



Investment Linked Fund Performance Report October 2015

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AsiaPac Fund Monthly Report (October 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.

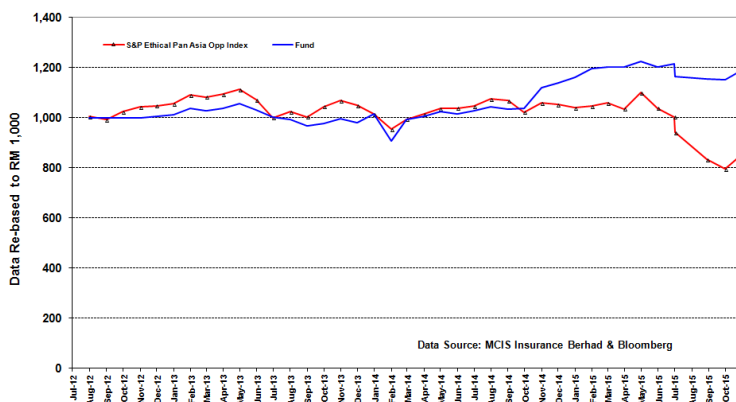
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 October 2015, the fund had underperformed the benchmark by 264bps 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 (30.10.15)	RM0.5960
Fund Size	RM 26.5 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%	76%
Cash	0%	20%	24%

Performance Table

Period	Fund	Index*
1 month (%)	3.33%	6.97%
3 months (%)	2.44%	-9.48%
6 months (%)	-2.84%	-22.57%
12 months (%)	6.39%	-19.55%
2 years (% pa)	19.68%	-20.18%
3 years (% pa)	6.03%	-6.52%
5 years (% pa)	-	-
Since Inception	5.41%	-4.67%

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 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 (October 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

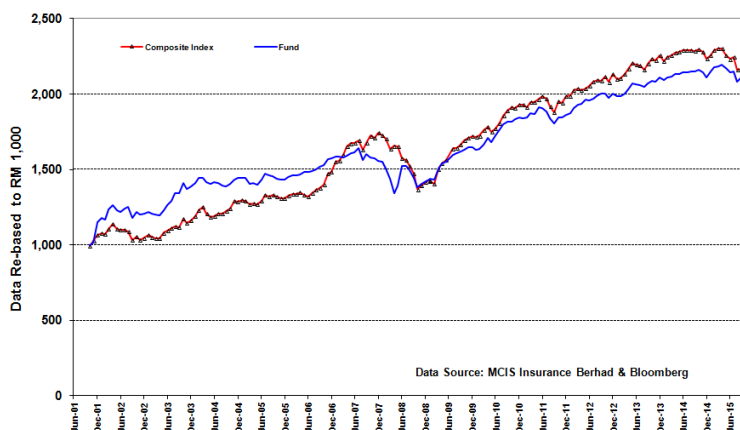
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 October 2015, the fund had underperformed the benchmark by 49bps 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)
- Projek Lebuhraya Utara-Selatan (Bond)
- Sabah Credit Corporation (Bond)
- Tenaga Nasional Berhad (Equity)
- Malayan Banking Berhad (Equity)
- Government Investment Issue (Bond)
- AmanahRaya REIT (Equity)
- Telekom Malaysia Berhad (Equity)
- Maxis Berhad (Equity)
- Sime Darby Berhad (Equity)

Fund Information

NAV (30.10.15)	RM1.0730
Fund Size	RM7.2 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%	43%
Fixed Income	40%	60%	46%
Cash	0%	20%	11%

Performance Table

Period	Fund	Index*
1 month (%)	1.64%	2.13%
3 months (%)	- 0.18%	- 1.53%
6 months (%)	- 2.26%	- 3.80%
12 months (%)	- 0.77%	- 3.58%
2 years (% pa)	1.32%	- 0.42%
3 years (% pa)	2.34%	1.50%
5 years (% pa)	3.36%	2.95%
Since Inception	5.57%	5.81%

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 (October 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

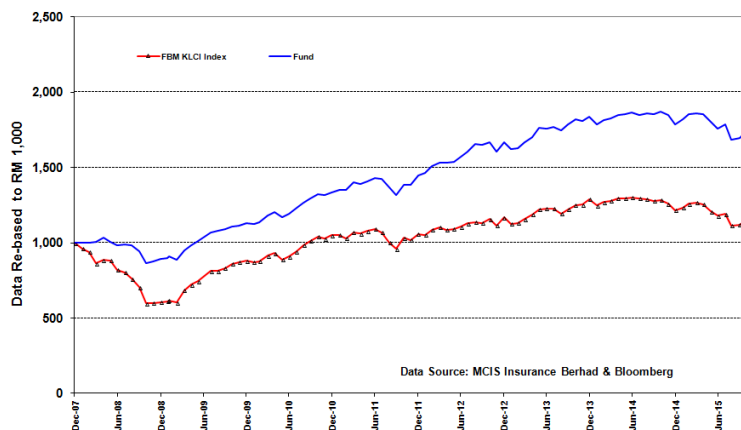
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 October 2015, the fund had underperformed the benchmark by 34bps 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
Sime Darby Berhad
Telekom Malaysia Berhad
Petronas Gas Berhad
Maxis Berhad
Malayan Banking Berhad
Axiata Group Berhad
Petronas Chemicals Group Berhad
DiGi.Com Berhad
British American Tobacco (M) Berhad

Fund Information

NAV (30.10.15)	RM0.8262
Fund Size	RM 40.6 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%	85%
Cash	0%	20%	15%

Performance Table

Period	Fund	Index*
1 month (%)	2.42%	2.76%
3 months (%)	- 2.66%	- 3.33%
6 months (%)	- 6.26%	- 8.39%
12 months (%)	- 7.19%	-10.21%
2 years (% pa)	- 2.29%	- 3.99%
3 years (% pa)	1.43%	- 0.15%
5 years (% pa)	5.65%	2.04%
Since Inception	7.32%	1.83%
Yield #	3.15%	3.17%

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 (October 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

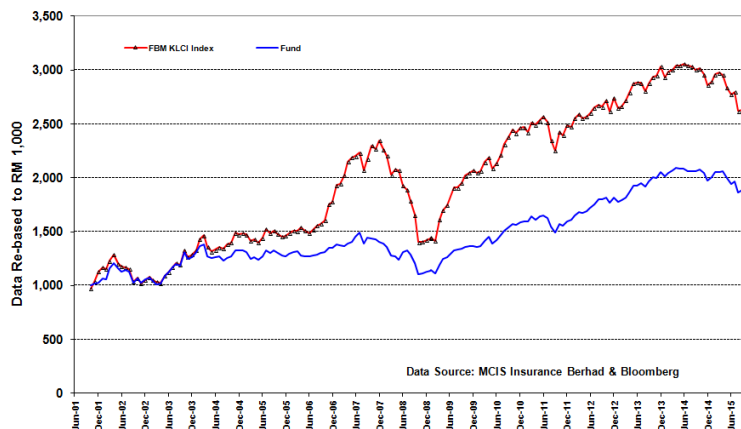
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 October 2015, the fund had slightly underperformed the benchmark by 4bps 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
Public Bank Berhad
IOI Corporation Berhad
Malayan Banking Berhad
Sime Darby Berhad
Telekom Malaysia Berhad
Axiata Group Berhad
Petronas Dagangan Berhad
Petronas Chemicals Group Berhad
Maxis Berhad

Fund Information

NAV (30.10.15)	RM0.9697
Fund Size	RM 8.7 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%	86%
Cash	0%	20%	14%

Performance Table

Period	Fund	Index*
1 month (%)	2.72%	2.76%
3 months (%)	- 1.48%	- 3.33%
6 months (%)	- 5.94%	- 8.39%
12 months (%)	- 6.71%	-10.21%
2 years (% pa)	- 1.67%	- 3.99%
3 years (% pa)	2.17%	- 0.15%
5 years (% pa)	4.28%	2.04%
Since Inception	4.82%	7.33%
Yield #	2.87%	3.17%

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 (October 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.

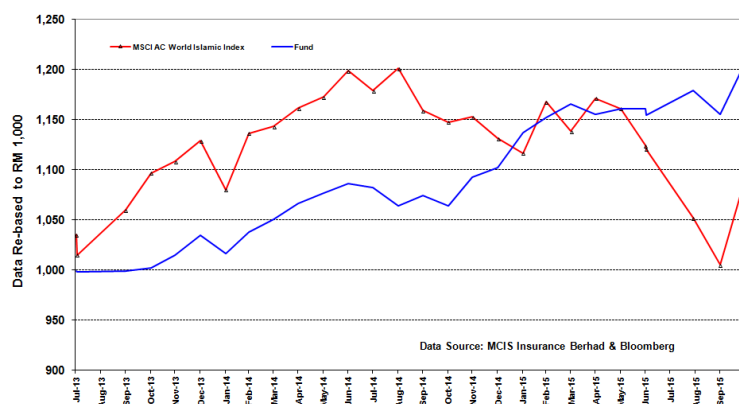
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 October 2015, the fund had underperformed the benchmark by 388bps 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 (30.10.15)	RM0.6024
Fund Size	RM 22.2 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%	85%
Cash	0%	20%	15%

Performance Table

Period	Fund	Index*
1 month (%)	4.24%	8.12%
3 months (%)	4.37%	-3.00%
6 months (%)	4.29%	-7.22%
12 months (%)	13.23%	-5.29%
2 years (% pa)	9.62%	-0.45%
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	8.31%	3.65%

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 (October 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

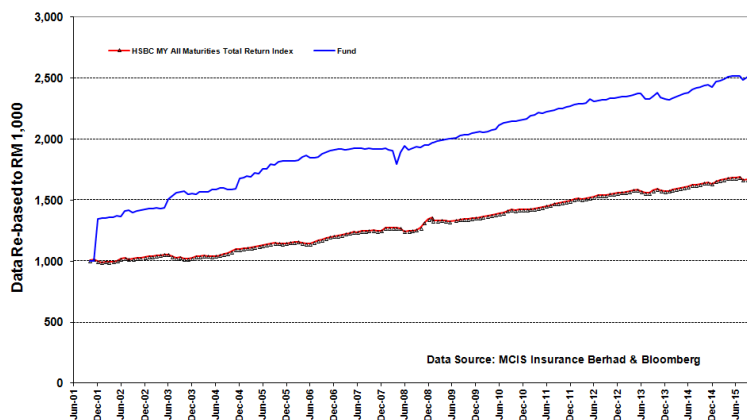
The Fund is considered lower risk given the exposure to cash and fixed income securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, 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 October 2015, the fund had underperformed the benchmark by 65bps MoM (month on month). The underperformance was mainly driven by underperformance of the bond market during the period.

Income Fund Performance Since Inception



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 (30.10.15)	RM1.2652
Fund Size	RM 22.2 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%	92%
Cash	0%	25%	8%

Performance Table

Period	Fund	Index*
1 month (%)	0.85%	1.50%
3 months (%)	0.40%	0.24%
6 months (%)	0.71%	0.89%
12 months (%)	3.72%	3.36%
2 years (% pa)	3.12%	3.15%
3 years (% pa)	2.73%	3.02%
5 years (% pa)	3.37%	3.67%
Since Inception	6.81%	3.82%

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 (October 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

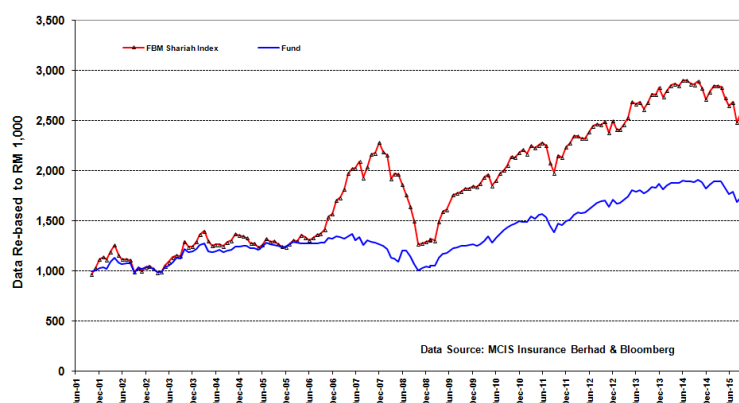
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 October 2015, the fund had underperformed the benchmark by 81bps 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
Axiata Group Berhad
Telekom Malaysia Berhad
Petronas Chemicals Group Berhad
MISC Berhad
Petronas Dagangan Berhad
MyETF Dow Jones Islamic Market Titan 25
SapuraKencana Petroleum Berhad
IHH Healthcare Berhad

Fund Information

NAV (30.10.15)	RM0.8980
Fund Size	RM11.0 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%	85%
Cash	0%	20%	15%

Performance Table

Period	Fund	Index*
1 month (%)	3.43%	4.24%
3 months (%)	0.35%	0.15%
6 months (%)	- 5.37%	- 5.21%
12 months (%)	- 6.17%	- 7.14%
2 years (% pa)	- 1.24%	- 1.38%
3 years (% pa)	1.78%	2.56%
5 years (% pa)	4.26%	4.63%
Since Inception	4.25%	7.28%
Yield #	2.87%	3.08%

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

October was a recovery month for Malaysia as the KLCI rebounded and managed to stay above the 1,700pt support level for a while before profit taking activities dragged it lower during the last week of the month. The recovery was quicker than expected and came on the back of a recovery in the global markets. For the month, the KLCI rose 45pts or 2.8% to close at 1,666pts. The broader market outperformed the KLCI, with the FBM Emas gaining 3.3% mom to 11,574pts. Average daily value traded on Bursa in Oct rose 5% mom to RM2.24bn.

On the domestic economic front, the government has tabled Budget 2016 on 23rd October. The presentation however, did not provide any impetus for the markets to move higher given less of initiatives to boost the sector and improve the economy. The budget is moderately expansionary, with the federal government continuing its agenda of balancing capital and people economy. Meanwhile, Bank Negara Malaysia's (BNM) Monetary Policy Committee (MPC) decided to keep the Overnight Policy Rate (OPR) unchanged at 3.25% for the eighth consecutive meeting on 5th November, which came within the market expectations. The Central Bank views that the Malaysian economy continues to be affected by the weak external environment.

Globally, US Federal Reserve Chair Ms. Janet Yellen expressed her view that the US economy would continue to grow at a pace that's sufficient to generate further improvements to the labor market and to return inflation to its 2% target over the medium term, adding that "it could be appropriate" to raise interest rates at the Federal Reserve's final policy meeting of the year on 15-16 December. Domestic spending has been growing at a solid pace and if the data continue to point to growth and firmer prices. U.S. central bankers have held the policy rate near zero since 2008 as they have waited for labor markets to move closer to their goal of full employment.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

Technically, the 6-year rally has likely ended last year and is now undergoing a multi-month correction. The recent break of its key support trend line in August bodes ill for the index in the coming months as the index is now in freefall territory. The index could continue to consolidate in the month of November within the 1,595-1,750 band as its weekly indicators are still looking weak.

November has historically been a flattish month for the KLCI and after the big rebound in October, the market could be in store for some pullback or consolidation before the typical run-up and window dressing activities in December. Also, November is also a major results season (for 3Q15 numbers) and we would not be surprised if there are further disappointments and cuts in EPS forecasts. Given the above less favourable outlook and concern over slower growth, equity market may continue its sideways trading range with downside bias. Our strategy is to buy into weakness on the underperforming stocks.

Fixed Income Review and Outlook

Market Review

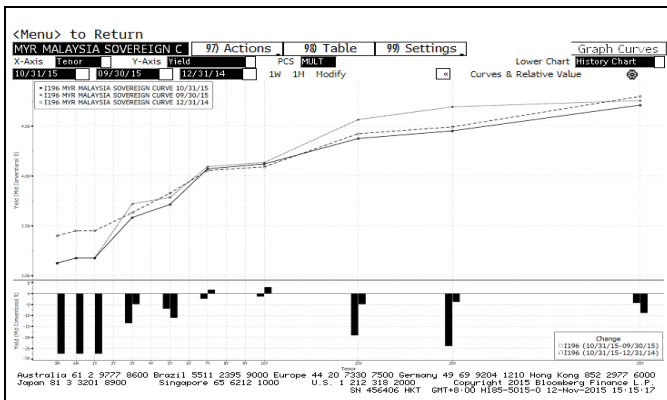
Malaysian government bonds posted decent gains for the month of October, as yields went down by 1-27bps across the curve, mainly driven by recovery in MYR against USD earlier in the month. There was a selloff in the greenback, following the release of weaker-than-expected September non-farm payrolls (142k against 200k consensus), along with other subdued US economic data releases (retail sales, producer prices and consumer prices).

Ringgit bonds were well bided, particularly by foreign players, after USD/MYR took a dive from the peak of 4.4845 registered late Sep, and hitting an October low of 4.0720. On the other hand, we believe the foreign interest was mainly driven by a rebound of MYR, as the buying interest on MGS was concentrated on short dated government bonds. However, by month-end, Ringgit govies moved sideways amid profit taking pressure. Market sentiment also turned a tad more cautious when the 2016 Malaysian Budget and Oct FOMC were announced.

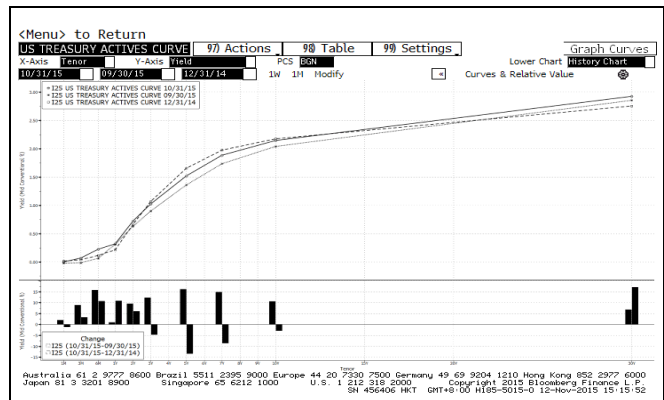
The Prime Minister unveiled the 2016 Malaysian Budget and accompanying Economic Report 2015/2016 on 23 Oct. The federal government has projected a fiscal deficit of 3.1% of GDP for 2016 compared with 3.2% as anticipated for 2015 and 3.4% in 2014. The fiscal deficit of 3.1% in 2016 would entail financing of around RM38.8 billion. Adding MGS and GII maturities of RM48.7 billion in 2016 would require an expected gross domestic government bond offerings of RM87.5 billion in 2016, slightly lower than RM90.5 billion projected for 2015. On top of that, the Malaysian government's GDP projection for 2015 is a range of 4.5- 5.5% and a lower range of 4.0-5.0% for 2016, led by domestic demand but tempered by the anticipated sluggish external environment and growth. Inflation is expected to stay at the range of 2.0-3.0% in 2016 versus 2.0-2.5% in 2015.

The auctions unveiled in October are as follows:

Government auctions in Oct 2015				
Issue	Issue date	Amount (RMm)	Bid-cover (times)	Avg Yield (%)
5-year Re-opening of GII (Mat on 08/20)	15-Oct-15	3,000	1.843	3.989
7-year Re-opening of MGS (Mat on 09/22)	23-Oct-15	3,500	1.667	4.081
20-year New Issue of GII (Mat on 10/35)	30-Oct-15	1,500	2.441	4.786



Source: Bloomberg



Source: Bloomberg

Market Outlook & Strategy

Given the prevailing environment that's extremely cautious and volatile, we would continue to monitor the movements of MGS closely, in addition to intermittent weakness apparent in the MYR. Although market remains bearish, we would recommend on accumulating bonds whenever a significant sell-off happens as we believe yields would only normalize to more realistic levels when market fear abates. Another supporting factor is we do not foresee the OPR changing for this year and even for next year unless growth and inflation surprises us on the upside where we regard this probability as low.