



## **Investment Linked Fund Performance Report March 2016**

### **General Advice Warning**

The information contained in this material is general information and intended for the use of professional advisers, researchers and trustees. It does not take into account the objectives, financial situation or needs of any person. These factors should be considered before acting on this information.

MCIS receives remuneration such as fees, charges or premiums for the products. Details of these payments including how they are calculated and when and how they are payable can be found in the relevant sales illustrations, or other disclosure document for each product.

### **Past performance is not a reliable indicator of future performance**

The information in this presentation should not be considered a personal recommendation on any of the securities or stocks mentioned.

# AsiaPac Fund Monthly Report (March 2016)

## 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.

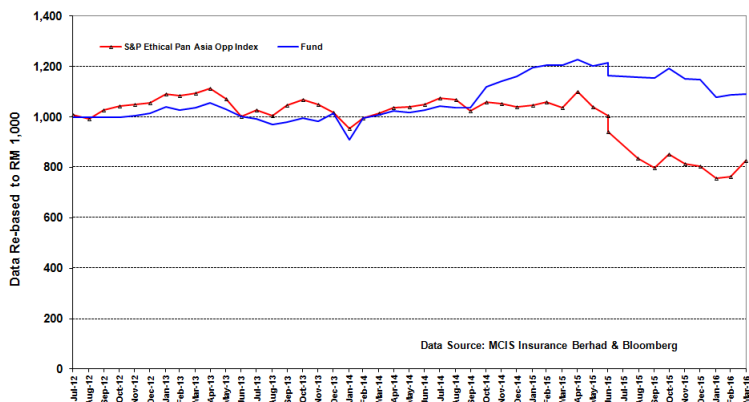
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 March 2016, the fund had underperformed the benchmark by 787bps MoM (month on month). The underperformance was mainly due to depreciation of the USD against ringgit during the period (-7% MoM). However, the fund had 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 (31.3.16)	RM0.5457
Fund Size	RM25.1 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

## Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	70%
Cash	0%	20%	30%

## Performance Table

Period	Fund	Index*
1 month (%)	0.37%	8.24%
3 months (%)	-4.86%	3.05%
6 months (%)	-5.39%	3.81%
12 months (%)	-9.35%	-20.15%
2 years (% pa)	8.40%	-18.55%
3 years (% pa)	1.68%	-8.91%
5 years (% pa)	-	-
Since Inception	2.36%	-4.92%

**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.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

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 (March 2016)

### 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

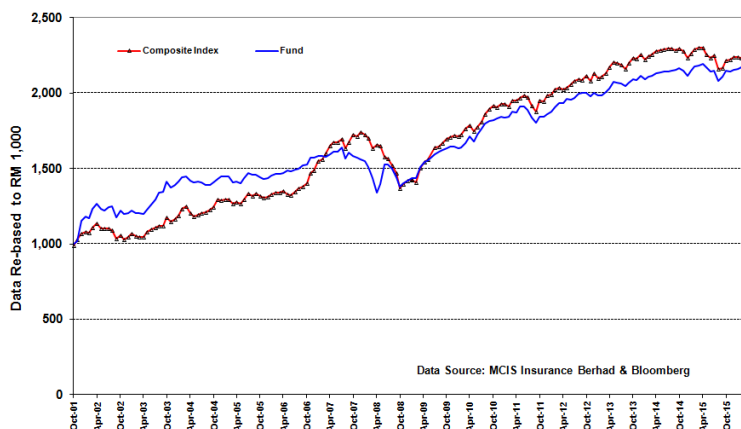
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 March 2016, the fund had underperformed the benchmark by 47bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio.

Balanced Fund Performance Since Inception



### Top Ten Holdings

Malaysian Government Securities (Bond)  
 Jimah East Power Sdn Bhd (Bond)  
 Projek Lebuhraya Utara-Selatan (Bond)  
 Sabah Credit Corporation (Bond)  
 Government Investment Issue (Bond)  
 Tenaga Nasional Berhad (Equity)  
 Malayan Banking Berhad (Equity)  
 Telekom Malaysia Berhad (Equity)  
 CIMB Bank Berhad (Equity)  
 Maxis Berhad (Equity)

### Fund Information

NAV (31.3.16)	RM1.1039
Fund Size	RM7.5 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	45%
Fixed Income	40%	60%	52%
Cash	0%	20%	3%

### Performance Table

Period	Fund	Index*
1 month (%)	1.77%	2.24%
3 months (%)	2.45%	1.96%
6 months (%)	4.57%	5.23%
12 months (%)	1.19%	-0.95%
2 years (% pa)	2.20%	0.52%
3 years (% pa)	3.25%	2.26%
5 years (% pa)	3.32%	3.19%
Since Inception	5.61%	5.85%

**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 composite of 50% FBM KLCI Index, and 50% HSBC Malaysia All Bond FBM KLCI Index. Index data sourced from Bloomberg.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

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 (March 2016)

### 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

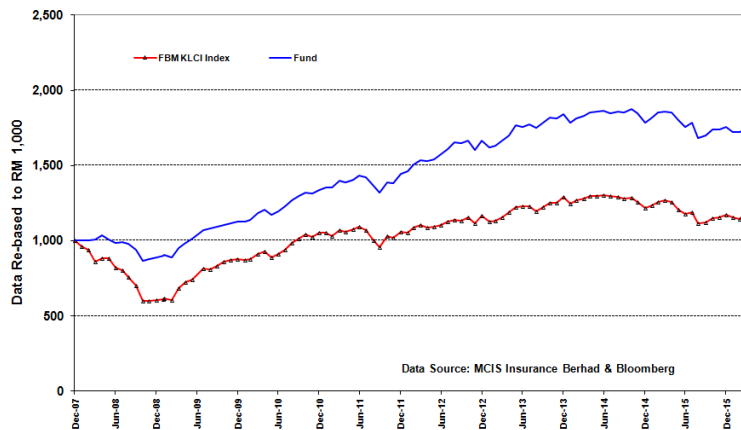
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 March 2016, the fund had underperformed the benchmark by 249bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



### Top Ten Holdings

Public Bank Berhad  
Telekom Malaysia Berhad  
Sime Darby Berhad  
Petronas Gas Berhad  
Maxis Berhad  
Malayan Banking Berhad  
Petronas Chemicals Group Berhad  
Axiata Group Berhad  
DiGi.Com Berhad  
IOI Corporation Berhad

### Fund Information

NAV (31.3.16)	RM0.8302
Fund Size	RM42.0 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	87%
Cash	0%	20%	13%

### Performance Table

Period	Fund	Index*
1 month (%)	1.31%	3.80%
3 months (%)	-0.65%	1.48%
6 months (%)	2.91%	5.96%
12 months (%)	-5.95%	-6.18%
2 years (% pa)	-2.21%	-3.62%
3 years (% pa)	1.58%	0.91%
5 years (% pa)	4.53%	2.14%
Since Inception	7.00%	2.12%
Yield #	2.75%	3.05%

**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.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

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 (March 2016)

### 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

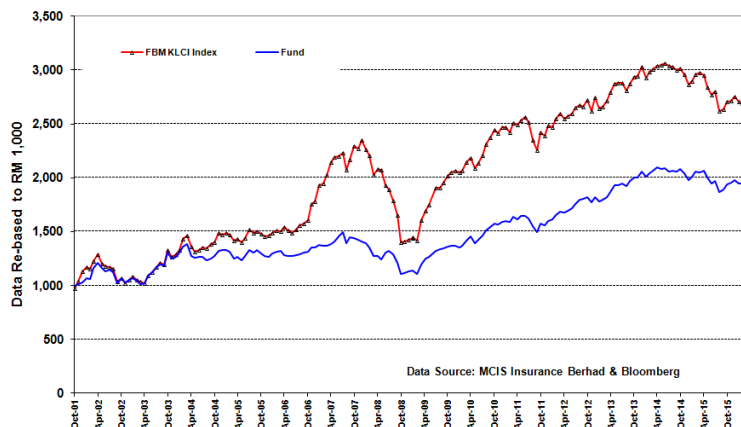
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 March 2016, the fund had underperformed the benchmark by 177bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



### Top Ten Holdings

Tenaga Nasional Berhad  
IOI Corporation Berhad  
Public Bank Berhad  
Malayan Banking Berhad  
Sime Darby Berhad  
Telekom Malaysia Berhad  
Petronas Dagangan Berhad  
Petronas Chemicals Group Berhad  
Axiata Group Berhad  
Maxis Berhad

### Fund Information

NAV (31.3.16)	RM0.9945
Fund Size	RM8.9 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	90%
Cash	0%	20%	10%

### Performance Table

Period	Fund	Index*
1 month (%)	2.03%	3.80%
3 months (%)	0.66%	1.48%
6 months (%)	5.35%	5.96%
12 months (%)	-3.07%	-6.18%
2 years (% pa)	-1.92%	-3.62%
3 years (% pa)	3.03%	0.91%
5 years (% pa)	3.93%	2.14%
Since Inception	4.86%	7.34%
Yield #	2.67%	3.05%

**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.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

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 (March 2016)

### 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.

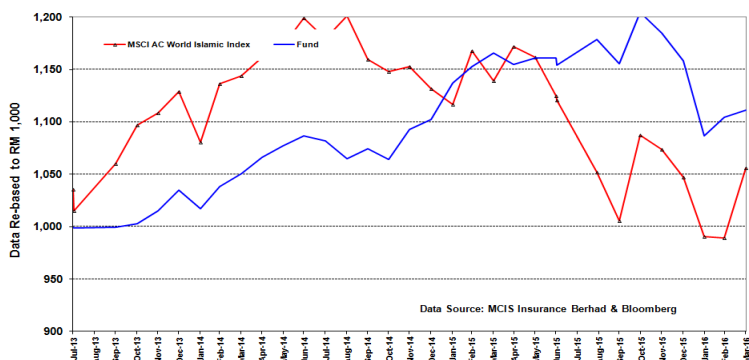
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 March 2016, the fund had underperformed the benchmark by 610bps MoM (month on month). The underperformance was mainly due to depreciation of the USD against ringgit during the period (-7% MoM). The benchmark index denomination is in USD. However, the fund had outperformed the benchmark since inception.

Global Yakin Fund Performance Since Inception



### Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

### Fund Information

NAV (31.3.16)	RM0.5558
Fund Size	RM22.3 million
Inception Date	8-July-2013
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
AIWEF	80%	100%	82%
Cash	0%	20%	18%

### Performance Table

Period	Fund	Index*
1 month (%)	0.63%	6.73%
3 months (%)	-4.04%	0.82%
6 months (%)	-3.82%	5.02%
12 months (%)	-4.67%	-7.28%
2 years (% pa)	2.87%	-3.91%
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	3.92%	2.00%

**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.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

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 (March 2016)

### 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.

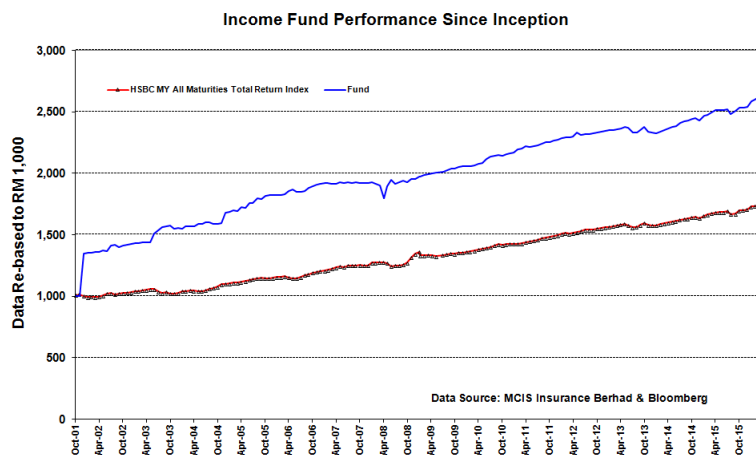
### Risks

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 March 2016, the fund had outperformed the benchmark by 20bps MoM (month on month). The outperformance was mainly driven by outperformance of the bond market during the period.



### Top Ten Holdings

Malaysian Government Securities  
 Projek Lebuhraya Utara-Selatan Berhad  
 Government Investment Issue  
 Jimah East Power Sdn Bhd  
 Putrajaya Holdings Sdn Bhd  
 PBFIN Berhad  
 Sabah Credit Corporation  
 CIMB Bank Berhad

### Fund Information

NAV (31.3.16)	RM1.3095
Fund Size	RM25.0 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	98%
Cash	0%	25%	2%

### Performance Table

Period	Fund	Index*
1 month (%)	0.89%	0.69%
3 months (%)	3.21%	2.39%
6 months (%)	4.38%	4.46%
12 months (%)	5.06%	4.38%
2 years (% pa)	5.62%	4.72%
3 years (% pa)	3.57%	3.51%
5 years (% pa)	3.53%	4.07%
Since Inception	6.87%	3.92%

**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 HSBC Malaysia All Bond FBM KLCI Index, sourced from Bloomberg.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

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 (March 2016)

### 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

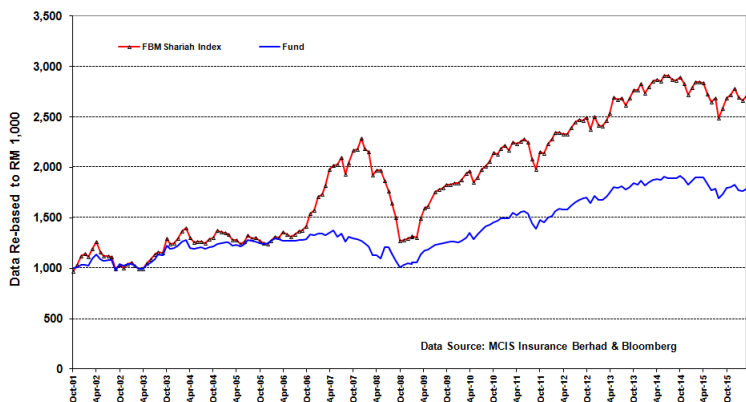
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 March 2016, the fund had underperformed the benchmark by 36bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



### Top Ten Holdings

Tenaga Nasional Berhad  
Sime Darby Berhad  
Petronas Chemicals Group Berhad  
Axiata Group Berhad  
Petronas Dagangan Berhad  
Telekom Malaysia Berhad  
MISC Berhad  
SapuraKencana Petroleum Berhad  
MyETF Dow Jones Islamic Market Titan 25  
IHH Healthcare Berhad

### Fund Information

NAV (31.3.16)	RM0.8957
Fund Size	RM11.2 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	87%
Cash	0%	20%	13%

### Performance Table

Period	Fund	Index*
1 month (%)	1.67%	2.03%
3 months (%)	-1.93%	-2.36%
6 months (%)	3.17%	5.12%
12 months (%)	-5.64%	-4.75%
2 years (% pa)	-2.31%	-2.50%
3 years (% pa)	1.55%	3.24%
5 years (% pa)	2.95%	3.80%
Since Inception	4.10%	7.13%
Yield #	2.28%	2.67%

**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.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

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

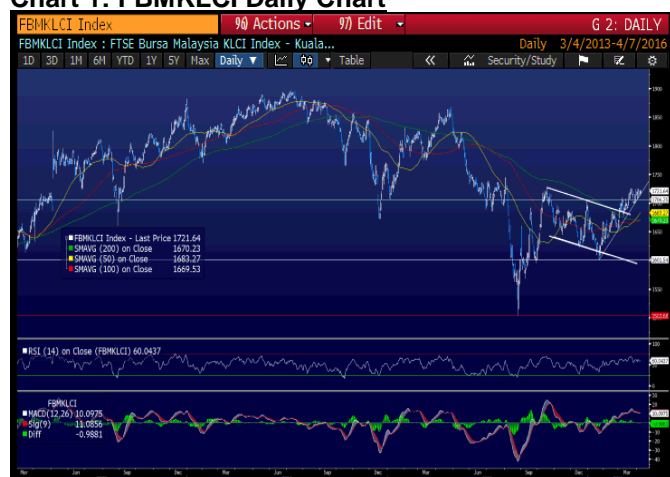
## Market Review

FBM KLCI Index in March has rallied back above the 1,700 psychological mark as foreign funds flowing back into Malaysia and other emerging markets. The ringgit strengthened to RM4.00/USD and touched the RM3.90/USD level to the US Dollar while Brent Crude Oil rallied to a high USD43.10/barrel from the USD29.30/barrel low in January. In March, the KLCI gained a hefty 63pts or 3.8% m-o-m. The broader market underperformed the KLCI, with the FBM Emas gaining 3.6% m-o-m to 11,921pts. Average daily value traded on Bursa in March rose 15% m-o-m to RM2.15bn and 4% above the YTD average value.

On the domestic economic front, the headline inflation rate accelerated to 4.2% y-o-y in February, the highest in seven years, from +3.5% in February and +2.7% in December. This was mainly attributed to a pick-up in food prices amid the festive season along with base effects due to the sharp retracement of fuel prices in February last year.

Meanwhile globally, Federal Reserve Chair Janet Yellen said it is appropriate for US central bankers to “proceed cautiously” in raising interest rates because the global economy presents heightened risks. In her speech to the Economic Club of New York, she spelled out what she means by data dependence, asserting her leadership of the US central bank with a clear message that interest rates will be raised at a cautious pace.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

## Market Outlook & Strategy

We continue to see short term strength in the ringgit and crude oil, which should keep the local market buoyant for April. The FBM KLCI is likely to track its regional counterparts going forward. Seasonally, the first week of April has been positive but the rest of the month has been mixed. Technically, the 1,700 must hold in the immediate term but the wedge pattern that is taking form warns of a possible correction. Keep an eye on the 1,700 levels in April.

Recent recovery on the equity market was supported by stable crude oil prices and less negative news flow on the domestic issue may prolong or sustain the current momentum on the market. However, as the index is critically at its resistance level, we do not discount possibility of a profit taking activities to emerge. We believe that the current market will continue to be influenced by the direction of the crude oil prices. Meanwhile, any negative news flow from the domestic issue will hurt investors' sentiment.

# Fixed Income Review and Outlook

## Market Review

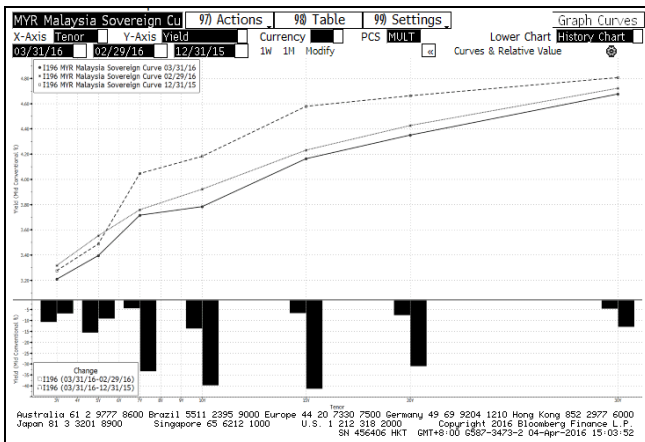
The Ringgit government bonds continued to strengthen largely due to the influx of portfolio inflows by offshore investors who are in search of yields in this region. This is very much reflected in the Ringgit where it has also recovered from its low of RM4.2030/USD end February to RM3.8995/USD in March which is close to a 7% appreciation on the back of firmer crude oil prices. For e.g. Brent crude oil was hovering above USD40/barrel by end of March 2016. With oil at USD40/barrel, it does bode well for Malaysia's fiscal position and would easily attain the 3.1% fiscal deficit target as the government only assumed oil to be in the USD30-35/barrel when announcing the recalibrated budget for 2016. Headline inflation CPI rose to 4.2% in February, compared with 3.5% the month before, led by +22.6% in alcohol, beverage and tobacco prices as a result of a revision in sin taxes. The higher CPI was also due to the low base effect in 2015 and impact from GST effective 1 Apr 2015.

From the monetary policy front, Bank Negara kept its Overnight Policy Rate (OPR) at 3.25% at the Monetary Policy Committee (MPC) meeting held on 8-9 March. BNM believes the OPR at 3.25% as appropriate and at the same time did not cut the SRR further because it is of the view that market liquidity has normalised and it was not as tight as few months back to the extent of impeding credit growth.

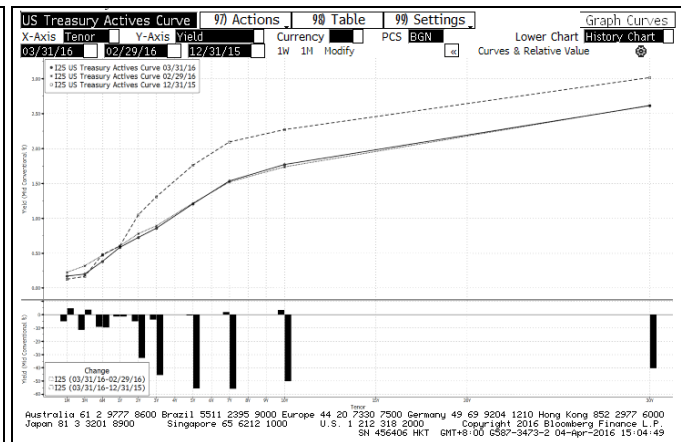
The auctions unveiled in March 2016 are as follows:

Government Auctions in Mar 2016				
Issue	Issue Date	Amount (RM million)	Bid-cover (times)	Avg Yield (%)
<b>30-year New MGS (Mat on 03/46)</b>	10/03/2016	2,500	2.60	4.736%
<b>10-year New GII (Mat on 09/26)</b>	23/03/2016	4,000	3.20	4.070%
<b>15-year Re-Opening MGS (Mat on 06/31)</b>	30/03/2016	2,500	2.37	4.201%

Table 1: Government Auctions March 2016. Source: Bank Negara Malaysia



Source: Bloomberg



Source: Bloomberg

US Treasuries had rallied on the back of dovish sounding from the Federal Open Market Committee (FOMC) statement and safe-haven flows after the surprise Brussels terrorist bombings. The US Federal Reserve Board (Fed) has kept its interest rates unchanged during March FOMC Meeting. The likely signal was they are not in a hurry to raise rates unless the macroeconomics condition in the US strengthens substantially.

## Market Outlook & Strategy

Going forward, with the recent MPC meeting in March being dovish centric, we expect the OPR to stay at current levels. That said, the probability of rate cuts in OPR and SRR have now been increased largely due to a much lower forecast for GDP 2016 ranging between 4.0-4.5%. We envisage to continue buying on dips of MGS and PDS since there would not be any policy rate changes for the time being. We also expect bonds domestically to remain well bid given the negative interest rates environment experienced by some of the developed markets i.e. Japan and Europe.