (Equity)
- Sabah Credit Corporation (Bond)
- Projek Lebuhraya Utara-Selatan (Bond)
- CIMB Bank Berhad (Equity)
- Bank Pembangunan Malaysia Berhad (Bond)

Fund Information

NAV (28.09.18)	RM1.1672
Fund Size	RM8.10 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	40%	60%	44%
Fixed Income	40%	60%	46%
Cash	0%	20%	10%

Performance Table

Period	Fund	Index*
1 month (%)	0.02%	-0.61%
3 months (%)	3.07%	4.01%
6 months (%)	-0.58%	-0.91%
12 months (%)	0.79%	3.07%
2 years (% pa)	1.87%	3.60%
3 years (% pa)	3.40%	4.03%
5 years (% pa)	2.45%	2.11%
Since Inception	5.11%	5.39%

Notice: Past performance is not indicative of future performance, and the performance of the Fund is not guaranteed.

The Fund returns are calculated by MCIS and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

* The benchmark index is a composite of 50% FBM KLCI Index and 50% of Markit iBoxx ALBI Malaysia TR Index (Since Dec '12). Prior to that, the index used was HSBC Malaysia All Bond Index for the fixed income portion. Benchmark return is calculated on re-based basis. The source is from the subscription of Markit Indices.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Dividend Fund Monthly Report (September 2018)

Investment Objective

To achieve steady income stream with potential for capital growth over medium to long term by focusing mostly on high dividend yielding stocks and money market instruments. The aim of the Fund is to outperform the FBM KLCI Index over periods of five or more years.

Investment Strategy

To invest in a broad selection of companies listed on the Malaysian Stock Exchange. Using a relative value methodology, the fund focuses on undervalued stocks relative to fundamental value, with the aim of achieving an income stream, together with some degree of long-term capital gains.

Risks

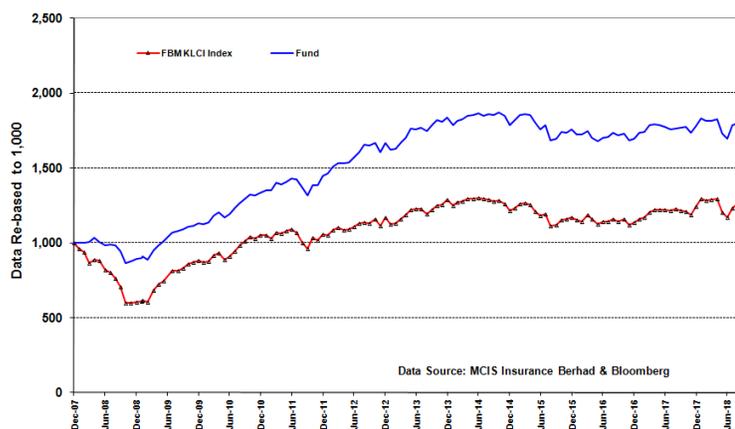
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

Fund Performance

For the month ended September 2018, the fund had outperformed the benchmark by 130bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



Top Ten Holdings

Petronas Chemicals Group Berhad
 Petronas Gas Berhad
 Public Bank Berhad
 Tenaga Nasional Berhad
 Maxis Berhad
 DiGi.Com Berhad
 Malayan Banking Berhad
 IOI Corporation Berhad
 Petronas Dagangan Berhad
 Sime Darby Plantation Berhad

Fund Information

NAV (28.09.18)	RM0.8542
Fund Size	RM33.46 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	96%
Cash	0%	20%	4%

Performance Table

Period	Fund	Index*
1 month (%)	-0.16%	-1.46%
3 months (%)	6.07%	6.01%
6 months (%)	-1.00%	-3.77%
12 months (%)	1.49%	2.14%
2 years (% pa)	2.21%	4.17%
3 years (% pa)	1.93%	3.42%
5 years (% pa)	0.12%	0.28%
Since Inception	5.61%	2.03%
Yield #	3.53%	3.29%

Notice: Past performance is not indicative of future performance, and the performance of the Fund is not guaranteed.

The Fund returns are calculated by MCIS and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

* Index is FBM KLCI sourced from Bloomberg.

Yield data is sourced from Bloomberg, and MCIS.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Equity Fund

Monthly Report (September 2018)

Investment Objective

The objective of the Equity Fund is to achieve capital growth over the medium to long term by focusing on high quality equities listed on the FBM KLCI Index. The aim of the Equity Fund is to outperform the Index over periods of five or more years.

Investment Strategy

To invest in a broad selection of companies listed on the Malaysian Stock Exchange. Using a relative value methodology, the fund focuses on the stocks whose shares appear undervalued relative to fundamental value, with the aim of achieving long term growth in capital value.

Risks

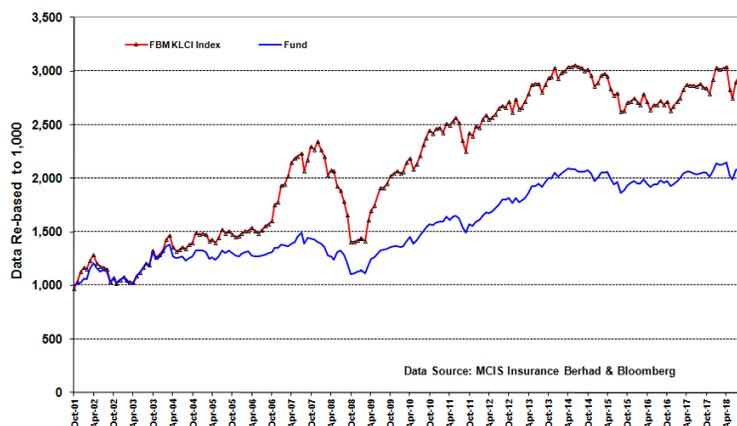
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

Fund Performance

For the month ended September 2018, the fund had outperformed the benchmark by 152bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Ten Holdings

Tenaga Nasional Berhad
 Public Bank Berhad
 Malayan Banking Berhad
 Petronas Chemicals Group Berhad
 IOI Corporation Berhad
 Petronas Gas Berhad
 Sime Darby Plantation Berhad
 Petronas Dagangan Berhad
 CIMB Bank Berhad
 Maxis Berhad

Fund Information

NAV (28.09.18)	RM1.0490
Fund Size	RM10.10 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	93%
Cash	0%	20%	7%

Performance Table

Period	Fund	Index*
1 month (%)	0.06%	-1.46%
3 months (%)	5.46%	6.01%
6 months (%)	-1.64%	-3.77%
12 months (%)	2.25%	2.14%
2 years (% pa)	3.43%	4.17%
3 years (% pa)	3.58%	3.42%
5 years (% pa)	1.29%	0.28%
Since Inception	4.46%	6.49%
Yield #	3.54%	3.29%

Notice: Past performance is not indicative of future performance, and the performance of the Fund is not guaranteed.

The Fund returns are calculated by MCIS and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

* Index is FBM KLCI sourced from Bloomberg.

Yield data is sourced from Bloomberg, and MCIS.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Global Yakin Fund

Monthly Report (September 2018)

Investment Objective

The fund aims for capital appreciation in the long term by investing in an international portfolio of Shariah-compliant equities and equity-related securities of companies with good growth potential.

Investment Strategy

The Fund is to feed into Aberdeen Islamic World Equity Fund (AIWEF) which managed by Aberdeen Islamic Asset Management Sdn Bhd. The Fund invests in shariah approved securities across the globe.

The Fund seeks to achieve its objective by investing in an international portfolio of Shariah-compliant equities and equity-related securities of companies with good growth potential. The countries that the Fund will invest in will include, but not limited to Canada, United States of America, United Kingdom, France, Germany, Italy, Netherlands, Sweden, Switzerland, Japan, Australia, China, Hong Kong, Korea, Singapore, Taiwan, Brazil and Mexico.

Risks

The Fund is considered low risk given the exposure to only one underlying securities with no attempt to select stocks individually or to take defensive positions in declining markets. Risk is managed at the management level, where the asset allocation of the fund to be reviewed on regular basis, and adjusted to commensurate with the Investment Team view on the relative attractiveness of each asset class.

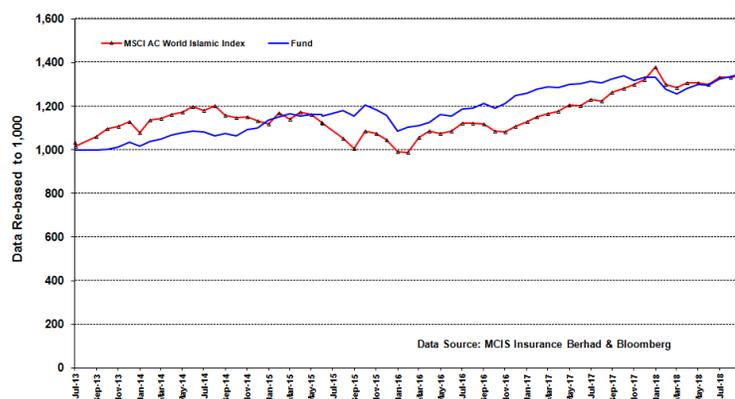
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

The Fund is suitable for investors who seek capital appreciation over a long term investment horizon and who are willing to accept high level of risk.

Fund Performance

For the month ended September 2018, the fund had outperformed the benchmark by 28bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Global Yakin Fund Performance Since Inception



Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

Fund Information

NAV (28.09.18)	RM0.6737
Fund Size	RM38.98 million
Inception Date	8-July-2013
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
AIWEF	80%	100%	84%
Cash	0%	20%	16%

Performance Table

Period	Fund	Index*
1 month (%)	0.94%	0.66%
3 months (%)	3.89%	3.22%
6 months (%)	4.43%	2.33%
12 months (%)	7.24%	4.12%
2 years (% pa)	5.33%	9.39%
3 years (% pa)	5.25%	10.05%
5 years (% pa)	6.16%	6.03%
Since Inception	5.84%	5.74%

Notice: Past performance is not indicative of future performance, and the performance of the Fund is not guaranteed.

The Fund returns are calculated by MCIS and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

* Index is MSCI AC World Islamic sourced from Bloomberg.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Income Fund

Monthly Report (September 2018)

Investment Objective

The objective of the Income Fund is to provide investors with security of income by investing in a mix of fixed income and fixed deposit securities. The aim of the Fund is to outperform the HSBC Malaysia Local Currency All Bond Total Return Index.

Investment Strategy

To invest into underlying asset classes as per the Asset Allocation Ranges. The asset allocation is reviewed on a regular basis, and is adjusted commensurate with our view on the relative attractiveness of each asset class. The Fund invests in cash and fixed income securities including government bonds and corporate debt securities.

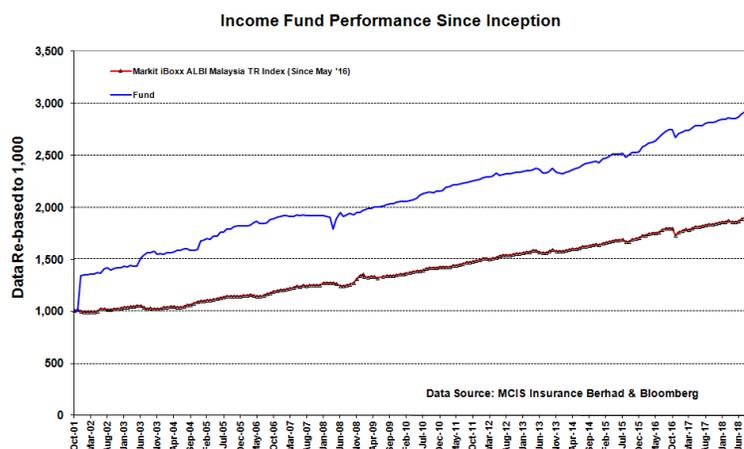
Risks

The Fund is considered lower risk given the exposure to cash and fixed income securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets. Additionally, levels of interest rates, and credit downgrades or defaults can affect the value of fixed income securities.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

Fund Performance

For the month ended September 2018, the fund had outperformed the benchmark by 16bps MoM (month on month). The outperformance was due to outperforming of the fixed income securities compared to the benchmark index.



Top Ten Holdings

Malaysian Government Securities
 Northern Gateway Infrastructure Sdn Bhd
 UiTM Solar Power Sdn Berhad
 SAJ Capital Sdn Bhd
 BGSM Management Sdn Bhd
 YTL Corporation Berhad
 Quantum Solar Park Malaysia Sdn Bhd
 CIMB Bank Berhad
 Sabah Development Bank Berhad
 Asian Finance Bank Berhad

Fund Information

NAV (28.09.18)	RM1.4674
Fund Size	RM28.64 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Fixed Income	75%	100%	89%
Cash	0%	25%	11%

Performance Table

Period	Fund	Index*
1 month (%)	0.41%	0.25%
3 months (%)	2.26%	1.98%
6 months (%)	2.43%	1.82%
12 months (%)	4.32%	3.70 %
2 years (% pa)	3.32%	2.87%
3 years (% pa)	5.36%	4.48%
5 years (% pa)	4.56%	3.83%
Since Inception	6.54%	3.87%

Notice: Past performance is not indicative of future performance, and the performance of the Fund is not guaranteed.

The Fund returns are calculated by MCIS and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

* The benchmark index is Markit iBoxx ALBI Malaysia TR Index (Since Dec '12). Prior to that, the index used was HSBC Malaysia All Bond Index. Benchmark return is calculated on re-based basis. The source is from the subscription of Markit Indices.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Jati Fund

Monthly Report (September 2018)

Investment Objective

The Jati Fund is invested in accordance with Shariah principles in Shariah sanctioned equities, money market instruments, and fixed income investments. The aim is to provide security and income, while maintaining and potentially increasing the value of capital over the medium to long-term. The Jati Fund is not a takaful product.

Investment Strategy

To invest in a broad selection of Shariah approved securities listed on the Malaysian Stock Exchange. Using a relative value methodology it looks to buy stocks whose shares appear undervalued relative to fundamental value, with the aim of achieving an income stream, together with some degree of long-term capital gains.

Risks

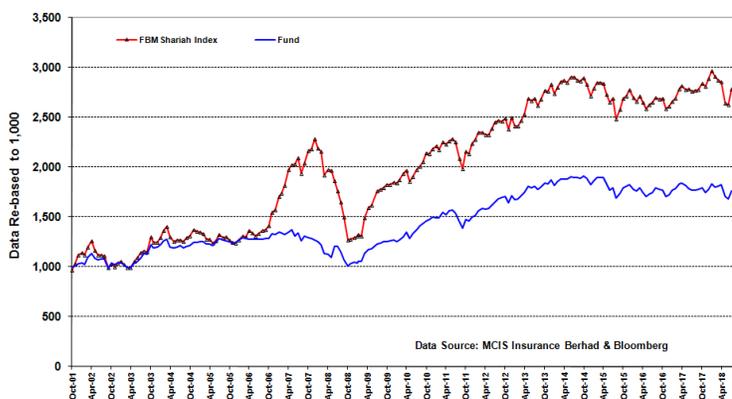
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

Fund Performance

For the month ended September 2018, the fund had outperformed the benchmark by 76bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



Top Ten Holdings

Tenaga Nasional Berhad
 Petronas Chemicals Group Berhad
 Axiata Group Berhad
 Petronas Gas Berhad
 Sime Darby Plantation Berhad
 Sime Darby Berhad
 Perlis Plantation Berhad
 Maxis Berhad
 Kuala Lumpur Kepong Berhad
 IOI Corporation Berhad

Fund Information

NAV (28.09.18)	RM0.8752
Fund Size	RM13.60 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	86%
Cash	0%	20%	14%

Performance Table

Period	Fund	Index*
1 month (%)	-0.24%	-1.00%
3 months (%)	3.98%	4.85%
6 months (%)	-3.26%	-4.17%
12 months (%)	-1.67%	-0.93%
2 years (% pa)	-0.70%	1.33%
3 years (% pa)	0.27%	2.17%
5 years (% pa)	-0.60%	0.50%
Since Inception	3.35%	6.14%
Yield #	3.00 %	2.89%

Notice: Past performance is not indicative of future performance, and the performance of the Fund is not guaranteed.

The Fund returns are calculated by MCIS and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

* Index is FBMS Index sourced from Bloomberg.

Yield data is sourced from Bloomberg, and MCIS.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Equity Market Review and Outlook

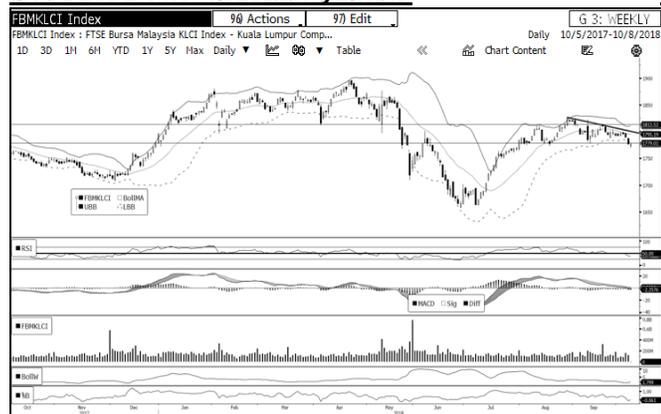
Market Review

It was a negative month for the Malaysian market as FBMKLCI fell 1.5% m-o-m to close at 1,793 points in September, after two consecutive months of gains. We believe the decline could be due to profit taking by investors following FBMKLCI's outperformance in August, concerns over US-China trade tensions and weaker-than-expected Malaysian corporate earnings. These more than offset the first net monthly inflow of foreign funds since GE14. Average daily value traded on Bursa Malaysia in September grew 2% m-o-m to RM2.49bil as the market saw a slight pick-up in foreign interest.

On the local economic front, Malaysia's August export growth slipped into its first decline in six months, showing early signs of weakening external demand amid the escalation of the US-China trade war. Shorter working month due to public holidays and fears of the escalating trade war may have caused weak August trade numbers.

Globally, the U.S. Federal Reserve raised interest rates on 26th September and left intact its plans to steadily tighten monetary policy, as it forecast that the U.S. economy would enjoy at least three more years of growth. Fed policymakers lifted the benchmark overnight lending rate by a quarter of a percentage point to a range of 2- 2.25%. The Fed sees the economy growing at a faster-than-expected 3.1% this year and continuing to expand moderately for at least three more years, amid sustained low unemployment and stable inflation near its 2% target.

Chart 1: FBMKLCI Weekly Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

Technically, correction in the month of September was mild. Nevertheless, we believe there is still risk to the downside but limited. This is premised on the fact that the price structure remained weak. On the long run, FBMKLCI index is currently in its consolidating phase between the range of 1,770 to 1,820 level. Immediate support at around 1,770 level. Meanwhile, resistance is seen at 1,820 level. Any break out at 1,820 may confirm a stronger rally that may push up the index to test 1,896 level.

Historically, the performance of the FBMKLCI in October has been positive, registering average monthly positive returns of 0.7% over the past 10 years. In the mean time, investors are likely to get an update on ongoing US-China trade tensions and ECB meeting on 25 October.

We are cautious on the outlook of local equity market. Apart from global geopolitical tension on trade war and uncertainties, Malaysian market is also facing headwinds from weak economic data. GDP growth is expected to ease in 2H18, dragged by slowing exports, investments and public spending, although domestic demand should stay resilient. In the coming weeks, investors are expected to see further clarity on the Government's economic and fiscal policies that should offer investors with greater confidence. We would look for bottom-fishing opportunities to accumulate quality stocks at lower levels.

Fixed Income Review and Outlook

Market Review

Malaysia government bond yield (“MGS”) rose in September, moving up by 1~5 bps at the belly, and 12 bps at the shorter-end of the curve. It was mainly driven by capital flight from emerging markets on the back of US Fed rate hike and heightened US-China trade war tension. Brent crude oil prices rose to USD82.68/barrel from a month earlier at USD77.39/barrel amid the increasing geopolitical tension in the Middle East, while OPEC on the other hand refused to increase their oil production. Nonetheless, ringgit failed to get any traction and was overshadowed by the strengthening of the dollar. Ringgit was last seen at RM4.137/USD from RM4.108/USD a month ago.

On local economic data, Malaysia’s CPI remained below 1% for the third consecutive months, stood at +0.2% in Aug’18, reflecting the repercussion of the 0%-GST policy in Jun-Aug 2018. Transport inflation slowed to +2.1% (Jul’18: +6.7%) as RON95 petrol price were fixed at RM2.20/litre.

External reserve was further reduced to USD103.9bil in mid-September (end-Aug’18: USD104.4bil) as foreign investors continues to sell local portfolios. The reserve is sufficient to cover 8.1 months of retained import and 0.9 times short term external debt. The reserve is deemed adequate as is able to cover more than 3 months of retained import, though slightly below the 1 time of short term external debt, as per IMF recommendation.

The auctions unveiled in September 2018 are as follows;

Government Auctions				
Issue	Issue Date	Amount (RM million)	Bid-cover (times)	Avg Yield (%)
30Year Re-Issuance of GII (Mat 05/47)	14/9/2018	2,000.00	1.94	4.97
10Year Re-Issuance of MGS (Mat 06/28)	21/9/2018	3,000.00	2.67	4.10
3Year New Issuance of GII (Mat 03/22)	28/9/2018	3,000.00	2.22	3.73

Source: Bank Negara Malaysia



Source: Bloomberg



Source: Bloomberg

The 10-year US Treasury note yield continues to trending upward to 3.06% at the end of the month, in line with the 25bps rate hike announced by US Federal Reserve in the month. This is the third time US Fed has hiked the benchmark interest rate this year, and is expected to hike it one more time by end of this year, and another 3 times in 2019.

Market Outlook & Strategy

Post OPR rate hike in Jan’18, BNM is likely to maintain a neutral monetary policy for the remaining of 2018 despite the major central banks are still showing signal towards policy tightening. The external risk factors such as geopolitical tension in the Middle-East, potential US-China trade war and fluctuation in crude oil prices will continue to weigh on the local market, but we believe corporate bond space still provides attractive yields given stable monetary stance from BNM and strong fundamentals in local market. As such, we will keep looking to buy on dips of corporate bonds if the opportunity arises.