



Investment Linked Fund Performance Report September 2015

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AsiaPac Fund Monthly Report (September 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.

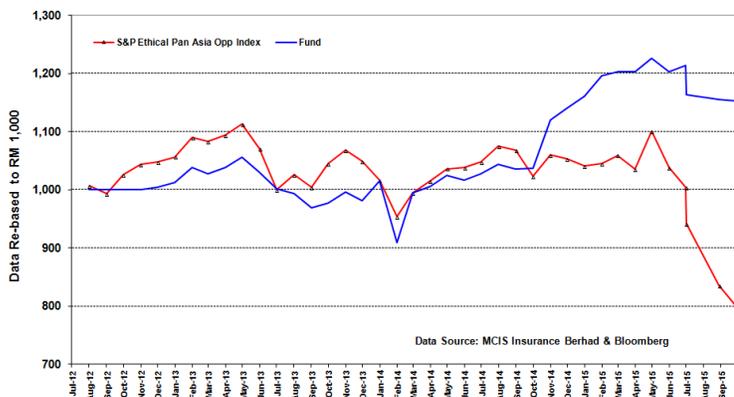
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 September 2015, the fund had outperformed the benchmark by 434bps MoM (month on month). The outperformance was mainly due to strengthening USD compared to Ringgit.

AsiaPac Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (30.09.15)	RM0.5768
Fund Size	RM 25.3 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%	80%
Cash	0%	20%	20%

Performance Table

Period	Fund	Index*
1 month (%)	- 0.24%	-4.58%
3 months (%)	- 5.04%	-20.65%
6 months (%)	- 4.19%	-23.08%
12 months (%)	11.24%	-22.11%
2 years (% pa)	17.96%	-23.78%
3 years (% pa)	4.88%	- 8.07%
5 years (% pa)	-	-
Since Inception	4.49%	-6.74%

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 (September 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

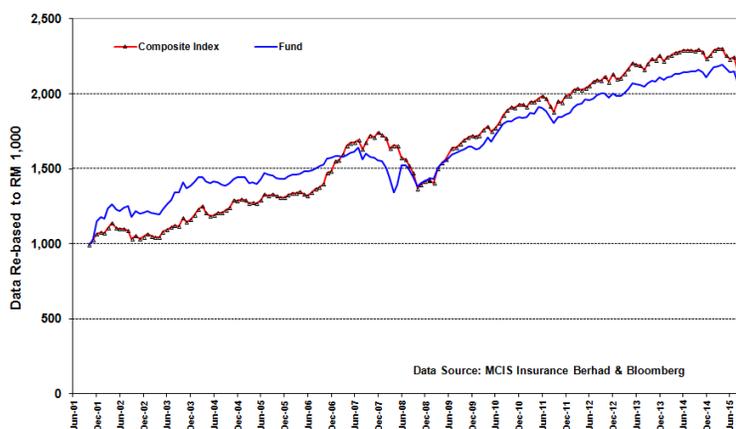
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 September 2015, the fund had outperformed the benchmark by 98bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio.

Balanced Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (30.09.15)	RM1.0557
Fund Size	RM7.1 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%	50%
Cash	0%	20%	7%

Performance Table

Period	Fund	Index*
1 month (%)	1.35%	0.37%
3 months (%)	- 1.43%	- 2.90%
6 months (%)	- 3.23%	- 5.88%
12 months (%)	- 1.86%	- 5.12%
2 years (% pa)	1.03%	- 0.71%
3 years (% pa)	1.81%	1.27%
5 years (% pa)	3.07%	2.77%
Since Inception	5.48%	5.68%

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 (September 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

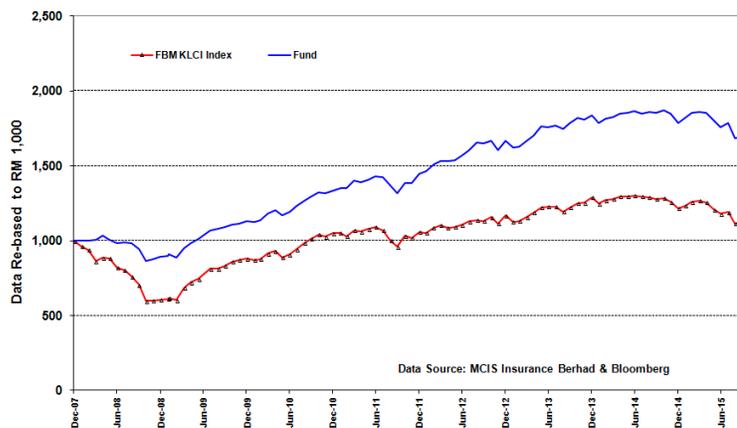
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 September 2015, the fund had outperformed the benchmark by 31bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (30.09.15)	RM0.8067
Fund Size	RM 39.4 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%	88%
Cash	0%	20%	12%

Performance Table

Period	Fund	Index*
1 month (%)	0.82%	0.51%
3 months (%)	- 3.31%	- 5.02%
6 months (%)	- 8.61%	-11.46%
12 months (%)	- 8.36%	-12.20%
2 years (% pa)	- 2.53%	- 4.26%
3 years (% pa)	0.96%	- 0.32%
5 years (% pa)	5.58%	2.07%
Since Inception	7.07%	1.49%
Yield #	3.05%	3.28%

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 (September 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

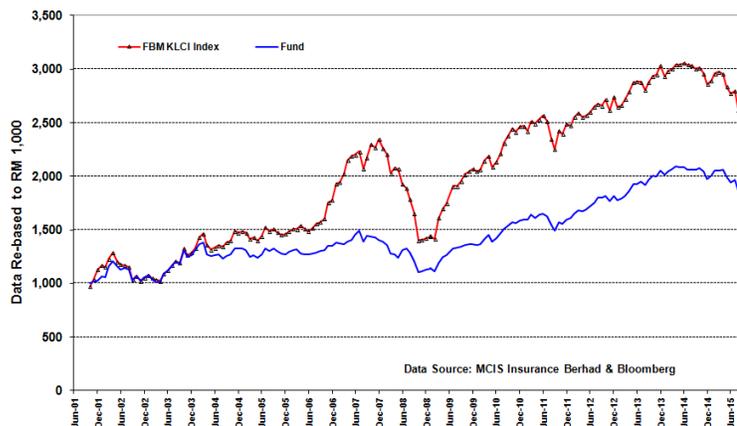
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 September 2015, the fund had outperformed the benchmark by 71bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (30.09.15)	RM0.9440
Fund Size	RM 8.5 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%	85%
Cash	0%	20%	15%

Performance Table

Period	Fund	Index*
1 month (%)	1.22%	0.51%
3 months (%)	- 3.02%	- 5.02%
6 months (%)	- 7.99%	-11.46%
12 months (%)	- 8.33%	-12.20%
2 years (% pa)	- 2.04%	- 4.26%
3 years (% pa)	1.51%	- 0.32%
5 years (% pa)	4.15%	2.07%
Since Inception	4.64%	7.16%
Yield #	2.74%	3.28%

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 (September 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.

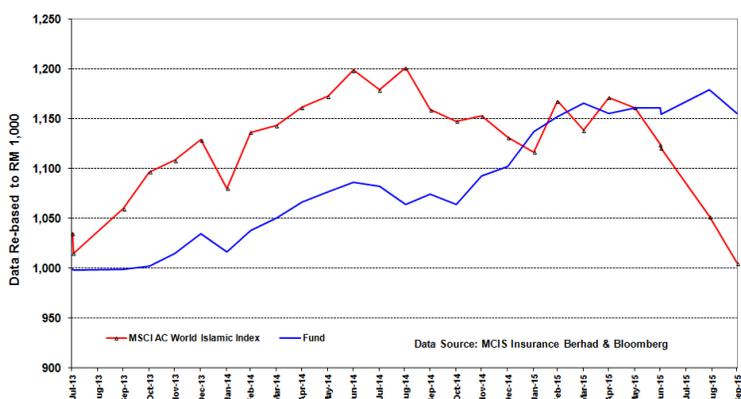
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 September 2015, the fund had outperformed the benchmark by 245bps 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 (30.09.15)	RM0.5779
Fund Size	RM 21.0 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%	76%
Cash	0%	20%	24%

Performance Table

Period	Fund	Index*
1 month (%)	-1.97%	- 4.42%
3 months (%)	-0.46%	-10.58%
6 months (%)	-0.87%	-11.71%
12 months (%)	7.56%	-13.28%
2 years (% pa)	7.54%	- 2.62%
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	6.65%	0.25%

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 (September 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

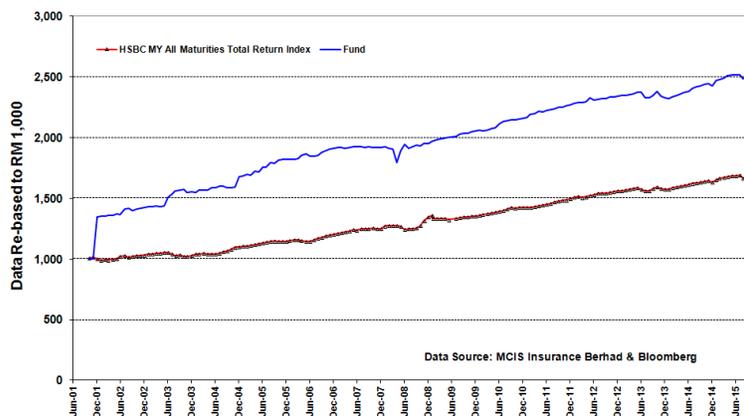
The Fund is considered lower risk given the exposure to cash and fixed income securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, 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 September 2015, the fund had outperformed the benchmark by 78bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming fixed income securities in the portfolio compared to benchmark.

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 (30.09.15)	RM1.2545
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%	94%
Cash	0%	25%	6%

Performance Table

Period	Fund	Index*
1 month (%)	1.00%	0.22%
3 months (%)	-0.29%	- 0.80%
6 months (%)	0.65%	- 0.07%
12 months (%)	3.29%	2.37%
2 years (% pa)	3.36%	2.85%
3 years (% pa)	2.57%	2.74%
5 years (% pa)	3.14%	3.27%
Since Inception	6.79%	3.74%

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 (September 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

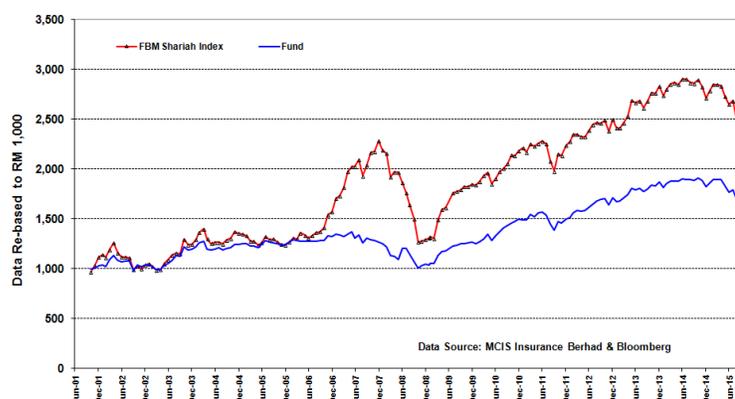
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 September 2015, the fund had underperformed the benchmark by 140bps 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
IHH Healthcare Berhad
Maxis Berhad

Fund Information

NAV (30.09.15)	RM0.8682
Fund Size	RM10.8 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%	82%
Cash	0%	20%	18%

Performance Table

Period	Fund	Index*
1 month (%)	2.49%	3.89%
3 months (%)	- 1.94%	- 2.62%
6 months (%)	- 8.53%	- 9.40%
12 months (%)	- 8.13%	- 9.83%
2 years (% pa)	- 1.90%	- 1.94%
3 years (% pa)	0.82%	1.58%
5 years (% pa)	3.92%	4.65%
Since Inception	4.02%	7.01%
Yield #	2.33%	3.16%

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

September was another volatile month for Malaysia as the KLCI rebounded strongly on the back of some stability returning to regional markets and Wall Street and news that the government was allocating RM20bn to ValueCap to buy up good value stocks. However, the recovery was short-lived as the index gave up much of those gains after the Federal Reserve kept interest rates unchanged. For the month, the KLCI edged up only 8pts or 0.5% to close at 1,621pts. The broader market outperformed the KLCI, with the FBM Emas gaining 2% mom to 11,202pts. Average daily value traded on Bursa in Sep rose 3% mom to RM2.14bn (from RM2.04bn in August).

On the domestic economic front, Malaysia's export growth picked up to 4.1% y-o-y in August (+3.4% in July), marking the third consecutive month of expansion and signalling a recovery for the sector that had contracted in 1H 2015. External demand from the EU and ASEAN rebounded while demand from the US and China was sustained. On the other hand, total imports, reversed into a contraction of 6.1% y-o-y in August (5.9% y-o-y in July). This was due to a reversal in the imports of intermediate and capital goods and made worse by a slowdown in the imports of consumption goods.

Globally, the International Monetary Fund has lowered its forecasts for global economic growth this year to 3.1%, from 3.3% in July, citing worries about both China and the global low commodity prices. The growth projection for 2016 was also revised down to 3.6% from the July estimate of 3.8%.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

Technically, current rally which started in Oct 2008 is already close to 7 years old. The longest rally in Bursa Malaysia history is 10-years which recorded from 1998 to 2008. The index is currently at mid-point of its long term regression line since 1977. In ability to sustain at above this level may see further downside on the index. Lowest range of the regression channel will be at around 1,050 level.

Current correction phase will continue until a clearer picture emerged. The on-going political issue involving 1MDB may continue to haunt the local sentiment as evidenced by the weaker ringgit which surpassed RM4.40/USD recently, the lowest level since 1998. Meanwhile, RM1.27bn net outflow last week in the open market (i.e excluding off-market deals) despite it being a holiday-shortened week and after a RM685ml of net inflow in the preceding week is indicating that the Malaysian equity market is still under pressure from the foreign fund managers.

Additionally, concern over economic slowdown in China and lower crude oil and crude palm oil (CPO) will continue to pressure investors' sentiment in the country. Any recovery must be supported by inflow of foreign fund into equity markets and fixed income. Otherwise it will be short-lived. Additionally, political scenario in the country must be resolved and sentiment must be stabilised. Equity strategy will be buying on weakness with limited downside.

Fixed Income Review and Outlook

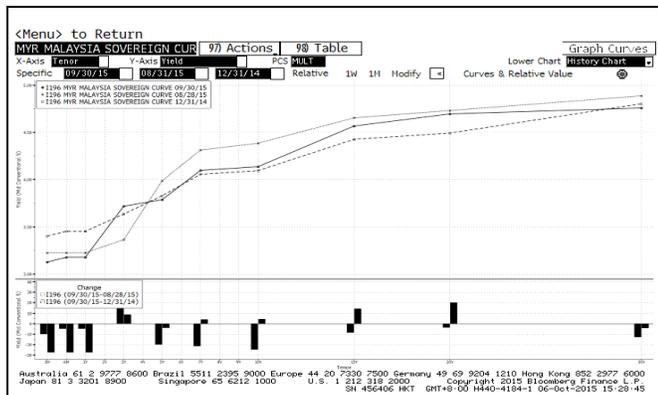
Market Review

Ringgit was under tremendous pressure in the month of September as it weakened to USD/MYR 4.4570 from USD/MYR 4.1925 end August 2015. While the MYR has suffered, Ringgit sovereign bonds recovered a tad from the subdued performance compared to a month ago, as both offshore and onshore players took opportunity to lock in higher yields. In addition, players responded positively to Dr Zeti's comments, where she has mentioned that there were no intentions to peg the Ringgit as pegging the Ringgit will have far more negative implications for Malaysia and may not be the wisest choice to plug a fall in Ringgit. This is because Malaysia has transcended to become an open economy over the years and pegging its currency would actually impede Malaysia's growth. In addition, she has also assured both domestic and foreign investors that a potential big selloff by foreigners in Ringgit bonds is unlikely to happen as there will be available support and demand from domestic players, which comprised of pension and life insurance funds.

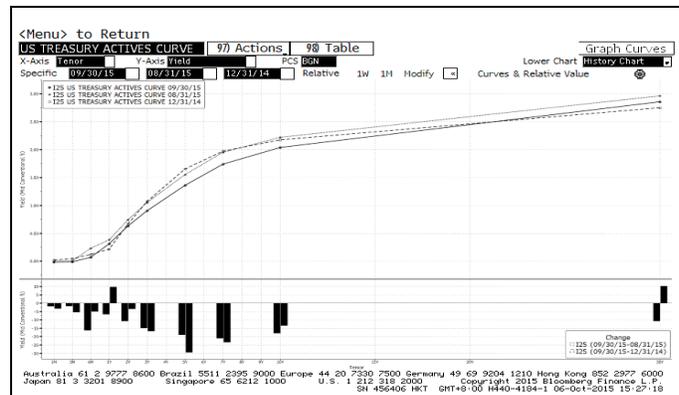
There were three auctions conducted by the government for the month of Sep. Demand was weak for the first auction i.e. 3-year MGS, which garnered a bid-to-cover ratio of only 1.528 times. The surprisingly soft demand in the RM4 billion 3-year MGS shifted the sovereign yield curve flatter, as the average yield closed at 3.759%. However, during the second half of the month, the reopening auctions for 7-year GII and 15-year MGS, with relatively lower issue sizes of RM3 and RM2 billion respectively, were well received by the market as they have recorded decent bid-to-cover ratios of 1.915 and 2.17 times respectively. Average yields were at 4.222% and 4.791%. Of all auctions, we believed the MGS that bear the brunt of most selling was MGS430 when its average yield was 4.791%. Yields for this paper have already soared close to 20-25bps prior to the announcement of the auction.

On a macro perspective, Bank Negara Malaysia kept the OPR unchanged at 3.25% and was within market expectations. The central bank voiced concerns on the continued downside risk posed by declining global growth, increased downside risk from emerging market economies, commodity price plunge and volatility in financial markets. While the weak Ringgit impact on inflation has been limited due to the lower commodity price and global inflation, the central bank reassured that it will continue to maintain orderly functioning of money and foreign exchange markets.

US Treasuries strengthened on the back flight into safe-haven assets amid volatility in financial markets, while demand was further spurred by a relatively dovish FOMC statement, after the Fed held rates unchanged in the September meeting.



Source: Bloomberg



Source: Bloomberg

Market Outlook & Strategy

Given the prevailing environment that's extremely cautious and volatile, we would continue to monitor closely the movements of MGS on the back of the continued weakness in the Malaysian Ringgit. Despite bearish market expectations, we would be in favour of accumulating bonds whenever a significant sell-off happens as we believe yields would normalize to more realistic levels when market fear abates. Also, we do not foresee policy rates from here which then favours investment in fixed income securities.