



Investment Linked Fund Performance Report December 2018

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EXECUTIVE SUMMARY

FBMKLCI Index was closed marginally higher by end of the month of December 2018, after three consecutive negative months earlier. The benchmark index closed higher by 0.6% m-o-m to 1,690.58 points. However, the FBMKLCI was not able to recover the losses chalked up in the first 11 months of the year and closed the year with a negative return of 5.9% y-o-y.

MGS rallied across the curve in December following the decreasing US Treasury yields and weaker dollar, together with the reaffirmation of Malaysian sovereign rating at A3 by Moody's. In line, ringgit strengthened against USD to RM4.1320/USD, as compared to RM4.1835/USD a month earlier. Concerns on supply glut and geopolitical tension sent Brent crude oil prices lower to USD53.80/barrel by end of the month.

On the local economic front, Malaysia's export growth slowed sharply to 1.6% y-o-y in November 2018, normalising from a strong 17.7% in October 2018 below Bloomberg consensus of 6.6%. An apparent weak point was observed in the electrical & electronics (E&E) sector while growth of commodity and non-E&E shipments also moderated.

We maintain our cautious outlook on the local equity market towards the first half of the year. We do not see any major catalyst to strongly support the economic growth locally and globally.

For fixed income, following the low inflation and slow economic growth prospect, BNM is likely to maintain a neutral monetary policy until the end of 2019 despite the major central banks are still showing signal towards policy tightening. The external risk factors such as geopolitical tension in the Middle-East, US-China trade war and fluctuation in crude oil prices will continue to weigh on the local market, but we believe corporate bond space still provides attractive yields given stable monetary stance from BNM and strong fundamentals in local market.

Based on the performance table below, on monthly basis, MCIS Investment-Linked equity related funds had outperformed their benchmark returns.

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 (%)	-2.97%	-3.04%	0.65%	0.67%	1.24%	0.64%	1.11%	0.64%	-5.34%	-6.63%	0.54%	0.71%	1.49%	-1.11%
3 Months (%)	-5.02%	-7.55%	-1.61%	-2.33%	-3.63%	-5.72%	-2.97%	-5.72%	-9.57%	-13.24%	0.80%	1.11%	-3.98%	-9.26%
6 Months (%)	-3.66%	-8.55%	1.41%	1.58%	2.22%	-0.05%	2.32%	-0.05%	-6.06%	-10.45%	3.09%	3.12%	-0.15%	-4.86%
12 Months (%)	-4.91%	-15.02%	-1.58%	-0.84%	-2.72%	-5.91%	-1.71%	-5.91%	-8.51%	-11.95%	4.31%	4.17%	-5.29%	-13.52%

Source: MCIS Insurance Berhad

AsiaPac Fund Monthly Report (December 2018)

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.

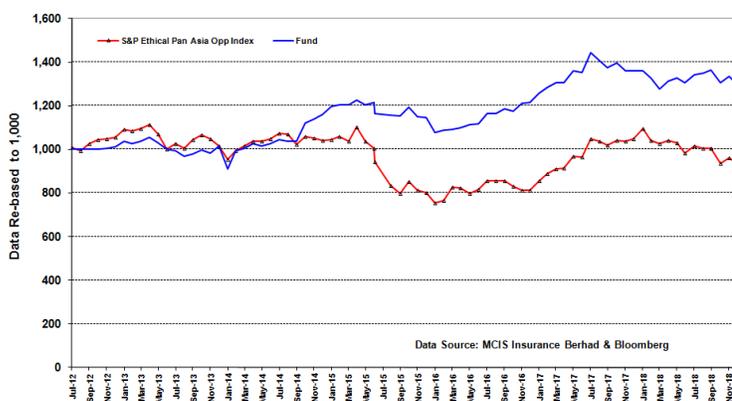
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 December 2018, the fund had outperformed the benchmark by 7bps MoM (month on month). The fund had also outperformed the benchmark since inception.

AsiaPac Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (31.12.18)	RM0.6470
Fund Size	RM45.48 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%	82%
Cash	0%	20%	18%

Performance Table

Period	Fund	Index*
1 month (%)	-2.97%	-3.04%
3 months (%)	-5.02%	-7.55%
6 months (%)	-3.66%	-8.55%
12 months (%)	-4.91%	-15.02%
2 years (% pa)	2.78%	8.51%
3 years (% pa)	6.32%	7.19%
5 years (% pa)	7.32%	-0.50%
Since Inception	3.99%	-1.09%

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 S&P Ethical Pan Asia Select Dividend Opportunities sourced from Bloomberg.

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 (December 2018)

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

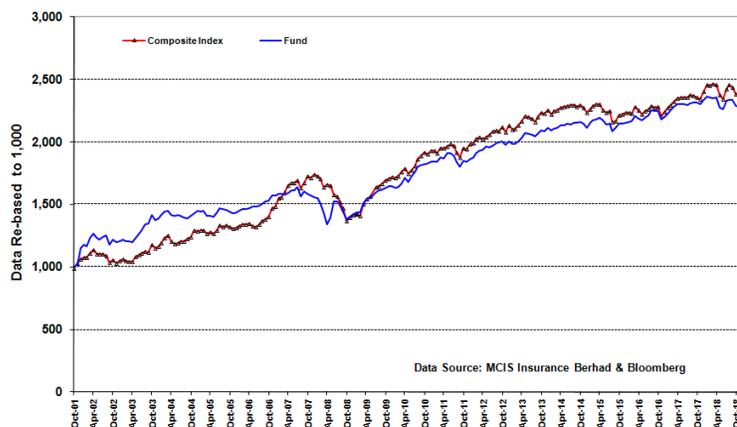
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 December 2018, the fund had outperformed the benchmark by 2bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Balanced Fund Performance Since Inception



Top Ten Holdings

- Malaysian Government Securities (Bond)
- CIMB Bank Berhad (Bond)
- Northern Gateway Infrastructure Sdn Bhd (Bond)
- Tenaga Nasional Berhad (Equity)
- Sabah Development Bank Berhad (Bond)
- Malayan Banking Berhad (Equity)
- Sabah Credit Corporation (Bond)
- Projek Lebuhraya Utara-Selatan (Bond)
- Malaysia Steel Works (KL) Berhad
- CIMB Bank Berhad (Equity)

Fund Information

NAV (31.12.18)	RM1.1484
Fund Size	RM7.62 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%	53%
Cash	0%	20%	2%

Performance Table

Period	Fund	Index*
1 month (%)	0.65%	0.67%
3 months (%)	-1.61%	-2.33%
6 months (%)	1.41%	1.58%
12 months (%)	-1.58%	-0.84%
2 years (% pa)	2.19%	3.19%
3 years (% pa)	2.15%	2.13%
5 years (% pa)	1.69%	1.10%
Since Inception	4.94%	5.16%

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

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

* 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.

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 (December 2018)

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

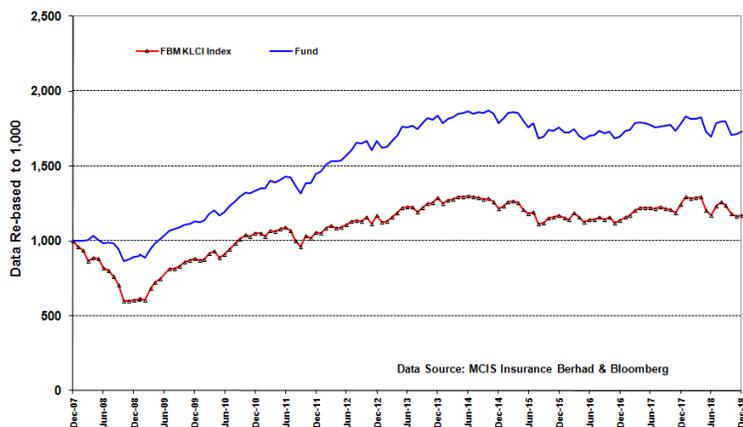
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2018, the fund had outperformed the benchmark by 60bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



Top Ten Holdings

Petronas Chemicals Group Berhad
 Petronas Gas Berhad
 Public Bank Berhad
 Tenaga Nasional Berhad
 Maxis Berhad
 Malayan Banking Berhad
 DiGi.Com Berhad
 IOI Corporation Berhad
 Petronas Dagangan Berhad
 Sime Darby Plantation Berhad

Fund Information

NAV (31.12.18)	RM0.8232
Fund Size	RM31.81 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%	96%
Cash	0%	20%	4%

Performance Table

Period	Fund	Index*
1 month (%)	1.24%	0.64%
3 months (%)	-3.63%	-5.72%
6 months (%)	2.22%	-0.05%
12 months (%)	-2.72%	-5.91%
2 years (% pa)	0.99%	1.48%
3 years (% pa)	-0.50%	-0.04%
5 years (% pa)	-1.19%	-1.97%
Since Inception	5.13%	1.44%
Yield #	3.40%	3.40%

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.

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 (December 2018)

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

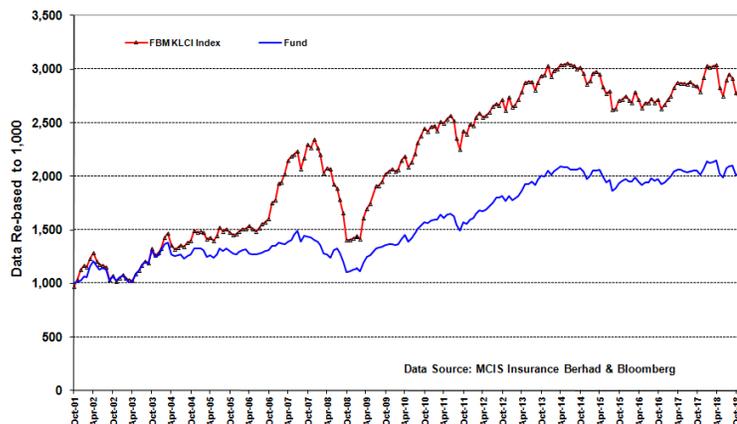
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2018, the fund had outperformed the benchmark by 47bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Ten Holdings

Public Bank Berhad
 Tenaga Nasional Berhad
 Malayan Banking Berhad
 Petronas Chemicals Group Berhad
 IOI Corporation Berhad
 Petronas Gas Berhad
 Petronas Dagangan Berhad
 Sime Darby Plantation Berhad
 CIMB Bank Berhad
 Maxis Berhad

Fund Information

NAV (31.12.18)	RM1.0178
Fund Size	RM9.63 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%	94%
Cash	0%	20%	6%

Performance Table

Period	Fund	Index*
1 month (%)	1.11%	0.64%
3 months (%)	-2.97%	-5.72%
6 months (%)	2.32%	-0.05%
12 months (%)	-1.71%	-5.91%
2 years (% pa)	2.27%	1.48%
3 years (% pa)	1.00%	-0.04%
5 years (% pa)	-0.22%	-1.97%
Since Inception	4.21%	6.03%
Yield #	3.43%	3.40%

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.

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 (December 2018)

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.

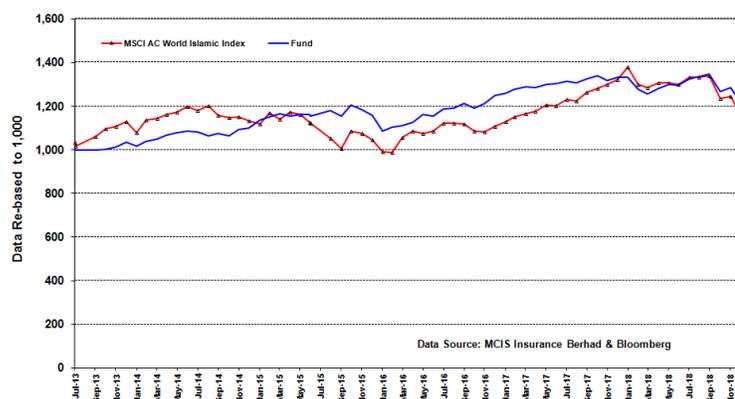
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 December 2018, the fund had outperformed the benchmark by 129bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Global Yakin Fund Performance Since Inception



Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

Fund Information

NAV (31.12.18)	RM0.6092
Fund Size	RM36.14 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%	84%
Cash	0%	20%	16%

Performance Table

Period	Fund	Index*
1 month (%)	-5.34%	-6.63%
3 months (%)	-9.57%	-13.24%
6 months (%)	-6.06%	-10.45%
12 months (%)	-8.51%	-11.95%
2 years (% pa)	-1.18%	2.50%
3 years (% pa)	1.70%	3.55%
5 years (% pa)	3.32%	0.74%
Since Inception	3.66%	2.78%

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 MSCI AC World Islamic sourced from Bloomberg.

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 (December 2018)

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.

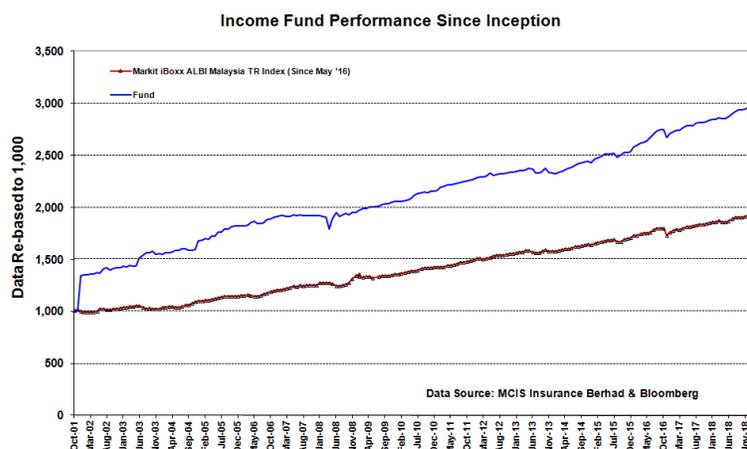
Risks

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 December 2018, the fund had underperformed the benchmark by 17bps 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
- Northern Gateway Infrastructure Sdn Bhd
- UiTM Solar Power Sdn Berhad
- SAJ Capital Sdn Bhd
- Malaysia Steel Works (KL) Berhad
- Sabah Development Bank Berhad
- YTL Corporation Berhad
- CIMB Bank Berhad
- Quantum Solar Park Malaysia Sdn Bhd
- Asian Finance Bank Berhad

Fund Information

NAV (31.12.18)	RM1.4792
Fund Size	RM29.26 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%	96%
Cash	0%	25%	4%

Performance Table

Period	Fund	Index*
1 month (%)	0.54%	0.71%
3 months (%)	0.80%	1.11%
6 months (%)	3.09%	3.12%
12 months (%)	4.31%	4.17%
2 years (% pa)	4.47%	4.72%
3 years (% pa)	5.25%	4.17%
5 years (% pa)	4.87%	4.11%
Since Inception	6.49%	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.

* 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.

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 (December 2018)

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

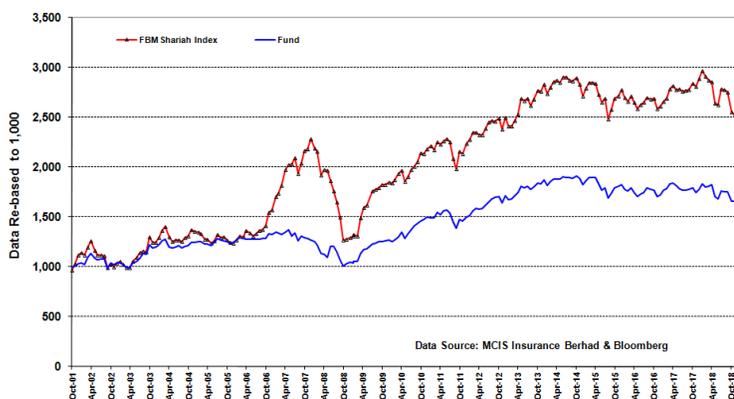
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2018, the fund had outperformed the benchmark by 260bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



Top Ten Holdings

Tenaga Nasional Berhad
 Petronas Chemicals Group Berhad
 Petronas Gas Berhad
 Perlis Plantation Berhad
 Sime Darby Plantation Berhad
 Axiata Group Berhad
 Maxis Berhad
 Kuala Lumpur Kepong Berhad
 Sime Darby Berhad
 IOI Corporation Berhad

Fund Information

NAV (31.12.18)	RM0.8404
Fund Size	RM13.06 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%	89%
Cash	0%	20%	11%

Performance Table

Period	Fund	Index*
1 month (%)	1.49%	-1.11%
3 months (%)	-3.98%	-9.26%
6 months (%)	-0.15%	-4.86%
12 months (%)	-5.29%	-13.52%
2 years (% pa)	-1.13%	-2.15%
3 years (% pa)	-2.73%	-3.50%
5 years (% pa)	-2.13%	-2.49%
Since Inception	3.06%	5.45%
Yield #	2.82 %	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 FBMS Index sourced from Bloomberg.

Yield data is sourced from Bloomberg, and MCIS.

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

FBMKLCI Index was closed marginally higher by end of the month of December 2018, after three consecutive negative months earlier. The benchmark index closed higher by 0.6% m-o-m to 1,690.58 points. The performance was in line with historical trend, as the Malaysian market has posted average m-o-m positive returns of 2% over the past 10 years. However, the FBMKLCI was not able to recover the losses chalked up in the first 11 months of the year and closed the year with a negative return of 5.9% y-o-y. The average daily value traded on Bursa Malaysia in December fell 9% m-o-m to RM1.97 billion as trading activities slowed down towards the end of the year.

On the local economic front, Malaysia's export growth slowed sharply to 1.6% y-o-y in November 2018, normalising from a strong 17.7% in October 2018 below Bloomberg consensus of 6.6%. An apparent weak point was observed in the electrical & electronics (E&E) sector while growth of commodity and non-E&E shipments also moderated.

Globally, the World Bank downgraded its outlook for the global economy for the year 2019, citing rising trade tension, weakening manufacturing activity and growing financial stress in emerging-market countries. It expects the world economy to grow 2.9% in 2019, down from the 3% it forecast back in June 2018. It would be the second straight year of slowing growth: The global economy expanded 3% last year and 3.1% in 2017.

Chart 1: FBMKLCI Weekly Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: CIMB Research

Market Outlook & Strategy

Technically, given the shooting star candlestick formed on the last trading day in 2018, a pullback may take place in the early weeks of January. Support is seen at the 1,655-1,673 levels. However, rebound is expected to take place during Lunar New Year (5-6 Feb 2019) as the final leg of the corrective rebound takes place. This rebound may take the index up to test 1,726-1,750. On the longer term, the head & shoulders pattern is seen taking form, with prices slowly edging towards the downward sloping neckline support at 1,640-1,650. A break below the neckline will be very negative for the market.

Based on historical data, the performance of the FBMKLCI in January has been mixed, registering average m-o-m losses of 0.2% over the past 10 years and posting negative returns in five out of the past 10 years. Over a 40-year period, it posted an average m-o-m gain of 1.7%.

We maintain our cautious outlook on the local equity market towards the first half of the year. We do not see any major catalyst to strongly support the economic growth locally and globally. We would look for bottom-fishing opportunities to accumulate quality stocks at lower levels.

Fixed Income Review and Outlook

Market Review

Malaysia Government Securities (“MGS”) rallied across the curve in December following the decreasing US Treasury yields and weaker dollar, together with the reaffirmation of Malaysian sovereign rating at A3 by Moody’s. In line, ringgit strengthened against USD to RM4.1320/USD, as compared to RM4.1835/USD a month earlier. Concerns on supply glut and geopolitical tension sent Brent crude oil prices lower to USD53.80/barrel by end of the month.

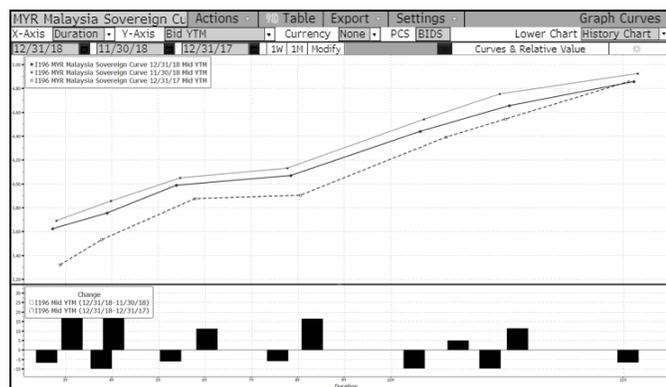
On local economic data, Malaysia’s CPI eased further to 0.2% in Nov’18 (Oct’18: +0.6%) while core inflation edged slightly higher to 0.5% (Oct’18: +0.4%), making this the sixth month the CPI remained below 1%. Exports surged to +17.7% in Oct’18 (Sep’18: +6.5%) due to the front-loading effect before the next round of US tariff hike on USD200 billion Chinese products potentially taking effect in Jan’19. Imports rebounded to +11.4% (Sep’18: -2.8%), supported by re-exports segment which was seen a jump at +39.7% (Sep’18: +22.0%). This subsequently has resulted in widening of trade surplus to +RM16.3 billion (Sep’18: +RM15.2 billion).

External reserve declined to USD101.4 billion in mid Dec’18 (mid-Nov’18: USD102.1 billion) following continued capital outflows by foreign investors. The reserve is sufficient to cover 7.4 months of retained import and 1.0 times short term external debt, and is above the IMF’s estimate of adequate reserve level of USD93.5 billion.

The auctions unveiled in December 2018 are as follows;

Government Auctions				
Issue	Issue Date	Amount (RM million)	Bid-cover (times)	Avg Yield (%)
20Year Re-Issuance of GII(Mat 08/37)	6/12/2018	4,500.00	2.31	4.79
3Year Re-Issuance of GII(Mat 03/22)	14/12/2018	3,800.00	2.43	3.78

Source: Bank Negara Malaysia



Source: Bloomberg



Source: Bloomberg

The 10-year US Treasury yield dipped to 2.685% by end-Dec’18 (end-Nov’18: 2.989%) after a huge slump hit in US equity market. S&P500 touched 20 months low in December as the investors were concerned with economic slowdown, US-China trade war, US Government shutdown, overly rate hike by US Fed and geopolitical tension in Middle-East.

Market Outlook & Strategy

Following the low inflation and slow economic growth prospect, BNM is likely to maintain a neutral monetary policy until the end of 2019 despite the major central banks are still showing signal towards policy tightening. The external risk factors such as geopolitical tension in the Middle-East, US-China trade war and fluctuation in crude oil prices will continue to weigh on the local market, but we believe corporate bond space still provides attractive yields given stable monetary stance from BNM and strong fundamentals in local market. As such, we will keep looking to buy on dips of corporate bonds if the opportunity arises.