



(formerly known as MCIS Zurich Insurance Berhad)

## **Investment Linked Fund Performance Report April 2015**

### **General Advice Warning**

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### **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 (April 2015)

### 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.

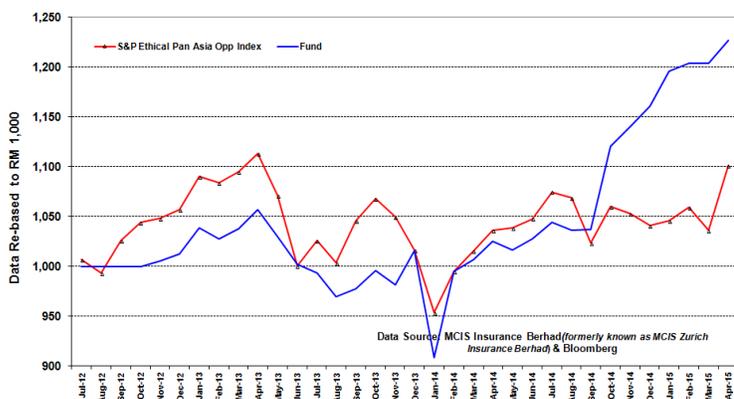
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 April 2015, the fund had underperformed the benchmark by 436bps MoM (month on month). The underperformance was mainly due to strengthening Ringgit compared to USD.

AsiaPac Fund Performance Since Inception



### Top Ten Holdings

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

### Fund Information

NAV (30.04.15)	RM0.6134
Fund Size	RM 25.9 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i>
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	85%
Cash	0%	20%	15%

### Performance Table

Period	Fund	Index*
1 month (%)	1.89%	6.25%
3 months (%)	2.58%	5.28%
6 months (%)	9.50%	3.90%
12 months (%)	19.66%	6.23%
2 years (% pa)	16.09%	-1.09%
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	7.48%	3.46%

**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 (April 2015)

### 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

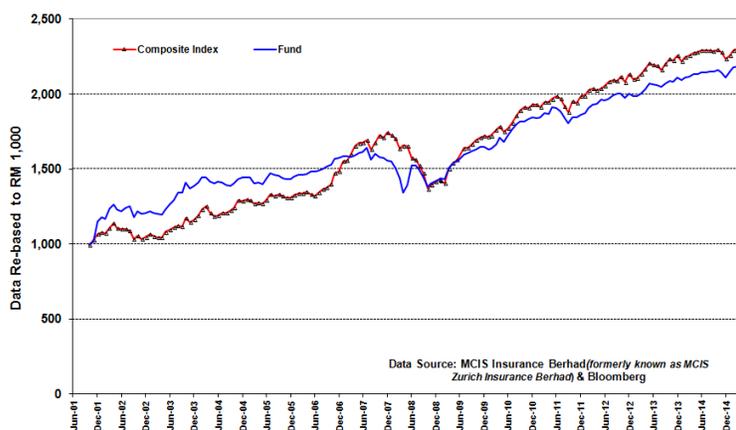
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 April 2015, the fund had outperformed the benchmark by 71bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio.

Balanced Fund Performance Since Inception



### Top Ten Holdings

Projek Lebuhraya Utara-Selatan (Bond)  
Sabah Credit Corporation (Bond)  
Tenaga Nasional Berhad (Equity)  
Malayan Banking Berhad (Equity)  
Telekom Malaysia Berhad (Equity)  
Malaysian Government Securities (Bond)  
Maxis Berhad (Equity)  
AmanahRaya REIT (Equity)  
Sime Darby Berhad (Equity)  
CIMB Group Holdings Berhad (Equity)

### Fund Information

NAV (30.04.15)	RM1.0978
Fund Size	RM7.4 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 (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	40%	60%	46%
Fixed Income	40%	60%	19%
Cash	0%	20%	35%

### Performance Table

Period	Fund	Index*
1 month (%)	0.63%	-0.08%
3 months (%)	2.08%	1.85%
6 months (%)	1.53%	0.23%
12 months (%)	2.89%	1.07%
2 years (% pa)	4.01%	3.01%
3 years (% pa)	4.31%	4.35%
5 years (% pa)	5.12%	5.21%
Since Inception	5.96%	6.33%

**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 (April 2015)

### 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

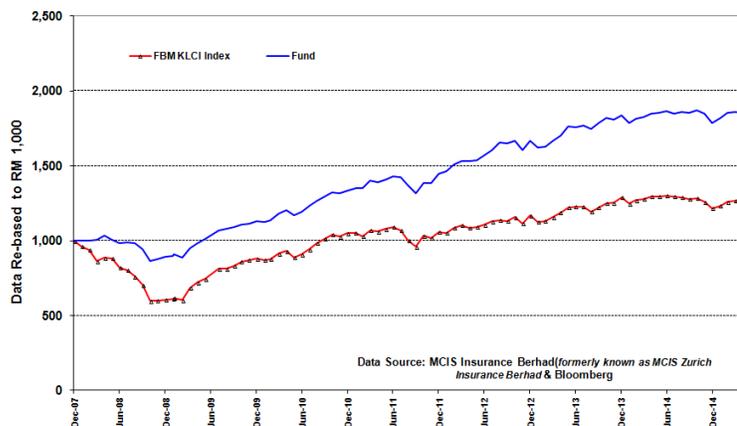
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 April 2015, the fund had outperformed the benchmark by 53bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



### Top Ten Holdings

Telekom Malaysia Berhad  
Sime Darby Berhad  
Petronas Gas Berhad  
Public Bank Berhad  
Maxis Berhad  
Axiata Group Berhad  
DiGi.Com Berhad  
British American Tobacco (M) Berhad  
Malayan Banking Berhad  
Petronas Chemicals Group Berhad

### Fund Information

NAV (30.04.15)	RM0.8814
Fund Size	RM 48.1 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 (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	95%
Cash	0%	20%	5%

### Performance Table

Period	Fund	Index*
1 month (%)	-0.15%	-0.68%
3 months (%)	2.01%	2.08%
6 months (%)	-0.99%	-1.99%
12 months (%)	0.18%	-2.85%
2 years (% pa)	4.45%	2.89%
3 years (% pa)	6.62%	5.00%
5 years (% pa)	9.04%	6.19%
Since Inception	8.80%	3.18%
Yield #	2.93%	3.53%

**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 (April 2015)

## 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

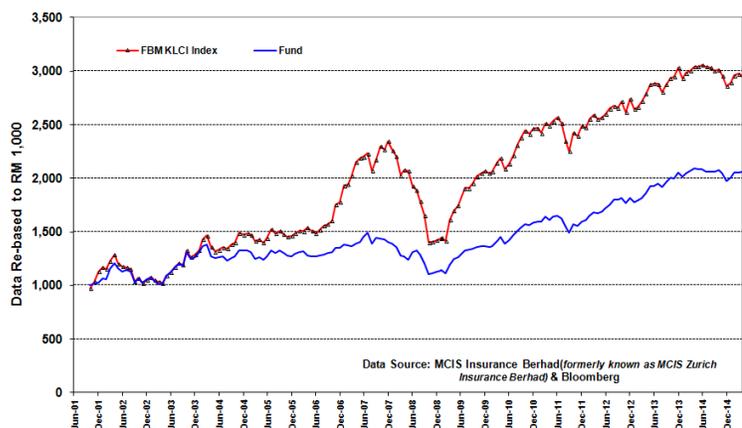
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 April 2015, the fund had outperformed the benchmark by 116bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



## Top Ten Holdings

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

## Fund Information

NAV (30.04.15)	RM1.0309
Fund Size	RM 9.4 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 (formerly known as MCIS Zurich 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 (%)	0.48%	-0.68%
3 months (%)	2.59%	2.08%
6 months (%)	-0.83%	-1.99%
12 months (%)	-1.57%	-2.85%
2 years (% pa)	5.10%	2.89%
3 years (% pa)	7.18%	5.00%
5 years (% pa)	7.26%	6.19%
Since Inception	5.47%	8.30%
Yield #	2.79%	3.53%

**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 (April 2015)

## 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.

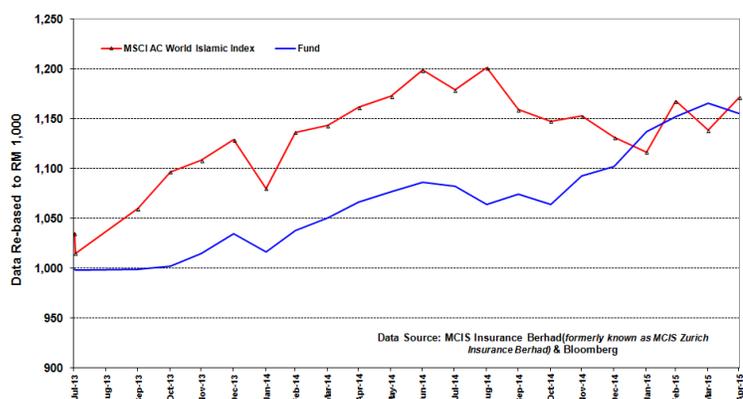
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 April 2015, the fund had underperformed the benchmark by 381bps MoM (month on month). The underperformance was partly due to lower return of Aberdeen Islamic World Equity Fund compared to benchmark.

Global Yakin Fund Performance Since Inception



## Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

## Fund Information

NAV (30.04.15)	RM0.5776
Fund Size	RM 18.0 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 (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

## Asset Allocation Ranges

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

## Performance Table

Period	Fund	Index*
1 month (%)	-0.93%	2.88%
3 months (%)	1.60%	4.91%
6 months (%)	8.57%	2.08%
12 months (%)	8.33%	0.86%
2 years (% pa)	-	-
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	8.19%	9.03%

**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 (April 2015)

## 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.

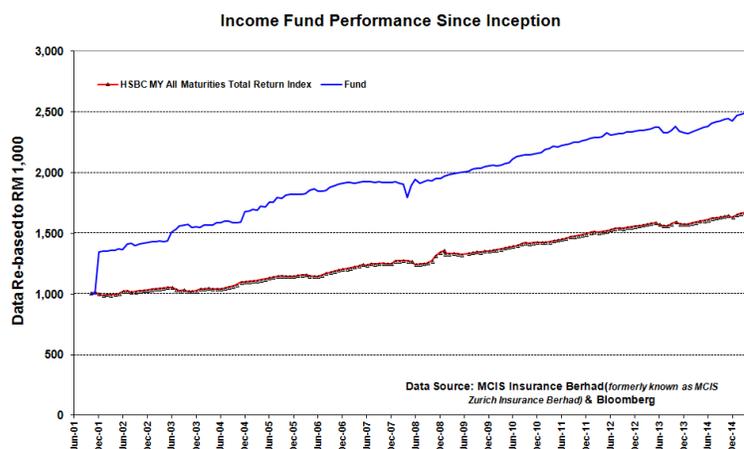
## Risks

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 April 2015, the fund had outperformed the benchmark by 27 MoM (month on month). The outperformance was mainly driven by better performance of the bond market during the period.



## Top Ten Holdings

Malaysian Government Securities  
Projek Lebuhraya Utara-Selatan Berhad  
Government Investment Issue  
PBFIN Berhad  
Sabah Credit Corporation  
CIMB Bank Berhad

## Fund Information

NAV (30.04.15)	RM1.2563
Fund Size	RM 21.8 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i>
Exceptional Circumstances	Refer to your Policy Document

## Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Fixed Income	75%	100%	72%
Cash	0%	25%	28%

## Performance Table

Period	Fund	Index*
1 month (%)	0.79%	0.52%
3 months (%)	1.72%	1.62%
6 months (%)	2.99%	2.45%
12 months (%)	6.27%	5.08%
2 years (% pa)	3.12%	3.05%
3 years (% pa)	3.00%	3.58%
5 years (% pa)	3.90%	4.03%
Since Inception	7.02%	3.90%

**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 (April 2015)

### 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

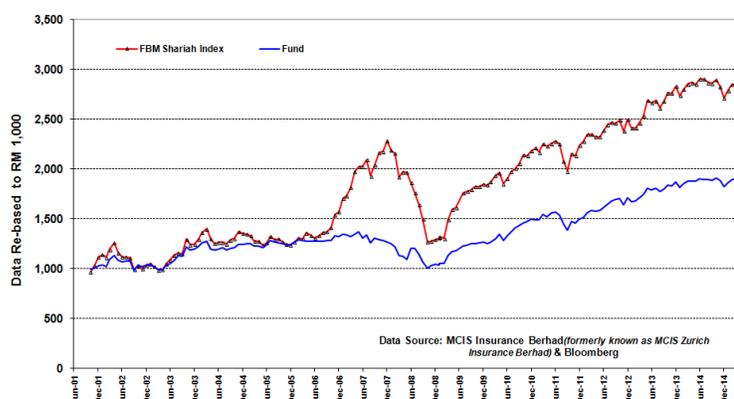
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 April 2015, the fund had outperformed the benchmark by 35bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



### Top Ten Holdings

Tenaga Nasional Berhad  
Sime Darby Berhad  
Axiata Group Berhad  
Telekom Malaysia Berhad  
MISC Berhad  
IOI Corporation Berhad  
Petronas Chemicals Group Berhad  
Petronas Dagangan Berhad  
MyETF Dow Jones Islamic Market Titan 25  
Gamuda Berhad

### Fund Information

NAV (30.04.15)	RM0.9490
Fund Size	RM11.3 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i>
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	89%
Cash	0%	20%	11%

### Performance Table

Period	Fund	Index*
1 month (%)	-0.02%	-0.37%
3 months (%)	1.78%	1.73%
6 months (%)	-0.84%	-2.04%
12 months (%)	0.79%	-1.06%
2 years (% pa)	4.24%	5.88%
3 years (% pa)	6.34%	6.84%
5 years (% pa)	7.07%	7.62%
Since Inception	4.83%	7.98%
Yield #	2.26%	3.56%

**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

April has been a very good month for FBM KLCI historically. However, it was not for this year. The benchmark index closed the month at 1,818pts, lower by -0.68% m-o-m compared to 1,830 pts in March. It was in tandem with the performance of the broader market, FBM Emas which closed the month at 12,539.04pts, lower by -0.19% m-o-m. Average daily volume traded on Bursa in April was down 2.7% m-o-m to 2.22bn (2.28bn previously).

On the domestic economic front, money supply growth picked up pace for the second consecutive month in March consistent with expectations of a spike in consumer spending before the April implementation of the Goods and Services Tax. M3 or broad money expanded at an annualised 7.9%. The narrowest money supply measure, M1, expanded 10.2% as consumers used liquid assets to make pre-GST purchases. Loans growth improved for a second consecutive month to 9.2% after hitting a near five-year low in January.

Globally, Brent oil hit a 2015 high on 30<sup>th</sup> April and another new high on 6<sup>th</sup> May before settling down as Saudi Arabia's plan to halt bombing in Yemen eased tensions over the security of oil Middle East supplies. A stronger dollar, following the largest U.S. factory orders in eight months, had also weighed on crude. Brent crude touched the year's high of \$67.77 before settling down just a penny at \$65.39 a barrel on 8<sup>th</sup> May 2015.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

## Market Outlook & Strategy

Technically, FBM KLCI has breached its earlier resistance line with potential upside to test its earlier all time high of 1,896 level. However, weak strength on daily chart is suggesting a correction with support seen at 1,820 and 1,800 levels. On the daily chart, the earlier positive technical indicator is tapering off. MACD is showing a weakening momentum. Meanwhile RSI is trending sideways with negative divergence sign with potential correction in the short term.

After a recovery, equity market is expected to experience a correction phase for the immediate term. Meanwhile, as the month of May is considered as a reporting season, investors may evaluate their portfolio. Continuous recovery on the crude oil price may assist the government to reduce trade deficit which will improve country's rating. We are cautious on the immediate term.

# Fixed Income Review and Outlook

## Market Review

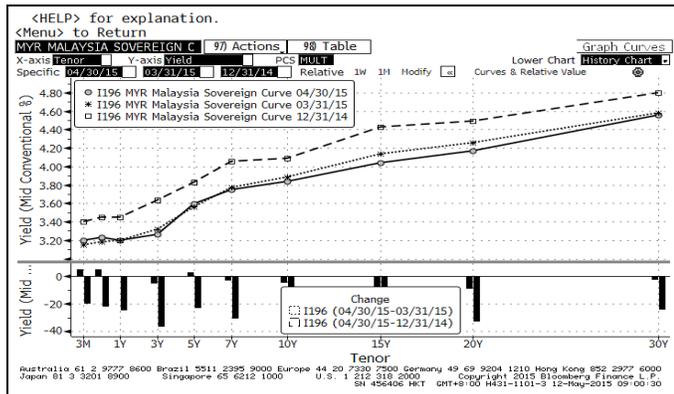
Ringgit government bonds rallied. A relative recovery in the Ringgit, which dropped below 3.6000 late April and Brent crude hovering above US\$60 per barrel provided support for govies. However, the Ringgit has reversed to hover 3.5700-6100 early May, with the US dollar showing strength alongside a jolt in US Treasury yields.

US Treasuries weakened ahead of and after the FOMC meeting on 29-30<sup>th</sup> April 2015. Policymakers left the door open for interest rates normalization, as they expect economic growth to expand moderately and inflation to rise gradually toward the 2% target on a medium term time frame.

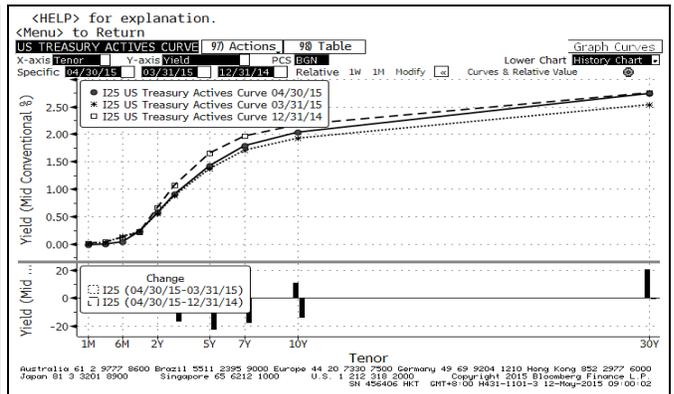
Mild inflation and expectations of Bank Negara Malaysia to sustain with the current accommodative monetary policy have supported sentiment along the Ringgit govies market. On top of that, we noted strong foreign bidding interest on GII papers, benefiting from its inclusion into the Barclays Global Aggregate Index implemented end March 2015. A relative recovery in the Ringgit currency, which dropped below 3.6000 late April and seeing Brent crude hovering above US\$60 per barrel the same time, provided further support for govies by late April. However, the Ringgit has reversed to hover 3.5700-6100 early May, with the US dollar showing strength alongside a jolt in US Treasury yields.

On the macro side, headline inflation came in at +0.9% yoy for the month of March, and was within market expectations. Inflation should revert to an upward trajectory in April following the GST introduction, but likely to be mitigated by the petrol price cut in 1Q2015, and government's efforts to ease rise in prices post-GST.

The primary segment for govies was heavy in April. The central bank conducted for the government the sales of 10-year GIIs (maturing Oct'25) worth RM4.0 billion and RM4.0 sale of the new 5-year MGS (maturing Oct'20). Also, Bank Negara held reopening for the 7-year Sukuk Perumahan Kerajaan maturing Jul'22. Amount at the public auction was RM2.0 billion while another RM1.5 billion was issued via private placement. Auction of the 5-year MGS ended with weak result with the bid-to-cover ratio relatively low at 1.778 times. Average yield at the auction was 3.659%, which was about 6bps higher than the first WI trade. Post auction, we saw selling pressure along the curve bellies. Aside, there was maturity of RM2.0 billion of GII Mar'15.



Source: Bloomberg



Source: Bloomberg

## Market Outlook & Strategy

Given the prevailing investing environment, we would continue to monitor closely the movements of MGS as it has been volatile due to the Ringgit's performance against the US Dollars, Malaysia's fiscal deficit position and international rating agencies' outlook of Malaysia. We would suggest on accumulating bonds should there be a significant sell-off in the local bond market as we do not foresee further changes in the Overnight Policy Rate (OPR) of 3.25% in the near term (for at least in the next 3 to 6months of 2015) on the back of subdued inflationary pressures due to easing oil prices.