



(formerly known as MCIS Zurich Insurance Berhad)

Investment Linked Fund Performance Report March 2015

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AsiaPac Fund Monthly Report (March 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.

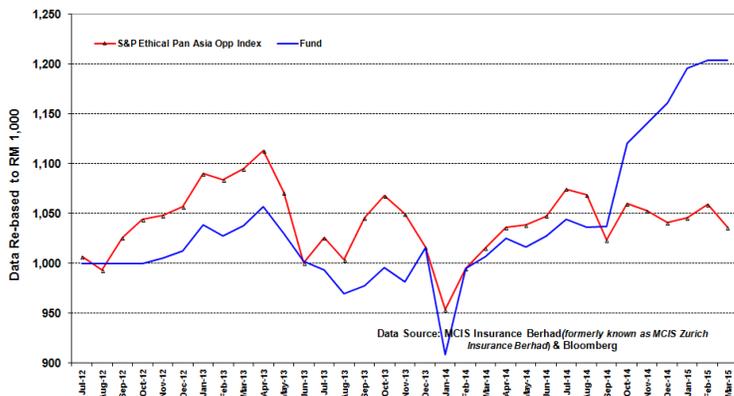
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 March 2015, the fund had outperformed the benchmark by 221bps MoM (month on month). The outperformance was mainly due to currency gain coming from 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 (31.03.15)	RM0.6020
Fund Size	RM 24.6 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 (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	87%
Cash	0%	20%	13%

Performance Table

Period	Fund	Index*
1 month (%)	0.02%	-2.19%
3 months (%)	3.70%	-0.43%
6 months (%)	16.10%	1.27%
12 months (%)	19.59%	2.01%
2 years (% pa)	15.97%	-5.34%
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	6.98%	1.31%

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 (March 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

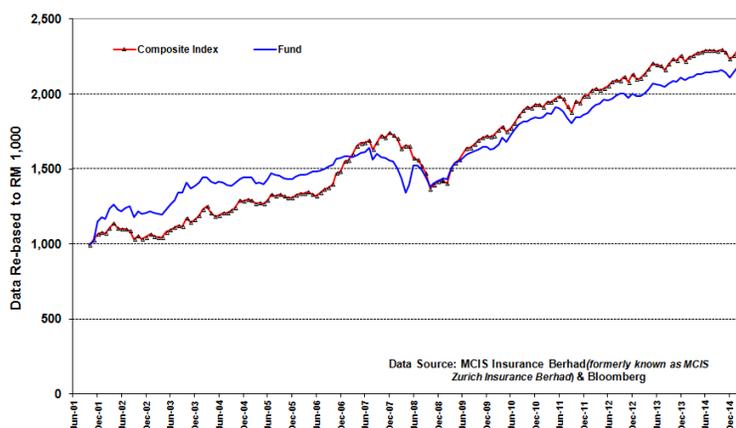
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 March 2015, the fund had underperformed the benchmark by 32bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio.

Balanced Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (31.03.15)	RM1.0909
Fund Size	RM7.4 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 (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	40%	60%	46%
Fixed Income	40%	60%	33%
Cash	0%	20%	21%

Performance Table

Period	Fund	Index*
1 month (%)	0.22%	0.54%
3 months (%)	3.31%	3.08%
6 months (%)	1.41%	0.80%
12 months (%)	3.22%	2.01%
2 years (% pa)	4.30%	3.90%
3 years (% pa)	4.14%	4.17%
5 years (% pa)	5.52%	5.50%
Since Inception	5.95%	6.37%

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 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 (March 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

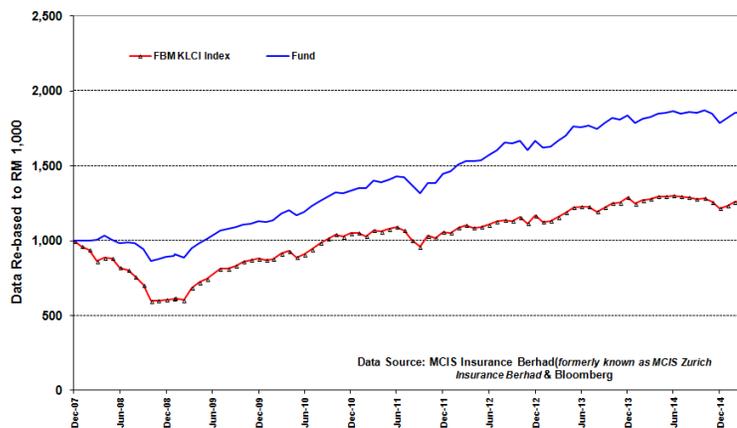
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 March 2015, the fund had underperformed the benchmark by 23bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (31.03.15)	RM0.8827
Fund Size	RM 48.5 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	96%
Cash	0%	20%	4%

Performance Table

Period	Fund	Index*
1 month (%)	0.30%	0.53%
3 months (%)	4.13%	3.95%
6 months (%)	0.27%	-0.84%
12 months (%)	1.67%	-1.00%
2 years (% pa)	5.57%	4.65%
3 years (% pa)	6.60%	4.67%
5 years (% pa)	9.44%	6.75%
Since Inception	8.92%	3.32%
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 (March 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

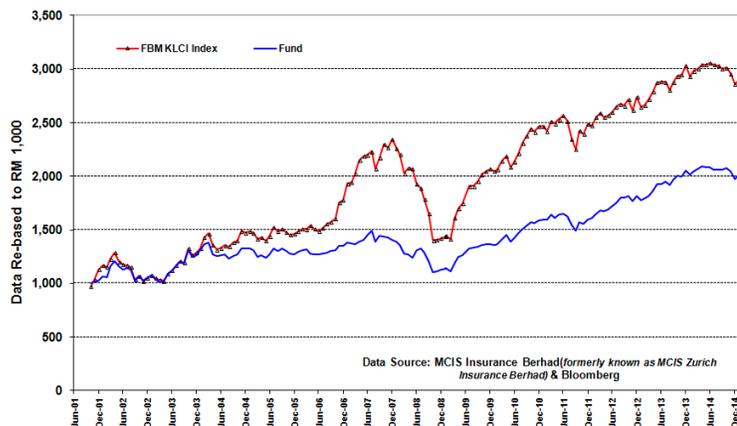
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 March 2015, the fund had underperformed the benchmark by 74bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (31.03.15)	RM1.0260
Fund Size	RM 9.3 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 (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	94%
Cash	0%	20%	6%

Performance Table

Period	Fund	Index*
1 month (%)	-0.21%	0.53%
3 months (%)	3.83%	3.95%
6 months (%)	-0.37%	-0.84%
12 months (%)	-0.76%	-1.00%
2 years (% pa)	6.22%	4.65%
3 years (% pa)	6.84%	4.67%
5 years (% pa)	7.71%	6.75%
Since Inception	5.47%	8.41%
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 (March 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.

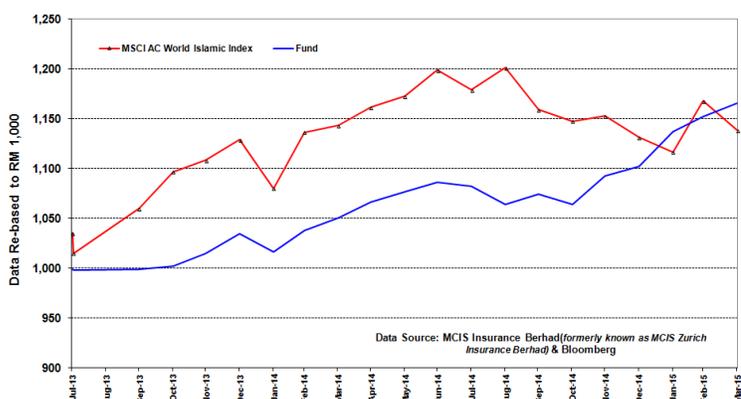
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 March 2015, the fund had outperformed the benchmark by 364bps MoM (month on month). The outperformance was mainly due higher return of unit trust compared to benchmark return.

Global Yakin Fund Performance Since Inception



Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

Fund Information

NAV (31.03.15)	RM0.5830
Fund Size	RM 17.3 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 (formerly known as MCIS Zurich Insurance Berhad)
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
AIWEF	80%	100%	93%
Cash	0%	20%	7%

Performance Table

Period	Fund	Index*
1 month (%)	1.16%	-2.48%
3 months (%)	5.79%	0.66%
6 months (%)	8.51%	-1.78%
12 months (%)	11.01%	-0.41%
2 years (% pa)	-	-
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	9.17%	7.72%

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 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 (March 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.

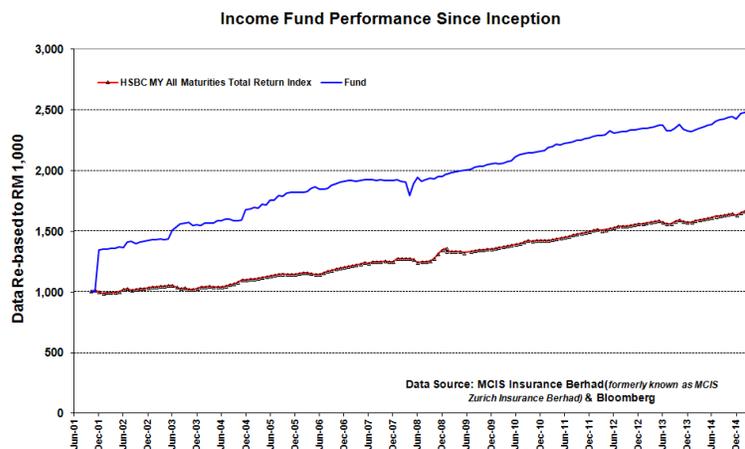
Risks

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 March 2015, the fund had outperformed the benchmark by 11bps MoM (month on month). The underperformance was mainly driven by better return of securities in the portfolio compared to benchmark return.



Top Ten Holdings

Malaysian Government Securities
 Projek Lebuhraya Utara-Selatan Berhad
 Government Investment Issue
 PBFIN Berhad
 Sabah Credit Corporation
 Amlslamic Bank Berhad
 CIMB Bank Berhad

Fund Information

NAV (31.03.15)	RM1.2464
Fund Size	RM 21.5 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%	87%
Cash	0%	25%	13%

Performance Table

Period	Fund	Index*
1 month (%)	0.66%	0.55%
3 months (%)	2.64%	2.22%
6 months (%)	2.62%	2.44%
12 months (%)	6.18%	5.06%
2 years (% pa)	2.84%	3.07%
3 years (% pa)	2.83%	3.55%
5 years (% pa)	3.83%	4.06%
Since Inception	7.00%	3.88%

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 (March 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

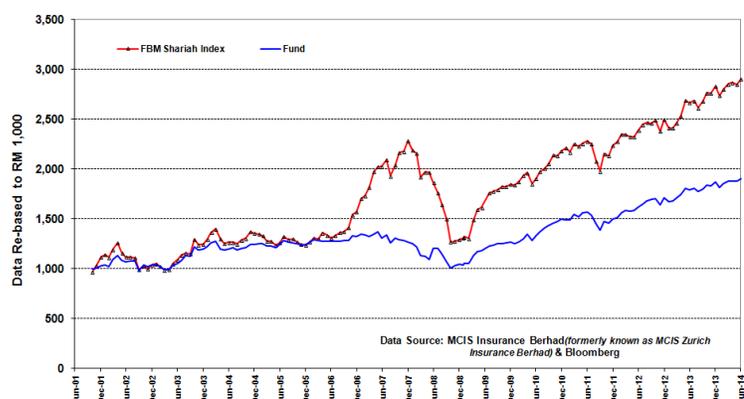
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 March 2015, the fund had outperformed the benchmark by 7bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming 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
IOI Corporation Berhad
MISC Berhad
Petronas Chemicals Group Berhad
Petronas Dagangan Berhad
MyETF Dow Jones Islamic Market Titan 25
Gamuda Berhad

Fund Information

NAV (31.03.15)	RM0.9492
Fund Size	RM11.2 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%	89%
Cash	0%	20%	11%

Performance Table

Period	Fund	Index*
1 month (%)	0.08%	0.01%
3 months (%)	4.02%	4.92%
6 months (%)	0.44%	-0.48%
12 months (%)	1.14%	-0.18%
2 years (% pa)	5.35%	7.49%
3 years (% pa)	6.13%	6.65%
5 years (% pa)	7.78%	8.01%
Since Inception	4.86%	8.07%
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

March was a relatively volatile month as the FBM KLCI fell to a low of 1,778pts before recovering all the losses. A firm Wall Street and more stable oil prices also helped boost sentiment. For the month, the KLCI gained 0.5% or 9pts to close at 1,831pts. The broader market underperformed the KLCI, with the FBM Emas gaining 0.05% mom to 12,563pts. Average daily value traded on Bursa in March was down 3% mom to RM2.12bn (RM2.19bn previously).

On the domestic economic front, exports registered 2nd consecutive month of contraction due to continued weak export performance of commodity and commodity related or resource-based items. While imports increased marginally, Malaysia's trade balance remains positive at RM4.5b in February.

1 April is also the starting date for the 6% goods and services tax (GST) to be implemented in Malaysia. The country is entering into uncharted territory and it is uncertain how consumers and producers will react to the new tax and how retail sales in general will be affected. Property developers are cautious and Rehda's survey indicated that developers expected a slow 1H15 to be followed by an even tougher 2H15. If the GST impact is truly as negative as some fear, it may spillover to the stock market as well and dampen the outlook for April.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

April has traditionally been a very good month for the KLCI with an average monthly return of 2.4%, the third highest after December and February. Based on buoyant global stock market conditions thus far, an apparent slight rebound in oil prices and the stabilising ringgit, April should be a good month for the stock market.

Technically, daily technical is indicating a positive outlook. The MACD has confirmed its Golden cross signal, while RSI is trending sideways in neutral zone. Immediate resistance is seen at 1,830 level while support is seen at 1,770. Meanwhile for monthly chart, current rally, which started in Oct 2008 is already more than 6 years old. The longest rally in Bursa Malaysia history is 10-years which recorded from 1998 to 2008. Monthly MACD is still showing a negative reading.

For the immediate term, equity market is expected to extend its consolidation phase on the back of recent political uncertainties in the Middle East and negative equity performance in the US. Slight improvement on the foreign fund flow into the equity market may provide some positive signal. However, evident of more sustainable inflow is required to push equity prices higher and this should also be backed by improving fundamentals. Until a clearer picture emerged, we remain cautious on the equity market for the immediate term.

Fixed Income Review and Outlook

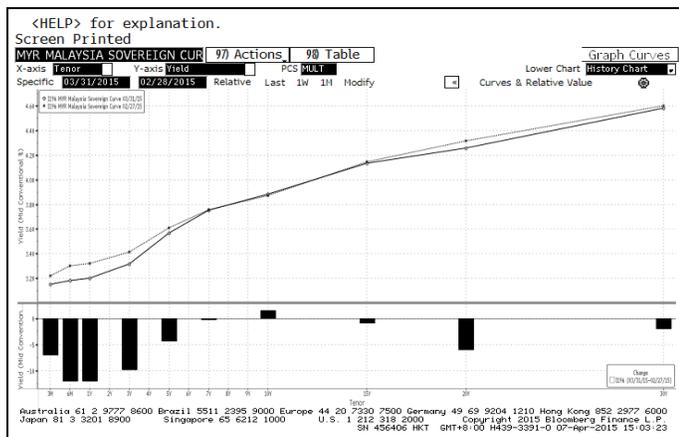
Market Review

Even though Bank Negara held the overnight policy rate steady at 3.25% at the March MPC meeting, MGS remained supported as selected players were still pricing in an easier monetary policy ahead. Additional support came from a steady decline in short-term interbank rates, as well as safe-haven buying ahead of the FOMC meeting. Up to mid-March, month-on-month yield movement showed a firm 5 to 10bps decline for papers within the 5-year maturity or shorter whereas longer dated declined about 1 to 6bps. While foreign holdings of government debt, in aggregate of conventional and Islamic, declined by RM430m in February 2015, the level of offshore holdings remained consistent at 29.3% of the total government securities outstanding. Probably, in the next MPC meeting in early May would shed more light in terms of policy rate direction.

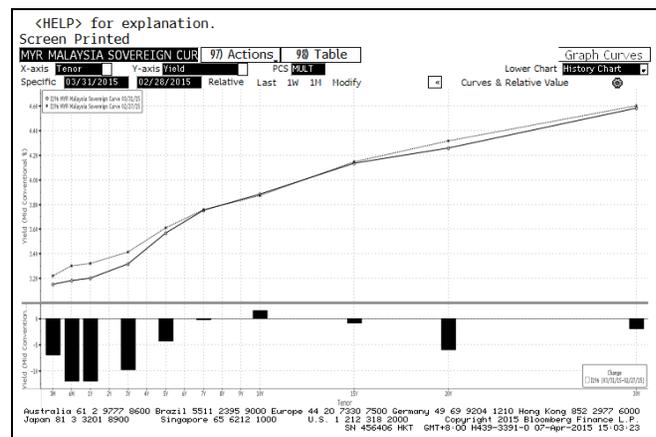
The Ringgit remained weak where it continued to weaken to 3.7035 from 3.6042 the month before, which is equivalent to another 2.75% retracement against the USD. It is expected that the Ringgit would remain weak against the USD as the significant rebound in USD was broad base and across all currencies. USD garnered more demand as growth is somewhat picking up in the US and that they may be raising rates.

Bank Negara auctioned 3 government bonds in March. It started with the RM4bn MGS 09/25 where the average yield was 3.955% with a healthy bid to cover (btc) ratio of 2.227x. The 10-year posted a good run up in prices for March owing to a steady following in recognition of its benchmark status. There was also the issuance of RM1.5bn MGII 09/30 where the average yield was 4.245% and btc of 3.433x. The smallish issuance of only RM1.5bn for a 15-year Sukuk benchmark was a surprise to market as the benchmarked amount most times operates at the RM4bn mark. March ended with the issuance of RM4bn MGS 09/22 where the average yield was 3.795% on btc of 1.802. The low btc reflects tepid demand for 7-year papers.

In US, players are now more apprehensive ahead of incoming macroeconomic data and mixed signals from Fed officials even after the dovish-sounding FOMC statement. Moreover, yields rose ahead of auctions in the following week after the FOMC, including sale of 2T (\$26 billion), 5T (\$35 billion) and 7T (\$29 billion). The UST10y fell to a low of 1.8975% during the month from around 2.11% (post-FOMC) before closing March at 1.93%. As a result, month-on-month gains were pared, with Treasury yields down 10-15bp since end-February. The UST 10y was hovering just below the 2.00% level by end-March but market is still very much guarded amid cautious sentiment in lieu of more data and when the Fed speaks.



Source: Bloomberg



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Market Outlook & Strategy

Given the prevailing investing environment, we would continue to monitor closely the movements of MGS as it has been volatile due to the Ringgit's performance against the US Dollars, Malaysia's fiscal deficit position and international rating agencies' outlook of Malaysia. We would suggest on accumulating bonds should there be a significant sell-off in the local bond market as we do not foresee further changes in the Overnight Policy Rate (OPR) of 3.25% in the near term (for at least in the next 3 to 6 months of 2015) on the back of subdued inflationary pressures due to easing oil prices.