



Investment Linked Fund Fact Sheets April 2013

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.

MCIS Zurich Investment Linked – ASIAPAC Fund Monthly Report (Apr 2013)

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.

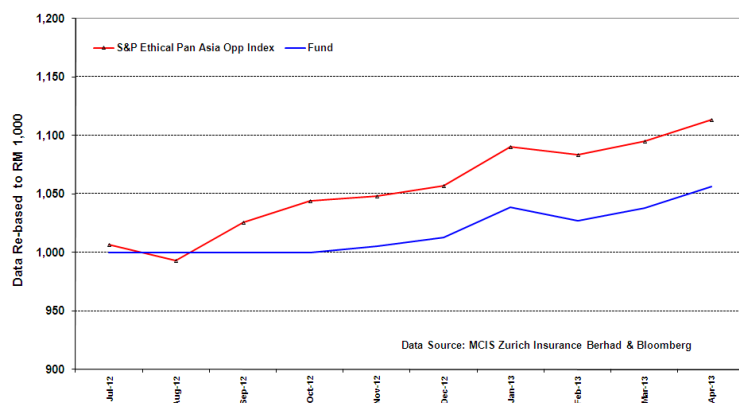
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 2013, the fund had marginally outperformed the benchmark by 1bps MoM (month on month).

AsiaPac Fund Performance Since Inception



Top Five Holdings

Asia Pacific Ethical Dividend Exchange Traded Fund (ETF)

Fund Information

| | |
|---------------------------|---|
| NAV (30.04.13) | RM0.5284 |
| Fund Size | RM 26.1 million |
| Inception Date | 15-July-2012 |
| Fund Management Fee | 0.85% p.a. |
| Pricing | Daily |
| | Major Newspaper, or |
| Price Quote | http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|-------------|-----|------|----------------|
| ETF | 80% | 100% | 89.5% |
| Cash | 0% | 20% | 10.5% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 1.79% | 1.69% |
| 3 months (%) | 1.75% | 2.08% |
| 6 months (%) | 5.68% | 6.64% |
| 12 months (%) | - | - |
| 2 years (% pa) | - | - |
| 3 years (% pa) | - | - |
| 5 years (% pa) | - | - |
| Since Inception | 6.85% | 13.76% |

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 Zurich 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.

MCIS Zurich Investment Linked - Dividend Fund Monthly Report (Apr 2013)

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

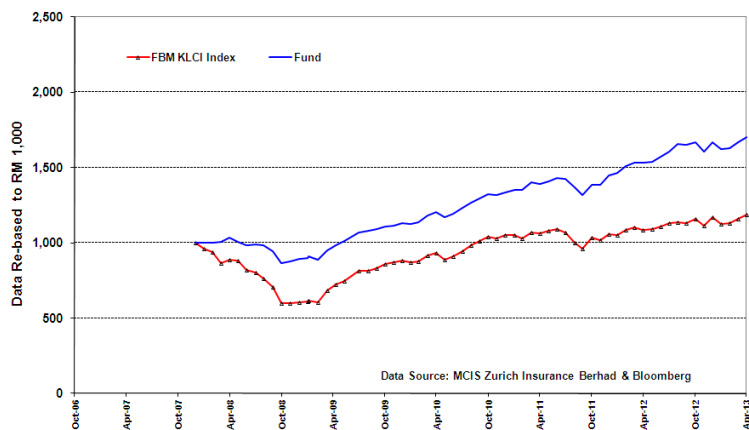
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2013, the fund had underperformed the benchmark by 74bps MoM (month on month). The underperformance was mainly driven by lower exposure of outperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



Top Five Holdings

Petronas Gas Berhad
Telekom Malaysia Berhad
Public Bank Berhad
Sime Darby Berhad
Maxis Berhad

Fund Information

| | |
|---------------------------|---|
| NAV (30.04.13) | RM0.8079 |
| Fund Size | RM 47.1 million |
| Inception Date | 21-Jan-08 |
| Fund Management Fee | 1.5% p.a. |
| Pricing | Daily |
| | Major Newspaper, or |
| Price Quote | http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 87.4% |
| Cash | 0% | 20% | 12.6% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 2.01% | 2.75% |
| 3 months (%) | 4.92% | 5.54% |
| 6 months (%) | 2.03% | 2.66% |
| 12 months (%) | 11.10% | 9.36% |
| 2 years (% pa) | 10.66% | 5.78% |
| 3 years (% pa) | 12.21% | 8.46% |
| 5 years (% pa) | 10.39% | 6.06% |
| Since Inception | 10.47% | 3.29% |
| 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 Zurich 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 Zurich.

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.

MCIS Zurich Investment Linked - Equity Fund Monthly Report (Apr 2013)

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

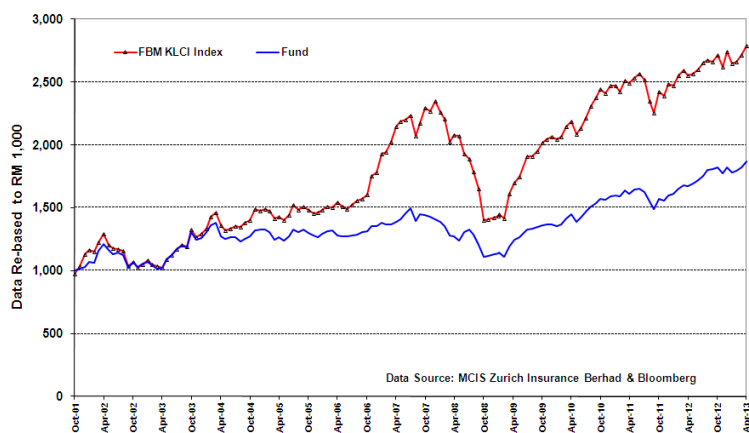
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2013, the fund had underperformed the benchmark by 12bps MoM (month on month). The underperformance was mainly driven by lower exposure of outperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Five Holdings

Tenaga Nasional Bhd
Public Bank Berhad
Malayan Banking Berhad
Axiata Berhad
Sime Darby Berhad

Fund Information

| | |
|---------------------------|---|
| NAV (30.04.13) | RM0.9332 |
| Fund Size | RM 8.7 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 1.40% p.a. |
| Pricing | Daily |
| | Major Newspaper, or |
| Price Quote | http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 83.6% |
| Cash | 0% | 20% | 16.4% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 2.63% | 2.75% |
| 3 months (%) | 4.83% | 5.54% |
| 6 months (%) | 2.63% | 2.66% |
| 12 months (%) | 11.47% | 9.36% |
| 2 years (% pa) | 7.65% | 5.78% |
| 3 years (% pa) | 8.72% | 8.46% |
| 5 years (% pa) | 7.98% | 6.06% |
| Since Inception | 5.53% | 9.27% |
| 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 Zurich 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 Zurich.

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.

MCIS Zurich Investment Linked - Jati Fund Monthly Report (Apr 2013)

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

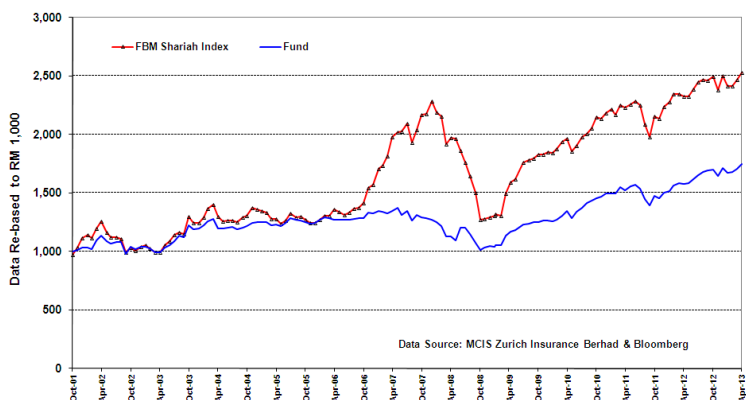
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2013, the fund had underperformed the benchmark by 57bps MoM (month on month). The underperformance was mainly driven by lower exposure of outperforming stocks in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



Top Five Holdings

Axiata Berhad
Sime Darby Berhad
Telekom Malaysia Berhad
Tenaga Nasional Bhd
UMW Holdings Berhad

Fund Information

| | |
|---------------------------|--|
| NAV (30.04.13) | RM0.8734 |
| Fund Size | RM 9.3 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 1.35% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 80.2% |
| Cash | 0% | 20% | 19.8% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 2.13% | 2.70% |
| 3 months (%) | 4.20% | 4.95% |
| 6 months (%) | 2.55% | 1.52% |
| 12 months (%) | 10.67% | 8.78% |
| 2 years (% pa) | 6.96% | 6.56% |
| 3 years (% pa) | 9.00% | 8.80% |
| 5 years (% pa) | 9.14% | 5.12% |
| Since Inception | 4.93% | 8.35% |
| 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 Zurich 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 Zurich.

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.

MCIS Zurich Investment Linked - Balanced Fund Monthly Report (Apr 2013)

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

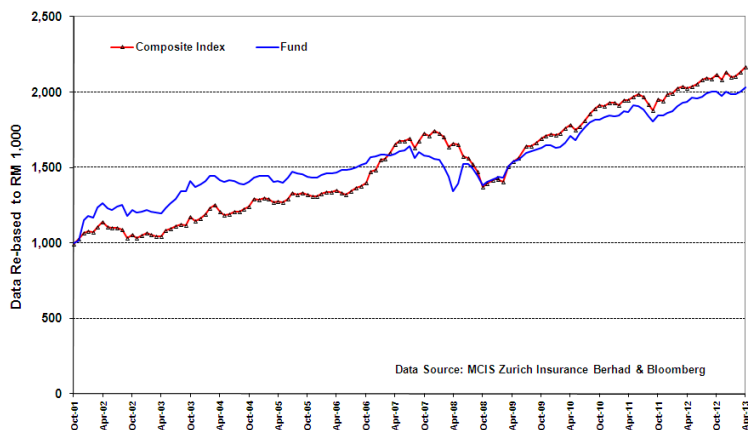
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 2013, the fund had underperformed the benchmark by 47bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio.

Balanced Fund Performance Since Inception



Top Five Holdings

Manjung Island Energy Berhad (Bond)
Projek Lebuhraya Usahasama Berhad (Bond)
Bank Pembangunan Malaysia Berhad (Bond)
Kuala Lumpur Kepong Berhad (Bond)
Maybank Berhad (Equity)

Fund Information

| | |
|---------------------------|--|
| NAV (30.04.13) | RM1.0147 |
| Fund Size | RM7.0 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 1.25% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|-----|----------------|
| Malaysian Equity | 40% | 60% | 41.7% |
| Fixed Income | 40% | 60% | 40.7% |
| Cash | 0% | 20% | 17.6% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 1.19% | 1.66% |
| 3 months (%) | 2.23% | 3.40% |
| 6 months (%) | 1.36% | 2.44% |
| 12 months (%) | 4.91% | 7.07% |
| 2 years (% pa) | 4.16% | 5.49% |
| 3 years (% pa) | 5.87% | 6.70% |
| 5 years (% pa) | 8.61% | 5.53% |
| Since Inception | 6.30% | 6.91% |

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 Zurich 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.

MCIS Zurich Investment Linked - Income Fund Monthly Report (Apr 2013)

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.

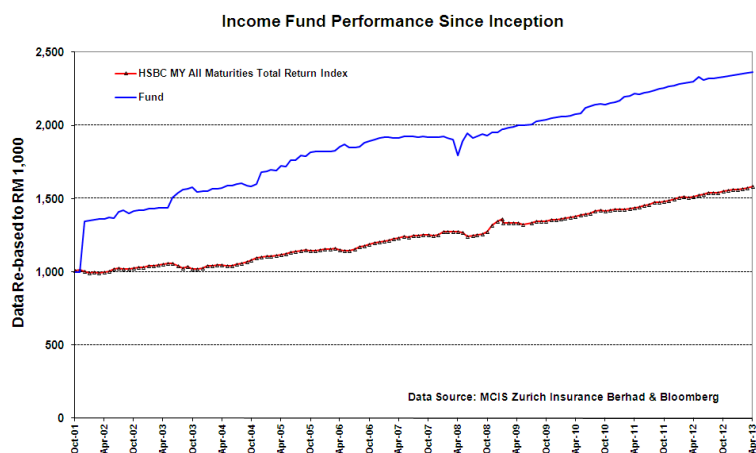
Risks

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 2013, 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.



Top Five Holdings

Cagamas Berhad
Manjung Island Energy Berhad
Projek Lebuhraya Usahasama Berhad
Telekom Berhad
Bank Pembangunan Malaysia Berhad

Fund Information

| | |
|---------------------------|--|
| NAV (30.04.13) | RM1.1814 |
| Fund Size | RM 23.8 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 0.5% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|--------------|-----|------|----------------|
| Fixed Income | 75% | 100% | 89.2% |
| Cash | 0% | 25% | 10.8% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 0.24% | 0.57% |
| 3 months (%) | 0.64% | 1.28% |
| 6 months (%) | 1.23% | 2.06% |
| 12 months (%) | 2.77% | 4.66% |
| 2 years (% pa) | 3.22% | 4.91% |
| 3 years (% pa) | 4.41% | 4.69% |
| 5 years (% pa) | 5.66% | 4.44% |
| Since Inception | 7.71% | 4.05% |

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

The Fund returns are calculated by MCIS Zurich 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.

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Equity Market Review and Outlook

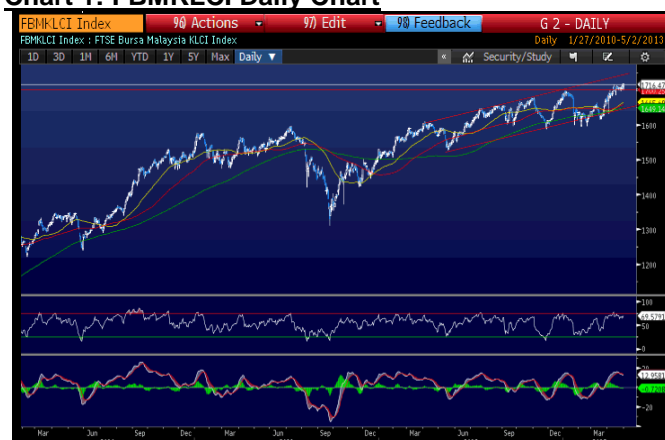
Market Review

FBM KLCI closed off its record high of 1,717.65pts on the last day trading of April boosted by late buying by foreign and local funds in index-linked heavyweights and blue chips. This is ahead of the election uncertainty outcome that falls on the weekend. For the month, the FBM KLCI rose 46pts or 2.8% mom, outperformed the broader market FBM Emas that gained 2.4% to 11,696.0pts. The average daily volume in April increased to 906.1mil compared to 874.7mil shares in March. For the 6 months period, average daily volume was 963.1mil as compared to 999.4mil shares in March.

On the local economic front, industrial production fell 4.5% yoy in Feb, the sharpest decline since May 2011 (4.6% yoy in January). The distortion was mainly due to the result of a festivity-shortened month. However, domestic demand will continue to expand backed by faster implementation of ETP projects, and an export revival.

Regionally, the European Central Bank (ECB) move to cut its key interest rate by 25 basis points to a record low of 0.5% showed that Eurozone economy continues to struggle moving into the 2Q. The ECB, however, kept the deposit rate at zero and reduced the marginal lending rate to 1.0% from 1.5%. The releases of the latest economic data also suggest that the economy in the Eurozone still in bad shape.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

The outcome of the 13th General Election has concluded with ruling coalition maintain status quo with lower majority. The conclusion has removed the political risk overhang that had been affecting market sentiment over the last few months. Positively, FBM KLCI has rose higher in the past few trading days and touched its new intra-day high of 1,826.22pts on the day after election. We expect the market to gradually move higher in the months ahead as existing government and business relations should be maintained, alleviating market uncertainty that could encourage further foreign funds inflows and possibly increase retail participation.

On the technical outlook, the monthly MACD has just turned positive while the RSI is breaking out. Meanwhile, KLCI's weekly chart has broken past its major resistance trendline at 1,740. What was previously resistance is now major support. We believe KLCI has started a new medium term uptrend and likely see more upside for the Index over the next few weeks.

Given the diminished political risk premium, we turn positive on the local equity market in the near term. We believe a switch into cyclical, high beta as well as laggard stocks will be expected.

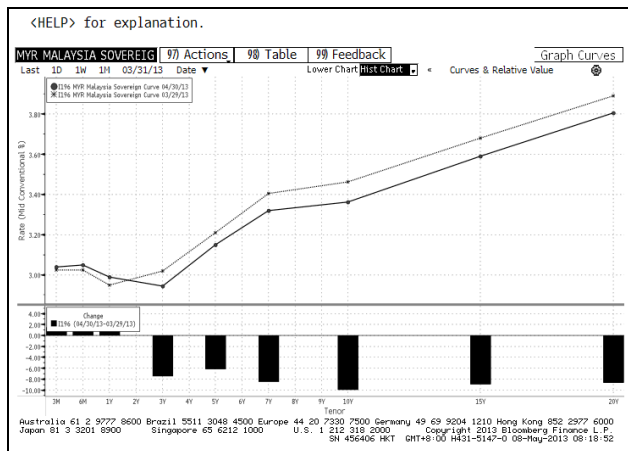
Fixed Income Review and Outlook

Market Review

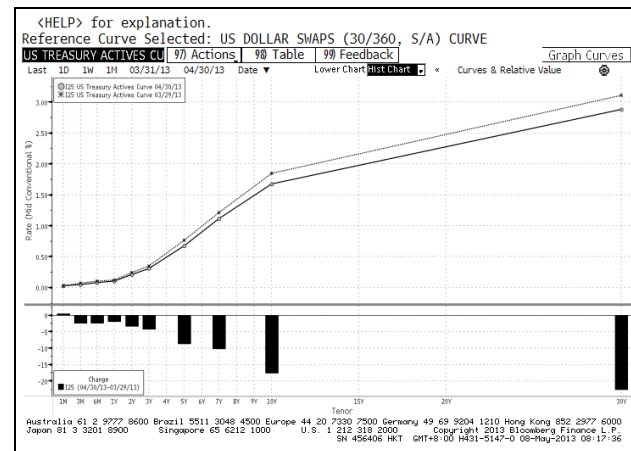
In April, while anticipated by many of a weaker performance in the government bond market, this did not materialized. Following the announcement by the Prime Minister of the dissolution of parliament, players were mainly net buyers of government bonds, whilst the local stock market and currency were also supported. Essentially, political risk had already earlier been priced in before the month. Supported by flushed liquidity and outlook for no change in the interest rate environment, players were taking opportunity to buy up the safer government bonds, including by offshore investors. Primarily, the longer dated government benchmarks still outperformed shorter dated, with the 10-year, 15-year and 20-year MGS down 8-10bps during the month, as opposed to the 5-year and 7-year MGS which shed just 4-6bps. The MGS yield curve subsequently flattened further. The spread between the 5- and 10-year MGS (5x10) tightened to 22bps from 28bps at end March.

Aside, April was a busy month for govies auction. There were three altogether. First was the RM3.5 billion reopening of the 7-year MGS (MGS Mar'20), followed by the RM2.5 billion auction of the 30-year MGS (MGS Apr'33) and lastly, the RM4.0 billion sale of the 10-year GII (GII Apr'23). The 7-year MGS reopening garnered weak demand just as the Prime Minister announced the dissolution. Bid-cover at the RM3.5 billion reopening was 1.64 times (average yield 3.417%). However, the latter two auctions received firm demand. The 30-year MGS auction received a bid-cover of 2.88 (average yield 3.844%) times and the 10-year GII auction bid-cover was 2.20 times (average yield 3.493%).

US Treasuries rallied in April after a subdued movement the month earlier on the heels of weak macro data releases. However, there was a spate of profit taking activity midmonth on the back of improved appetite for riskier assets, despite the weak economic indicators. Weak macro data kicked off early as the March non- farm payrolls disappointed where it showed a rise of 88k, versus the earlier expected 190k increase. Unemployment rate however, fell to 7.6% from 7.7% in February. Furthermore, the ISM manufacturing number fell to a reading of 51.3, or the slowest expansion since December, compared with reading of 54.2 in February and consensus of 54.0. Meantime, the ISM non-manufacturing index, which measures activity in the services industries, fell to a reading of 54.4 in March from 56.0 in February, as well as versus the earlier consensus reading of 55.5. Also, the US showed 2.5% QoQ GDP growth in 1Q2013, against the earlier expected 3.0% growth though stronger against the 0.4% increase the previous quarter.



Source: Bloomberg



Source: Bloomberg

Market Outlook & Strategy

We believe the current market dynamics are still supportive of Malaysian bonds as any change in OPR would likely be gradual as inflation remains benign and real rates are still positive. Therefore, we are maintaining our strategy of buying into dips of MGS and PDS to garner higher portfolio yield, as fundamentally, growth momentum in most advanced economies remained subdued with the exception of US's improvement in economic growth numbers.