



Investment Linked Fund Performance Report February 2019

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EXECUTIVE SUMMARY

The FBMKLCI Index ended February 2019 in positive territory. The local benchmark index closed at 1,708 points, higher by 1.4% m-o-m. The gain in the market was driven by improved sentiment in the global markets on reports that China and the US are in the “final stages” of a trade deal. The performance was in line with the FBMEMAS which rose by 1.4% during the same period.

For fixed income market, MGS continued its rally into February 2019 following the first deflation recorded in Malaysia since 2009. The investors were widely expecting a dovish MPC report in Mar’19, in which did materialized. Meantime, ringgit continued its momentum strengthening against the Dollar to RM4.065/USD on the back of net foreign buying on the local bonds. Brent crude oil price ended higher to USD66.03/barrel, taking cue from the OPEC supply cuts and Venezuela crisis.

On local economic data, Malaysia recorded a slowdown in 2018 full year GDP growth at +4.7%, as compared to +5.9% a year earlier. Meanwhile, Malaysia registered its first “deflation” since 2009 to -0.7% in Jan’19 (Dec’18:+0.2%), mainly due to the decline on transport costs, namely fuel prices, while the core inflation still maintained stable at +0.2%.

For the year 2019, we are cautious on the equity market outlook especially on the first half of the year. Corporate earnings were still weak and more interest rate hikes expectation in the US may see more funds flow out from the country. We will continue to position the portfolio accordance to the constituents, and weighting on the defensive stocks amid uncertainty.

For fixed income, following the low inflation and slow economic growth prospect, BNM is likely to maintain a neutral monetary policy until the end of 2019 despite the major central banks are still showing signal towards policy tightening. As such, we will keep looking to buy on dips of corporate bonds if the opportunity arises.

Based on the performance table below, on monthly basis, all of the funds showed positive returns. However, the funds underperformed their benchmarks 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 volatile 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 (%)	0.34%	1.68%	0.93%	1.08%	0.71%	1.44%	1.07%	1.44%	2.62%	2.83%	0.62%	0.73%	1.15%	1.55%
3 Months (%)	2.10%	6.21%	2.46%	1.96%	2.40%	1.66%	2.42%	1.66%	0.85%	2.96%	1.66%	2.26%	2.73%	0.85%
6 Months (%)	-0.06%	1.36%	0.18%	-1.68%	-2.69%	-6.15%	-1.66%	-6.15%	-2.74%	-3.71%	2.34%	2.93%	-3.03%	-8.39%
12 Months (%)	6.62%	-2.00%	-0.88%	-1.50%	-3.41%	-8.00%	-3.07%	-8.00%	1.56%	-1.47%	4.98%	5.15%	-5.65%	-12.63%

Source: MCI Insurance Berhad

AsiaPac Fund Monthly Report (February 2019)

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.

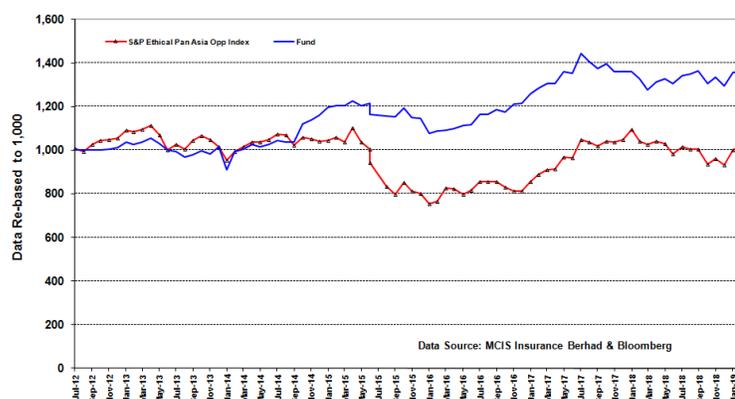
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 February 2019, the fund had underperformed the benchmark by 134bps MoM (month on month). This was mainly due to strengthening of ringgit during the period. However since inception period, the fund had outperformed the benchmark.

AsiaPac Fund Performance Since Inception



Top Ten Holdings

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

Fund Information

NAV (28.02.19)	RM0.6808
Fund Size	RM49.23 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	81%
Cash	0%	20%	19%

Performance Table

Period	Fund	Index*
1 month (%)	0.34%	1.68%
3 months (%)	2.10%	6.21%
6 months (%)	-0.06%	1.36%
12 months (%)	6.62%	-2.00%
2 years (% pa)	4.24%	14.71%
3 years (% pa)	7.65%	10.07%
5 years (% pa)	6.22%	0.48%
Since Inception	4.74%	0.29%

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.

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 (February 2019)

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

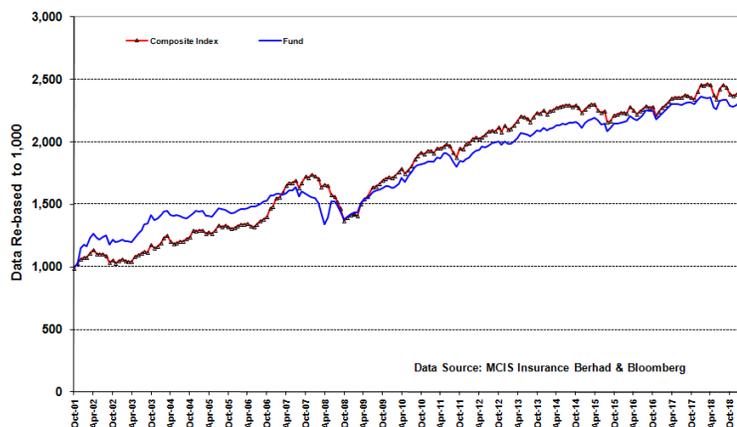
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 February 2019, the fund had underperformed the benchmark by 15bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio compared to benchmark.

Balanced Fund Performance Since Inception



Top Ten Holdings

- Malaysian Government Securities (Bond)
- Sabah Development Bank Berhad (Bond)
- CIMB Bank Berhad (Bond)
- Northern Gateway Infrastructure Sdn Bhd (Bond)
- Tenaga Nasional Berhad (Equity)
- Malayan Banking Berhad (Equity)
- Sabah Credit Corporation (Bond)
- Projek Lebuhraya Utara-Selatan (Bond)
- Malaysia Steel Works (KL) Berhad
- CIMB Bank Berhad (Equity)

Fund Information

NAV (28.02.19)	RM1.1691
Fund Size	RM7.77 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
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%	45%
Fixed Income	40%	60%	53%
Cash	0%	20%	2%

Performance Table

Period	Fund	Index*
1 month (%)	0.93%	1.08%
3 months (%)	2.46%	1.96%
6 months (%)	0.18%	-1.68%
12 months (%)	-0.88%	-1.50%
2 years (% pa)	1.90%	2.58%
3 years (% pa)	2.53%	2.66%
5 years (% pa)	2.09%	1.46%
Since Inception	5.00%	5.19%

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.

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 (February 2019)

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

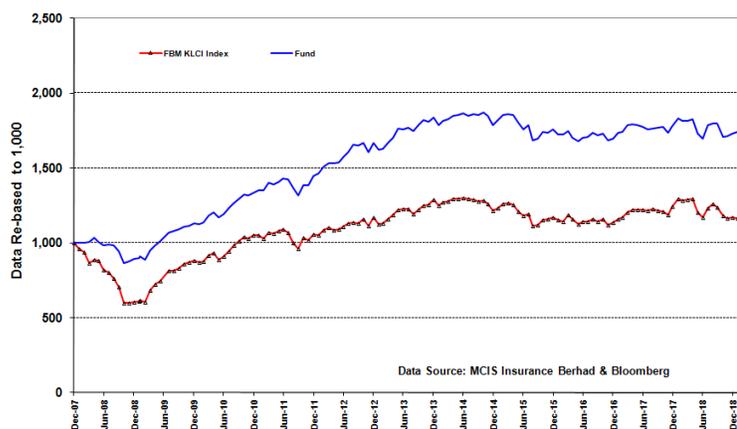
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 February 2019, the fund had underperformed the benchmark by 73bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



Top Ten Holdings

Petronas Chemicals Group Berhad
 Petronas Gas Berhad
 Public Bank Berhad
 Tenaga Nasional Berhad
 Maxis Berhad
 Malayan Banking Berhad
 DiGi.Com Berhad
 IOI Corporation Berhad
 Petronas Dagangan Berhad
 Sime Darby Plantation Berhad

Fund Information

NAV (28.02.19)	RM0.8326
Fund Size	RM31.76 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
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%	98%
Cash	0%	20%	2%

Performance Table

Period	Fund	Index*
1 month (%)	0.71%	1.44%
3 months (%)	2.40%	1.66%
6 months (%)	-2.69%	-6.15%
12 months (%)	-3.41%	-8.00%
2 years (% pa)	0.23%	0.41%
3 years (% pa)	0.53%	1.06%
5 years (% pa)	-0.69%	-1.43%
Since Inception	5.15%	1.51%
Yield #	3.55%	3.39%

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.

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 (February 2019)

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

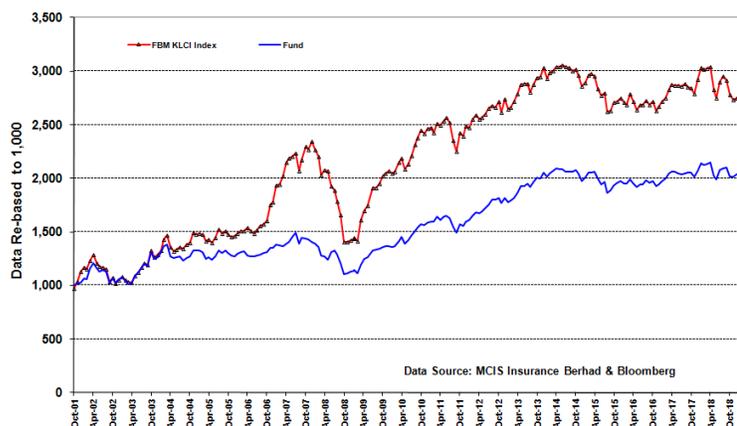
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 February 2019, the fund had underperformed the benchmark by 37bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



Top Ten Holdings

Public Bank Berhad
 Tenaga Nasional Berhad
 Malayan Banking Berhad
 Petronas Chemicals Group Berhad
 IOI Corporation Berhad
 Petronas Dagangan Berhad
 Petronas Gas Berhad
 Sime Darby Plantation Berhad
 CIMB Bank Berhad
 Maxis Berhad

Fund Information

NAV (28.02.19)	RM1.0310
Fund Size	RM9.66 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
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%	96%
Cash	0%	20%	4%

Performance Table

Period	Fund	Index*
1 month (%)	1.07%	1.44%
3 months (%)	2.42%	1.66%
6 months (%)	-1.66%	-6.15%
12 months (%)	-3.07%	-8.00%
2 years (% pa)	1.53%	0.41%
3 years (% pa)	1.89%	1.06%
5 years (% pa)	0.16%	-1.43%
Since Inception	4.24%	6.04%
Yield #	3.53%	3.39%

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.

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 (February 2019)

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 Standard Islamic World Equity Fund (ASIWEF) which managed by Aberdeen Standard Islamic Investment (Malaysia) 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.

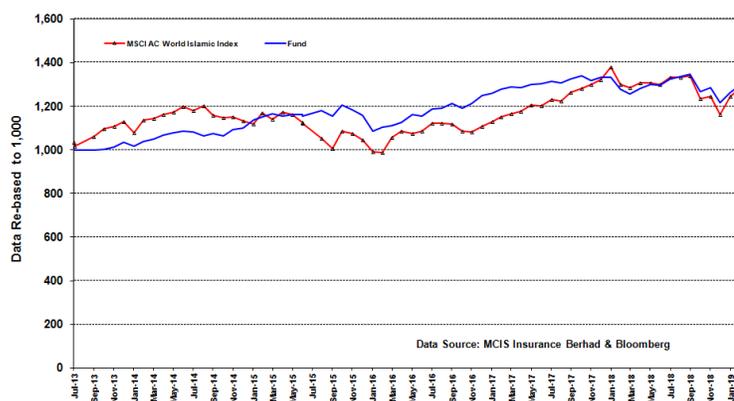
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 February 2019, the fund had underperformed the benchmark by 21bps MoM (month on month). The underperformance was mainly due to underperforming of the underlying securities compared to the benchmark index.

Global Yakin Fund Performance Since Inception



Top Ten Holdings

Aberdeen Standard Islamic World Equity Fund (ASIWEF)

Fund Information

NAV (28.02.19)	RM0.6491
Fund Size	RM39.49 million
Inception Date	8-July-2013
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ASIWEF	80%	100%	83%
Cash	0%	20%	17%

Performance Table

Period	Fund	Index*
1 month (%)	2.62%	2.83%
3 months (%)	0.85%	2.96%
6 months (%)	-2.74%	-3.71%
12 months (%)	1.56%	-1.47%
2 years (% pa)	0.81%	5.53%
3 years (% pa)	5.53%	9.02%
5 years (% pa)	4.57%	3.06%
Since Inception	4.71%	4.48%

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.

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 (February 2019)

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.

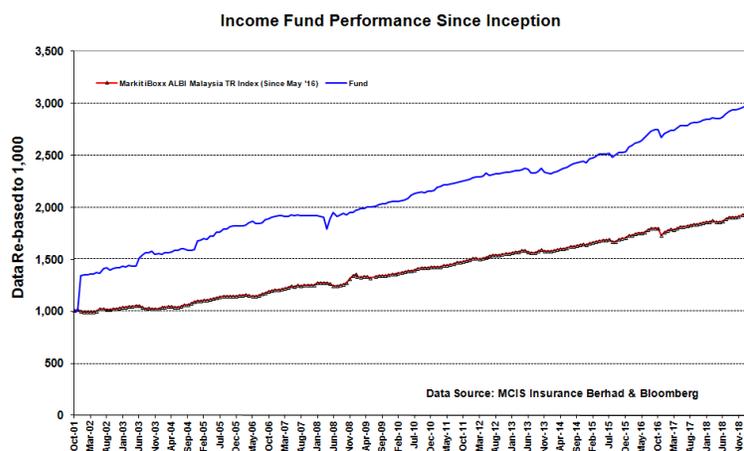
Risks

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 February 2019, the fund had underperformed the benchmark by 11bps MoM (month on month). The underperformance was due to underperforming of the fixed income securities compared to the benchmark index.



Top Ten Holdings

Malaysian Government Securities
Northern Gateway Infrastructure Sdn Bhd
UiTM Solar Power Sdn Berhad
SAJ Capital Sdn Bhd
Malaysia Steel Works (KL) Berhad
YTL Corporation Berhad
Sabah Development Bank Berhad
CIMB Bank Berhad
Quantum Solar Park Malaysia Sdn Bhd
Asian Finance Bank Berhad

Fund Information

NAV (28.02.19)	RM1.4956
Fund Size	RM29.58 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
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%	95%
Cash	0%	25%	5%

Performance Table

Period	Fund	Index*
1 month (%)	0.62%	0.73%
3 months (%)	1.66%	2.26%
6 months (%)	2.34%	2.93%
12 months (%)	4.98%	5.15%
2 years (% pa)	4.46%	4.59%
3 years (% pa)	4.84%	4.12%
5 years (% pa)	5.04%	4.29%
Since Inception	6.49%	3.93%

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.

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 (February 2019)

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

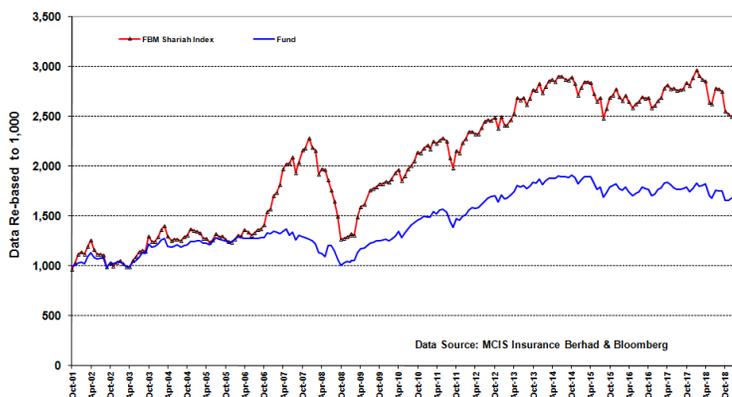
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 February 2019, the fund had underperformed the benchmark by 40bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



Top Ten Holdings

Tenaga Nasional Berhad
 Petronas Chemicals Group Berhad
 Petronas Gas Berhad
 Perlis Plantation Berhad
 Axiata Group Berhad
 Sime Darby Plantation Berhad
 Maxis Berhad
 Kuala Lumpur Kepong Berhad
 IOI Corporation Berhad
 IHH Healthcare Berhad

Fund Information

NAV (28.02.19)	RM0.8507
Fund Size	RM13.47 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or http://www.mcis.my
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%	89%
Cash	0%	20%	11%

Performance Table

Period	Fund	Index*
1 month (%)	1.15%	1.55%
3 months (%)	2.73%	0.85%
6 months (%)	-3.03%	-8.39%
12 months (%)	-5.65%	-12.63%
2 years (% pa)	-2.32%	-2.68%
3 years (% pa)	-1.16%	-1.43%
5 years (% pa)	-1.72%	-1.87%
Since Inception	3.10%	5.52%
Yield #	2.76 %	2.94%

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

The Fund returns are calculated by MCIS 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.

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

The FBMKLCI Index ended February 2019 in positive territory. The local benchmark index closed at 1,708 points, higher by 1.4% m-o-m. The performance was better than the historical trend, as the Malaysian market posted average m-o-m positive returns of 0.7% over the past 10 years. The gain in the market was driven by improved sentiment in the global markets on reports that China and the US are in the “final stages” of a trade deal. These more than offset the net selling by foreigners for RM0.8billion in February 2019. The performance was in line with the FBMEMAS which rose by 1.4% during the same period. The average daily value traded on Bursa Malaysia in Feb rose 5.4% mom to RM2.21billion as trading activities moved in line with the improved global market sentiment.

On the local economic front, Malaysia’s export growth slowed to 3.1% y-o-y in January 2019, from a revised +5.1% in Dec 2018 and after recording +1.6% in November. This came in above *Bloomberg* estimate of -0.6%. Electrical & electronics (E&E) exports slowed, while non-E&E shipments declined further. In contrast, import growth was sustained at a subdued 1% y-o-y in January 2019, matching the pace in previous month and compared to +4.7% in November 2018, as imports of consumption goods slowed but was mitigated by smaller declines in imports of capital and intermediate goods. As a result, January’s trade surplus widened further to RM11.5billion, from RM10.7billion in the previous month.

Globally, the U.S stocks rallied on growing optimism that a trade agreement between the U.S. and China may be imminent as well as news that the Fed has paused any further interest rate hikes. The Dow Jones Industrial Average led for the month, gaining 3.67%, meanwhile the Standard & Poor’s 500 rose 2.97%.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Weekly Pattern and Cycle Analysis



Source: CIMB Research

Market Outlook & Strategy

Technically in longer term, the head & shoulders pattern was taking form with prices slowly edging towards the downward sloping neckline support at 1,610-1,625. A break below the neckline will be very negative for the market. Cycle-wise, most of the longer-term cycles that being track are still on a downtrend, which could continue to put pressure on the local market. Generally for 2019, the bears are likely to have the upper hand.

Based on historical data, the performance of the FBMKLCI in March has been mixed, registering an average m-o-m gain of 1.7% over the past 10 years but posting an average m-o-m negative return of 0.2% over the past 40 years.

For the year 2019, we are cautious on the equity market outlook especially on the first half of the year. Corporate earnings were still weak and more interest rate hikes expectation in the US may see more funds flow out from the country. We will continue to position the portfolio accordance to the constituents, and weighting on the defensive stocks amid uncertainty.

Fixed Income Review and Outlook

Market Review

Malaysia Government Securities (“MGS”) continued its rally into February 2019 following the first deflation recorded in Malaysia since 2009. The investors were widely expecting a dovish MPC report in Mar’19, in which did materialized. Meantime, ringgit continued its momentum strengthening against the Dollar to RM4.065/USD (Jan’19:RM4.094/USD) on the back of net foreign buying on the local bonds. Brent crude oil price ended higher to USD66.03/barrel from USD61.89/barrel, taking cue from the OPEC supply cuts and Venezuela crisis.

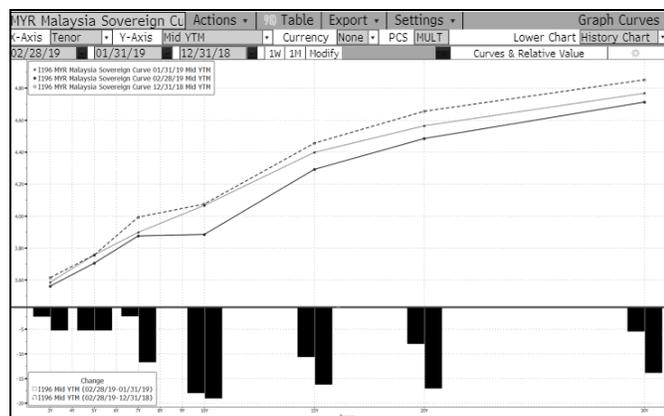
On local economic data, Malaysia recorded a slowdown in 2018 full year GDP growth at +4.7%, as compared to +5.9% a year earlier. This was mainly due to normalization in agriculture (2018: +0.4%; 2017: +7.8%) and output disruption in mining (2018: -1.5%; 2017: +1.0%). Demand on the other hand was seen moderated to +5.6% in 2018 (2017:+6.5%), due to lower Government expenditure (2018:+2.0%, 2017:+5.4%) amid stronger private consumption (2018: +8.1%, 2017: +7.0%) due to the 3-months tax holiday. Lastly, Malaysia registered its first “deflation” since 2009 to -0.7% in Jan’19 (Dec’18:+0.2%), mainly due to the decline on transport costs, namely fuel prices, while the core inflation still maintained stable at +0.2% (Dec’18:+0.4%).

External reserve increased to USD102.3bn in mid-Feb’19 (mid-Jan’19: USD101.7bn) following the strong net foreign flows returning into the local bond market. The reserve is sufficient to cover 7.3 months of retained import and 1.0 times short term external debt, and is above the IMF’s estimate of adequate reserve level of USD93.5bn.

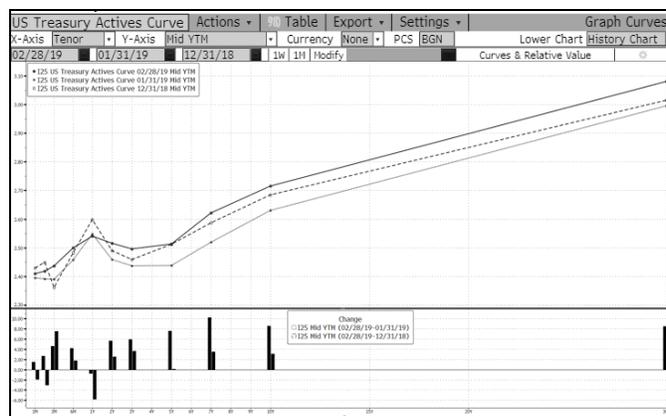
The auctions unveiled in February 2019 are as follows;

Issue	Issue Date	Amount (RM million)	Bid-cover (times)	Avg Yield (%)
10year New Issuance of MGS(Mat 08/29)	15/2/2019	5,000.00	2.54	3.89
15year Re-Issuance of GII(Mat 06/33)	28/2/2019	3,000.00	3.91	4.37

Source: Bank Negara Malaysia



Source: Bloomberg



Source: Bloomberg

The 10-year US Treasury yield rose to 2.716% in Feb’19 (Jan’19:2.63%), supported by stronger economic data. The US GDP grew by 2.6% in 4Q’18, the fastest since 2015, together with non-farm payroll increased by 304,000 in Jan’19, beating market expectation of a mere 165,000.

Market Outlook & Strategy

Following the low inflation and slow economic growth prospect, BNM is likely to maintain a neutral monetary policy until the end of 2019 despite the major central banks are still showing signal towards policy tightening. The external risk factors such as geopolitical tension in the Middle-East, US-China trade war and fluctuation in crude oil prices will continue to weigh on the local market, but we believe corporate bond space still provides attractive yields given stable monetary stance from BNM and strong fundamentals in local market. As such, we will keep looking to buy on dips of corporate bonds if the opportunity arises.