



Investment Linked Fund Performance Report December 2015

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AsiaPac Fund Monthly Report (December 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.

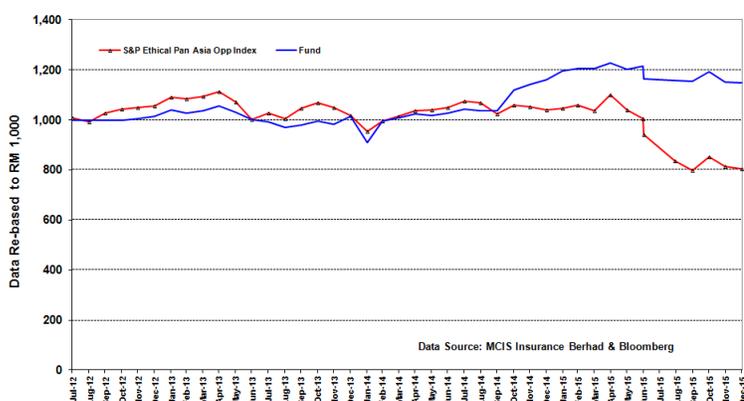
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 December 2015, the fund had outperformed the benchmark by 88bps MoM (month on month). The outperformance was mainly due to outperforming of underlying security compared to benchmark index.

AsiaPac Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (31.12.15)	RM0.5736
Fund Size	RM 26.3 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%	72%
Cash	0%	20%	28%

Performance Table

Period	Fund	Index*
1 month (%)	-0.38%	-1.26%
3 months (%)	-0.55%	0.73%
6 months (%)	-5.56%	-20.07%
12 months (%)	-1.19%	-22.85%
2 years (% pa)	12.94%	-20.99%
3 years (% pa)	4.23%	-8.75%
5 years (% pa)	-	-
Since Inception	4.00%	-6.07%

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 (December 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

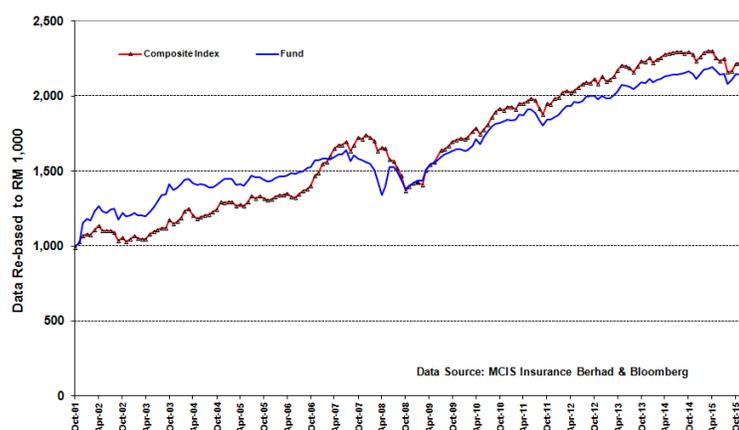
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 December 2015, the fund had underperformed the benchmark by 33bps 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)
 MMC Corp Berhad (Bond)
 Projek Lebuhraya Utara-Selatan (Bond)
 Sabah Credit Corporation (Bond)
 Tenaga Nasional Berhad (Equity)
 Malayan Banking Berhad (Equity)
 Maxis Berhad (Equity)
 Telekom Malaysia Berhad (Equity)
 CIMB Bank Berhad (Equity)

Fund Information

NAV (31.12.15)	RM1.0775
Fund Size	RM7.3 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%	46%
Fixed Income	40%	60%	47%
Cash	0%	20%	7%

Performance Table

Period	Fund	Index*
1 month (%)	0.45%	0.78%
3 months (%)	2.06%	3.21%
6 months (%)	0.61%	0.22%
12 months (%)	2.05%	0.14%
2 years (% pa)	1.01%	- 0.42%
3 years (% pa)	2.46%	1.59%
5 years (% pa)	3.18%	3.01%
Since Inception	5.54%	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 (December 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

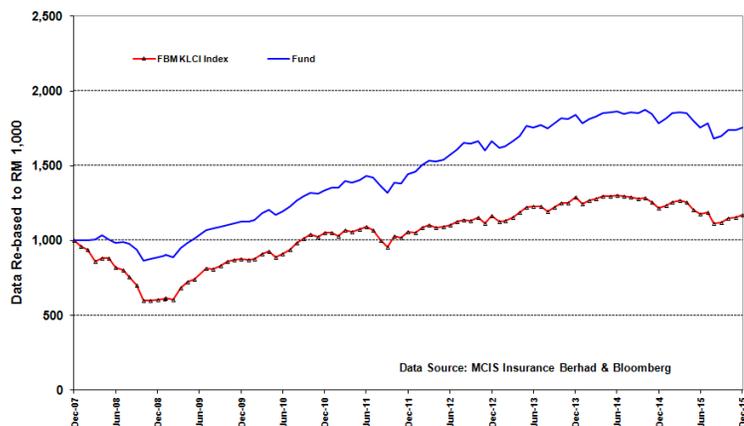
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2015, the fund had underperformed the benchmark by 2bps 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
Petronas Chemicals Group Berhad
Malayan Banking Berhad
Axiata Group Berhad
DiGi.Com Berhad
IOI Corporation Berhad

Fund Information

NAV (31.12.15)	RM0.8356
Fund Size	RM 41.5 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%	89%
Cash	0%	20%	11%

Performance Table

Period	Fund	Index*
1 month (%)	1.20%	1.22%
3 months (%)	3.58%	4.41%
6 months (%)	0.16%	- 0.83%
12 months (%)	- 1.43%	- 3.90%
2 years (% pa)	- 2.22%	- 4.79%
3 years (% pa)	1.81%	0.07%
5 years (% pa)	5.67%	2.19%
Since Inception	7.32%	2.00%
Yield #	3.08%	3.11%

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

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

* Index is 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 (December 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

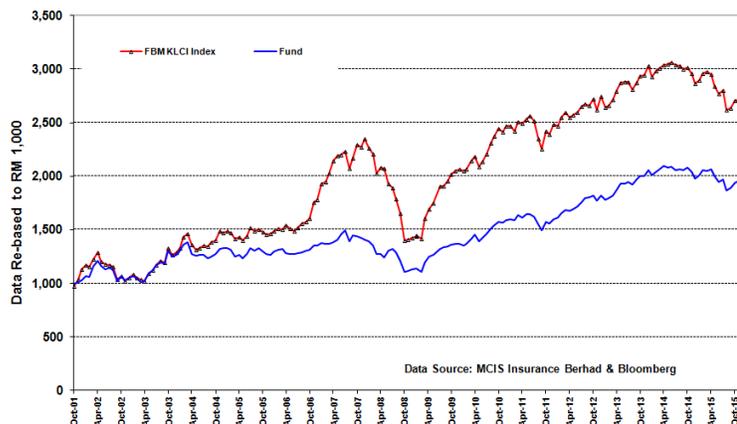
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2015, the fund had underperformed the benchmark by 31bps 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
Telekom Malaysia Berhad
Sime Darby Berhad
Petronas Dagangan Berhad
Petronas Chemicals Group Berhad
Axiata Group Berhad
Maxis Berhad

Fund Information

NAV (31.12.15)	RM0.9880
Fund Size	RM 8.9 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%	90%
Cash	0%	20%	10%

Performance Table

Period	Fund	Index*
1 month (%)	0.91%	1.22%
3 months (%)	4.66%	4.41%
6 months (%)	1.50%	- 0.83%
12 months (%)	- 0.02%	- 3.90%
2 years (% pa)	- 2.01%	- 4.79%
3 years (% pa)	2.79%	0.07%
5 years (% pa)	4.46%	2.19%
Since Inception	4.90%	7.36%
Yield #	2.90%	3.11%

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

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

* Index is 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 (December 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.

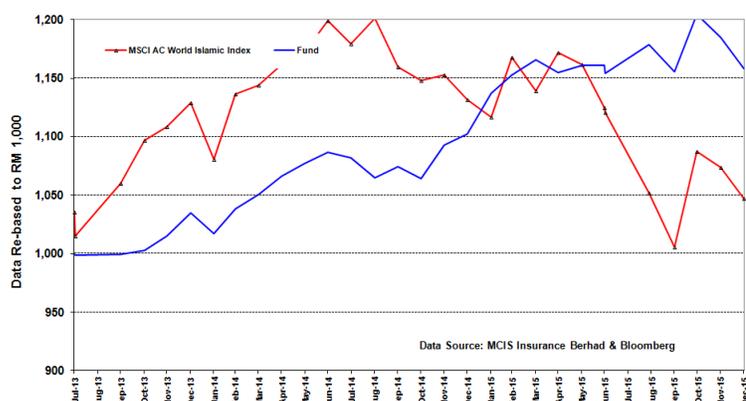
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 December 2015, the fund had outperformed the benchmark by 21bps MoM (month on month). The outperformance was partly due to higher 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 (31.12.15)	RM0.5792
Fund Size	RM 23.6 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%	82%
Cash	0%	20%	18%

Performance Table

Period	Fund	Index*
1 month (%)	- 2.24%	-2.45%
3 months (%)	0.22%	4.16%
6 months (%)	-0.24%	-6.86%
12 months (%)	5.10%	-7.43%
2 years (% pa)	5.81%	-3.68%
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	6.06%	1.87%

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

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

* 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 (December 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.

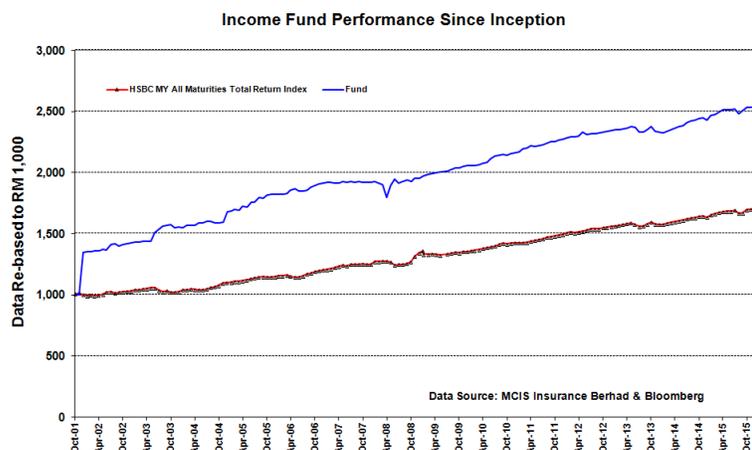
Risks

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 December 2015, the fund had underperformed the benchmark by 10bps MoM (month on month). The underperformance was mainly driven by underperformance 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
 PBFIN Berhad
 Sabah Credit Corporation
 MMC Corp Berhad
 Cagamas Berhad
 CIMB Bank Berhad

Fund Information

NAV (31.12.15)	RM1.2688
Fund Size	RM 22.7 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%	96%
Cash	0%	25%	4%

Performance Table

Period	Fund	Index*
1 month (%)	0.23%	0.33%
3 months (%)	1.14%	2.02%
6 months (%)	0.84%	1.20%
12 months (%)	4.49%	4.21%
2 years (% pa)	4.31%	4.03%
3 years (% pa)	2.71%	3.02%
5 years (% pa)	3.28%	3.65%
Since Inception	6.75%	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 (December 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

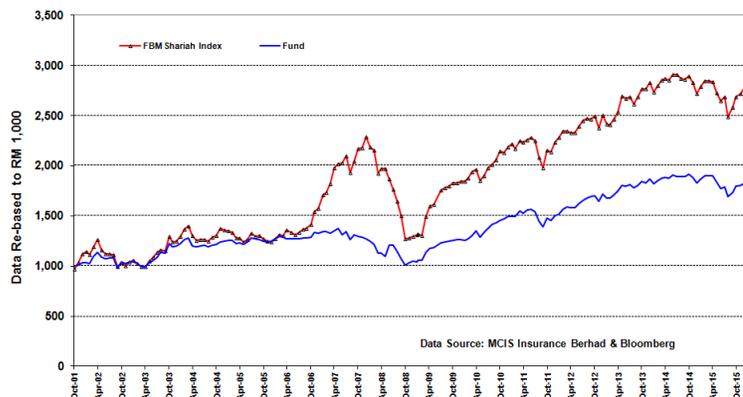
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2015, the fund had underperformed the benchmark by 130bps 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
Petronas Chemicals Group Berhad
Petronas Dagangan Berhad
MISC Berhad
Telekom Malaysia Berhad
SapuraKencana Petroleum Berhad
MyETF Dow Jones Islamic Market Titan 25
IHH Healthcare Berhad

Fund Information

NAV (31.12.15)	RM0.9133
Fund Size	RM11.5 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%	87%
Cash	0%	20%	13%

Performance Table

Period	Fund	Index*
1 month (%)	1.05%	2.35%
3 months (%)	5.19%	7.67%
6 months (%)	3.15%	4.85%
12 months (%)	0.09%	2.35%
2 years (% pa)	- 1.21%	- 0.97%
3 years (% pa)	2.11%	3.57%
5 years (% pa)	4.07%	4.94%
Since Inception	4.32%	7.44%
Yield #	2.47%	2.70%

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

December was a volatile month as the FBMKLCI plummeted to a 10-week low of 1,623 on 15 December 2015 before rebounding by 4% to 1,693 as of 31 December 2015. The US Fed has finally raised its target funds rate in mid-December but there was no apparent adverse impact on the KLCI and ringgit. In this month, the KLCI edged up 20pts or 1.2%. The broader market also performed in line with the KLCI, with the FBM Emas gained 1.4% mom to 11,794pts and the FBM Small Cap index 1.9% mom to 15,944pts. Average daily value traded on Bursa in Dec were down 17% mom to RM1.91bn due to the holiday season.

On the domestic economic front, Industrial production growth moderated to 4.2% y-o-y in October, from +5.1% in September and compared with +2.3% in August. This was attributed mainly to a decline in mining production during the month but was partly mitigated by a pick-up in manufacturing and electricity output. The former fell on account of a slowdown in the production of crude oil amid a high base effect due to the commencement of the Gumusut-Kakap oilfield in October last year. Meanwhile, headline inflation rate inched up to 2.6% y-o-y in November, from +2.5% in October and matching the same pace in September. This was mainly attributed to an increase in prices of tobacco and toll fare hike by the Government.

Globally, the World Bank cut its forecast for 2016 global economic growth to 2.9%, from a +3.3% projection in June. Still, the growth will be slightly stronger than a rise of 2.4% estimated for 2015 that has been downgraded from a forecast of 2.8% in June and compared with +2.6% in 2014. The World Bank expects global economy to sputter along this year, as China's slowdown prolongs a commodity slump and contractions endure in Brazil and Russia. The deteriorating picture in emerging markets is a big reason for a fifth straight year of global economy growing at below 3.0%. The World Bank cut its outlook for China's growth in 2016 to 6.7%, from +7.0% projected in June, and a 6.5% increase is projected for 2017. China's high debt levels are the nation's main short-term risk, as its debt to output ratios are larger than in most developing countries.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

Technical indicators do not paint positive pictures on the Bursa Malaysia on the back of negative readings on most of indicators. Persistent selling may push the index lower to below 1,600 level and may re-test the 1500 level if the sentiment remained negative.

Jan is historically a good month for Bursa with a 38-year average gain of 1.8%. However, given the current low crude oil prices, concern over slower growth in China and weakening currencies, sentiment on the equity market will remain cautious. We continue to remain cautious on the Bursa Malaysia.

Fixed Income Review and Outlook

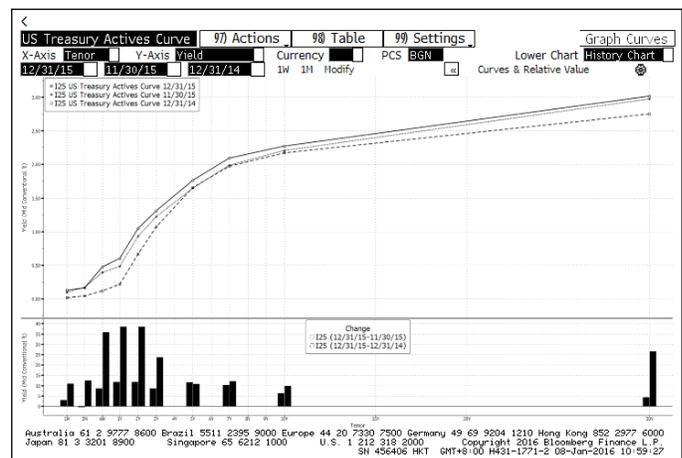
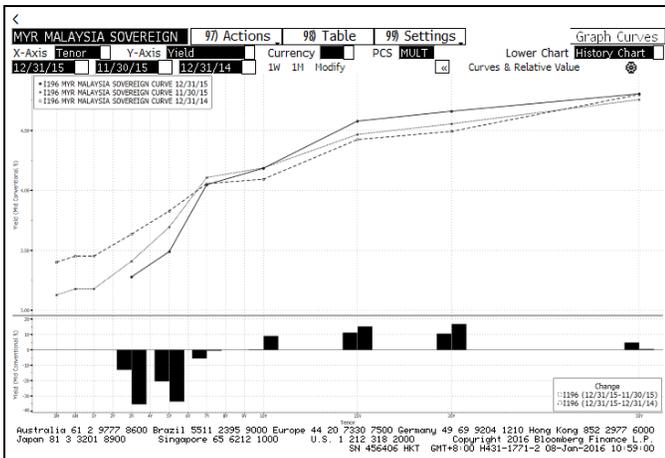
Market Review

Ringgit government bonds closed the final month of year 2015 pretty mixed, with papers across the front end and bellies of the curve being demanded on the back of a stable Ringgit, where USD/MYR was seen hovering around 4.3000. Elsewhere, economic releases showed decent results, underpinned by improvements seen in trade balance (Oct) and foreign reserves (15 Dec), despite lower industrial production (Oct) and higher inflation (Nov).

Meanwhile, rating agencies maintained Malaysia's sovereign rating outlook in Dec. Moody's kept Malaysia at A3 (Positive Outlook), while Fitch and S&P's maintained it at A- (Stable Outlook). However, the rating firms concurred that the credit profile remain vulnerable on the back of capital outflows arising from future US Fed rate hikes and pressures of an eventual slowdown in China that could impact Malaysia's exports.

The MYR auctions unveiled in December 2015 are as follows:

Government auctions in Dec 2015				
Issue	Issue date	Amount (RMm)	Bid-cover (times)	Avg Yield (%)
5-year Re-opening of MGS (Mat on 10/20)	04-Dec-15	4,000	2.469	3.873
10-year Re-opening of GII (Mat on 10/25)	11-Dec-15	3,000	1.822	4.514



Foreign ownership in Ringgit govies continued edging higher to 31.2% of total outstanding in Nov, from 30.4% and 30.0% recorded in Oct and Sep respectively. Total foreign holdings stood at RM170.6 billion in Nov, up from RM164.1 billion a month ago, mainly driven by the net inflows into the MGS (about RM5 billion). The increase is in line with our expectation, as foreign players showed positive buying interest since Oct, after the USD/MYR recovered from its low of 4.4812 recorded late Sep.

Market Outlook & Strategy

Going forward, we think that the market will remain volatile, due to the headwinds mainly from fluctuations in crude oil prices and the Ringgit, fears of further Fed hikes, and a China slowdown. If Ringgit remains stable and not weaken excessively further, it is expected that portfolio inflows from offshore investors could return. 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.