



## **Investment Linked Fund Performance Report August 2016**

### **General Advice Warning**

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

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

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

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

## EXECUTIVE SUMMARY

August was a positive month for equity market with FBM KLCI closed higher on monthly basis. Meanwhile for fixed income, Ringgit Malaysia denominated sovereign bonds posted gains. This was due to the sustained expectations for further monetary easing, after the 2Q16 GDP was released showing slower growth. Despite subdued growth, Bank Negara Malaysia has maintained the Overnight Policy Rate at 3.0% during the Monetary Policy Committee meeting on 7 September 2016.

During the month, sentiment in the bond market was further supported by firmer crude oil prices which rose to USD50.89/bbl on 18<sup>th</sup> August and a stronger ringgit which strengthened to 3.98504/USD on 11<sup>th</sup> August. Nevertheless, Brent crude oil price dipped to USD47.04/bbl and ringgit weakened to RM4.096/USD at the end of the month. On the other hand, Fitch Ratings affirmation on Malaysia's long term foreign currency and local currency IDRs at 'A-' with Stable outlook should provide a good news on the ringgit.

Economic data released was not supportive as exports contracted for the 22nd straight month and at a wider margin in July.

Going forward, we expect equity market to remain cautious on the back of slower economic growth and less favourable earnings outlook. Meanwhile, interest on the fixed income will remain positive due to its attractive yields.

Based on the performance table below, on monthly basis all funds have managed to outperformed their benchmark indices.

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 volatility 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 (%)	0.21%	-0.14%	1.85%	1.02%	1.59%	1.50%	2.06%	1.50%	0.44%	-0.19%	1.07%	0.53%	2.44%	1.90%
3 Months (%)	4.63%	7.37%	3.81%	2.94%	3.50%	3.20%	3.30%	3.20%	2.71%	4.29%	3.32%	2.68%	4.70%	4.26%
6 Months (%)	7.23%	12.03%	4.05%	2.55%	0.67%	1.41%	1.61%	1.41%	7.89%	13.26%	5.14%	3.64%	1.58%	1.48%
12 Months (%)	0.83%	2.52%	8.35%	5.94%	3.11%	4.05%	6.20%	4.05%	1.09%	6.53%	9.87%	7.76%	5.64%	8.63%

Source: MCI/S Insurance Berhad

# AsiaPac Fund Monthly Report (August 2016)

## Investment Objective

To achieve steady income stream with potential growth in the Asia Pacific Region over medium to long term. The aim of the Fund is to outperform the S&P Ethical Pan Asia Select Dividend Opportunities Index over periods of five or more years.

## Investment Strategy

To invest in Asia Pacific Ethical Dividend Exchange Traded Fund (ETF), managed by CIMB Principal Asset Management where the ETF is listed on the Singapore Stock Exchange.

The ETF focuses on top 40 ethical and high yielding stocks in the Asia Pacific Region excluding India, Taiwan, Japan, New Zealand and Philippines. The fund provides country diversification across the industry that is traded in US Dollar.

## Risks

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

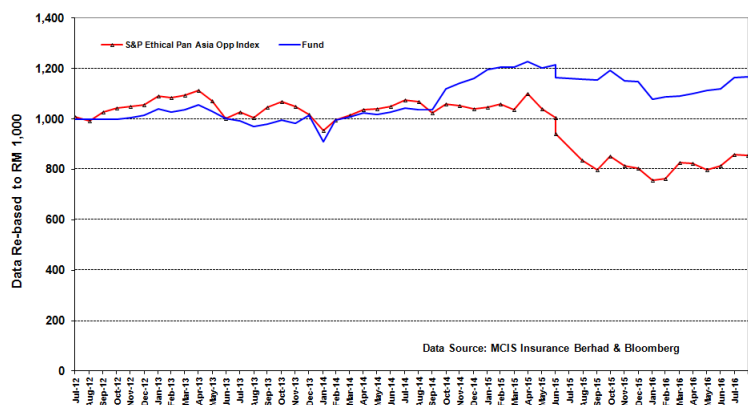
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

The target market is for investors who are seeking regional exposure from investment and at the same time, seeking for medium to long term capital appreciation with moderate market risk.

## Fund Performance

For the month ended August 2016, the fund had outperformed the benchmark by 35bps MoM (month on month). The outperformance was due to strengthening ringgit during the period.

AsiaPac Fund Performance Since Inception



## Top Ten Holdings

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

## Fund Information

NAV (30.8.16)	RM0.5830
Fund Size	RM25.1 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

## Asset Allocation Ranges

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

## Performance Table

Period	Fund	Index*
1 month (%)	0.21%	-0.14%
3 months (%)	4.63%	7.37%
6 months (%)	7.23%	12.03%
12 months (%)	0.83%	2.52%
2 years (% pa)	12.53%	-19.87%
3 years (% pa)	6.33%	-5.16%
5 years (% pa)	-	-
Since Inception	3.75%	-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 and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

\* Index is S&P Ethical Pan Asia Select Dividend Opportunities sourced from Bloomberg.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

## Balanced Fund Monthly Report (August 2016)

### Investment Objective

The objective of the Balanced Fund is to provide security and income, while maintaining and potentially increasing the value of capital over the medium to long-term, through exposure across a range of asset classes. The Fund aims to outperform the performance benchmark over periods of three or more years.

### Investment Strategy

To invest in Malaysian equities and fixed income securities, including government bonds and corporate debt securities. The asset allocation is reviewed on a regular basis, and is adjusted commensurate with our view on the relative attractiveness of each asset class.

### Risks

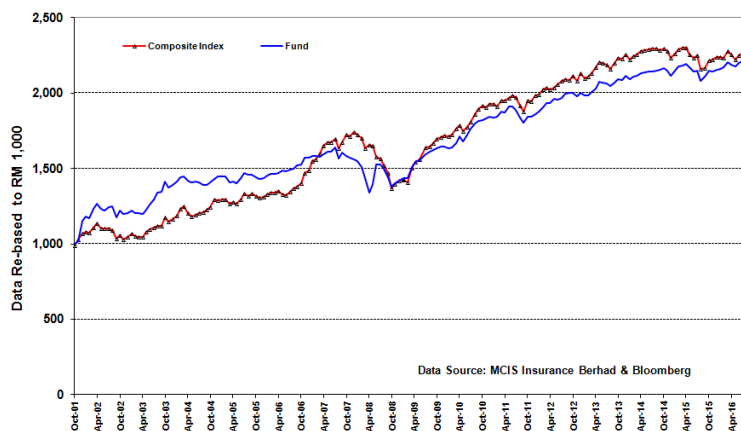
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, and the liquidity of the underlying assets. Additionally, levels of interest rates, and credit downgrades of defaults can affect the value of fixed income securities

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

### Fund Performance

For the month ended August 2016, the fund had outperformed the benchmark by 83bps 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)  
 Projek Lebuhraya Utara-Selatan (Bond)  
 Sabah Credit Corporation (Bond)  
 Sarawak Hidro Sdn Bhd (Bond)  
 CIMB Bank Berhad (Bond)  
 Tenaga Nasional Berhad (Equity)  
 Malayan Banking Berhad (Equity)  
 Public Bank Berhad (Bond)  
 Telekom Malaysia Berhad (Equity)  
 CIMB Bank Berhad (Equity)

### Fund Information

NAV (30.8.16)	RM1.1286
Fund Size	RM7.8 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	40%	60%	44%
Fixed Income	40%	60%	50%
Cash	0%	20%	6%

### Performance Table

Period	Fund	Index*
1 month (%)	1.85%	1.02%
3 months (%)	3.81%	2.94%
6 months (%)	4.05%	2.55%
12 months (%)	8.35%	5.94%
2 years (% pa)	2.46%	-0.12%
3 years (% pa)	3.31%	1.93%
5 years (% pa)	4.18%	3.61
Since Inception	5.61%	5.71

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

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

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

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

## Dividend Fund Monthly Report (August 2016)

### Investment Objective

To achieve steady income stream with potential for capital growth over medium to long term by focusing mostly on high dividend yielding stocks and money market instruments. The aim of the Fund is to outperform the FBM KLCI Index over periods of five or more years.

### Investment Strategy

To invest in a broad selection of companies listed on the Malaysian Stock Exchange. Using a relative value methodology, the fund focuses on undervalued stocks relative to fundamental value, with the aim of achieving an income stream, together with some degree of long-term capital gains.

### Risks

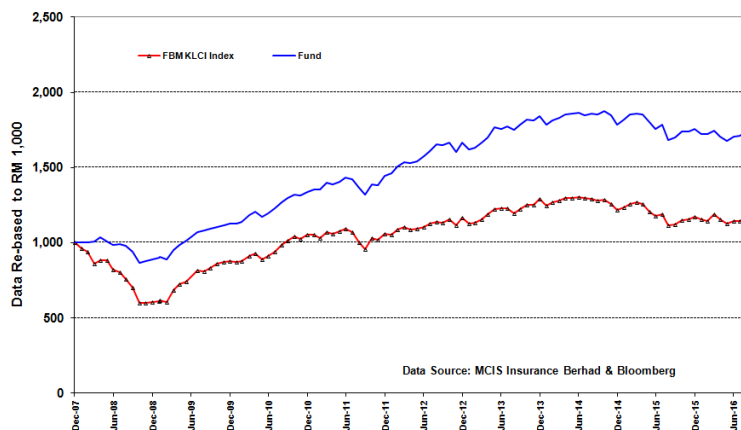
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

### Fund Performance

For the month ended August 2016, the fund had outperformed the benchmark by 9bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



### Top Ten Holdings

Public Bank Berhad  
Telekom Malaysia Berhad  
Sime Darby Berhad  
Petronas Gas Berhad  
Maxis Berhad  
Malayan Banking Berhad  
Petronas Chemicals Group Berhad  
Axiata Group Berhad  
DiGi.Com Berhad  
IOI Corporation Berhad

### Fund Information

NAV (30.8.16)	RM0.8250
Fund Size	RM41.3 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

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

### Performance Table

Period	Fund	Index*
1 month (%)	1.59%	1.50%
3 months (%)	3.50%	3.20%
6 months (%)	0.67%	1.41%
12 months (%)	3.11%	4.05%
2 years (% pa)	-3.34%	-5.17%
3 years (% pa)	-0.25%	-0.96%
5 years (% pa)	4.89%	3.00%
Since Inception	6.58%	1.74%
Yield #	2.68%	3.06%

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

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

\* Index is FBM KLCI sourced from Bloomberg.

# Yield data is sourced from Bloomberg, and MCIS.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

# Equity Fund

## Monthly Report (August 2016)

### Investment Objective

The objective of the Equity Fund is to achieve capital growth over the medium to long term by focusing on high quality equities listed on the FBM KLCI Index. The aim of the Equity Fund is to outperform the Index over periods of five or more years.

### Investment Strategy

To invest in a broad selection of companies listed on the Malaysian Stock Exchange. Using a relative value methodology, the fund focuses on the stocks whose shares appear undervalued relative to fundamental value, with the aim of achieving long term growth in capital value.

### Risks

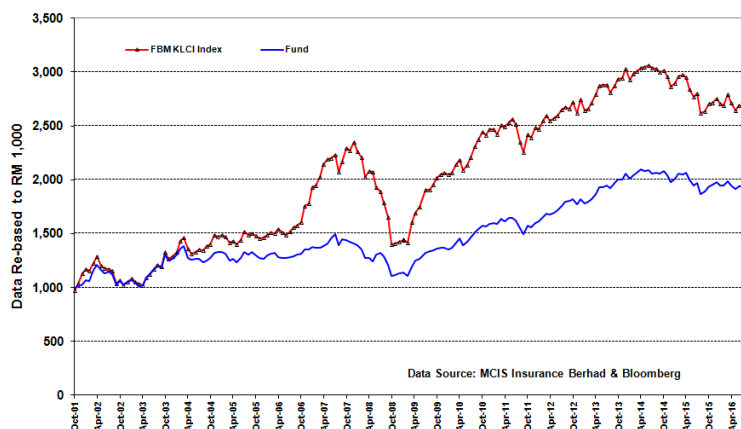
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

### Fund Performance

For the month ended August 2016, the fund had outperformed the benchmark by 56bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



### Top Ten Holdings

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

### Fund Information

NAV (30.8.16)	RM0.9904
Fund Size	RM9.1 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	87%
Cash	0%	20%	13%

### Performance Table

Period	Fund	Index*
1 month (%)	2.06%	1.50%
3 months (%)	3.30%	3.20%
6 months (%)	1.61%	1.41%
12 months (%)	6.20%	4.05%
2 years (% pa)	-2.08%	-5.17%
3 years (% pa)	0.98%	-0.96%
5 years (% pa)	5.04%	3.00%
Since Inception	4.69%	6.96%
Yield #	2.78%	3.06%

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

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

\* Index is FBM KLCI sourced from Bloomberg.

# Yield data is sourced from Bloomberg, and MCIS.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.



# Global Yakin Fund

## Monthly Report (August 2016)

### Investment Objective

The fund aims for capital appreciation in the long term by investing in an international portfolio of Shariah-compliant equities and equity-related securities of companies with good growth potential.

### Investment Strategy

The Fund is to feed into Aberdeen Islamic World Equity Fund (AIWEF) which managed by Aberdeen Islamic Asset Management Sdn Bhd. The Fund invests in shariah approved securities across the globe.

The Fund seeks to achieve its objective by investing in an international portfolio of Shariah-compliant equities and equity-related securities of companies with good growth potential. The countries that the Fund will invest in will include, but not limited to Canada, United States of America, United Kingdom, France, Germany, Italy, Netherlands, Sweden, Switzerland, Japan, Australia, China, Hong Kong, Korea, Singapore, Taiwan, Brazil and Mexico.

### Risks

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

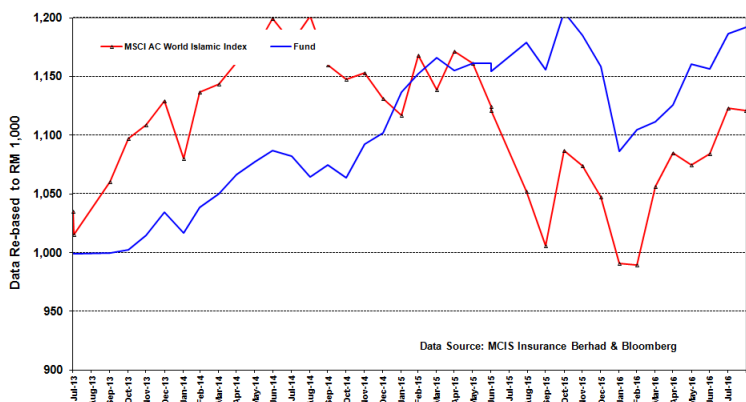
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

The Fund is suitable for investors who seek capital appreciation over a long term investment horizon and who are willing to accept high level of risk.

### Fund Performance

For the month ended August 2016, the fund had outperformed the benchmark by 63bps MoM (month on month). The outperformance was mainly due to outperforming of the underlying securities compared to the benchmark index.

Global Yakin Fund Performance Since Inception



### Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

### Fund Information

NAV (30.8.16)	RM0.5959
Fund Size	RM24.6 million
Inception Date	8-July-2013
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

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

### Performance Table

Period	Fund	Index*
1 month (%)	0.44%	-0.19%
3 months (%)	2.71%	4.29%
6 months (%)	7.89%	13.26%
12 months (%)	1.09%	6.53%
2 years (% pa)	5.81%	-3.42%
3 years (% pa)	6.07%	3.34%
5 years (% pa)	-	-
Since Inception	5.70%	3.66%

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

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

\* Index is MSCI AC World Islamic sourced from Bloomberg.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

# Income Fund

## Monthly Report (August 2016)

### Investment Objective

The objective of the Income Fund is to provide investors with security of income by investing in a mix of fixed income and fixed deposit securities. The aim of the Fund is to outperform the HSBC Malaysia Local Currency All Bond Total Return Index.

### Investment Strategy

To invest into underlying asset classes as per the Asset Allocation Ranges. The asset allocation is reviewed on a regular basis, and is adjusted commensurate with our view on the relative attractiveness of each asset class. The Fund invests in cash and fixed income securities including government bonds and corporate debt securities.

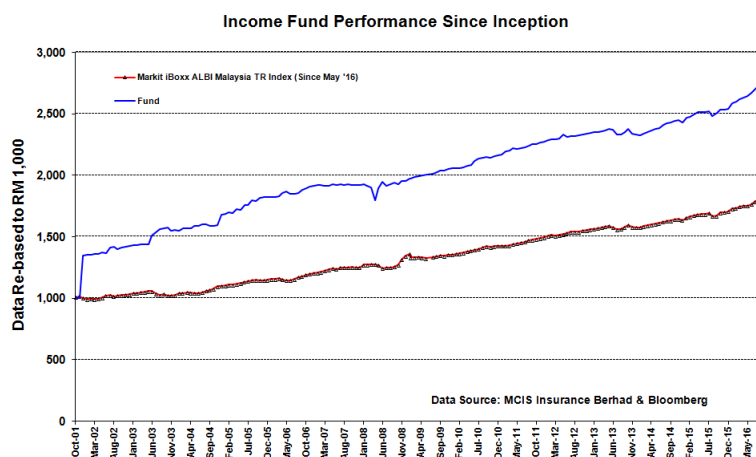
### Risks

The Fund is considered lower risk given the exposure to cash and fixed income securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets. Additionally, levels of interest rates, and credit downgrades or defaults can affect the value of fixed income securities.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

### Fund Performance

For the month ended August 2016, the fund had outperformed the benchmark by 54bps MoM (month on month). The outperformance was due to outperforming of the fixed income securities compared to the benchmark index.



### Top Ten Holdings

Malaysian Government Securities  
 Projek Lebuhraya Utara-Selatan Berhad  
 Lebuhraya Duke Fasa 3 Sdn Bhd  
 Government Investment Issue  
 PBFIN Berhad  
 Sarawak Energy Berhad  
 Sabah Credit Corporation  
 Sarawak Hidro Sdn Bhd  
 Perdana Petroleum Berhad  
 Danga Capital Berhad

### Fund Information

NAV (30.8.16)	RM1.3647
Fund Size	RM26.1 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Fixed Income	75%	100%	88%
Cash	0%	25%	12%

### Performance Table

Period	Fund	Index*
1 month (%)	1.07%	0.53%
3 months (%)	3.32%	2.68%
6 months (%)	5.14%	3.64%
12 months (%)	9.87%	7.76%
2 years (% pa)	6.12%	5.06%
3 years (% pa)	5.40%	4.79%
5 years (% pa)	4.02%	4.05%
Since Inception	6.96%	4.01%

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

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

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

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.



# Jati Fund

## Monthly Report (August 2016)

### Investment Objective

The Jati Fund is invested in accordance with Shariah principles in Shariah sanctioned equities, money market instruments, and fixed income investments. The aim is to provide security and income, while maintaining and potentially increasing the value of capital over the medium to long-term. The Jati Fund is not a takaful product.

### Investment Strategy

To invest in a broad selection of Shariah approved securities listed on the Malaysian Stock Exchange. Using a relative value methodology it looks to buy stocks whose shares appear undervalued relative to fundamental value, with the aim of achieving an income stream, together with some degree of long-term capital gains.

### Risks

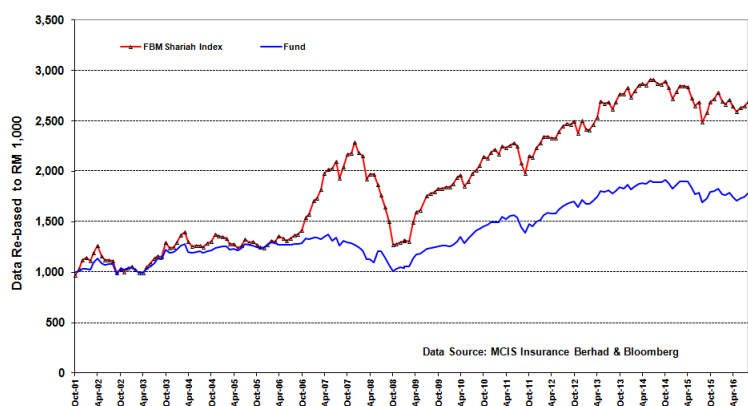
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and political factors, and the liquidity of the underlying assets.

The target market is clients wanting the surety of insurance protection, with an element of potential upside investment exposure.

### Fund Performance

For the month ended August 2016, the fund had outperformed the benchmark by 54bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming stocks in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



### Top Ten Holdings

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

### Fund Information

NAV (30.8.16)	RM0.8949
Fund Size	RM11.8 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	82%
Cash	0%	20%	18%

### Performance Table

Period	Fund	Index*
1 month (%)	2.44%	1.90%
3 months (%)	4.70%	4.26%
6 months (%)	1.58%	1.48%
12 months (%)	5.64%	8.63%
2 years (% pa)	-2.79%	-3.03%
3 years (% pa)	0.24%	1.05%
5 years (% pa)	4.32%	5.30%
Since Inception	3.98%	6.88%
Yield #	2.24%	2.66%

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

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

\* Index is FBMS Index sourced from Bloomberg.

# Yield data is sourced from Bloomberg, and MCIS.

Other Charges: Switching Fee, you are entitled to four free switches per policy year. Additional switches within the same year will be charged at 1% of the value of units switched, subject to a maximum of RM 50; and all taxes, duties and other charges incurred in the purchase, sale, valuation and maintenance of the investments of the Fund.

The NAV per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. Transaction costs, taxes and applicable fees are provided for in the net asset value.

# Equity Market Review and Outlook

## Market Review

August was a positive month for FBM KLCI. The FBM KLCI closed 25pts higher or 1.5% m-o-m at 1,678pts. The broader market outperformed the KLCI, with the FBM EMAS gaining 1.7% m-o-m to 11,783pts. Average daily value traded on Bursa in Aug was up 5% m-o-m to RM1.9bn, which was still 5% below the YTD average value of RM1.98bn.

On the domestic economic front, exports reversed into a decline of 5.3% y-o-y in July, (3.4% in June and -0.9% in May). Stripping out currency factor and measured in USD terms, exports contracted for the 22nd straight month and at a wider margin in July. On the other hand as expected, Bank Negara Malaysia's Monetary Policy Committee kept the Overnight Policy Rate unchanged at 3.00% on 7 September, after reducing it by 25 basis points in July.

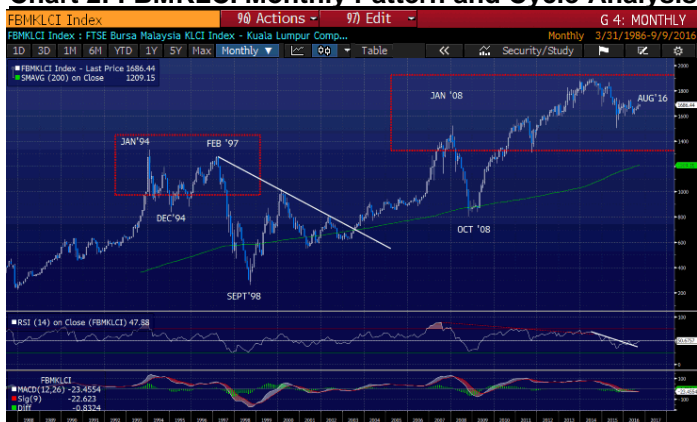
Globally, the second reading of US real GDP growth was revised slightly lower to an annualised pace of 1.1% in 2Q 2016, compared to the initial estimate of +1.2%, but still higher compared with +0.8% in the previous quarter. The biggest downward revisions compared with the initial estimate were in state and local government spending, inventories, net exports. Corporate profits has dropped in five of the last six quarters and declined at 4.9% y-o-y in 2Q. This raises concerns about future economic activity as it foreshadows a loss of animal spirit in the private sector, which can ultimately lead to a recession. This would be taken as a reminder to policy makers that the economy remains vulnerable to shocks, despite hiring growing at a solid pace and the labour market closing in on full employment.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

## Market Outlook & Strategy

Mixed performance in August is indicating that investors are talking more cautious approach on the riskier assets after the recent recovery phase on expectation that the slower economic released may sustain for the medium term. Meanwhile, mixed view on the potential interest rate hike in the US is also making investor taking a more cautious approach.

In Malaysia, low crude oil price after the recent sell-down may continue to dampen economic growth. Focus for the medium term will be on the 2017 Budget presentation scheduled in October that will provide the government's stands in fuelling the country's economic growth.

Technically, September could be a crucial month for the KLCI. Prices are now testing the 100-week EMA for the third time since breaking below it back in 2015. While the daily chart continues to be mildly bullish, a reversal from here would not surprise given that a strong weekly resistance is around the 1,700 levels.

We will remain cautious on the equity market with strategy to accumulate stocks with limited downside.

# Fixed Income Review and Outlook

## Market Review

Ringgit Malaysia denominated sovereign bonds posted gains for the month of August 2016. This was due to the sustained expectations for further monetary easing, after the 2Q16 GDP was released showing slower growth of 4.0% against +4.2% yoy in 1Q16. It has however met consensus of +4.0%. Private sector activity remained a key driver for growth, where private consumption was strong at +6.3% yoy versus +5.3% in 1Q16. In supply terms, growth was supported by strong construction, services and mining activity, but was dragged down by slower growth in the manufacturing sector and contraction in agriculture.

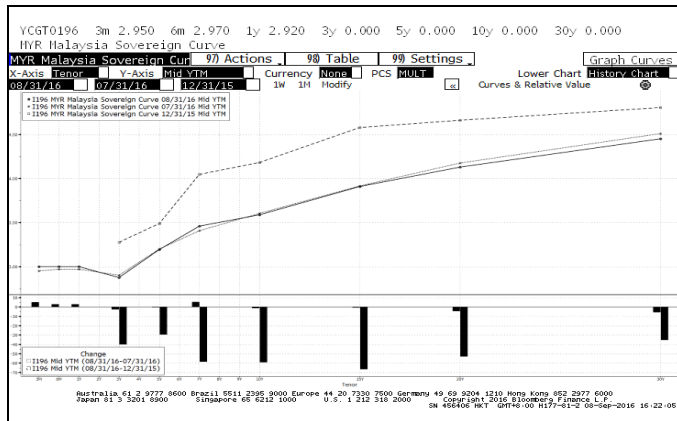
Despite subdued growth, Bank Negara Malaysia (BNM) has maintained the Overnight Policy Rate (OPR) at 3.0% during the Monetary Policy Committee (MPC) meeting on 7 September 2016.

During the month, sentiment in the bond market was further supported by firmer crude oil prices which rose to USD50.89/bbl on 18<sup>th</sup> August and a stronger ringgit which strengthened to 3.98504/USD on 11<sup>th</sup> August. Nevertheless, Brent crude oil price dipped to USD47.04/bbl and ringgit weakened to RM4.096/USD at the end of the month. On the other hand, Fitch Ratings affirmation on Malaysia's long term foreign currency and local currency IDRs at 'A-' with Stable outlook should provide a good news on the ringgit.

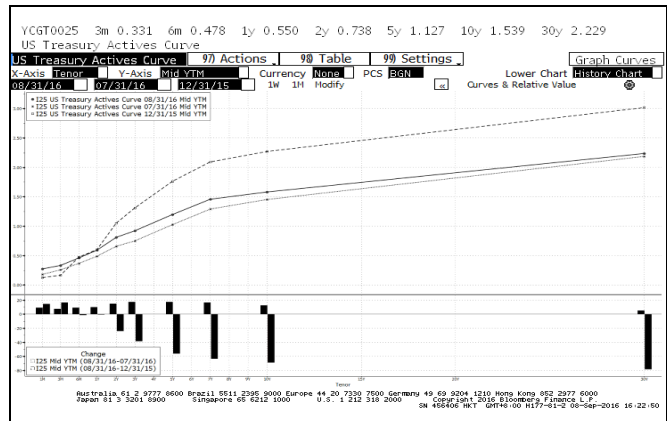
The auctions unveiled in August 2016 are as follows:

Government Auctions in August 2016				
Issue	Issue Date	Amount (RM million)	Bid-cover (times)	Avg Yield (%)
7-year Re-opening of MGS (Mat on 08/23)	5-Aug-16	3,000	1.577	3.483
15-year Re-opening of MGII (Mat on 09/30)	15-Aug-16	3,000	2.493	4.160
10-year Re-opening of MGS (Mat on 11/26)	26-Aug-16	3,000	1.752	3.563

Table 1: Government Auctions August 2016. Source: Bank Negara Malaysia



Source: Bloomberg



Source: Bloomberg

The unexpected rate cut confirms that there are concerns of a slowdown in Malaysia. The new Governor, Datuk Muhammad Ibrahim, whom chaired the Monetary Policy Committee (MPC) meeting, justified the rate cut as a pre-emptive measure in case the Malaysian economy slows down as result of internal and external conditions.

Foreign holdings in Malaysia's sovereign bonds increased to 35.7% of total outstanding in July from 34.2% in June. In value terms, foreigners' holdings increased by RM209.7 billion in July from RM203.9 billion in June. Going forward, foreign support may sustain if crude oil prices and MYR continue to show strength.

## Market Outlook & Strategy

The overall strategy is still to buy on dips of MGS and PDS at the same time taking some profit for the bonds that have rallied passed their fundamental values. We believe bonds still provide decent yields given that both international and domestic growth have been subdued and lackluster.