



## **Investment Linked Fund Performance Report January 2017**

### **General Advice Warning**

The information contained in this material is general information and intended for the use of professional advisers, researchers and trustees. It does not take into account the objectives, financial situation or needs of any person. These factors should be considered before acting on this information.

MCIS receives remuneration such as fees, charges or premiums for the products. Details of these payments including how they are calculated and when and how they are payable can be found in the relevant sales illustrations, or other disclosure document for each product.

### **Past performance is not a reliable indicator of future performance**

The information in this presentation should not be considered a personal recommendation on any of the securities or stocks mentioned.

## EXECUTIVE SUMMARY

FBM KLCI continued to be in its positive territory during the month of January 2017. Both global markets and Malaysia posted stronger returns amidst investors' cautiousness in general. For the month, the KLCI gained 1.8% m-o-m or 30 points to close at 1,671 points. The FBM KLCI rallied to a high of 1,692.22 before consolidating lower on profit taking. The broader market outperformed, with the FBM EMAS gaining 2.4% m-o-m to 11,499 points.

MGS further strengthened in January 2017, supported by stronger ringgit and stabilized crude oil price. MGS yields decreased between 4 to 16 bps across the yield curve. Ringgit strengthened from RM4.487/USD to RM4.430/USD while Brent crude oil increased slightly from USD56.82/barrel to USD55.70/barrel during the month.

CPI is stable at 116.9 or 1.8% y-o-y in December 2016.

On the outlook, earnings performance is poised for a recovery this year. It is backed by better economic growth globally and domestically, recovery in oil and commodity prices, strengthening ringgit, bigger construction jobs and potential general election this year. We also didn't discount the risks of the US fiscal expansion, economic slowdown in China and OPEC members/non-members commitment in controlling the oil price. We are cautiously optimistic on the equity market and the strategy is to buy on weakness. Meanwhile, the overall strategy for the fixed income market is still to buy on dips of MGS and corporate bonds.

Based on the performance table below, on monthly basis, only Dividend Fund and Jati Fund had outperformed their benchmarks.

Policyholders are encouraged to focus into regular premium given the current risk and volatile period of the economic and market condition. Risk adverse investors should focus into income fund due to its less volatile as compared to equity related funds.

Performance Table: Funds vs Benchmarks

	Asiapac Fund		Balanced Fund		Dividend Fund		Equity Fund		Global Yakin Fund		Income Fund		Jati Fund	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Monthly (%)	3.67%	5.52%	1.38%	1.50%	2.13%	1.82%	1.46%	1.82%	1.07%	2.00%	0.60%	1.18%	2.90%	1.77%
3 Months (%)	7.24%	3.04%	-0.92%	-0.54%	0.30%	-0.06%	-0.11%	-0.06%	5.82%	3.81%	-0.73%	-1.03%	-0.01%	-1.26%
6 Months (%)	8.20%	0.00%	0.62%	0.31%	1.50%	1.11%	1.74%	1.11%	6.27%	0.54%	0.97%	-0.50%	1.26%	0.24%
12 Months (%)	16.94%	13.51%	3.28%	1.57%	0.59%	0.22%	1.25%	0.22%	16.05%	13.95%	5.54%	2.83%	-0.29%	-1.56%

Source: MCIS Insurance Berhad

# AsiaPac Fund Monthly Report (January 2017)

## 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.

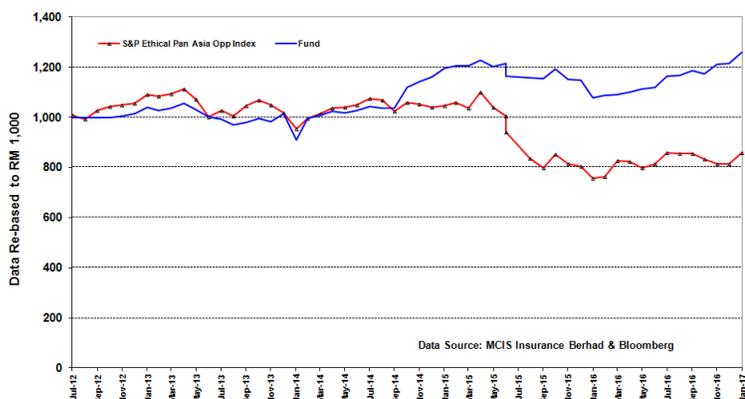
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 January 2017, the fund had underperformed the benchmark by 185bps MoM (month on month). However for since inception period, the fund had outperformed the benchmark.

AsiaPac Fund Performance Since Inception



## Top Ten Holdings

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

## Fund Information

NAV (31.1.17)	RM0.6295
Fund Size	RM27.03 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

## Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	83%
Cash	0%	20%	17%

## Performance Table

Period	Fund	Index*
1 month (%)	3.67%	5.52%
3 months (%)	7.24%	3.04%
6 months (%)	8.20%	0.00%
12 months (%)	16.94%	13.51%
2 years (% pa)	5.27%	-18.01%
3 years (% pa)	11.47%	-3.49%
5 years (% pa)	-	-
Since Inception	5.15%	-3.29%

**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 (January 2017)

### 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

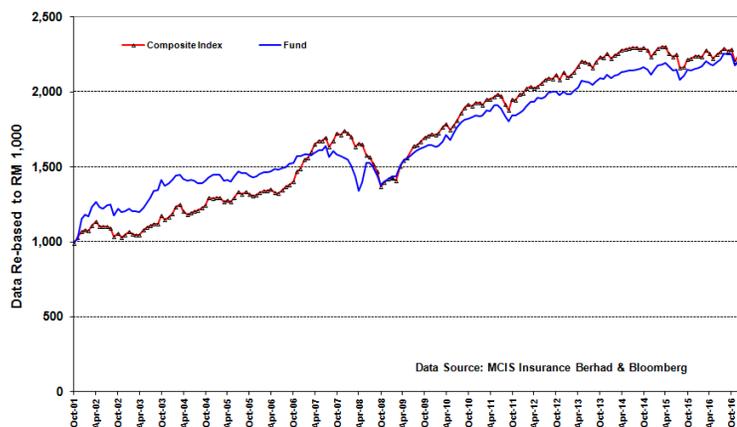
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 January 2017, the fund had underperformed the benchmark by 12bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio compared to benchmark.

Balanced Fund Performance Since Inception



### Top Ten Holdings

Malaysian Government Securities (Bond)  
Sabah Credit Corporation (Bond)  
CIMB Bank Berhad (Bond)  
Sarawak Hidro Sdn Bhd (Bond)  
Tenaga Nasional Berhad (Equity)  
Malayan Banking Berhad (Equity)  
Projek Lebuhraya Utara-Selatan (Bond)  
Public Bank Berhad (Bond)  
CIMB Bank Berhad (Equity)  
Maxis Berhad (Equity)

### Fund Information

NAV (31.1.17)	RM1.1150
Fund Size	RM7.8 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	46%
Cash	0%	20%	11%

### Performance Table

Period	Fund	Index*
1 month (%)	1.38%	1.50%
3 months (%)	-0.92%	-0.54%
6 months (%)	0.62%	0.31%
12 months (%)	3.28%	1.57%
2 years (% pa)	1.82%	0.28%
3 years (% pa)	2.16%	0.78%
5 years (% pa)	3.51%	2.69%
Since Inception	5.37%	5.50%

**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.

\* The benchmark index is a composite of 50% FBM KLCI Index and 50% of Markit iBoxx ALBI Malaysia TR Index (Since Dec '12). Prior to that, the index used was HSBC Malaysia All Bond Index for the fixed income portion. Benchmark return is calculated on re-based basis. The source is from the subscription of Markit Indices.

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 (January 2017)

### 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

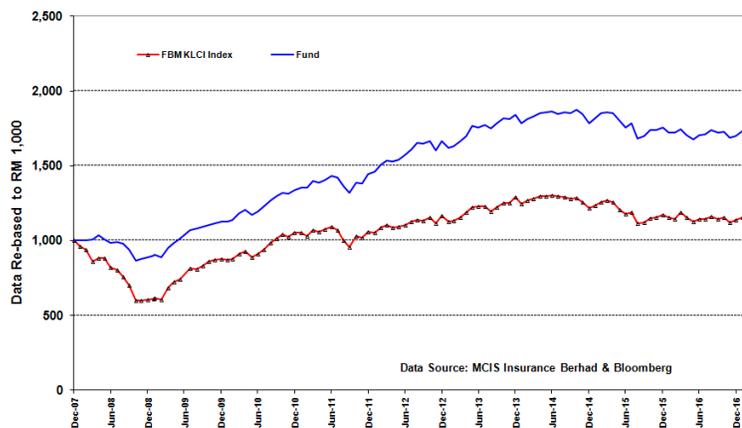
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 January 2017, 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  
Sime Darby Berhad  
Telekom Malaysia Berhad  
Petronas Gas Berhad  
Maxis Berhad  
Malayan Banking Berhad  
Petronas Chemicals Group Berhad  
DiGi.Com Berhad  
Axiata Group Berhad  
IOI Corporation Berhad

### Fund Information

NAV (31.1.17)	RM0.8243
Fund Size	RM38.0 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	91%
Cash	0%	20%	9%

### Performance Table

Period	Fund	Index*
1 month (%)	2.13%	1.82%
3 months (%)	0.30%	-0.06%
6 months (%)	1.50%	1.11%
12 months (%)	0.59%	0.22%
2 years (% pa)	-2.32%	-3.13%
3 years (% pa)	-0.96%	-2.51%
5 years (% pa)	3.49%	1.90%
Since Inception	6.26%	1.62%
Yield #	2.90%	3.14%

**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 (January 2017)

## 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

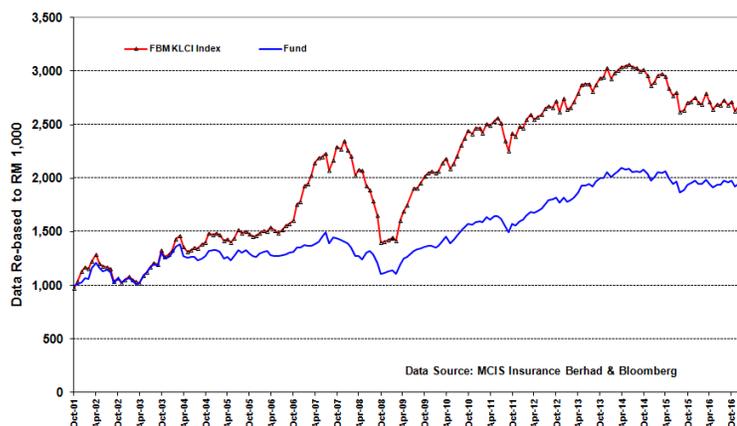
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 January 2017, the fund had underperformed the benchmark by 36bps 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  
Public Bank Berhad  
IOI Corporation Berhad  
Sime Darby Berhad  
Malayan Banking Berhad  
Petronas Chemicals Group Berhad  
CIMB Bank Berhad  
Petronas Dagangan Berhad  
Telekom Malaysia Berhad  
SapuraKencana Petroleum Berhad

## Fund Information

NAV (31.1.17)	RM0.9873
Fund Size	RM10.02 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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 (%)	1.46%	1.82%
3 months (%)	-0.11%	-0.06%
6 months (%)	1.74%	1.11%
12 months (%)	1.25%	0.22%
2 years (% pa)	-0.88%	-3.13%
3 years (% pa)	-0.64%	-2.51%
5 years (% pa)	4.11%	1.90%
Since Inception	4.54%	6.73%
Yield #	2.72%	3.14%

**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 (January 2017)

### 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.

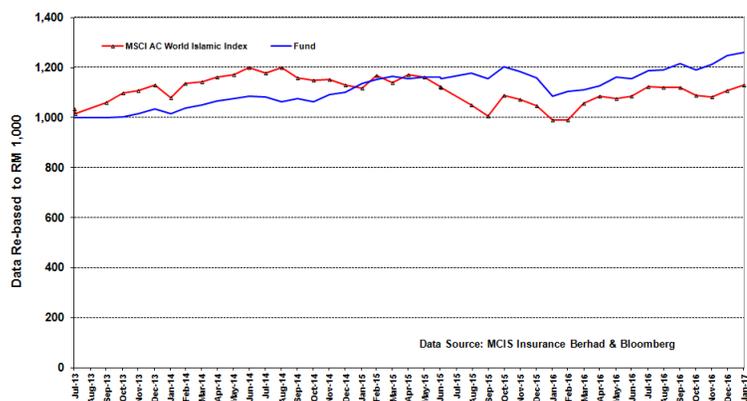
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 January 2017, the fund had underperformed the benchmark by 93bps MoM (month on month). The underperformance was mainly due to underperforming of the underlying securities compared to the benchmark index.

Global Yakin Fund Performance Since Inception



### Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

### Fund Information

NAV (31.1.17)	RM0.6305
Fund Size	RM28.0 million
Inception Date	8-July-2013
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
AIWEF	80%	100%	84%
Cash	0%	20%	16%

### Performance Table

Period	Fund	Index*
1 month (%)	1.07%	2.00%
3 months (%)	5.82%	3.81%
6 months (%)	6.27%	0.54%
12 months (%)	16.05%	13.95%
2 years (% pa)	5.31%	0.54%
3 years (% pa)	7.43%	1.47%
5 years (% pa)	-	-
Since Inception	6.69%	3.44%

**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 (January 2017)

### 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.

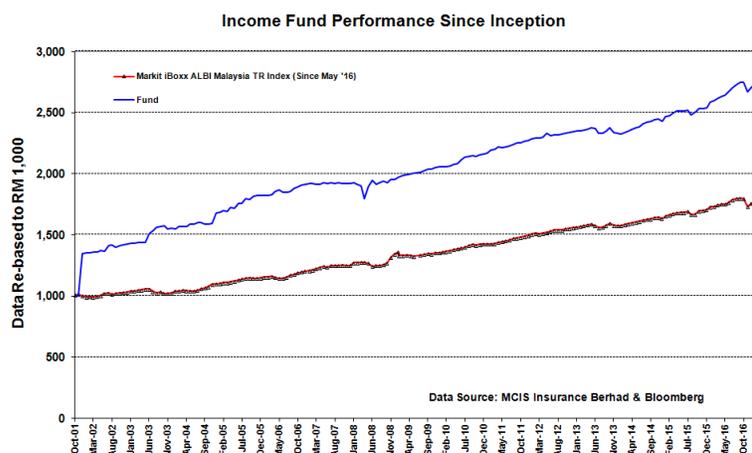
### Risks

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 January 2017, the fund had underperformed the benchmark by 58bps MoM (month on month). The underperformance was due to underperforming of the fixed income securities compared to the benchmark index.



### Top Ten Holdings

Malaysian Government Securities  
 Government Investment Issue  
 YTL Corporation Berhad  
 PBFIN Berhad  
 BGSM Management Sdn Bhd  
 Sabah Credit Corporation  
 Perdana Petroleum Berhad  
 Sarawak Hidro Sdn Bhd  
 Bank Pembangunan Malaysia Berhad  
 Public Bank Berhad

### Fund Information

NAV (31.1.17)	RM1.3634
Fund Size	RM28.7 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	81%
Cash	0%	25%	19%

### Performance Table

Period	Fund	Index*
1 month (%)	0.60%	1.18%
3 months (%)	-0.73%	-1.03%
6 months (%)	0.97%	-0.50%
12 months (%)	5.54%	2.83%
2 years (% pa)	5.07%	3.68%
3 years (% pa)	5.47%	4.07%
5 years (% pa)	3.62%	3.37%
Since Inception	6.76%	3.83%

**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.

\* The benchmark index is Markit iBoxx ALBI Malaysia TR Index (Since Dec '12). Prior to that, the index used was HSBC Malaysia All Bond Index. Benchmark return is calculated on re-based basis. The source is from the subscription of Markit Indices.

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 (January 2017)

### 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

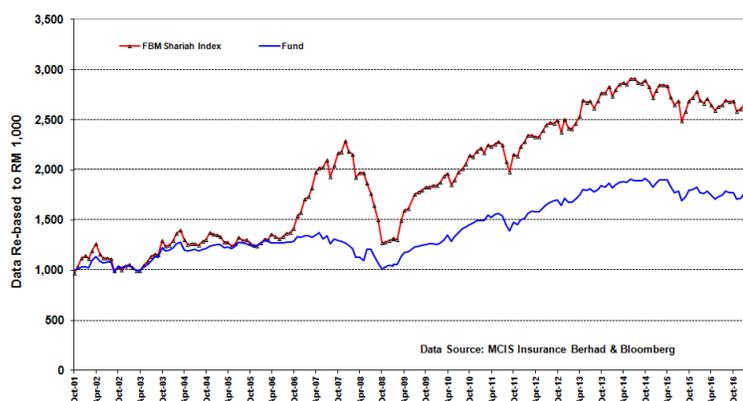
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 January 2017, the fund had outperformed the benchmark by 113bps 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

Sime Darby Berhad  
 Tenaga Nasional Berhad  
 SapuraKencana Petroleum Berhad  
 Petronas Chemicals Group Berhad  
 Petronas Dagangan Berhad  
 Telekom Malaysia Berhad  
 Axiata Group Berhad  
 MISC Berhad  
 UMW Holdings Berhad  
 MyETF Dow Jones Islamic Market Titan 25

### Fund Information

NAV (31.1.17)	RM0.8846
Fund Size	RM12.1 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
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%	16%
Cash	0%	20%	84%

### Performance Table

Period	Fund	Index*
1 month (%)	2.90%	1.77%
3 months (%)	-0.01%	-1.26%
6 months (%)	1.26%	0.24%
12 months (%)	-0.29%	-1.56%
2 years (% pa)	-2.60%	-2.46%
3 years (% pa)	-0.96%	-1.01%
5 years (% pa)	3.09%	3.10%
Since Inception	3.79%	6.58%
Yield #	2.23%	2.60%

**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

FBM KLCI continued to be in its positive territory during the month of January 2017. Both global markets and Malaysia posted stronger returns amidst investors' cautiousness in general. For the month, the KLCI gained 1.8% m-o-m or 30 points to close at 1,671 points. The FBM KLCI rallied to a high of 1,692.22 before consolidating lower on profit taking. The broader market outperformed, with the FBM EMAS gaining 2.4% m-o-m to 11,499 points. Average daily value traded on Bursa in January increased 10% m-o-m to RM1.92billion.

On the domestic economic front, the headline inflation rate remained stable at 1.8% y-o-y in December 2016 (+1.8% in November and +1.4% in October 2016). This is as the slowdown in F&B prices offset the narrower margin of decline in transportation costs. Meanwhile on 19 Jan, BNM's Monetary Policy Committee (MPC) kept the OPR unchanged at 3%, as being expected.

Globally, retail sales in the US picked up to 0.6% m-o-m in December (+2.0% in November and +0.7% in October). The acceleration was on account of a pickup in five of 13 major categories, including autos, furniture, and purchases at gasoline stations. Meanwhile, a positive shift in the world economy in the 2H16 prompted the International Monetary Fund (IMF) to leave unchanged its projections for higher global growth in 2017 and 2018. Global growth is projected to be 3.4% this year and 3.6% in 2018.

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 October 2008 is closing to 8 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. However, monthly MACD has confirmed its golden cross signal to end a 30 months of dead cross signal, the longest since 1978. This positive signal may push the market higher.

On the outlook, earnings performance is poised for a recovery this year. It is backed by better economic growth globally and domestically, recovery in oil and commodity prices, strengthening ringgit, bigger construction jobs and potential general election this year. These turnarounds will benefit some sectors namely banking, telecommunication, construction, oil & gas and plantation.

We also didn't discount the risk factors that may affect the equity and ringgit outlook which include the US fiscal expansion, economic slowdown in China and OPEC members/non-members commitment in controlling the oil price. We are cautiously optimistic on the equity market and the strategy is to buy on weakness.

# Fixed Income Review and Outlook

## Market Review

Malaysian Government Securities (MGS) further strengthened in January 2017, supported by stronger ringgit and stabilized crude oil price. MGS yields decreased between 4 to 16 bps across the yield curve. Ringgit strengthened from RM4.487/USD to RM4.430/USD while Brent crude oil increased slightly from USD56.82/barrel to USD55.70/barrel during the month.

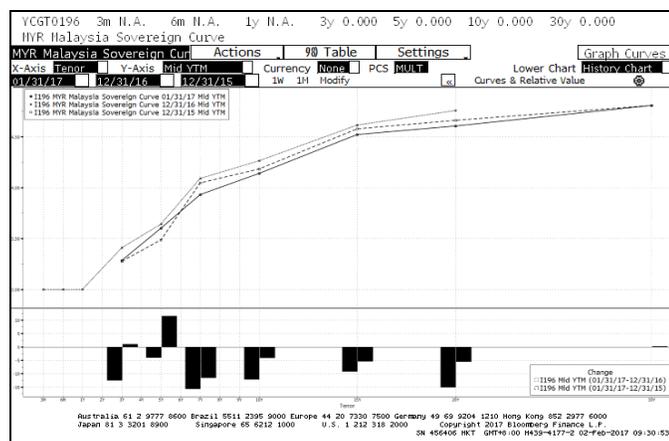
On Malaysia's economic data, the overall index for Consumer Price Index (CPI) rose 1.8% to 116.9 in December 2016 from 114.8 in December 2015. The increase in the indices for Food & Non-Alcoholic Beverages (+3.7%) and Housing, Water, Electricity, Gas & Other Fuels (+2.1%) were offset by the decrease in the indices of Communication by 2.6%, Transport (-0.6%) and Clothing & Footwear (-0.5%).

During the Monetary Policy Committee (MPC) meeting on 19<sup>th</sup> January 2017, Bank Negara Malaysia (BNM) has decided to maintain the Overnight Policy Rate (OPR) at 3.00%, in line with market expectation. The US Federal Reserve (Fed) also decided to maintain the Fed Fund Rate at range of 0.5% and 0.75% at its Federal Open Market Committee (FOMC) meeting on 1<sup>st</sup> February 2017, following the 25 bps hike in December 2016.

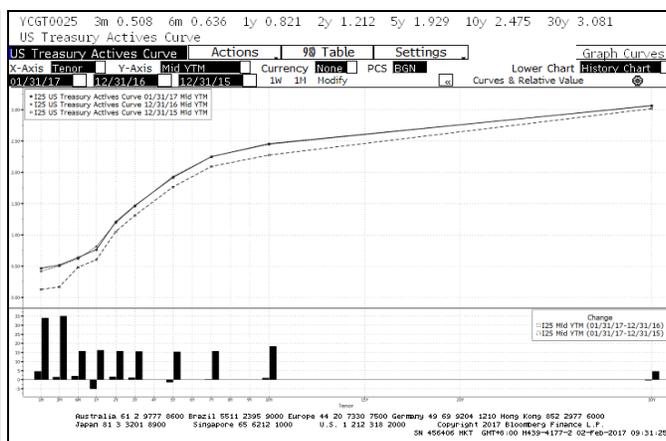
The auctions unveiled in January 2017 are as follows:

Government Auctions in January 2017				
Issue	Issue Date	Amount (RM million)	Bid-cover (times)	Avg Yield (%)
3-year Re-opening of MGII (Mat on 04/20)	6-Jan-17	3,500	1.789	3.690
15-year Re-opening of MGS (Mat on 06/31)	13-Jan-17	4,000	2.503	4.786
10.5-year New Issue of MGII (Mat on 07/27)	26-Jan-17	4,000	3.413	4.258

Table 1: Government Auctions in January 2017. Source: Bank Negara Malaysia



Source: Bloomberg



Source: Bloomberg

In December 2016, foreign holdings in ringgit government securities decreased by RM6.0 billion to RM190.0 billion (or 33.2% of outstanding MGS and GII). In our opinion, foreign players remained guarded, even with the stabilizing local bonds performance in January 2017.

## Market Outlook & Strategy

In view of the current investment climate, the overall strategy for the fixed income market is still to buy on dips of MGS and corporate bonds. We will be diligent in taking some profit for the bonds that have rallied passed their fundamental values from time to time to ensure resilience in realizing income. Overall, we believe bonds still provide attractive yields as there is uncertainty within all investment markets as we embrace global financial market volatilities due a change in power from Obama to Trump's administration in the US. Domestic growth, while expected to be decent compared to other global economies as reported by the authorities of the country and media, we believe local growth will be subdued in addition to increased elements of "surprise" factors.