

MCIS INSURANCE

(435318-U)

(formerly known as MCIS Zurich Insurance Berhad)

Investment Linked Fund Performance report June 2014

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AsiaPac Fund Monthly Report (June 2014)

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.

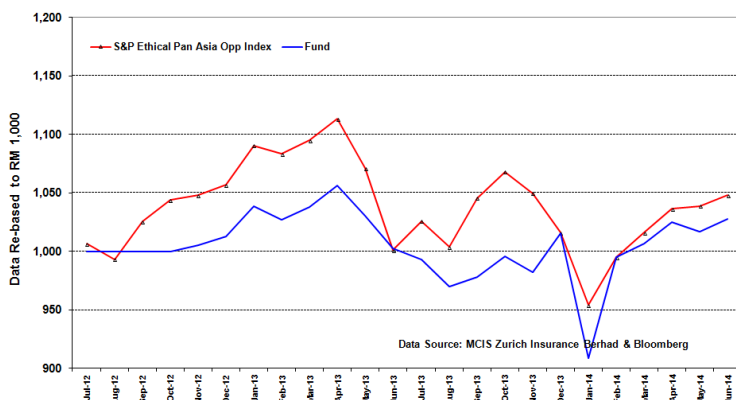
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 June 2014, the fund had outperformed the benchmark by 18bps MoM (month on month). This was due to better performance of CIMB S&P Asia Pacific Ethical Dividend Exchange Trade Fund compared to benchmark for the period under review.

AsiaPac Fund Performance Since Inception



Top Five Holdings

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

Fund Information

| | |
|---------------------------|--|
| NAV (30.06.14) | RM0.5138 |
| Fund Size | RM 21.6 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i> |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|-------------|-----|------|----------------|
| ETF | 80% | 100% | 90% |
| Cash | 0% | 20% | 10% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 1.04% | 0.86% |
| 3 months (%) | 2.07% | 3.15% |
| 6 months (%) | 1.16% | 3.11% |
| 12 months (%) | 2.51% | 4.68% |
| 2 years (% pa) | - | - |
| 3 years (% pa) | - | - |
| 5 years (% pa) | - | - |
| Since Inception | 1.37% | 2.37% |

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 (June 2014)

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

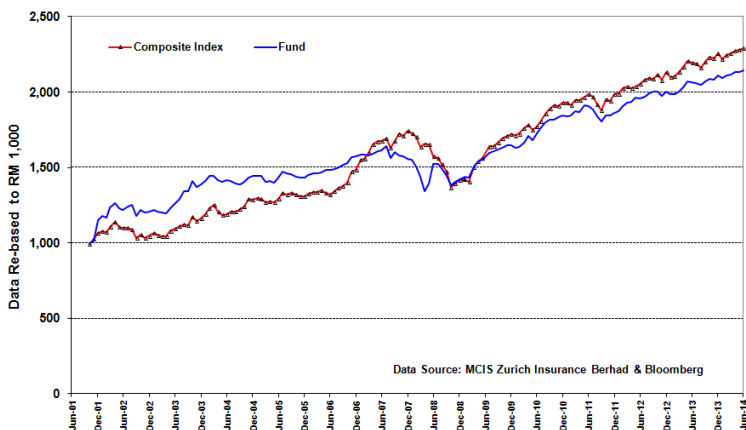
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 June 2014, the fund had underperformed the benchmark marginally by 7bps 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

Malaysian Government Securities-MO11001 (Bond)
 Khazanah (Bond)
 Malaysian Government Securities-MS03002H (Bond)
 Projek Lebuhraya Usahasama Berhad (Bond)
 Tenaga Nasional Berhad (Equity)

Fund Information

| | |
|---------------------------|--|
| NAV (30.06.14) | RM1.0721 |
| 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.mcis.my |
| Fund Manager | MCIS Insurance Berhad <i>(formerly known as MCIS Zurich Insurance Berhad)</i> |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|-----|----------------|
| Malaysian Equity | 40% | 60% | 46% |
| Fixed Income | 40% | 60% | 42% |
| Cash | 0% | 20% | 12% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 0.38% | 0.45% |
| 3 months (%) | 1.44% | 1.51% |
| 6 months (%) | 1.52% | 1.57% |
| 12 months (%) | 3.72% | 4.29% |
| 2 years (% pa) | 4.70% | 5.59% |
| 3 years (% pa) | 3.93% | 4.88% |
| 5 years (% pa) | 6.68% | 7.98% |
| Since Inception | 6.17% | 6.72% |

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 (June 2014)

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

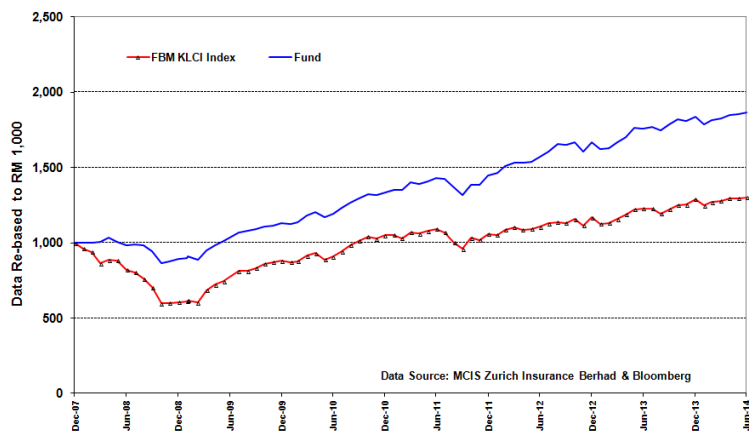
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 June 2014, the fund had underperformed the benchmark marginally by 6bps 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 Five Holdings

Petronas Gas Berhad (Equity)
Telekom Malaysia Berhad (Equity)
Public Bank Berhad (Equity)
Sime Darby Berhad (Equity)
Maxis Berhad (Equity)

Fund Information

| | |
|---------------------------|--|
| NAV (30.06.14) | RM0.8857 |
| Fund Size | RM 51.3 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i> |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 86% |
| Cash | 0% | 20% | 14% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 0.44% | 0.50% |
| 3 months (%) | 2.02% | 1.81% |
| 6 months (%) | 1.34% | 0.84% |
| 12 months (%) | 6.02% | 6.16% |
| 2 years (% pa) | 8.89% | 8.50% |
| 3 years (% pa) | 9.19% | 6.04% |
| 5 years (% pa) | 12.97% | 11.86% |
| Since Inception | 10.06% | 4.15% |
| Yield # | 2.93% | 3.53% |

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

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

* Index is FBM KLCI sourced from Bloomberg. # Yield data is sourced from Bloomberg, and MCIS.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Equity Fund Monthly Report (June 2014)

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

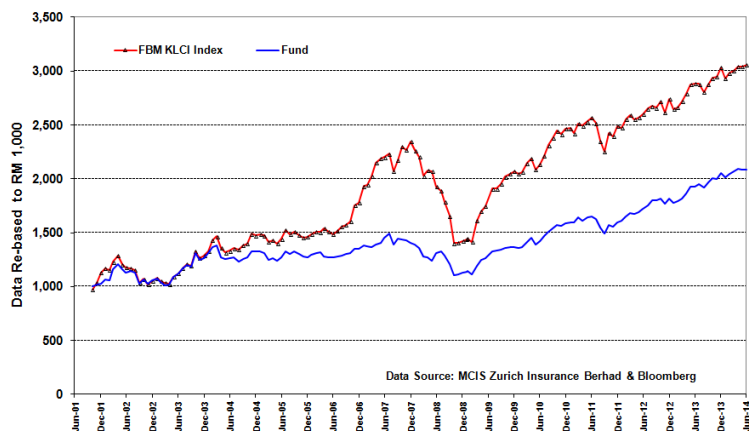
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 June 2014, the fund had underperformed the benchmark by 21bps 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 Five Holdings

Tenaga Nasional Bhd (Equity)
IOI Corporation Berhad (Equity)
Public Bank Berhad (Equity)
Maybank Berhad (Equity)
Axiata (Equity)

Fund Information

| | |
|---------------------------|--|
| NAV (30.06.14) | RM1.0448 |
| Fund Size | RM 9.5 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i> |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 86% |
| Cash | 0% | 20% | 14% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 0.29% | 0.50% |
| 3 months (%) | 1.05% | 1.81% |
| 6 months (%) | 1.54% | 0.84% |
| 12 months (%) | 8.21% | 6.16% |
| 2 years (% pa) | 10.20% | 8.50% |
| 3 years (% pa) | 8.21% | 6.04% |
| 5 years (% pa) | 10.51% | 11.86% |
| Since Inception | 5.95% | 9.17% |
| Yield # | 2.79% | 3.53% |

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

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

* Index is FBM KLCI sourced from Bloomberg. # Yield data is sourced from Bloomberg, and MCIS.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Global Yakin Fund Monthly Report (June 2014)

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.

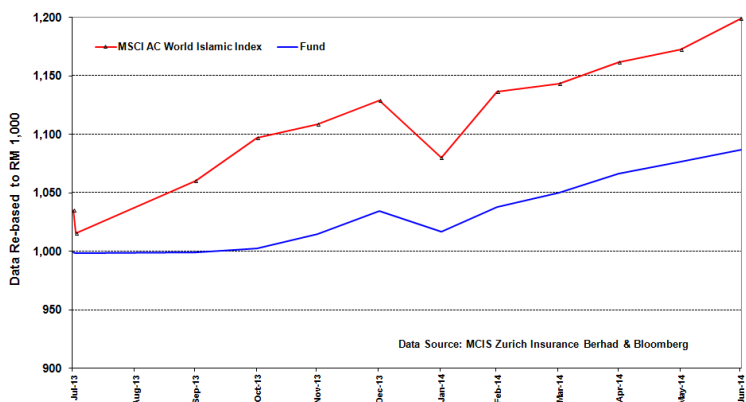
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 June 2014, the fund had underperformed the benchmark by 138bps MoM (month on month). The underperformance was partly due to the cash holdings.

Global Yakin Fund Performance Since Inception



Fund Information

| | |
|---------------------------|--|
| NAV (30.06.14) | RM0.5434 |
| Fund Size | RM 11.0 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i> |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|-------------|-----|------|----------------|
| AIWEF | 80% | 100% | 79% |
| Cash | 0% | 20% | 21% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 0.89% | 2.27% |
| 3 months (%) | 3.47% | 4.87% |
| 6 months (%) | 5.05% | 6.24% |
| 12 months (%) | - | - |
| 2 years (% pa) | - | - |
| 3 years (% pa) | - | - |
| 5 years (% pa) | - | - |
| Since Inception | 8.68% | 19.94% |

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.

Top Five Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

Income Fund Monthly Report (June 2014)

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.

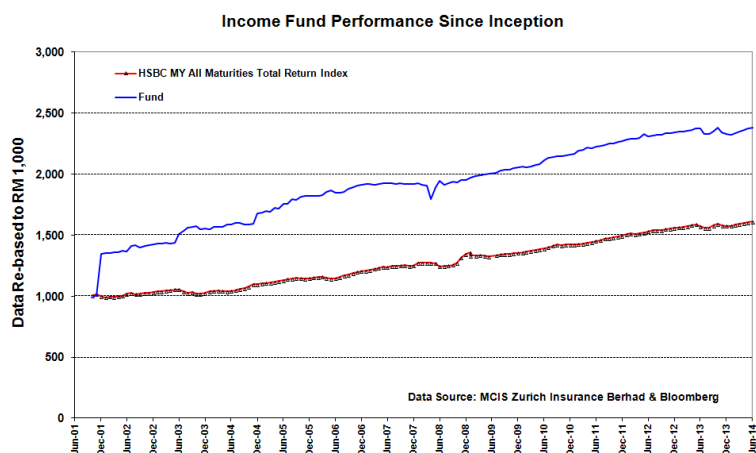
Risks

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 June 2014, the fund had underperformed the benchmark marginally by 5bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio.



Top Five Holdings

Malaysian Government Securities-MS130005 (Bond)
 Projek Lebuhraya Usahasama Berhad (Bond)
 Malaysian Government Securities-MN130003 (Bond)
 Malaysian Government Securities-MS03002H (Bond)
 Government Investment Issue-GL130069 (Bond)

Fund Information

| | |
|---------------------------|--|
| NAV (30.06.14) | RM1.1912 |
| Fund Size | RM 20.7 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i> |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|--------------|-----|------|----------------|
| Fixed Income | 75% | 100% | 88% |
| Cash | 0% | 25% | 12% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 0.35% | 0.40% |
| 3 months (%) | 1.47% | 1.22% |
| 6 months (%) | 2.14% | 2.26% |
| 12 months (%) | 0.43% | 2.36% |
| 2 years (% pa) | 1.56% | 2.61% |
| 3 years (% pa) | 2.33% | 3.51% |
| 5 years (% pa) | 3.52% | 4.00% |
| Since Inception | 7.05% | 3.81% |

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 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 (June 2014)

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

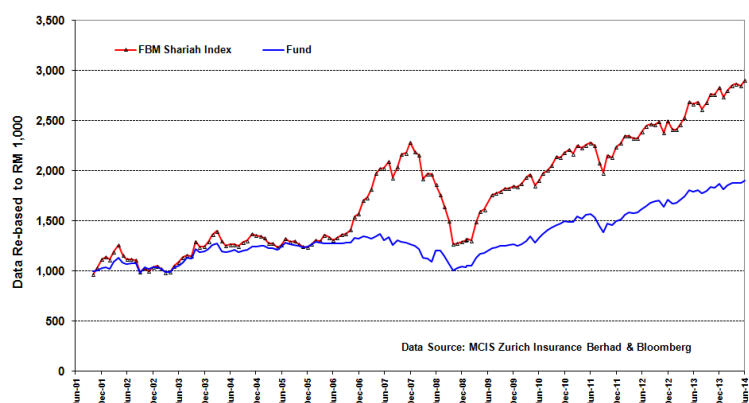
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 June 2014, the fund had underperformed the benchmark by 43bps 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 Five Holdings

Tenaga Nasional Bhd (Equity)
Sime Darby Berhad (Equity)
Axiata Berhad (Equity)
IOI Corporation Berhad (Equity)
Telekom Malaysia Berhad (Equity)

Fund Information

| | |
|---------------------------|--|
| NAV (30.06.14) | RM0.9526 |
| Fund Size | RM10.9 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 <i>(formerly known as MCIS Zurich Insurance Berhad)</i> |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 86% |
| Cash | 0% | 20% | 14% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 1.48% | 1.91% |
| 3 months (%) | 1.50% | 1.83% |
| 6 months (%) | 1.80% | 2.57% |
| 12 months (%) | 6.21% | 8.89% |
| 2 years (% pa) | 8.46% | 10.30% |
| 3 years (% pa) | 6.66% | 8.37% |
| 5 years (% pa) | 10.04% | 12.45% |
| Since Inception | 5.19% | 8.73% |
| Yield # | 2.26% | 3.56% |

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

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

* Index is FBMS Index sourced from Bloomberg. # Yield data is sourced from Bloomberg, and MCIS.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

Equity Market Review and Outlook

Market Review

June was a decent month as the FBM KLCI again squeezed out several new all-time high days. However, there were no major announcements to excite the market. The FBM KLCI ended the month 9pts or 0.5% higher to close at 1,882pts. The broader market marginally outperformed the KLCI as the FBM EMAS gained 0.6% mom to 13,022pts. Average daily value traded on Bursa in May declined 20% mom to RM1.86bn.

On the domestic economic front, exports moderated to 16.3% y-o-y in May (+18.7% in April and +8.3% in March). Despite the moderation, the export growth remained strong due to the effect of a weaker currency and a lower base effect, while economic recovery in developed countries continues to gather pace.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

July has historically been another moderate month for the KLCI with the index up an average 0.5%. This could be the case in 2014 as the KLCI has lagged its regional peers and traditionally starts to play catch up when that happens.

Technically, the rally off the 2008 low is still ongoing with prices hitting a new all time high of 1,892.33 in June, inching marginally above the mid-May high of 1,889. The fall from the 1,892 high was a key reversal week, which could potentially signal a top. The support trend line comes in at 1,870 while the swing low is at 1,860. As long as both of these support levels remain intact, we should give the benefit of the doubt to the bulls, with the upside resistance at 1,898-1,907.

Sustained inflow of foreign fund into the country will be the major catalyst to drive the local equity market for the medium term. However, upside may be limited by the expectation of the slower GDP for the 2Q2014 after the release of the slower industrial production index for the month of April 2014.

For the immediate term focus will be on the BNM's decision on the direction of the interest rate in July's MPC meeting. BNM in terms of OPR indicating their intention to adjust monetary policy accommodation to mitigate financial imbalances in the financial system is likely to raise the OPR in July by 25 to 50bps. We are currently reviewing our equity exposure with intention to increase exposure marginally.

Fixed Income Review and Outlook

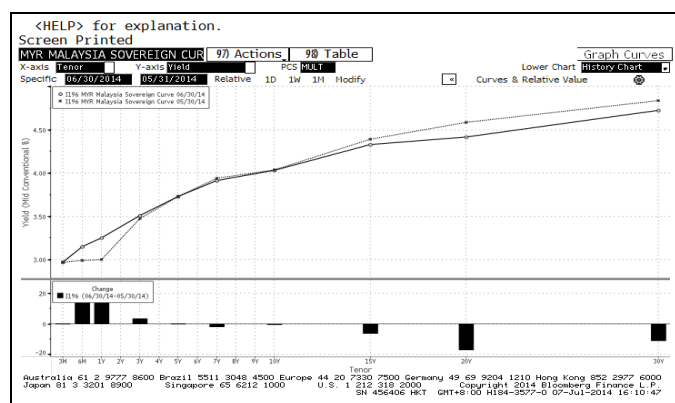
Market Review

The trading trend along the Malaysian Government Bond market was cautious in June, with players already pricing in a quick hike in the Overnight Policy Rate (OPR) at either the July or September Monetary Policy Committee (MPC) meetings. MGS yields had surged since the last MPC meeting on 8 May, bringing in only a mild increase in short tenor MGS yields in the month of June ahead of the upcoming 10 July MPC. Shorter tenor yields are usually the most sensitive to changes in benchmark/policy interest rates with the 3- and 5-year MGS edging up 1-5bps in June (the 3- and 5-year MGS surged 7bps and 16bps respectively in May 2014).

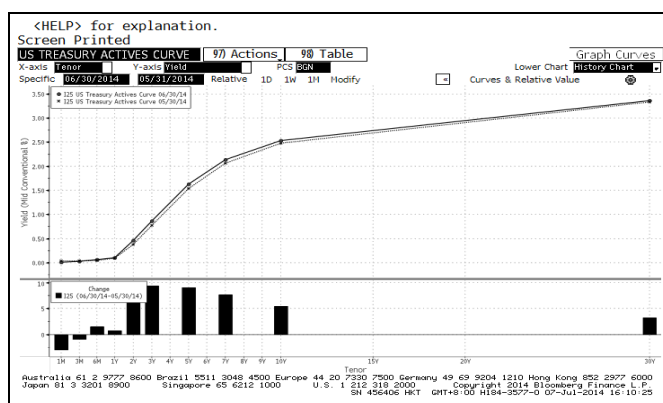
Meanwhile, yields along bellies and far-end of the curve fell in June slid considerably especially on the longer 15-, 20- and 30-year MGS. We believe duration extensions were noticeable especially to niche investors who favour longer dated MGS by seeing the light volume traded. Also boosting the far end of the curve was the lack of auction of longer tenor MGS or GILs in June. In addition, the latest inflation number was positive for bonds. Malaysia's CPI edged down to +3.2% yoy in May versus +3.4% in April.

The government held three securities auctions in the month of June. The government sold RM3bn of 7-year GII 3/21 where the average yield was 4.112% and bid to cover (btc) of 2.35x. There was also a RM3bn 3-year MGS 3/17 reopening where the average yield was 3.486% on a btc of 1.39x (versus average of 2.56 times at the five govies auctions before this MGS 3/17). We attribute the bond market slump post the May MPC as a major reason for the weak 3-year auction. That however is in total contrast to the 20-year GII 8/33 reopening where the average yield was 4.675% with a commendable btc of 3.28x.

US Treasuries weakened overall in the month of June, despite the accommodative stance offered by the Fed at the latest FOMC meeting and the quarter-on-quarter contraction in the US 1Q2014 GDP number. We think expectations of stronger economic performance into the medium and longer run, as well the release of already firm macro indicators (except the 1Q2014 GDP), lent to the weak performing UST market in June. After the 19 June 2014 FOMC meeting, Federal Reserve policymakers hinted interest rates would remain low into mid-2015 when we think the Fed will start to hike. The Fed trimmed another \$10 billion worth of monthly bond purchases in their stimulus package, lowering the amount to \$35 billion. The market is generally anticipating the QE 3 to end by either October or December this year due to no change in Fed members' tone.



Source: Bloomberg



Source: Bloomberg

Market Outlook & Strategy

We continue to advocate on accumulating bonds whenever there is a knee jerk sell-off arising from sentiment that is bearish. While with the recent hawkish comments from the MPC meeting is likely to cast some bearish sentiments in bonds, we believe this may augur well to offshore investors as they may see BNM's intention to signal an increase in OPR as a preemptive measure to manage inflation risk as well as to address some financial imbalances in key sectors. That positive interest can be jived to the recent strength in the Ringgit off late against the USD.