



Investment Linked Fund Performance Report January 2016

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AsiaPac Fund Monthly Report (January 2016)

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.

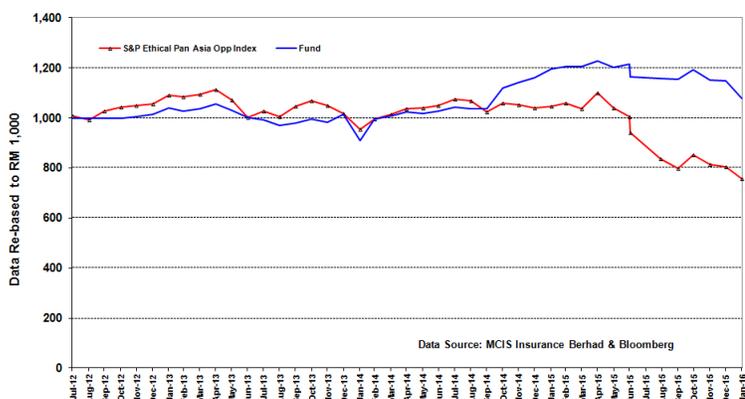
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 2016, the fund had underperformed the benchmark by 24bps MoM (month on month). The underperformance was mainly due to underperforming of underlying security compared to benchmark index.

AsiaPac Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (29.1.16)	RM0.5383
Fund Size	RM 24.7 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	69%
Cash	0%	20%	31%

Performance Table

Period	Fund	Index*
1 month (%)	-6.15%	-5.91%
3 months (%)	-9.68%	-11.40%
6 months (%)	-7.48%	-19.80%
12 months (%)	-9.98%	-27.77%
2 years (% pa)	18.44%	-20.81%
3 years (% pa)	1.21%	-11.52%
5 years (% pa)	-	-
Since Inception	2.08%	-7.52%

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 2016)

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

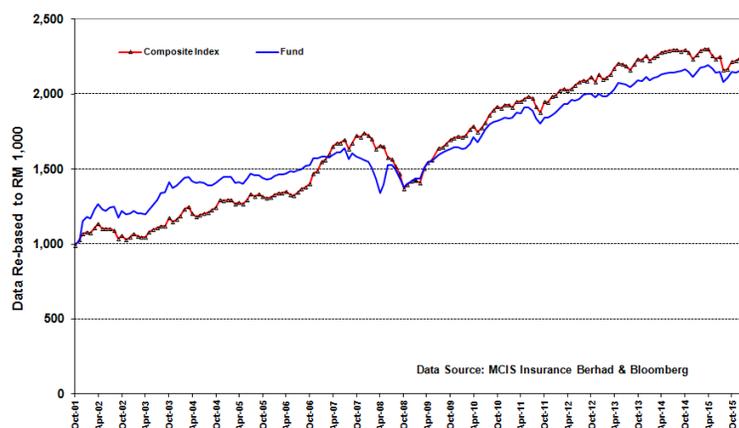
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 2016, the fund had outperformed the benchmark by 18bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio.

Balanced Fund Performance Since Inception



Top Ten Holdings

Malaysian Government Securities (Bond)
 Jimah East Power Sdn Bhd (Bond)
 MMC Corp Berhad (Bond)
 Projek Lebuhraya Utara-Selatan (Bond)
 Sabah Credit Corporation (Bond)
 Tenaga Nasional Berhad (Equity)
 Malayan Banking Berhad (Equity)
 Telekom Malaysia Berhad (Equity)
 Maxis Berhad (Equity)
 CIMB Bank Berhad (Equity)

Fund Information

NAV (29.1.16)	RM1.0796
Fund Size	RM7.3 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	40%	60%	45%
Fixed Income	40%	60%	45%
Cash	0%	20%	10%

Performance Table

Period	Fund	Index*
1 month (%)	0.19%	-0.01%
3 months (%)	0.62%	1.05%
6 months (%)	0.44%	-0.50%
12 months (%)	0.39%	-0.99%
2 years (% pa)	1.60%	0.39%
3 years (% pa)	2.84%	2.17%
5 years (% pa)	3.26%	3.00%
Since Inception	5.52%	5.78%

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 (January 2016)

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

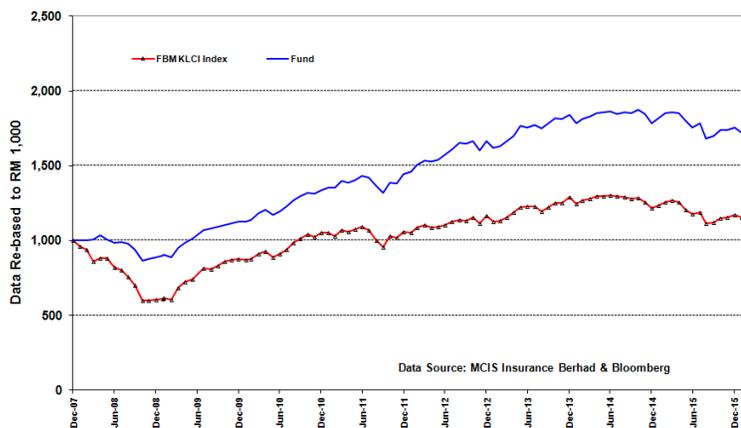
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2016, the fund had underperformed the benchmark by 47bps MoM (month on month). The underperformance was mainly driven by lower exposure of underperforming 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
Malayan Banking Berhad
Petronas Chemicals Group Berhad
Maxis Berhad
Axiata Group Berhad
DiGi.Com Berhad
IOI Corporation Berhad

Fund Information

NAV (29.1.16)	RM0.8195
Fund Size	RM 40.7 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	89%
Cash	0%	20%	11%

Performance Table

Period	Fund	Index*
1 month (%)	-1.93%	-1.46%
3 months (%)	-0.81%	0.13%
6 months (%)	-3.45%	-3.21%
12 months (%)	-5.15%	-6.37%
2 years (% pa)	-1.73%	-3.85%
3 years (% pa)	2.10%	0.82%
5 years (% pa)	4.99%	1.87%
Since Inception	6.98%	1.79%
Yield #	3.08%	3.09%

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 2016)

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

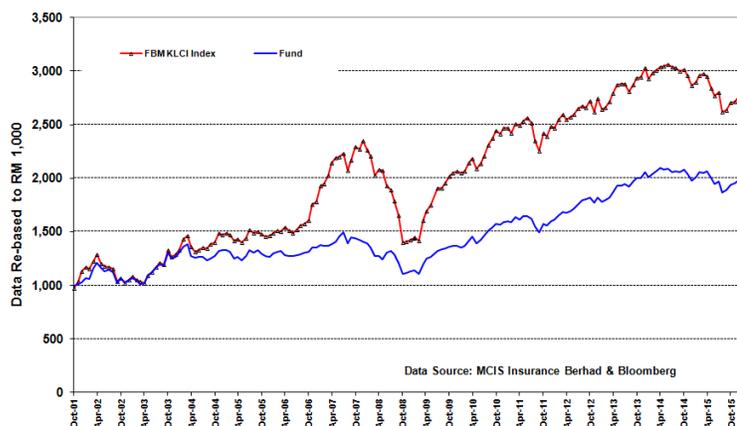
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2016, the fund had outperformed the benchmark by 15bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (29.1.16)	RM0.9751
Fund Size	RM 8.7 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	90%
Cash	0%	20%	10%

Performance Table

Period	Fund	Index*
1 month (%)	-1.31%	-1.46%
3 months (%)	0.56%	0.13%
6 months (%)	-0.93%	-3.21%
12 months (%)	-2.97%	-6.37%
2 years (% pa)	-1.57%	-3.85%
3 years (% pa)	3.08%	0.82%
5 years (% pa)	4.06%	1.87%
Since Inception	4.77%	7.20%
Yield #	2.91%	3.09%

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 2016)

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.

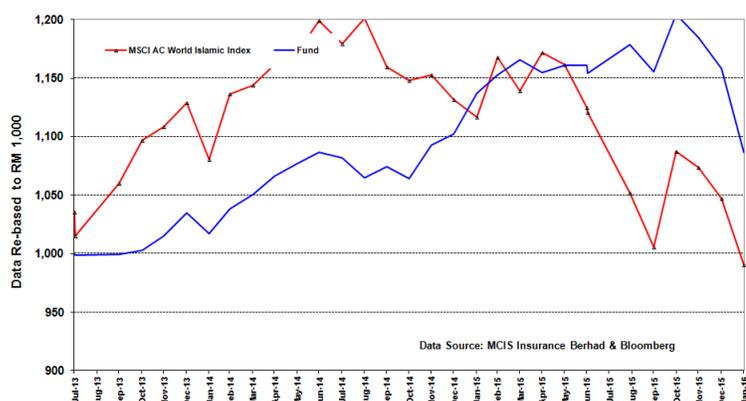
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 2016, the fund had underperformed the benchmark by 79bps MoM (month on month). The underperformance was partly due to lower return of Aberdeen Islamic World Equity Fund compared to benchmark.

Global Yakin Fund Performance Since Inception



Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

Fund Information

NAV (29.1.16)	RM0.5433
Fund Size	RM 21.8 million
Inception Date	8-July-2013
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
AIWEF	80%	100%	81%
Cash	0%	20%	19%

Performance Table

Period	Fund	Index*
1 month (%)	-6.20%	-5.41%
3 months (%)	-9.81%	-8.87%
6 months (%)	-5.87%	-11.61%
12 months (%)	-4.43%	-11.29%
2 years (% pa)	3.37%	-4.24%
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	3.27%	-0.36%

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 2016)

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.

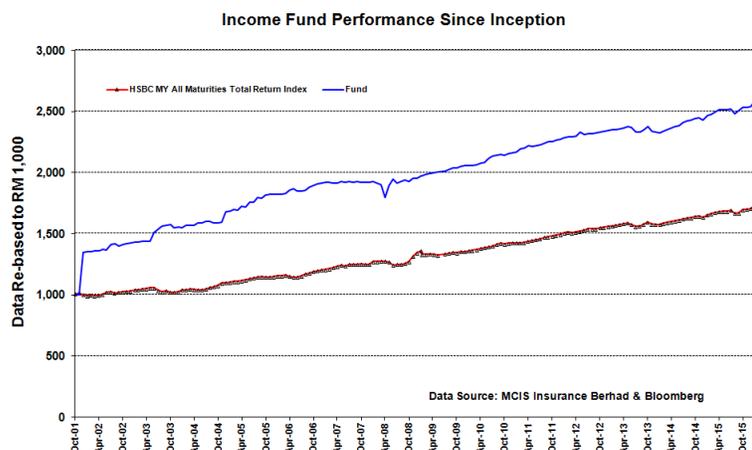
Risks

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 2016, the fund had outperformed the benchmark by 37bps MoM (month on month). The outperformance was mainly driven by outperformance of the bond market during the period.



Top Ten Holdings

Malaysian Government Securities
Projek Lebuhraya Utara-Selatan Berhad
Jimah East Power Sdn Bhd
Government Investment Issue
PBFIN Berhad
MMC Corp Berhad
Sabah Credit Corporation
CIMB Bank Berhad

Fund Information

NAV (29.1.16)	RM1.2918
Fund Size	RM 24.2 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Fixed Income	75%	100%	83%
Cash	0%	25%	17%

Performance Table

Period	Fund	Index*
1 month (%)	1.81%	1.44%
3 months (%)	2.10%	1.96%
6 months (%)	2.51%	2.20%
12 months (%)	4.59%	4.53%
2 years (% pa)	5.43%	4.70%
3 years (% pa)	3.24%	3.43%
5 years (% pa)	3.58%	3.95%
Since Inception	6.85%	3.90%

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 (January 2016)

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

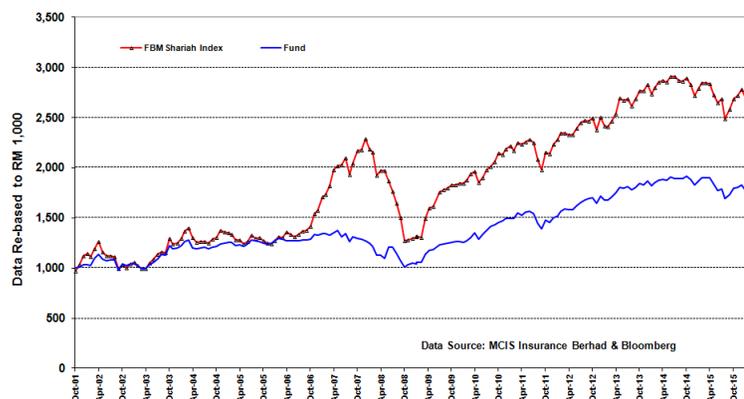
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2016, the fund had outperformed the benchmark by 11bps 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
 Petronas Chemicals Group Berhad
 Petronas Dagangan Berhad
 Axiata Group Berhad
 Telekom Malaysia Berhad
 MISC Berhad
 SapuraKencana Petroleum Berhad
 MyETF Dow Jones Islamic Market Titan 25
 IHH Healthcare Berhad

Fund Information

NAV (29.1.16)	RM0.8872
Fund Size	RM11.0 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	88%
Cash	0%	20%	12%

Performance Table

Period	Fund	Index*
1 month (%)	-2.86%	-2.97%
3 months (%)	-1.20%	0.23%
6 months (%)	-0.86%	0.38%
12 months (%)	-4.85%	-3.35%
2 years (% pa)	-1.30%	-0.73%
3 years (% pa)	1.91%	3.78%
5 years (% pa)	3.48%	4.00%
Since Inception	4.08%	7.17%
Yield #	2.51%	2.76%

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

The Fund returns are calculated by MCIS 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

January was a mixed month for Malaysia as the KLCI fell sharply earlier in the month before rebounding to end at the upper tier of its monthly trading range. The sharp selloff globally sent shivers down the spines of the traders everywhere at the turn of the year, and Malaysia was not spared. The sell-down took the benchmark index down to test the 1,600pt support level before 5-day rally pulled prices up to end the month at 1,667.80pts. The recovery was helped by the 'improved' Budget 2016 as well as the rebound in crude oil prices and a stronger Ringgit. Despite the recovery, the KLCI still lost 25pts or 1.5% for the month. The broader market underperformed the KLCI, with the FBM Emas losing 1.9% mom to 11,568pts. Small caps fared far worse than both the benchmark and also Emas, with the FBM Small Cap index tumbling 5.6% to 15,042.56pts and the FBM ACE shedding 7.4% mom to 5,917pts. Average daily value traded on Bursa in January rose 12% mom to RM2.14bn.

On the domestic economic front, Industrial production growth decelerated to 1.8% y-o-y in November, the slowest pace in 17 months, from +4.2% in October and compared with +5.1% in September. This was mainly due to a further decline in mining production and made worse by a slowdown in the growth of manufacturing and electricity output during the month. Meanwhile headline inflation rate inched up to 2.7% y-o-y in December, from +2.6% in November and +2.5% in October. This was mainly attributed to rising prices of food & beverages, tobacco & alcoholic beverages, healthcare and furnishing & household equipment but were partly mitigated by a further drop in transport costs due to falling energy prices. Bank Negara Malaysia's (BNM) Monetary Policy Committee (MPC) decided to keep the Overnight Policy Rate (OPR) unchanged at 3.25% for the ninth consecutive meeting on 21 January, which came within the market expectations. However, the Central Bank announced a reduction of 50 basis points (bps) in the Statutory Reserve Requirement (SRR) Ratio from 4.00% to 3.50%, effective from 1 February 2016 to ensure sufficient liquidity in the domestic financial system and to support the orderly functioning of the domestic financial markets.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

Technical indicators do not paint positive pictures on the Bursa Malaysia on the back of negative readings on most of indicators. For the immediate term, support is seen at 1600 level. However, we do not discount the possibility of the index to retest its recent low of 1,500 level on the back of negative sentiment from the external factors.

For the immediate term, equity market is expected to remain in its consolidation mode on the back of uncertainties and negative headwinds from the global market. Selling pressure in Japan resulting from negative interest rate decision has sparked selling across the Asian market. This may continue to push investors to remain cautious into equity markets.

Fixed Income Review and Outlook

Market Review

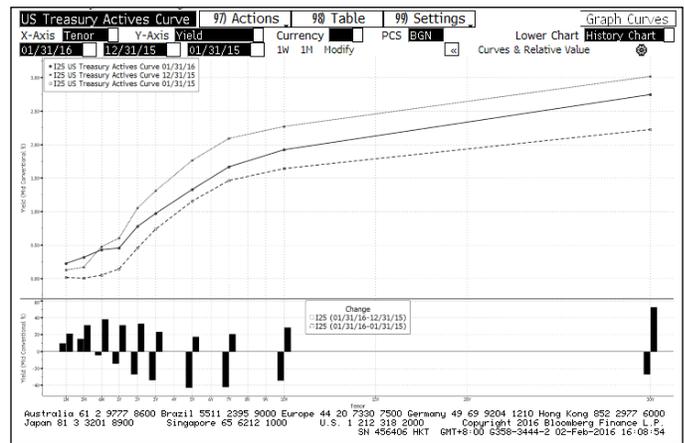
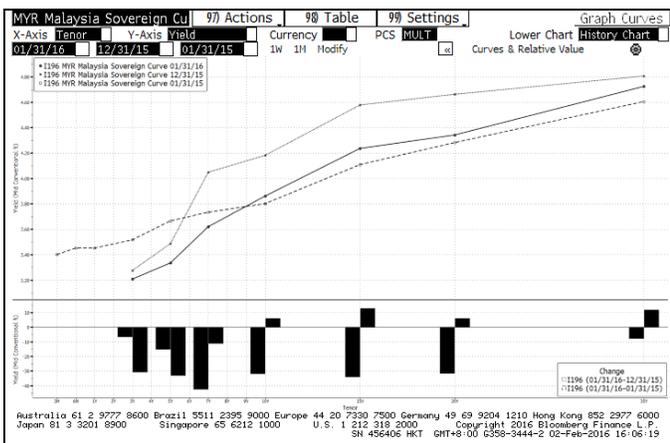
Malaysian government bonds rallied end January as sentiment was lifted by the increase in crude oil prices and the Ringgit's strength. The another booster for the bond market was the cut in Statutory Reserve Requirement (SRR), in the second half of the month. Brent crude oil rebounded from sub \$30/bbl levels and ended higher near \$35/bbl on speculation of supply cuts discussion between OPEC and Russia, while USD/MYR fell sharply from the peak of 4.4200 to close near 4.1500 at month end. Elsewhere, the Prime Minister presented a revised fiscal budget for 2016 as it faced challenges of weak global growth, pressure on the Ringgit, and recent slump in oil price. The outcome was well received by the market, as the 'recalibrated' budget maintained the target fiscal deficit 3.1% of GDP, while the country's debt will be reduced and to not exceed the 55% of GDP target. However, the 2016 GDP growth projection was brought down to a range of 4.0-4.5% from 4.0-5.0% previously.

In the meantime, the central bank held the Overnight Policy Rate (OPR) at 3.25% and Bank Negara unexpectedly cut the SRR from 4.0% to 3.5%, in order to ensure sufficient liquidity in the financial system, and to support an orderly functioning of the financial markets. Policymakers said the current monetary policy stance remains accommodative and supportive of economic activity, and added they will monitor risks related to the global economic and financial environment to ensure monetary policy is consistent with the sustainability of overall growth prospects.

The auctions unveiled in January 2016 are as follows:

Government auctions in Jan 2016				
Issue	Issue date	Amount (RMm)	Bid-cover (times)	Avg Yield (%)
7-year New GII (Mat on 07/23)	07-Jan-16	4,000	2.680	4.390
3-year Re-opening of MGS (Mat on 03/19)	15-Jan-16	3,000	2.058	3.271
20-year Re-opening of GII (Mat on 10/35)	29-Jan-16	2,000	1.915	4.647

Source: Bank Negara Malaysia



Foreign shareholdings in Ringgit-denominated govies marked its third consecutive month of net inflows, registering an increase of RM3.17 billion in December 2015, though lower than the RM6.54 billion in November. The increase was due to inflows into MGS, with foreigners' share rising from 47.3% to 47.7% of the total outstanding amount, while holdings in GII edged lower from a share of 5.5% to 5.4%. Taking into account both MGS and GII, foreign shareholdings was slightly higher by 0.2% and stood at 31.4% in Dec2015.

Market Outlook & Strategy

Going forward, despite the dovish tone found in the latest MPC statement, we do not expect a cut in the OPR in the near future, unless the economic growth deteriorates drastically. Given that the volatility in the local bond market still persists, we would recommend to buy on dips of MGS and PDS since there won't be any policy rate changes for the time being.