



Investment Linked Fund Fact Sheets October 2013

General Advice Warning

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

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

Past performance is not a reliable indicator of future performance

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

MCIS Zurich Investment Linked – AsiaPac Fund Monthly Report (Oct 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.

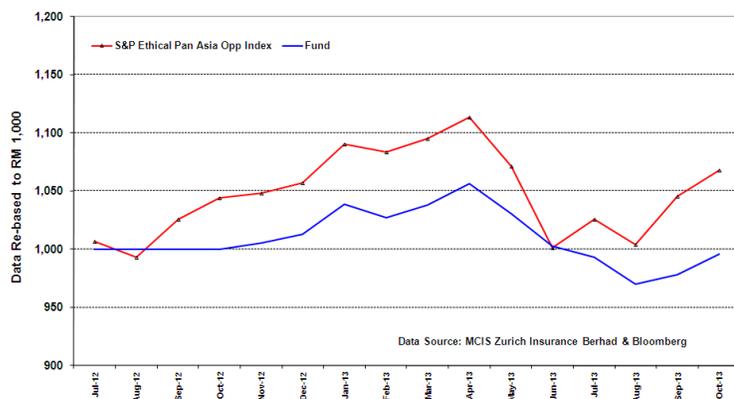
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 October 2013, the fund had underperformed the benchmark by 31bps MoM (month on month).

AsiaPac Fund Performance Since Inception



Top Five Holdings

Asia Pacific Ethical Dividend Exchange Traded Fund (ETF)

Fund Information

NAV (31.10.13)	RM0.4980
Fund Size	RM 25.4 million
Inception Date	15-July-2012
Fund Management Fee	0.85% 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
ETF	80%	100%	88%
Cash	0%	20%	12%

Performance Table

Period	Fund	Index*
1 month (%)	1.84%	2.15%
3 months (%)	0.26%	4.12%
6 months (%)	-5.75%	-4.05%
12 months (%)	-0.40%	2.33%
2 years (% pa)	-	-
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	-0.30%	5.08%

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 (Oct 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

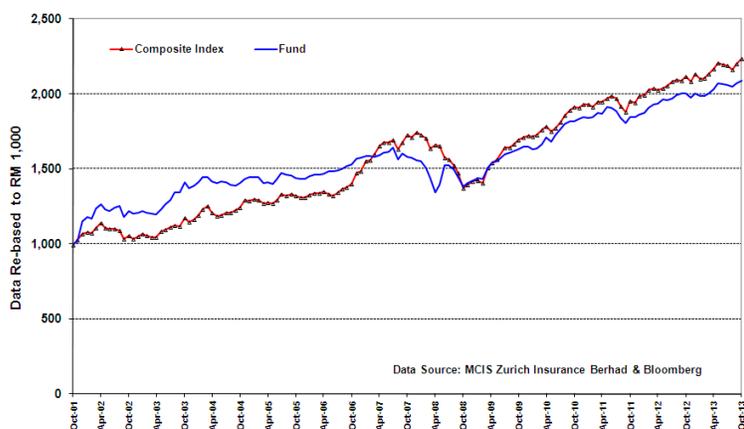
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 October 2013, the fund had underperformed the benchmark by 47bps 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)
 Projek Lebuhraya Utara Selatan Berhad (Bond)
 Bank Pembangunan Malaysia Berhad (Bond)
 Tenaga Berhad (Equity)

Fund Information

NAV (31.10.13)	RM1.0453
Fund Size	RM6.8 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 (%)	1.06%	1.53%
3 months (%)	1.39%	2.04%
6 months (%)	3.02%	2.94%
12 months (%)	4.42%	5.45%
2 years (% pa)	6.42%	6.92%
3 years (% pa)	4.75%	5.26%
5 years (% pa)	8.65%	10.28%
Since Inception	6.29%	6.87%

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 (Oct 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

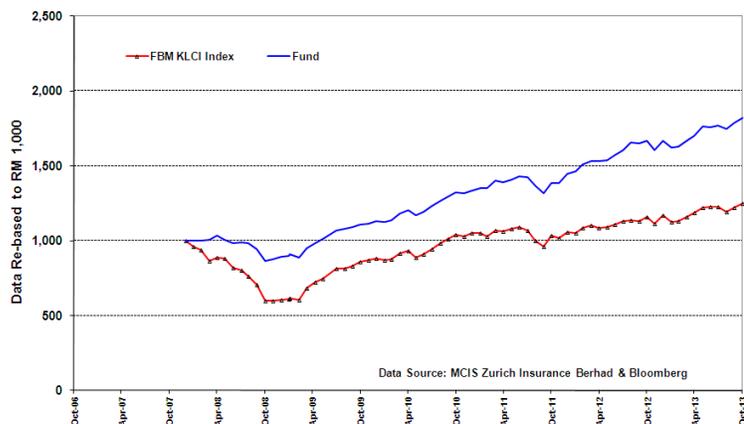
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 October 2013, the fund had underperformed the benchmark by 25bps 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 (31.10.13)	RM0.8653
Fund Size	RM 49.2 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%	81%
Cash	0%	20%	19%

Performance Table

Period	Fund	Index*
1 month (%)	1.91%	2.16%
3 months (%)	2.78%	1.93%
6 months (%)	7.10%	5.19%
12 months (%)	9.28%	8.00%
2 years (% pa)	14.64%	10.05%
3 years (% pa)	11.30%	6.27%
5 years (% pa)	15.99%	15.91%
Since Inception	10.83%	3.90%
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 (Oct 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

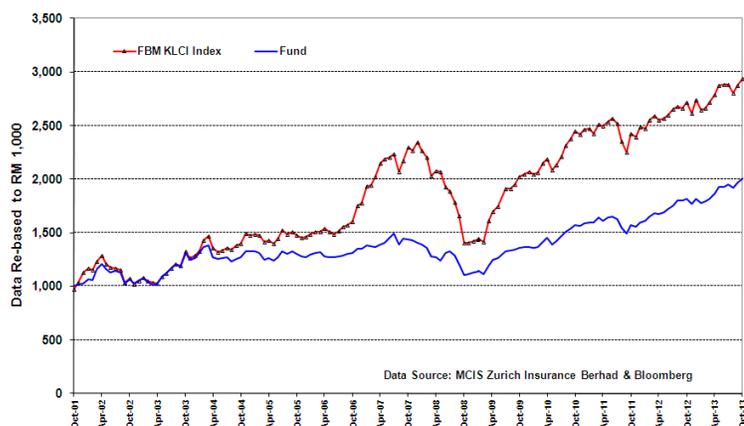
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 October 2013, the fund had slightly underperformed the benchmark by 21bps 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 (31.10.13)	RM1.0003
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.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%	83%
Cash	0%	20%	17%

Performance Table

Period	Fund	Index*
1 month (%)	1.95%	2.16%
3 months (%)	2.95%	1.93%
6 months (%)	7.48%	5.19%
12 months (%)	10.30%	8.00%
2 years (% pa)	12.94%	10.05%
3 years (% pa)	8.45%	6.27%
5 years (% pa)	12.60%	15.91%
Since Inception	5.93%	9.32%
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 (Oct 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

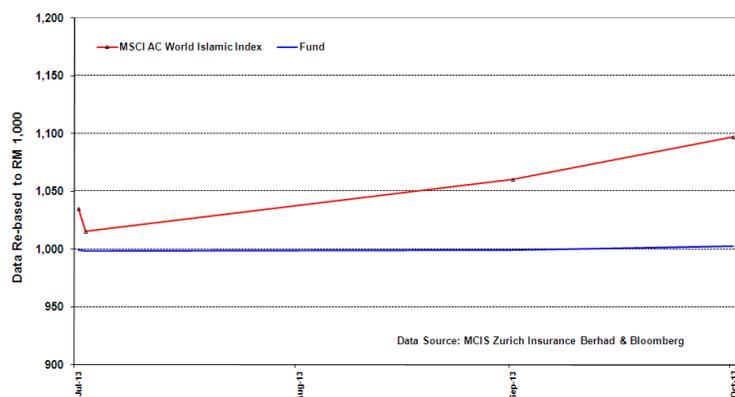
The Fund is considered low risk given the exposure to only one underlying securities with no attempt to select stocks individually or to take defensive positions in declining markets. Risk is managed at the management level, where the asset allocation of the fund to be reviewed on regular basis, and adjusted to commensurate with the Investment Team view on the relative attractiveness of each asset class. The 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.

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.

Fund Performance

For the month ended October 2013, the fund had underperformed the benchmark by 313bps MoM (month on month).

AsiaPac Fund Performance Since Inception



Top Five Holdings

Aberdeen Islamic World Equity Fund

Fund Information

NAV (31.10.13)	RM0.5013
Fund Size	RM 1.3 million
Inception Date	8-July-2013
Fund Management Fee	0.85% 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
AIWEF	80%	100%	84%
Cash	0%	20%	16%

Performance Table

Period	Fund	Index*
1 month (%)	0.32%	3.45%
3 months (%)	0.31%	5.94%
6 months (%)	-	-
12 months (%)	-	-
2 years (% pa)	-	-
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	0.78%	32.02%

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 (Oct 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

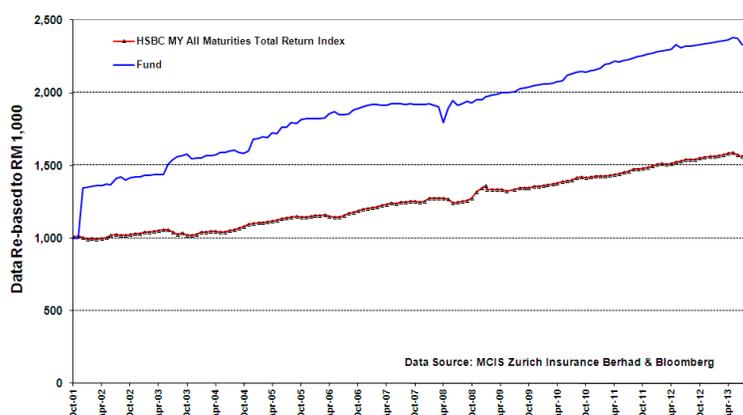
The Fund is considered lower risk given the exposure to cash and fixed income securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, 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 October 2013, the fund had outperformed the benchmark by 41bps MoM (month on month). The outperformance was mainly driven by the positive reaction of MGS market towards US Government's deal to fully re-open the US government and raise its debt ceiling.

Income Fund Performance Since Inception



Top Five Holdings

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

Fund Information

NAV (31.10.13)	RM1.1897
Fund Size	RM 22.2 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%	93%
Cash	0%	25%	7%

Performance Table

Period	Fund	Index*
1 month (%)	1.31%	0.90%
3 months (%)	2.05%	2.13%
6 months (%)	0.70%	0.69%
12 months (%)	1.94%	2.77%
2 years (% pa)	2.76%	3.72%
3 years (% pa)	3.53%	4.02%
5 years (% pa)	4.28%	4.59%
Since Inception	7.44%	3.94%

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 (Oct 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

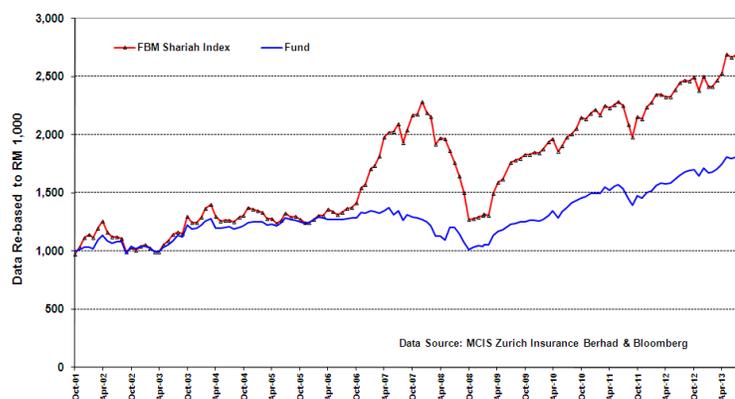
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 October 2013, the fund had underperformed the benchmark by 100bps 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
Petronas Chemicals Group Berhad
MyETF Dow Jones Islamic Market Malaysia Titans 25

Fund Information

NAV (31.10.13)	RM0.9206
Fund Size	RM10.2 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 (%)	2.05%	3.05%
3 months (%)	1.75%	2.98%
6 months (%)	5.40%	9.25%
12 months (%)	8.09%	10.91%
2 years (% pa)	11.67%	13.31%
3 years (% pa)	8.10%	8.83%
5 years (% pa)	12.73%	16.83%
Since Inception	5.18%	8.79%
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

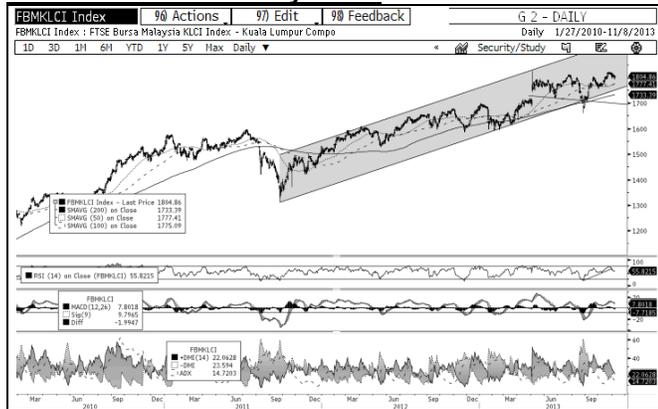
Market Review

Month of October was a bull month for FBM KLCI as the main index scaled new all-time high in the period leading up to the 2014 Budget on 25th October as well as just after. The budget details were pretty much within expectation where GST is indeed slated to begin on 1 Apr 2015 and sugar subsidies were removed entirely. The government also took steps to curb property speculation by raising the real property gains tax substantially, abolished the developers' interest bearing scheme and raised the minimum purchase price for foreigners from RM500k to RM1mil.

For the month, the KLCI gained 38pts or 2.1% to close at 1,807pts. The broader market outperformed the KLCI as the FBM Emas rose 2.3% to 12,568pts. The average daily volume in October decreased to 1,697.9mil compared to 1,707.1mil in September. For the 6 months period, average daily volume was 1,796.5mil as compared to 1,658.2mil shares in September.

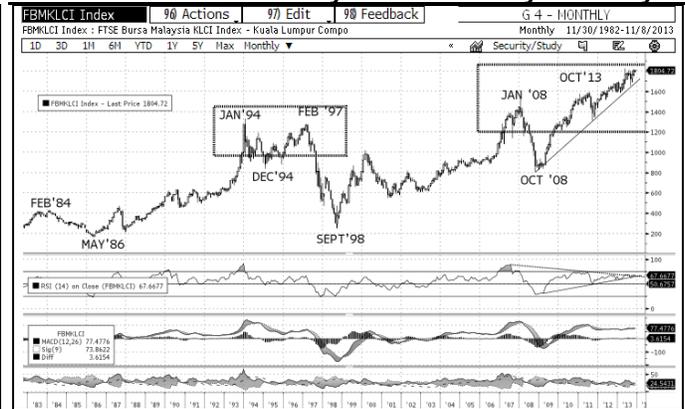
On the local economic front, The Malaysian Institute of Economic Research's business conditions index (BCI) dropped by 15.6 percentage points to 98.6 in 3Q 2013, after rebounding by 21.6 percentage points in the 2Q, extending its earlier downtrend. This marked the fifth fall in six quarters and the reading dip below the threshold point of 100, suggesting that businesses have turned pessimistic on the outlook, weighed down by external headwinds such as the uncertainty of US Federal Reserve tapering its asset purchases programme.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

November is traditionally a marginally negative month for FBM KLCI index. The upcoming November results season will likely remain challenging, but we expect some green shoots on the back of bullish stock market environment. There is a natural incentive for management of corporations to post decent earnings numbers as share prices react positively to such announcements in buoyant market conditions.

Technically, the rally from the September low of 1,660 could be counted as complete but as the uptrend is still very much intact, it may be prudent to allow for higher prices in the weeks and months ahead. The recent close above the 1,811 levels has open the way for a move towards 1,850-1,883. Although we think that there is still room on the upside, we remain cautious given the weak momentum indicators. A 26-week EMA at 1,764 would likely signal that more correction is due. Key support trend line at 1,720 would be negative for the longer term.

For the long run, we remain cautious view on the equity market on concern over mixed sentiment on the continuing QE programs in the US. Focus will be on the coming results released as the current market is trading at demanding valuation.

Fixed Income Review and Outlook

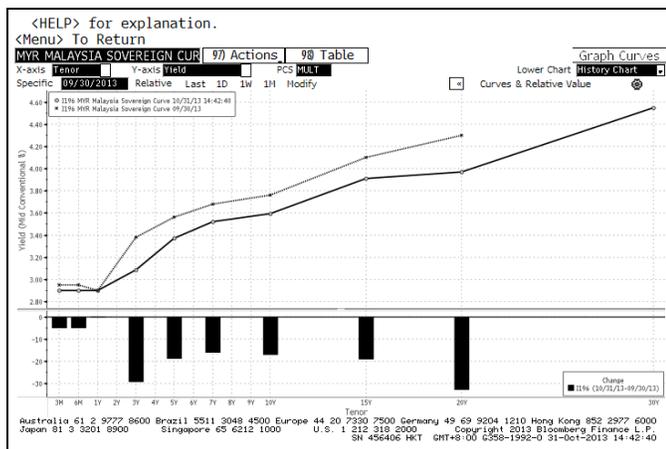
Market Review

For the month of October, the Ringgit bond market was more upbeat. It started the month on a bearish note before yields moved lower in the second half of the month. MGS curve bear steepened, with the 10y bond adding 12bps at the beginning of the month to 3.799% following softer auction demand. The MYR3bn of 10y BTC ratio came in at 1.55x, lower than 2 of its previous re-openings this year which both garnered more than 1.60x as well as the YTD auction average of 1.97x; the re-opening yield averaged yield of 3.797%. Besides the 10year, there was also a new GII tender of 5.5year RM3bn GII 04/19, where the btc was 1.815 and an average yield of 3.558%.

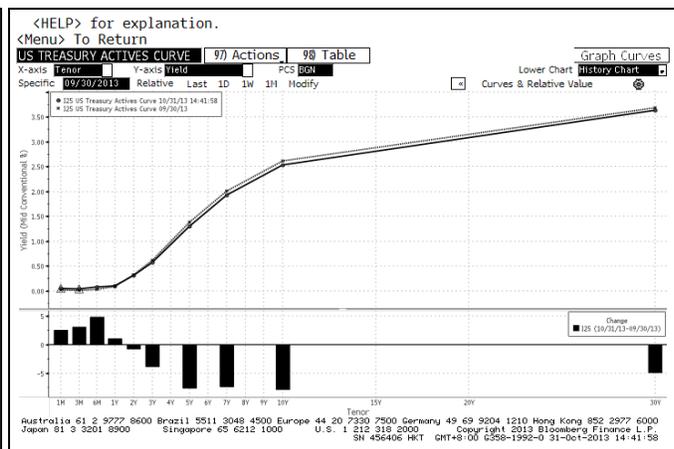
MGS market reacted positively to the US Government's deal to fully re-open the US government and raise its debt ceiling, evident by the bullish steepening of the yield curve. The ringgit strengthened by 0.74% on that note to 3.150 with foreign inflows prevalent into the MGS market. Following a successful deal to reopen the government and raise the debt ceiling, market will direct its attention to the US economic data, starting with the non-farm payrolls in September. The US added 147K of jobs in September, lower than consensus' 180K and an upward revised result of 193K in August. Meanwhile, US unemployment rate fell to 7.2% despite participation rate being consistent, beating estimates for no change which read 7.3% in August. The disappointing jobs growth lowers market expectations for the Fed to taper this year, leaving the pace of the open-ended monetary stimulus intact. In reaction, yields on the 2y and 10y USTs, Gilts and Bunds fell 2bps-9bps overnight.

Demand for long end MGS issuances continued on a robust streak, spurred by optimism that in the recent budget plans to bring Malaysian back on track to tackle fiscal deficit and focus on growth. The 10y MGS gained as demand rose as high as MYR2.33bn, pushing yields below the 3.5% psychological handle to 3.48%.

In the latest FOMC meeting held on 29 and 30 October 2013, US policymakers deliberated and left the monthly bond purchase unchanged at \$85b at a 2-day FOMC meeting. However, UST yields seen ticking a tad higher as the rhetoric of the Fed statement was somewhat a tad more upbeat with the removal of previous sentence that "tightening of financial conditions observed in recent months, could slow the pace of improvement in the economy and labour market". Players had earlier expected a much dovish tone from its rhetoric.



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. While yield movements remained volatile in 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%. The next MPC is slated for 6 and 7 November 2013.