



## **Investment Linked Fund Fact Sheets July 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 (July 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.

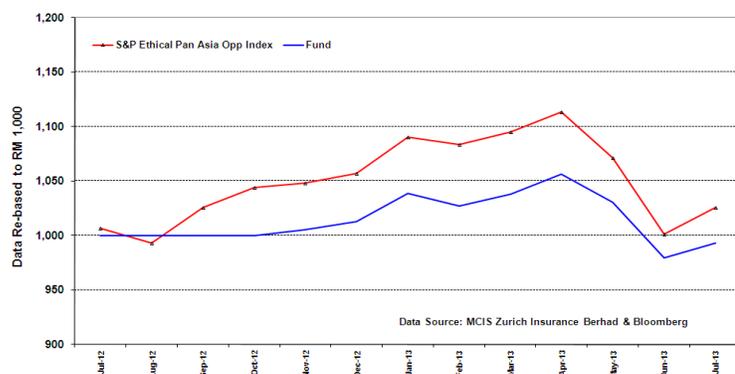
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 July 2013, the fund had underperformed the benchmark by 106bps MoM (month on month). The underperformance was mainly due to foreign exchange loss caused by weakening ringgit.

AsiaPac Fund Performance Since Inception



## Top Five Holdings

Asia Pacific Ethical Dividend Exchange Traded Fund (ETF)

## Fund Information

NAV (31.07.13)	RM0.4967
Fund Size	RM 27.8 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
	Major Newspaper, or
Price Quote	<a href="http://www.mciszurich.com.my">http://www.mciszurich.com.my</a>
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%	83%
Cash	0%	20%	17%

## Performance Table

Period	Fund	Index*
1 month (%)	1.43%	2.49%
3 months (%)	-6.00%	-7.85%
6 months (%)	-4.35%	-5.93%
12 months (%)	-0.66%	1.91%
2 years (% pa)	-	-
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	-0.61%	2.40%

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

The Fund returns are calculated by MCIS 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 - Dividend Fund Monthly Report (July 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

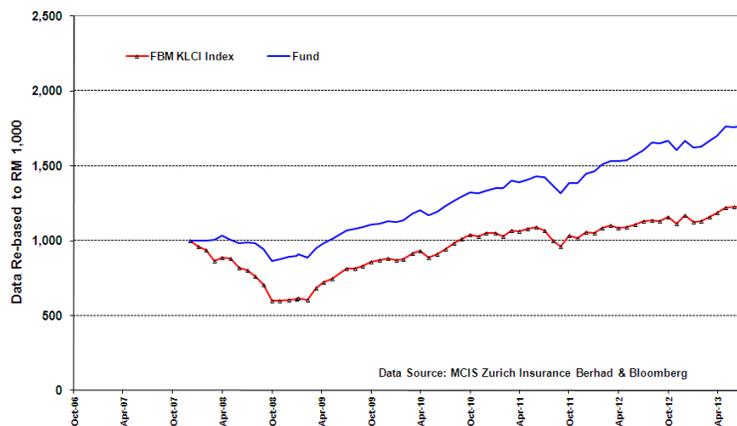
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 July 2013, the fund had outperformed the benchmark by 89bps 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 Five Holdings

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

## Fund Information

NAV (31.07.13)	RM0.8419
Fund Size	RM 45.9 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
	Major Newspaper, or
Price Quote	<a href="http://www.mciszurich.com.my">http://www.mciszurich.com.my</a>
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%	85%
Cash	0%	20%	15%

## Performance Table

Period	Fund	Index*
1 month (%)	0.84%	-0.05%
3 months (%)	4.21%	3.20%
6 months (%)	9.34%	8.91%
12 months (%)	10.30%	8.64%
2 years (% pa)	11.53%	6.98%
3 years (% pa)	12.91%	9.21%
5 years (% pa)	12.33%	8.79%
Since Inception	10.79%	3.73%
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 (July 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

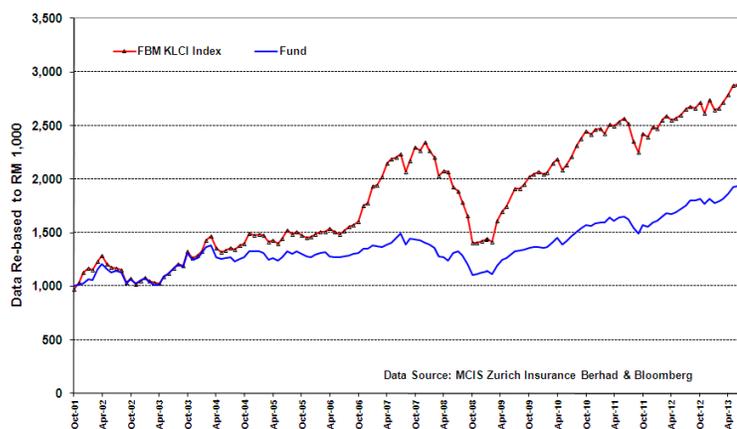
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 July 2013, the fund had outperformed the benchmark by 90bps MoM (month on month). The outperformance was mainly driven by higher exposure of outforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



## Top Five Holdings

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

## Fund Information

NAV (31.07.13)	RM0.9743
Fund Size	RM 8.8 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mciszurich.com.my">http://www.mciszurich.com.my</a>
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 (%)	0.85%	-0.05%
3 months (%)	4.40%	3.20%
6 months (%)	9.45%	8.91%
12 months (%)	11.02%	8.64%
2 years (% pa)	9.51%	6.98%
3 years (% pa)	9.92%	9.21%
5 years (% pa)	8.02%	8.79%
Since Inception	5.80%	9.35%
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 - Jati Fund Monthly Report (July 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

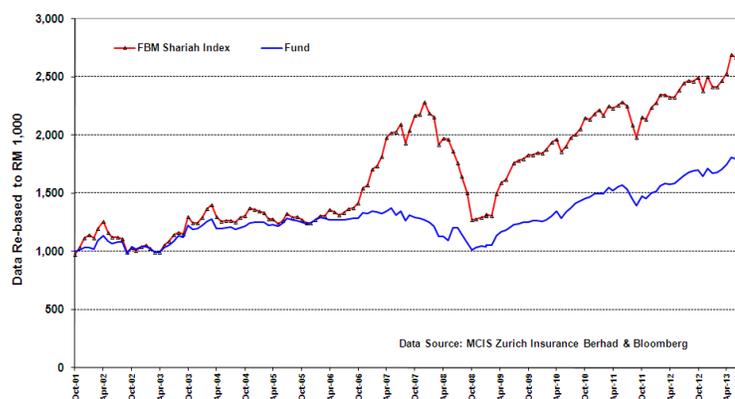
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 July 2013, the fund had slightly underperformed the benchmark by 5bps MoM (month on month). The underperformance was mainly driven by lower exposure of outperforming stocks in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



## Top Five Holdings

Axiata Berhad  
Tenaga Nasional Bhd  
Sime Darby Berhad  
Telekom Malaysia Berhad  
UMW Holdings Berhad

## Fund Information

NAV (31.07.13)	RM0.9048
Fund Size	RM 10.0 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mciszurich.com.my">http://www.mciszurich.com.my</a>
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 (%)	0.59%	0.64%
3 months (%)	3.60%	6.09%
6 months (%)	7.95%	11.34%
12 months (%)	9.66%	9.71%
2 years (% pa)	8.42%	9.20%
3 years (% pa)	9.59%	10.75%
5 years (% pa)	8.48%	8.80%
Since Inception	5.14%	8.71%
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.

# MCIS Zurich Investment Linked - Balanced Fund Monthly Report (July 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

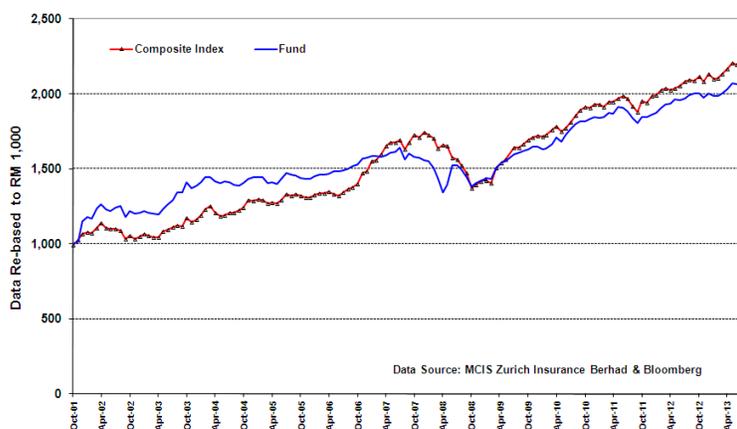
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 July 2013, the fund had outperformed the benchmark by 20bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio.

Balanced Fund Performance Since Inception



## Top Five Holdings

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

## Fund Information

NAV (31.07.13)	RM1.0310
Fund Size	RM6.7 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mciszurich.com.my">http://www.mciszurich.com.my</a>
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%	43%
Fixed Income	40%	60%	41%
Cash	0%	20%	16%

## Performance Table

Period	Fund	Index*
1 month (%)	-0.24%	-0.44%
3 months (%)	1.61%	0.88%
6 months (%)	3.87%	4.31%
12 months (%)	4.78%	5.03%
2 years (% pa)	4.53%	5.35%
3 years (% pa)	5.35%	6.54%
5 years (% pa)	6.24%	6.94%
Since Inception	6.31%	6.84%

**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 - Income Fund Monthly Report (July 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.

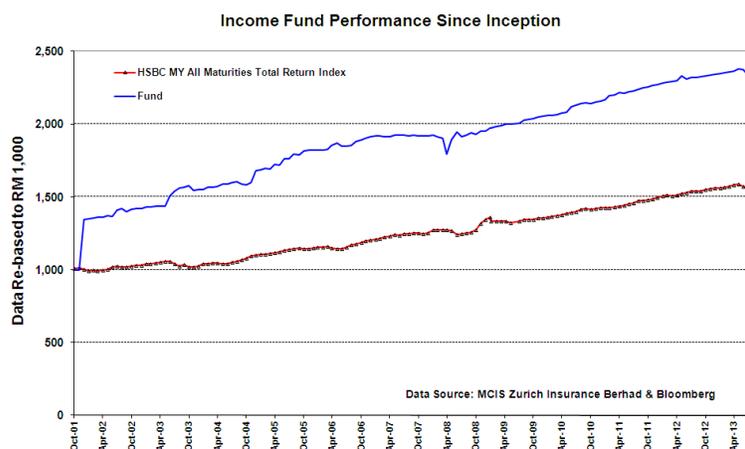
## Risks

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 July 2013, the fund had underperformed the benchmark by 96bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio.



## Top Five Holdings

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

## Fund Information

NAV (31.07.13)	RM1.1658
Fund Size	RM 22.7 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mciszurich.com.my">http://www.mciszurich.com.my</a>
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%	89%
Cash	0%	25%	11%

## Performance Table

Period	Fund	Index*
1 month (%)	-1.79%	-0.83%
3 months (%)	-1.32%	-1.41%
6 months (%)	-0.69%	-0.15%
12 months (%)	0.57%	1.36%
2 years (% pa)	2.26%	3.44%
3 years (% pa)	3.02%	3.69%
5 years (% pa)	4.03%	4.57%
Since Inception	7.42%	3.84%

**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.

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# Equity Market Review and Outlook

## Market Review

Southeast Asian stock markets mostly fell on the last trading day of July, with Malaysian benchmark FBM KLCI sliding to a three-week closing low after Fitch Rating revised its outlook on Malaysia to "negative" from "stable". A lower rating will dampen investment flow into Malaysia's equity and bond markets, with negative perceptions of the country's deteriorating credit quality.

For the month, the KLCI was unchanged at 1,773pts. The broader market slightly outperformed the KLCI as the FBM Emas rose 0.2% to 12,331pts. The average daily volume in July decreased to 1,409.25mil compared to 1,836.57mil shares in June. For the 6 months period, average daily volume was 1,378.14 as compared to 1,344.99mil shares in June.

On the local economic front, the Malaysian Institute of Economic Research (MIER) cut Malaysia's real GDP forecasts to 4.8% in 2013, lower than its previous forecast of 5.6% on account of enhanced downward risks. This was due to weak global economic recovery, China's economic slowdown, moderate growth in the ASEAN region, financial market volatility and tightening of financial conditions. However, domestic demand will continue to power growth of the Malaysian economy.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

## Market Outlook & Strategy

August is traditionally a worst month for the FBM KLCI. Meanwhile sentiment in the region was broadly weak, in line with global markets. The consensus is a bit bearish on Asian currencies including the ringgit in the near term. This was due to the growing downside risks to regional economic growth and less support from the Chinese renminbi and the US Federal Reserve may scale down its bond purchases earlier than anticipated.

Technically, the breakout move in April has seen prices climb to a high of 1,826 in early May. Since then, prices have been trading sideways between a large range of 1,723-1,811. The large gap of 1,711-1,743 remains unfilled and that is likely the near term support for the index. For the longer term, the ultimate floor is 1,590, where a break below would see prices fall back to test at least 1,310.

Coupled with the absence of major positive news, the local market is expected to react negatively with the Fitch Rating outlook revision. However, we expect some support from the local institutions to cushion selling pressure on the index-linked stocks that may be possibly hit in the near term. With that, we turned cautious on the local equity markets in the next 6 to 12 months.

# Fixed Income Review and Outlook

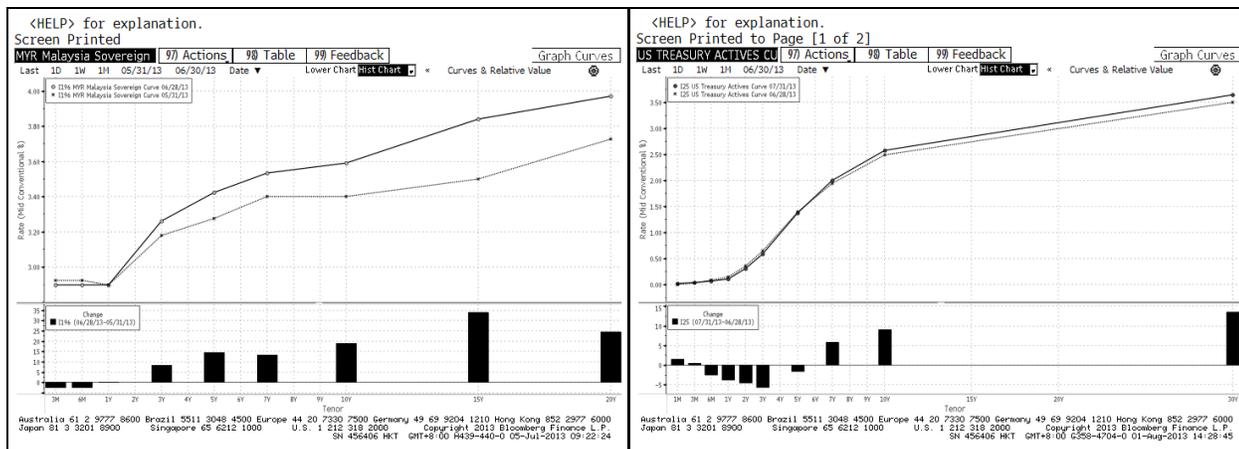
## Market Review

In July, MGS continued to sell off where its yield curve shifted higher compared to levels in June. Offshore funds have continued to pare holdings in Emerging Market debt including MGS on the back of the likelihood of the US Fed's decision to taper its monthly bond purchase come September. The sell off is consistent with the decrease in the percentage of MGS outstanding held by offshore from 49.50% in May to 46.75% in June; in addition to some selective selling by local institutions owing to cut loss triggers. The onslaught of selling by offshore funds led the Ringgit to weaken by 2.64% month on month to RM3.2440 per USD.

While Standard & Poor's ratings agency has reaffirmed Malaysia's long and short-term foreign currency sovereign credit ratings at 'A-' and 'A-2', respectively, Fitch has, ironically, revised Malaysia's outlook to "negative" from "stable". Fitch cited public finances as Malaysia's key rating weakness as the federal debt had increased to 53.3% of GDP, up from end-2012 of 51.6%. It also added that Malaysia has widened its budget deficit from 3.8% in 2011 to 4.7% in 2012. This changed in outlook has caused further knee-jerk selling in the local govies market.

Notwithstanding, in July, BNM has carried out 3 auctions. It started with the reopening of the RM3.5bn 10-year MGS 3/23 where the average yield was 3.699% and the bid-to-cover (btc) ratio was 1.734x. Thereafter, BNM proceeded with the auction for new RM4bn 3-year GII 7/16, where the average yield was 3.389% and btc was 2.92x, which was the highest btc for year-to-date. The issuance of this new GII brought significance milestone to the Malaysian Sukuk market's history as it was the first issuance under the widely accepted "Murabahah" structure. This led the issuance to be widely supported by principal dealers from both conventional and Islamic. The last auction was the new 7-year MGS 7/20 where the btc was 1.91x and the average yield garnered was 3.889%, when yield levels were at its highest end July.

In the US Treasury market space, on a month to month yield movement, the change in yields was a lot less than Malaysia. The 10-year UST only moved by 9bps to 2.577% whereas 10-year MGS has surged more than 50bps in a month. UST yields moved higher following softer demand in US Treasury auctions over the course of the month alongside upsides in manufacturing, new home sales and durable goods orders. Lower-than-expected auctions dampened demand for USTs, as concerns on Fed's imminent reduction of asset purchases (heavily priced in come September FOMC meeting) intensifies.



## Market Outlook & Strategy

The continued selloff this month in the Ringgit bond market was mainly driven by foreign investors selling of MGS. The concerns were drawn from an improving economic outlook in US where it could lead the US Fed to taper its bond purchases in September thus resulting in higher yields. While yields may edge higher in the short term for the Ringgit bond market, we believe there is value to accumulate bonds whenever there is a large sell off to enhance yield as we do not see any changes in the OPR in the medium term.