



Investment Linked Fund Fact Sheets September 2013

General Advice Warning

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MCIS Zurich Investment Linked – AsiaPac Fund Monthly Report (Sept 2013)

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.

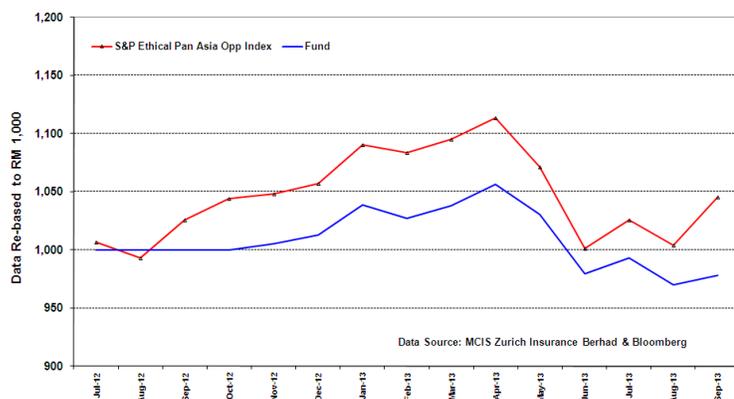
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 September 2013, the fund had underperformed the benchmark by 330bps MoM (month on month). The underperformance was mainly due to foreign exchange loss partly caused by weakening ringgit.

AsiaPac Fund Performance Since Inception



Top Five Holdings

Asia Pacific Ethical Dividend Exchange Traded Fund (ETF)

Fund Information

| | |
|---------------------------|--|
| NAV (30.09.13) | RM0.4890 |
| Fund Size | RM 25.8 million |
| Inception Date | 15-July-2012 |
| Fund Management Fee | 0.85% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|-------------|-----|------|----------------|
| ETF | 80% | 100% | 88% |
| Cash | 0% | 20% | 12% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 0.85% | 4.15% |
| 3 months (%) | -0.14% | 4.47% |
| 6 months (%) | -5.80% | -4.48% |
| 12 months (%) | -2.20% | 1.94% |
| 2 years (% pa) | - | - |
| 3 years (% pa) | - | - |
| 5 years (% pa) | - | - |
| Since Inception | -1.76% | 3.65% |

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 Zurich 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.

MCIS Zurich Investment Linked - Balanced Fund Monthly Report (Sept 2013)

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

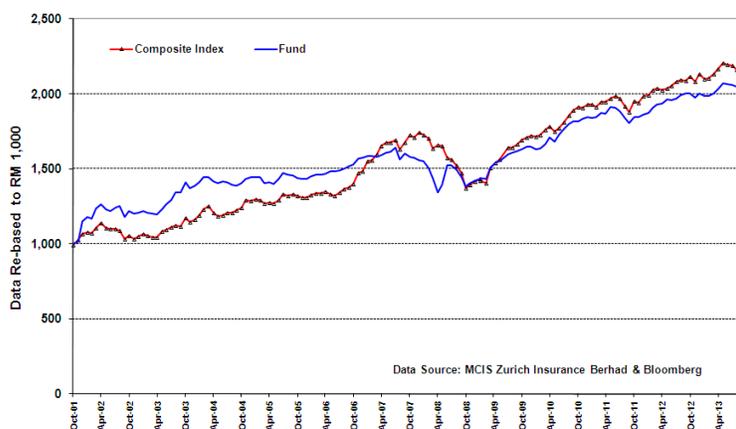
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 September 2013, the fund had underperformed the benchmark by 72bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio.

Balanced Fund Performance Since Inception



Top Five Holdings

Malaysian Government Securities-MJ (Bond)
 Malaysian Government Securities-MS (Bond)
 Bank Pembangunan Malaysia Berhad (Bond)
 Projek Lebuhraya Usahasama Berhad (Bond)
 Maybank Berhad (Equity)

Fund Information

| | |
|---------------------------|--|
| NAV (30.09.13) | RM1.0343 |
| Fund Size | RM6.7 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 1.25% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|-----|----------------|
| Malaysian Equity | 40% | 60% | 42% |
| Fixed Income | 40% | 60% | 41% |
| Cash | 0% | 20% | 17% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 1.05% | 1.77% |
| 3 months (%) | 0.08% | 0.06% |
| 6 months (%) | 3.14% | 3.08% |
| 12 months (%) | 3.38% | 5.35% |
| 2 years (% pa) | 7.09% | 8.21% |
| 3 years (% pa) | 4.45% | 5.15% |
| 5 years (% pa) | 7.46% | 8.37% |
| Since Inception | 6.24% | 6.79% |

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 Zurich 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.

MCIS Zurich Investment Linked - Dividend Fund Monthly Report (Sept 2013)

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

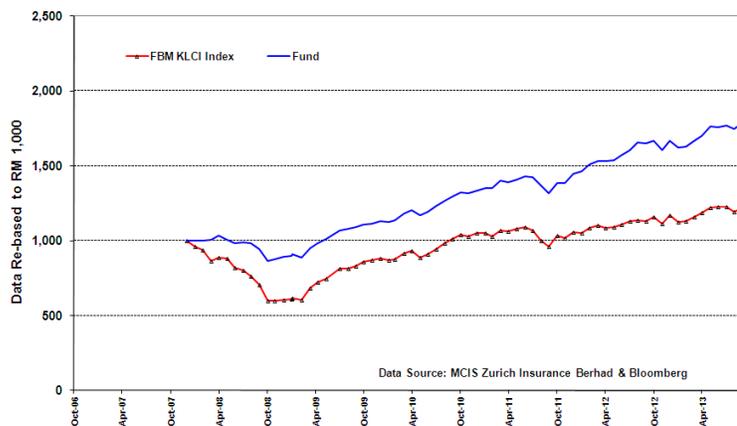
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 September 2013, the fund had underperformed the benchmark by 23bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



Top Five Holdings

Petronas Gas Berhad
Public Bank Berhad
Telekom Malaysia Berhad
Maxis Berhad
Sime Darby Berhad

Fund Information

| | |
|---------------------------|---|
| NAV (30.09.13) | RM0.8491 |
| Fund Size | RM 48.4 million |
| Inception Date | 21-Jan-08 |
| Fund Management Fee | 1.5% p.a. |
| Pricing | Daily |
| | Major Newspaper, or |
| Price Quote | http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

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

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 2.15% | 2.38% |
| 3 months (%) | 1.70% | -0.28% |
| 6 months (%) | 7.21% | 5.80% |
| 12 months (%) | 8.30% | 8.06% |
| 2 years (% pa) | 16.41% | 12.92% |
| 3 years (% pa) | 11.35% | 6.52% |
| 5 years (% pa) | 13.66% | 11.67% |
| Since Inception | 10.63% | 3.58% |
| Yield # | 2.93% | 3.53% |

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

The Fund returns are calculated by MCIS Zurich 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 Zurich.

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.

MCIS Zurich Investment Linked - Equity Fund Monthly Report (Sept 2013)

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

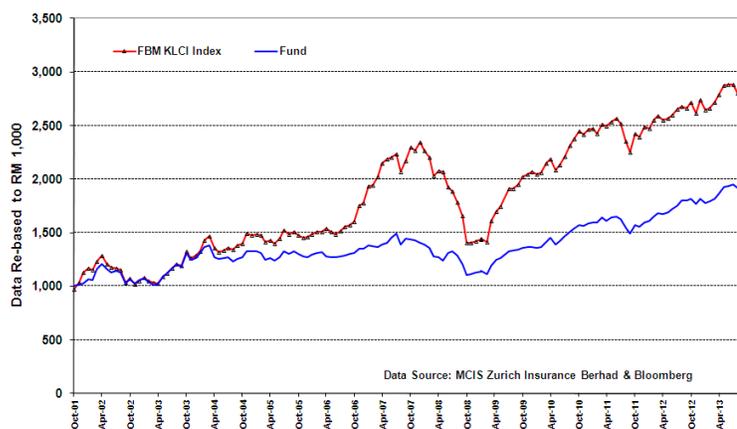
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 September 2013, the fund had slightly underperformed the benchmark by 9bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Five Holdings

Tenaga Nasional Bhd
Petronas Dagangan Berhad
Public Bank Berhad
Maybank Berhad
IOI Corporation Berhad

Fund Information

| | |
|---------------------------|--|
| NAV (30.09.13) | RM0.9838 |
| Fund Size | RM 8.4 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 1.40% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 84% |
| Cash | 0% | 20% | 16% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 2.29% | 2.38% |
| 3 months (%) | 1.83% | -0.28% |
| 6 months (%) | 8.19% | 5.80% |
| 12 months (%) | 9.01% | 8.06% |
| 2 years (% pa) | 14.85% | 12.92% |
| 3 years (% pa) | 8.50% | 6.52% |
| 5 years (% pa) | 10.25% | 11.67% |
| Since Inception | 5.80% | 9.20% |
| Yield # | 2.79% | 3.53% |

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

The Fund returns are calculated by MCIS Zurich 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 Zurich.

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.

MCIS Zurich Investment Linked – Global Yakin Fund Monthly Report (Sept 2013)

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 September 2013, the fund had underperformed the benchmark by 436bps MoM (month on month). This was due to lower exposure of the unit trust in the portfolio.

Top Five Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

Fund Information

| | |
|---------------------------|--|
| NAV (30.09.13) | RM0.4997 |
| Fund Size | RM 1.1 million |
| Inception Date | 8-July-2013 |
| Fund Management Fee | 0.85% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|-------------|-----|------|----------------|
| AIWEF | 80% | 100% | 45% |
| Cash | 0% | 20% | 55% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 0.06% | 4.42% |
| 3 months (%) | - | - |
| 6 months (%) | - | - |
| 12 months (%) | - | - |
| 2 years (% pa) | - | - |
| 3 years (% pa) | - | - |
| 5 years (% pa) | - | - |
| Since Inception | -0.24% | 26.44% |

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 Zurich 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.

MCIS Zurich Investment Linked - Income Fund Monthly Report (Sept 2013)

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.

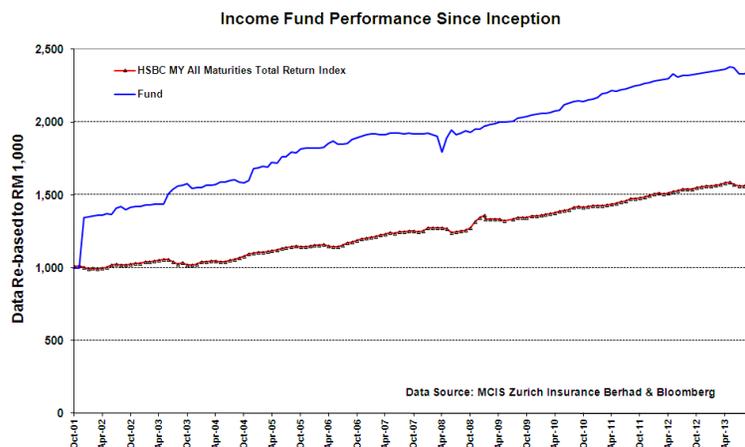
Risks

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 September 2013, the fund had underperformed the benchmark by 42bps MoM (month on month). The underperformance was mainly driven by sell down in the MGS market which had adversely affected our holdings.



Top Five Holdings

Malaysian Government Securities-MS130005
 Projek Lebuhraya Usahasama Berhad
 Bank Pembangunan Malaysia Berhad
 Malaysian Government Securities-MN130003
 Malaysian Government Securities-MS03002H

Fund Information

| | |
|---------------------------|--|
| NAV (30.09.13) | RM1.1743 |
| Fund Size | RM 21.9 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 0.5% p.a. |
| Pricing | Daily |
| Price Quote | Major Newspaper, or http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

| Asset Class | Min | Max | Current Actual |
|--------------|-----|------|----------------|
| Fixed Income | 75% | 100% | 94% |
| Cash | 0% | 25% | 6% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 0.75% | 1.17% |
| 3 months (%) | -1.07% | 0.38% |
| 6 months (%) | -0.36% | 0.37% |
| 12 months (%) | 1.01% | 2.52% |
| 2 years (% pa) | 2.17% | 3.49% |
| 3 years (% pa) | 2.99% | 3.56% |
| 5 years (% pa) | 3.89% | 4.67% |
| Since Inception | 7.37% | 3.89% |

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 Zurich 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.

MCIS Zurich Investment Linked - Jati Fund Monthly Report (Sept 2013)

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

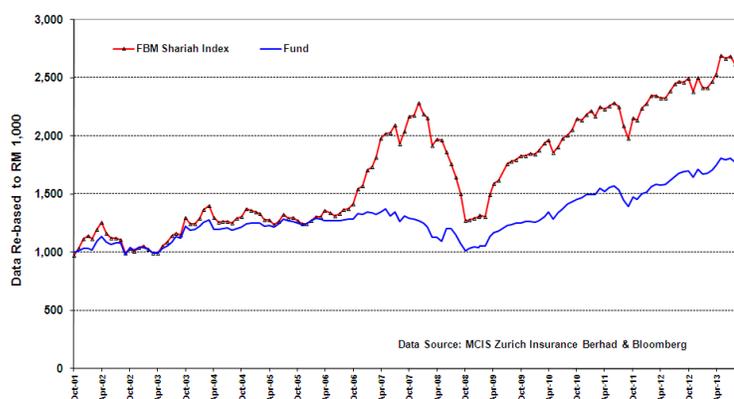
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 September 2013, the fund had underperformed the benchmark by 111bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



Top Five Holdings

Axiata Berhad
Tenaga Nasional Bhd
Sime Darby Berhad
Telekom Malaysia Berhad
MyETF Dow Jones Islamic Market Malaysia Titans 25

Fund Information

| | |
|---------------------------|---|
| NAV (30.09.13) | RM0.9021 |
| Fund Size | RM10.0 million |
| Inception Date | 15-Oct-01 |
| Fund Management Fee | 1.35% p.a. |
| Pricing | Daily |
| | Major Newspaper, or |
| Price Quote | http://www.mciszurich.com.my |
| Fund Manager | MCIS Zurich Insurance Berhad |
| Exceptional Circumstances | Refer to your Policy Document |

Asset Allocation Ranges

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

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 1.53% | 2.64% |
| 3 months (%) | 0.29% | 0.57% |
| 6 months (%) | 5.48% | 8.87% |
| 12 months (%) | 6.47% | 9.02% |
| 2 years (% pa) | 13.82% | 16.40% |
| 3 years (% pa) | 7.98% | 9.29% |
| 5 years (% pa) | 10.96% | 12.33% |
| Since Inception | 5.04% | 8.58% |
| Yield # | 2.26% | 3.56% |

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

The Fund returns are calculated by MCIS Zurich 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 Zurich.

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

September was traditionally a good month for global markets and Malaysia as most markets rebounded from the August selloff. The Federal Reserve's decision not to start tapering was also a positive surprise that gave equity markets a boost. The KLCI regained all its losses in September and rebounded above the psychological 1,800pts level before profit taking sets in.

For the month, the KLCI gained 41pts or 2.4% to close at 1,769pts. The broader market outperformed the KLCI as the FBM Emas rose 2.7% to 12,290pts. The average daily volume in September decreased to 1,707.7mil compared to 1,897.04mil in August. For the 6 months period, average daily volume was 1,658.21mil as compared to 1,520.95mil shares in August.

On the local economic front, the Leading Index (LI), which provides an early signal of the direction of the economy, fell by a smaller margin of 0.3% m-o-m in July, after dropping by 0.5% in June and compared with stagnation in May. This was reflected in a rebound in real imports of other basic precious and other non-ferrous metals to +0.1% m-o-m in July, after dropping by 0.5% in June.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

Historically, October is a positive month for the FBM KLCI and this could be the case this year as the 2014 Budget on October 25 is likely to address macro concerns and to ensure that international rating agencies do not pressure to downgrade their ratings on the country. We believe the government could propose few measures including further subsidy reduction that will help ease the burden on the budget deficit, announcement of delayed projects with high import content and low multiplier impact to keep the current account surplus intact in the coming years, and to provide a timeline for the implementation of the goods and services tax.

Technically, since all time high in May, prices have roughly been trading sideways between 1,740 and 1,810, barring the quick and sharp fall to 1,660 in September and then the quick bounce up into the said range once more in almost the same amount of time it took on the way down. We do note that the upward momentum is waning via the bearish divergence signals on its indicators. Closing beneath the 1,744 again would likely bring about another round of heavy selling, targeting the 1,700 levels and below. The 1,660 low is now a critical support as a break would mean that the KLCI is headed for 1,310 in the months to come.

We are optimistic on the index in October due to positive news anticipated to be announced in the 2014 Budget. We also expect profit taking activities will continue taking place this month. However, in the long run, we remain cautious on the local equity market.

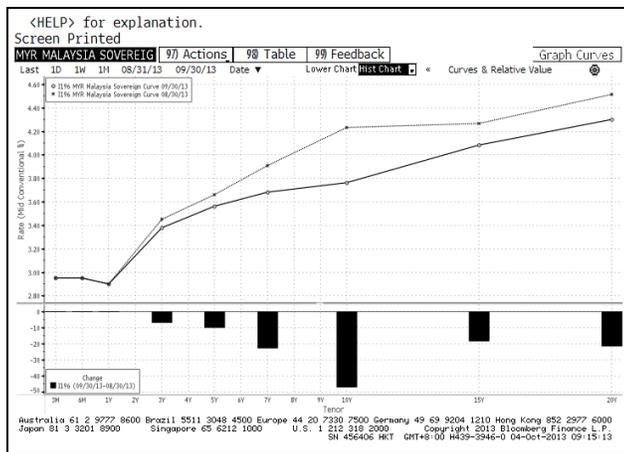
Fixed Income Review and Outlook

Market Review

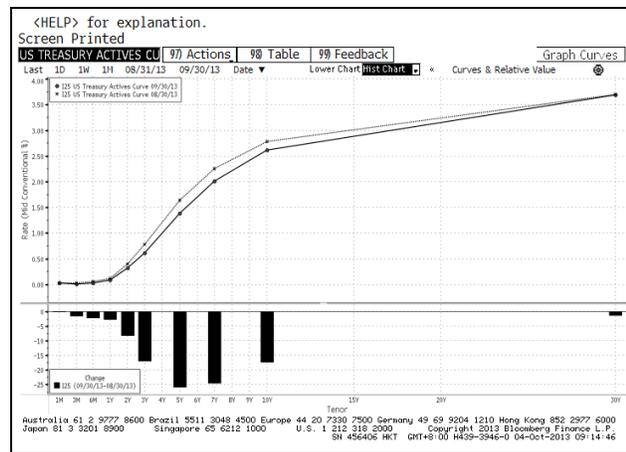
MGS flows were relatively lackluster until momentum built up towards end of September, largely driven by the “no taper” outcome from the FOMC meeting on Sept 17- Sept 18. It began the month with 5-year MGS 03/18 auction of RM3.5bn, where the average yield was 3.527% and bid to cover ratio (bcr) was 1.57 times. The bcr was uninspiring as it is one of the lowest demanded auctions for 2013. Besides this tender, there was also a RM 3.5bn GII03/21 where bcr and average yield were at 1.754 and 3.716% respectively. Probably one of the much awaited auctions for the year would be the 30-year MGS 09/43 end September. This auction was very well received where demand were seen from both onshore and offshore. The average yield was 4.935% with a bcr of 2.44 times on the back of RM2.5bn of issuance. Post issuance, the 30-year MGS staged a steady rally with yields going lower by 13bps from its average yield to 4.80%. The robust demand coupled with lower yields for this 30-year reflected keen demand for long dated government securities by life insurers and pension funds, albeit still a relatively bearish bond market locally.

At the recently concluded FOMC on Sept 17- Sept 18, the Fed has decided to refrain from tapering its government bond purchases as economic data in the US was not as optimistic as expected. The Committee deliberated that it would need to wait for more evidence of progress before deciding on any adjustment to taper its bond purchases. On this note, despite US unemployment having ease to 7.3% level we opine this is somewhat due to lower participation rate in the US labour force overtime.

September was a volatile month for USTs and currencies due to fiscal and monetary uncertainty in the US. Markets were relieved after the Fed’s decision to withhold tapering for now. However, investors continued to be caught in a US political quandary post FOMC in September, with a government shutdown greeting the start of 4Q13 and a debt ceiling debate. The Treasury would have exhausted all extraordinary measures in place to avoid breaching the debt ceiling if not raised by 17 October. UST yields traded in a wide range over the month; the 10y UST was shy of 3% prior to the September’s FOMC decision, but plunged as low as 2.61% (-17.4bps) towards the end of the same month while the 2y yields declined by 8.2bps to 0.317%.



Source: Bloomberg



Source: Bloomberg

Market Outlook & Strategy

Given the prevailing yields both onshore and the US, we believe levels had already priced the US Fed’s intention to scale back on bond purchases. With the current US political quandary, post FOMC, with the risk of a US government shutdown and breaching its debt ceiling, the demand for US Treasuries returned. While yields may staged an upward bias in the short term for the Ringgit bond market, we believe there is considerably more value in bonds now and would accumulate when there is a sell off as we do not see any changes in the Overnight Policy Rate (OPR) in the medium term. This was reiterated in the recent Monetary Policy Committee (MPC) meeting by BNM on 5 September 2013 where the OPR was held unchanged at 3.00%.