



Investment Linked Fund Fact Sheets December 2013

General Advice Warning

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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 (Dec 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 CIMB S&P Asia Pacific Ethical Dividend Exchange Traded Fund (ETF), managed by CIMB Principal Asset Management where the ETF is listed on the Singapore Stock Exchange.

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

Risks

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

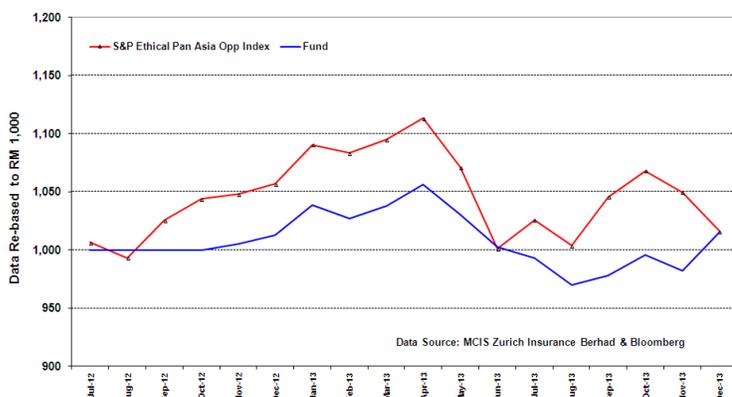
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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

Fund Performance

For the month ended December 2013, the fund had outperformed the benchmark by 663bps MoM (month on month). The outperformance was mainly due to better performance of the ETF compared to benchmark.

AsiaPac Fund Performance Since Inception



Top Five Holdings

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

Fund Information

| | |
|---------------------------|---|
| NAV (31.12.13) | RM0.5079 |
| Fund Size | RM 24.2 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% | 92% |
| Cash | 0% | 20% | 8% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 3.44% | -3.19% |
| 3 months (%) | 3.87% | -2.82% |
| 6 months (%) | 1.34% | 1.53% |
| 12 months (%) | 0.28% | -3.84% |
| 2 years (% pa) | - | - |
| 3 years (% pa) | - | - |
| 5 years (% pa) | - | - |
| Since Inception | 1.05% | 1.09% |

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

The Fund returns are calculated by MCIS 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 (Dec 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

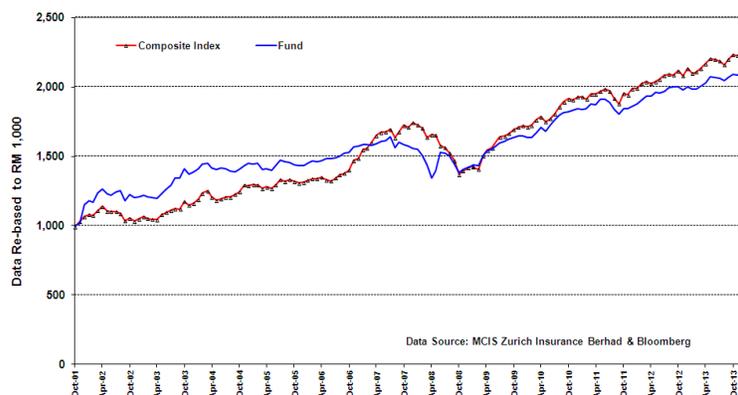
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 December 2013, the fund had underperformed the benchmark by 8bps 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 Usahasama Berhad (Bond)
 Tenaga Nasional Berhad (Equity)
 Maybank Berhad (Equity)

Fund Information

| | |
|---------------------------|--|
| NAV (31.12.13) | RM1.0560 |
| Fund Size | RM7.0 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% | 33% |
| Cash | 0% | 20% | 25% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 1.30% | 1.38% |
| 3 months (%) | 2.10% | 2.61% |
| 6 months (%) | 2.17% | 2.68% |
| 12 months (%) | 5.42% | 5.74% |
| 2 years (% pa) | 6.50% | 6.56% |
| 3 years (% pa) | 4.65% | 5.37% |
| 5 years (% pa) | 8.27% | 9.75% |
| 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 (Dec 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

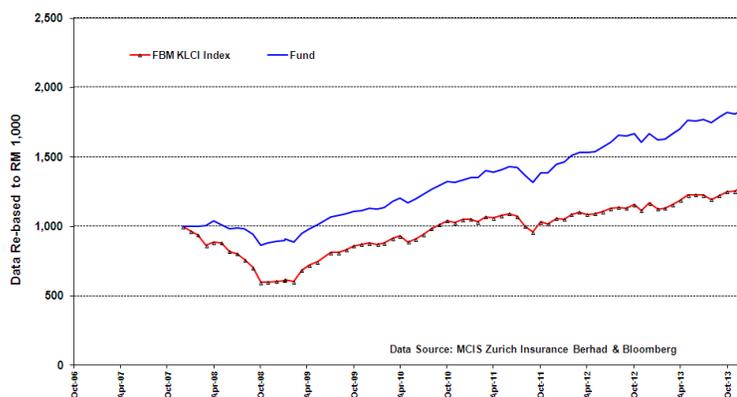
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2013, the fund had underperformed the benchmark by 140bps 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 (31.12.13) | RM0.8740 |
| Fund Size | RM 52.6 million |
| Inception Date | 21-Jan-08 |
| Fund Management Fee | 1.5% 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 |
|------------------|-----|------|----------------|
| Malaysian Equity | 80% | 100% | 78% |
| Cash | 0% | 20% | 22% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 1.59% | 2.99% |
| 3 months (%) | 2.93% | 5.56% |
| 6 months (%) | 4.62% | 5.27% |
| 12 months (%) | 10.37% | 10.54% |
| 2 years (% pa) | 12.78% | 10.44% |
| 3 years (% pa) | 11.28% | 7.12% |
| 5 years (% pa) | 15.59% | 16.32% |
| Since Inception | 10.70% | 4.36% |
| 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 (Dec 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

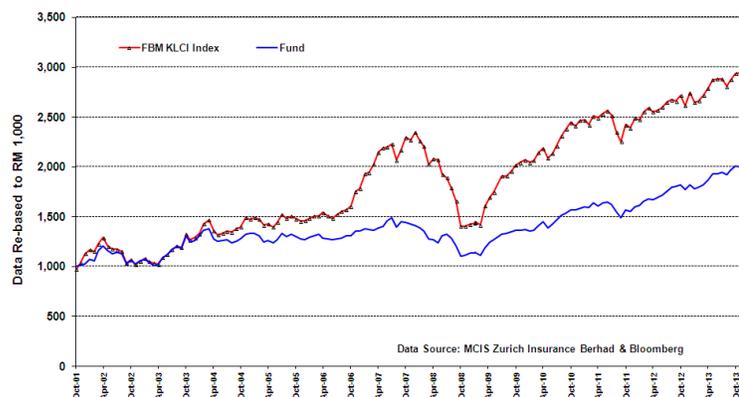
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2013, the fund had underperformed the benchmark by 12bps 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 Berhad
Petronas Dagangan Berhad
Public Bank Berhad
Maybank Berhad
Axiata Berhad

Fund Information

| | |
|---------------------------|--|
| NAV (31.12.13) | RM1.0290 |
| Fund Size | RM 8.9 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 (%) | 2.87% | 2.99% |
| 3 months (%) | 4.59% | 5.56% |
| 6 months (%) | 6.58% | 5.27% |
| 12 months (%) | 13.11% | 10.54% |
| 2 years (% pa) | 13.46% | 10.44% |
| 3 years (% pa) | 9.02% | 7.12% |
| 5 years (% pa) | 12.68% | 16.32% |
| Since Inception | 6.07% | 9.48% |
| 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 (Dec 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

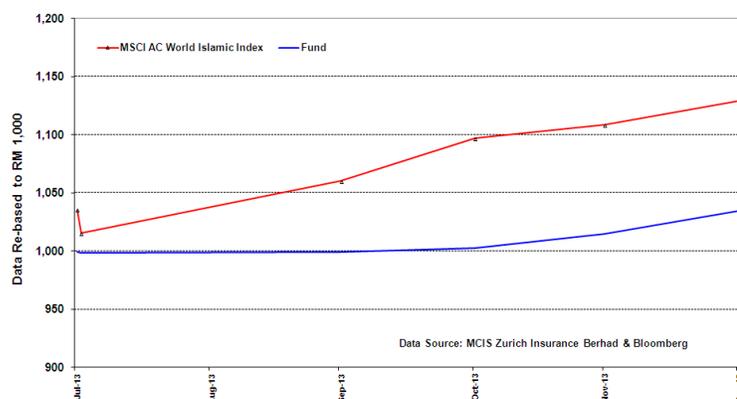
The Fund is considered low risk given the exposure to only one underlying securities with no attempt to select stocks individually or to take defensive positions in declining markets. Risk is managed at the management level, where the asset allocation of the fund to be reviewed on regular basis, and 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 December 2013, the fund had outperformed the benchmark by 9bps MoM (month on month). The outperformance was due to better performance of Aberdeen Islamic World Equity Fund compared to benchmark.

AsiaPac Fund Performance Since Inception



Top Five Holdings

Aberdeen Islamic World Equity Fund

Fund Information

| | |
|---------------------------|--|
| NAV (31.12.13) | RM0.5173 |
| Fund Size | RM 2.1 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% | 71% |
| Cash | 0% | 20% | 29% |

Performance Table

| Period | Fund | Index* |
|-----------------|-------|--------|
| 1 month (%) | 1.93% | 1.84% |
| 3 months (%) | 3.52% | 6.47% |
| 6 months (%) | - | - |
| 12 months (%) | - | - |
| 2 years (% pa) | - | - |
| 3 years (% pa) | - | - |
| 5 years (% pa) | - | - |
| Since Inception | 7.04% | 27.46% |

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 (Dec 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.

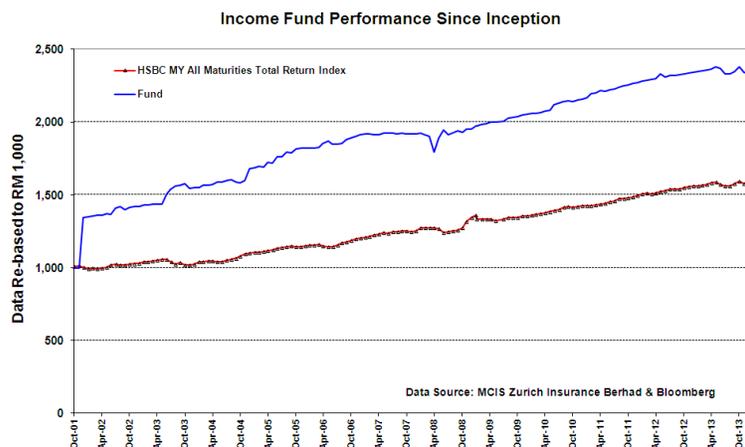
Risks

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 December 2013, the fund had underperformed the benchmark by 10bps 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 Utara Selatan Berhad
Malaysian Government Securities-MN130003
Malaysian Government Securities-MS03002H
Malaysian Government Securities-MJ120005

Fund Information

| | |
|---------------------------|--|
| NAV (31.12.13) | RM1.1662 |
| Fund Size | RM 20.6 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% | 88% |
| Cash | 0% | 25% | 12% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | -0.33% | -0.23% |
| 3 months (%) | -0.69% | -0.28% |
| 6 months (%) | -1.68% | 0.09% |
| 12 months (%) | -0.41% | 1.02% |
| 2 years (% pa) | 1.37% | 2.67% |
| 3 years (% pa) | 2.60% | 3.40% |
| 5 years (% pa) | 3.63% | 3.21% |
| Since Inception | 7.16% | 3.78% |

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

The Fund returns are calculated by MCIS 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 (Dec 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

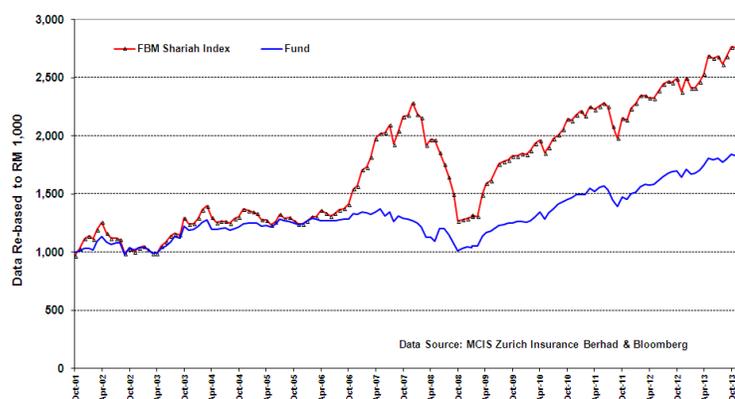
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 December 2013, the fund had underperformed the benchmark by 27bps 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

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

Fund Information

| | |
|---------------------------|---|
| NAV (31.12.13) | RM0.9358 |
| Fund Size | RM10.5 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% | 82% |
| Cash | 0% | 20% | 18% |

Performance Table

| Period | Fund | Index* |
|-----------------|--------|--------|
| 1 month (%) | 2.22% | 2.49% |
| 3 months (%) | 3.74% | 5.55% |
| 6 months (%) | 4.34% | 6.16% |
| 12 months (%) | 9.09% | 13.29% |
| 2 years (% pa) | 11.62% | 12.57% |
| 3 years (% pa) | 7.75% | 9.07% |
| 5 years (% pa) | 12.33% | 17.01% |
| Since Inception | 5.25% | 8.88% |
| 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

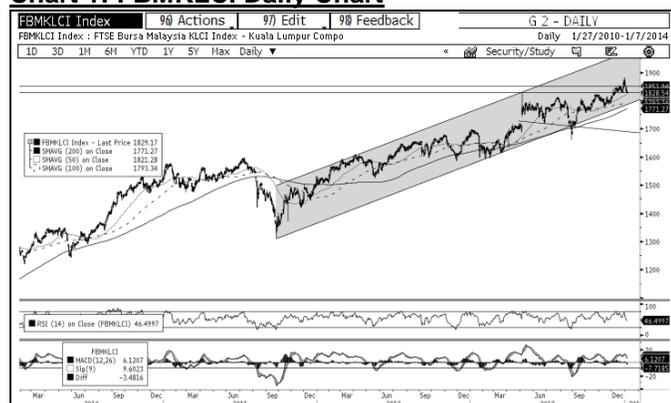
Market Review

December was a strong month for the KLCI as it traditionally has been, as the index scaled new all-time highs on numerous occasions on the back of window dressing activities and investors building positions ahead of 2014 and the January effect.

For the month, FBM KLCI gained 54pts or 3% to close at 1,866.96pts. The broader market underperformed the benchmark index as the FBM Emas gained 2.2% mom to 12,853.60pts. The average daily volume in December decreased to 1,140.73mil compared to 1,810.23mil in November. For the 6 months period, average daily volume was 1,603.24mil as compared to 1,718.28mil shares in November.

On the local economic front, the Leading Index, which provides an early signal of the direction of the economy grew at 4.1% y-o-y in October, compared with +4.6% in September. This suggests that economic activities will likely improve in the months ahead, albeit at a modest pace, underpinned by the progress of long gestation projects under the various economic programmes. This will likely be aided by resilient consumer spending and a pick-up in exports. The former will be supported by an increase in civil servants' pay effective 1 July 2013, while the latter will be aided by a recovery in global economy towards the end of the year.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

Market Outlook & Strategy

January is historically a good month for Bursa with an average 20+ year returns of 2.1%. We expect this to be the case again as investors take fresh positions in the market and analysts start the year by marketing and promoting sectors and stocks to their clients.

Technically, the 5-year rally off the 2008 low is still ongoing as prices edged higher to end the year just off its all-time high of 1,882.20. There seem to be no let up in the relentless rise since the global Great Recession of 2008-09. However, we remain cautiously bullish given that the trading volume has been dwindling since the mid-2013 supported by the multiple bearish divergences on its weekly and monthly momentum indicators. Since January has seasonally been a good month for the market, prices could continue to work its way higher with resistance seen around the 1,878-1,905 levels.

We expect 2014 to be a volatile year with weakness 'seen' in the middle of the year. As such, we continue to be cautiously optimistic about the outlook for the Malaysian equity market. Meanwhile, domestic economy will continue to be supported by the ETP related sectors namely oil & gas, construction and property sectors. As such, our stocks selection will remain status quo and continue to focus on blue-chips given their strong fundamentals and strong interest from major institutions.

Fixed Income Review and Outlook

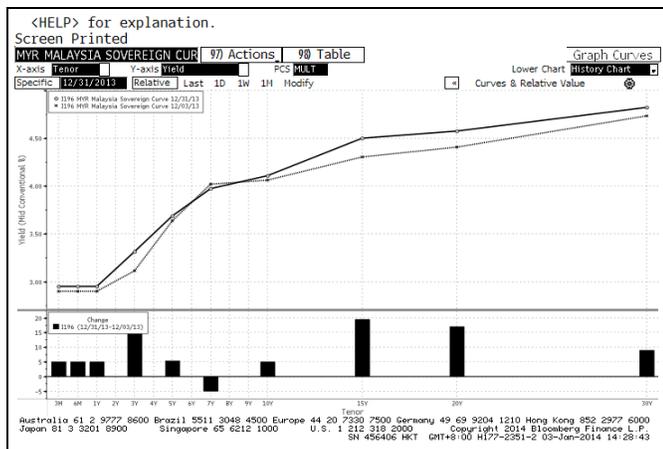
Market Review

For the month of December, MGS markets remained uneventful and volumes traded remained subdued. On the Ringgit performance, it hovered around USD/MYR3.3000, mainly also influenced by the US fed decision to taper its monthly bond purchases by US\$10bn to US\$75bn, from US\$85bn previously. The trimming or better known as the “tapering move” was mooted by cumulative progress seen on an improved outlook for the US job market.

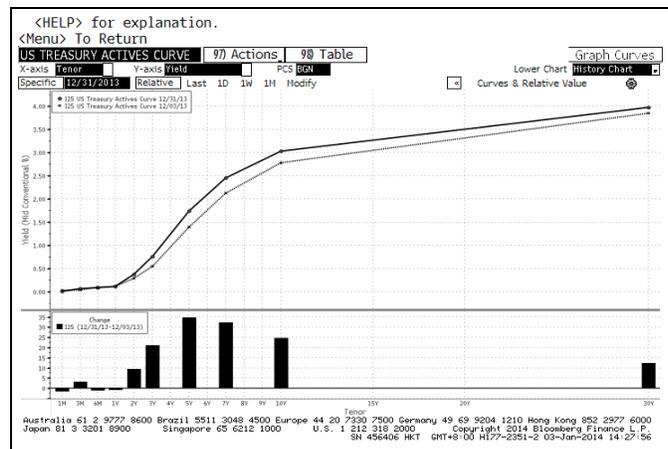
Notwithstanding, most FOMC participants reiterated their view that the Fed will refrain from raising the US Federal Funds Rate until 2015. The announcement was made in the FOMC meeting held on 17 and 18 December 2013. US Fed left unchanged its statement that it will probably hold its target interest rate near zero “at least as long as” unemployment exceeds 6.5% and if inflation is no higher than 2.5%. Albeit higher in yields for the MGS market, liquidity and trading volume had been relatively thin. Some were seen clearing leaves for year end; not to mention the string of festivities such as Christmas and New Year. Therefore, higher yield levels were attributed to thin volume of knee-jerk selling activities arising from statements from the US Fed which may have seemed hawkish to some.

BNM has also unveiled its 2014 auction calendar. Highlights include the calendar showed a lack of new issuances with only 6 MGS and 1 GII new issuances all concentrated in 1H14 versus 2013's 16 new issuances spread across the year. Unlike 2013, 2014 has 28 auctions with an additional MGS auction on the 5-year. Duration was also notably skewed towards the short and belly in 2014, similar to the issuance plan of neighbouring central banks, on expectations for developed markets to unwind accommodative policies. Overall, the longest MGS is still MGS 9/43 which is the current 30-year bond and has been a target for a reopening in September 2014. A reopening of this benchmark makes compelling sense as it would enhance the liquidity of this benchmark bond given its current size of RM2.5bn.

For the month of December, there were two government auctions. It started with the RM2bn 15-year GII 12/28 new auction where the new GII received overwhelming response from the market gauging from the bid to cover (btc) ratio of 2.87x (which is the second highest btc for 2013). The average yield tender was 4.943% and the bonds quickly rallied post issuance due to attractive yields and smallish issuance size of only RM2bn. Besides the 15-year GII 12/28, 3-year MGS 07/16 of RM3bn was the last government auction for 2013. The bonds attracted a btc of 1.568x (one of the lowest for the year 2013) largely due to concerns of yield direction for the bond market once tapering in US commences and also the lackluster bond market mode. The average yield reported was 3.286%.



Source: Bloomberg



Source: Bloomberg

Market Outlook & Strategy

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.