



## **Investment Linked Fund Performance Report October 2018**

### **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.

## EXECUTIVE SUMMARY

It was another negative month for the Malaysian market as FBMKLCI fell 4.7% m-o-m to close at 1,709 points in October due to foreign selling and corrections in the US and regional markets. FBMKLCI however outperformed the FBMEMAS Index which fell by 6.1% m-o-m. Average daily value traded on Bursa Malaysia in October fell 13.7% m-o-m to RM2.15bn (the lowest since Aug 2017) as investors stayed on the sidelines in view of the volatile global markets and ahead of Malaysia's Budget 2019.

MGS yields continued to rise in October, due to the concern of higher budget deficit deriving from GST abolishment, and potentially resulting in a sovereign rating downgrade. For the same reason, Ringgit weakened to RM4.1840/USD from a month earlier at RM4.1370/USD. Brent crude oil prices fell after hitting a fresh 4-year high at USD86.01/barrel on the back of heightened geopolitical tension in Middle East, before easing back to USD75.45/barrel over the concern of Saudi journalist case.

On the local economic front, Malaysia's export growth in ringgit terms rebounded in September to grow 6.7% y-o-y, after suffering a 0.3% drop in August. This came within the consensus estimate. Nonetheless, September's export rebound remains unconvincing as momentum continues to slow.

We are cautious on the outlook of local equity market. Apart from global geopolitical tension on trade war and uncertainties, Malaysian market is also facing headwinds from weak economic data. In the coming weeks, investors are expected to see further clarity on the Government's economic and fiscal policies that should offer investors with greater confidence. We would look for bottom-fishing opportunities to accumulate quality stocks at lower levels.

For fixed income, post OPR rate hike in Jan'18, BNM is likely to maintain a neutral monetary policy for the remaining of 2018. The external risk factors 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.

Based on the performance table below, on monthly basis, all MCIS Investment-Linked Funds had outperformed their benchmarks return except for Dividend Fund.

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 (%)	-4.17%	-7.07%	-1.94%	-2.30%	-5.12%	-4.68%	-3.90%	-4.68%	-6.04%	-7.98%	0.22%	0.08%	-5.40%	-7.15%
3 Months (%)	-3.23%	-6.99%	-1.59%	-1.59%	-4.50%	-4.20%	-3.06%	-4.20%	-4.57%	-7.56%	1.48%	1.01%	-5.95%	-8.11%
6 Months (%)	-1.76%	-9.22%	-2.73%	-3.10%	-6.74%	-8.61%	-6.29%	-8.61%	-1.26%	-5.68%	2.98%	2.47%	-9.15%	-10.61%
12 Months (%)	-4.07%	-9.75%	-1.23%	1.05%	-3.82%	-2.21%	-1.77%	-2.21%	-5.58%	-3.77%	4.56%	4.05%	-7.54%	-10.02%

Source: MCIS Insurance Berhad

# AsiaPac Fund Monthly Report (October 2018)

## Investment Objective

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

## Investment Strategy

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

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

## Risks

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

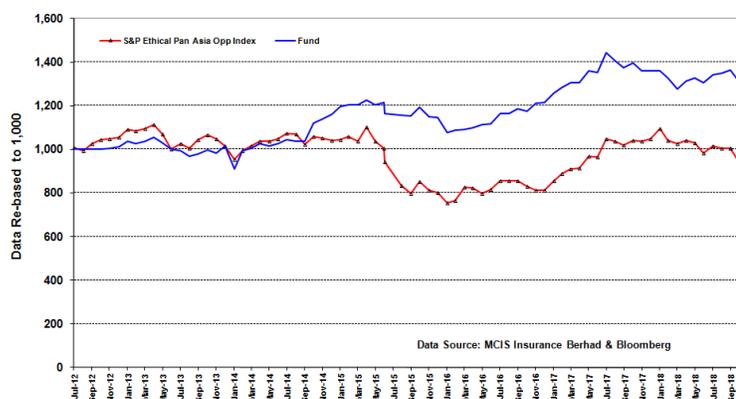
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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

## Fund Performance

For the month ended October 2018, the fund had outperformed the benchmark by 290bps MoM (month on month). The fund had also outperformed the benchmark since inception.

AsiaPac Fund Performance Since Inception



## Top Ten Holdings

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

## Fund Information

NAV (31.10.18)	RM0.6528
Fund Size	RM44.43 million
Inception Date	15-July-2012
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

## Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
ETF	80%	100%	85%
Cash	0%	20%	15%

## Performance Table

Period	Fund	Index*
1 month (%)	-4.17%	-7.07%
3 months (%)	-3.23%	-6.99%
6 months (%)	-1.76%	-9.22%
12 months (%)	-4.07%	-9.75%
2 years (% pa)	7.83%	15.10%
3 years (% pa)	4.27%	4.78%
5 years (% pa)	5.86%	-2.28%
Since Inception	4.24%	-1.03%

**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 (October 2018)

### Investment Objective

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

### Investment Strategy

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

### Risks

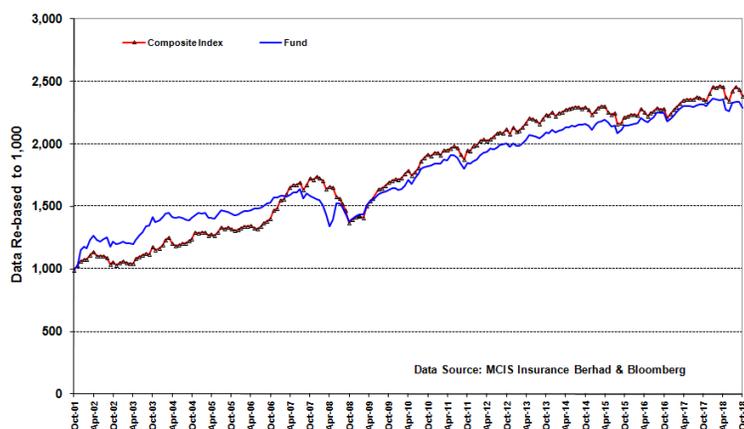
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors,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

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

### Fund Performance

For the month ended October 2018, the fund had outperformed the benchmark by 36bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Balanced Fund Performance Since Inception



### Top Ten Holdings

- Malaysian Government Securities (Bond)
- CIMB Bank Berhad (Bond)
- Northern Gateway Infrastructure Sdn Bhd (Bond)
- Sabah Development Bank Berhad (Bond)
- Sabah Credit Corporation (Bond)
- Projek Lebuhraya Utara-Selatan (Bond)
- Tenaga Nasional Berhad (Equity)
- Malayan Banking Berhad (Equity)
- CIMB Bank Berhad (Equity)
- AmanahRaya Real Estate Investment Trust (Reits)

### Fund Information

NAV (31.10.18)	RM1.1446
Fund Size	RM7.81 million
Inception Date	15-Oct-01
Fund Management Fee	1.25% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	40%	60%	44%
Fixed Income	40%	60%	48%
Cash	0%	20%	8%

### Performance Table

Period	Fund	Index*
1 month (%)	-1.94%	-2.30%
3 months (%)	-1.59%	-1.59%
6 months (%)	-2.73%	-3.10%
12 months (%)	-1.23%	1.05%
2 years (% pa)	0.85%	2.16%
3 years (% pa)	2.18%	2.50%
5 years (% pa)	1.83%	1.32%
Since Inception	4.97%	5.22%

**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 (October 2018)

### Investment Objective

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

### Investment Strategy

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

### Risks

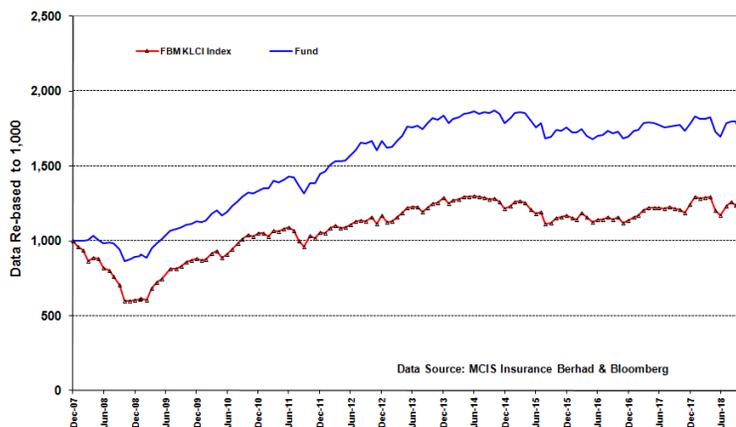
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and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

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

### Fund Performance

For the month ended October 2018, the fund had underperformed the benchmark by 44bps 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  
 IOI Corporation Berhad  
 DiGi.Com Berhad  
 Petronas Dagangan Berhad  
 Sime Darby Plantation Berhad

### Fund Information

NAV (31.10.18)	RM0.8105
Fund Size	RM31.51 million
Inception Date	21-Jan-08
Fund Management Fee	1.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	96%
Cash	0%	20%	4%

### Performance Table

Period	Fund	Index*
1 month (%)	-5.12%	-4.68%
3 months (%)	-4.50%	-4.20%
6 months (%)	-6.74%	-8.61%
12 months (%)	-3.82%	-2.21%
2 years (% pa)	-0.69%	1.09%
3 years (% pa)	-0.64%	0.86%
5 years (% pa)	-1.30%	-1.10%
Since Inception	5.06%	1.56%
Yield #	3.49%	3.41%

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

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\* 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 (October 2018)

### Investment Objective

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

### Investment Strategy

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

### Risks

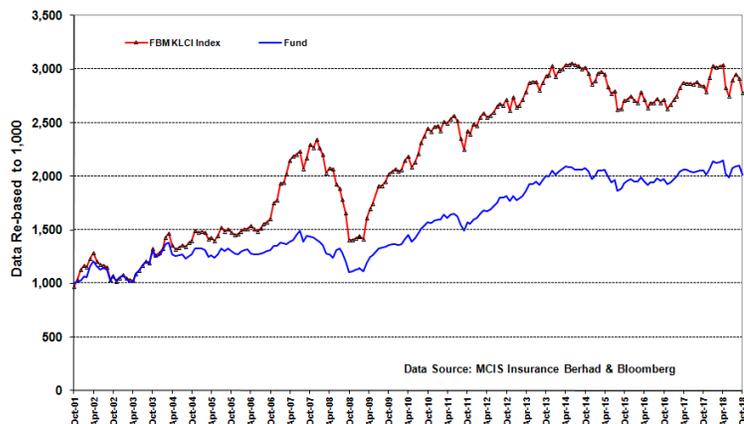
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and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

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

### Fund Performance

For the month ended October 2018, the fund had outperformed the benchmark by 78bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming 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  
 Sime Darby Plantation Berhad  
 Petronas Gas Berhad  
 Petronas Dagangan Berhad  
 CIMB Bank Berhad  
 Maxis Berhad

### Fund Information

NAV (31.10.18)	RM1.0081
Fund Size	RM9.68 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	93%
Cash	0%	20%	7%

### Performance Table

Period	Fund	Index*
1 month (%)	-3.90%	-4.68%
3 months (%)	-3.06%	-4.20%
6 months (%)	-6.29%	-8.61%
12 months (%)	-1.77%	-2.21%
2 years (% pa)	0.99%	1.09%
3 years (% pa)	1.30%	0.86%
5 years (% pa)	0.10%	-1.10%
Since Inception	4.19%	6.16%
Yield #	3.48%	3.41%

**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 (October 2018)

### Investment Objective

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

### Investment Strategy

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

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

### Risks

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

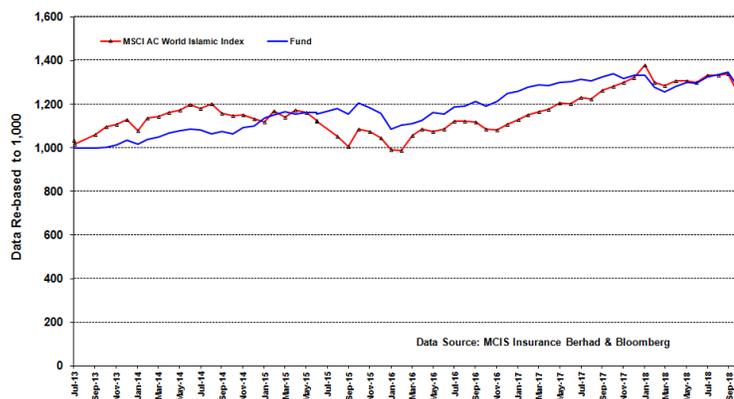
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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

### Fund Performance

For the month ended October 2018, the fund had outperformed the benchmark by 194bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming securities in the portfolio compared to benchmark.

Global Yakin Fund Performance Since Inception



### Top Ten Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

### Fund Information

NAV (31.10.18)	RM0.6330
Fund Size	RM37.32 million
Inception Date	8-July-2013
Fund Management Fee	0.85% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

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

### Performance Table

Period	Fund	Index*
1 month (%)	-6.04%	-7.98%
3 months (%)	-4.57%	-7.56%
6 months (%)	-1.26%	-5.68%
12 months (%)	-5.58%	-3.77%
2 years (% pa)	3.07%	6.50%
3 years (% pa)	1.67%	4.30%
5 years (% pa)	4.78%	2.97%
Since Inception	4.52%	4.01%

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

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

\* 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 (October 2018)

### Investment Objective

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

### Investment Strategy

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

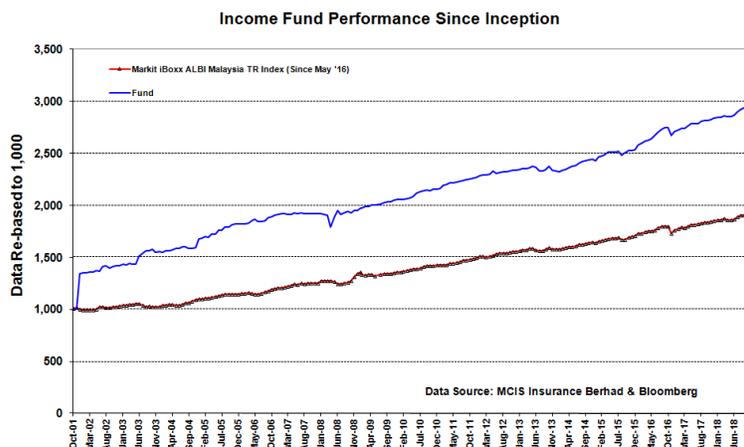
### Risks

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

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

### Fund Performance

For the month ended October 2018, the fund had outperformed the benchmark by 14bps MoM (month on month). The outperformance was due to outperforming of the fixed income securities compared to the benchmark index.



### Top Ten Holdings

Malaysian Government Securities  
Northern Gateway Infrastructure Sdn Bhd  
UiTM Solar Power Sdn Berhad  
SAJ Capital Sdn Bhd  
BGSM Management Sdn Bhd  
YTL Corporation Berhad  
Quantum Solar Park Malaysia Sdn Bhd  
CIMB Bank Berhad  
Asian Finance Bank Berhad  
PBFIN Berhad

### Fund Information

NAV (31.10.18)	RM1.4707
Fund Size	RM28.64 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Fixed Income	75%	100%	93%
Cash	0%	25%	7%

### Performance Table

Period	Fund	Index*
1 month (%)	0.22%	0.08%
3 months (%)	1.48%	1.01%
6 months (%)	2.98%	2.47%
12 months (%)	4.56%	4.05%
2 years (% pa)	3.48%	3.04%
3 years (% pa)	5.14%	4.00%
5 years (% pa)	4.33%	3.66%
Since Inception	6.52%	3.85%

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

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\* 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 (October 2018)

### Investment Objective

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

### Investment Strategy

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

### Risks

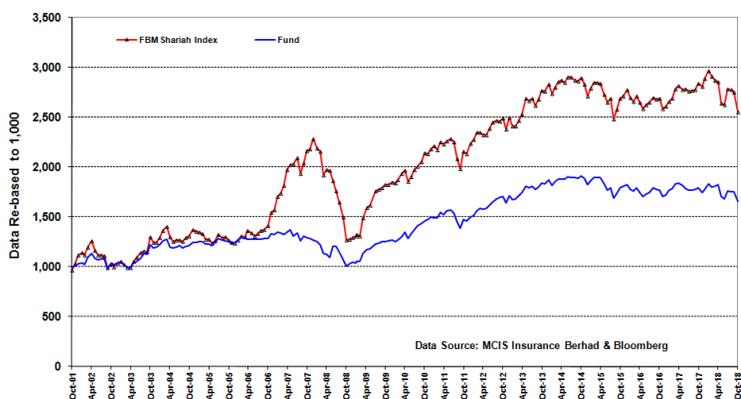
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and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

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

### Fund Performance

For the month ended October 2018, the fund had outperformed the benchmark by 175bps MoM (month on month). The outperformance was mainly driven by higher exposure of outperforming 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
- Sime Darby Plantation Berhad
- Perlis Plantation Berhad
- Kuala Lumpur Kepong Berhad
- Axiata Group Berhad
- IOI Corporation Berhad
- Maxis Berhad
- Sime Darby Berhad

### Fund Information

NAV (31.10.18)	RM0.8279
Fund Size	RM12.95 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <a href="http://www.mcis.my">http://www.mcis.my</a>
Fund Manager	MCIS Insurance Berhad
Exceptional Circumstances	Refer to your Policy Document

### Asset Allocation Ranges

Asset Class	Min	Max	Current Actual
Malaysian Equity	80%	100%	88%
Cash	0%	20%	12%

### Performance Table

Period	Fund	Index*
1 month (%)	-5.40%	-7.15%
3 months (%)	-5.95%	-8.11%
6 months (%)	-9.15%	-10.61%
12 months (%)	-7.54%	-10.02%
2 years (% pa)	-3.26%	-2.50%
3 years (% pa)	-2.67%	-1.70%
5 years (% pa)	-2.10%	-1.57%
Since Inception	3.00%	5.65%
Yield #	2.97 %	2.97%

**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

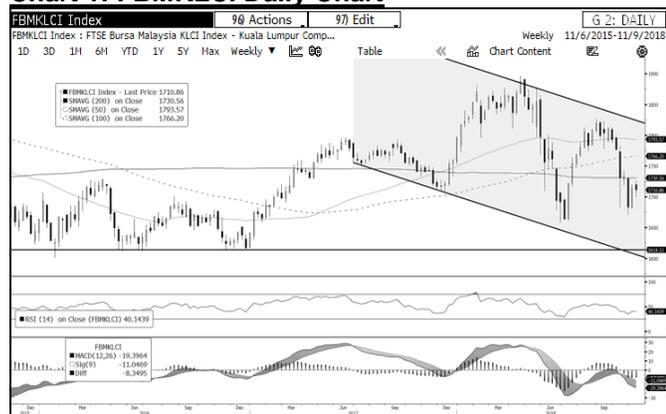
## Market Review

It was another negative month for the Malaysian market as FBMKLCI fell 4.7% m-o-m to close at 1,709 points in October due to foreign selling and corrections in the US and regional markets. FBMKLCI however outperformed the FBMEMAS Index which fell by 6.1% m-o-m. Average daily value traded on Bursa Malaysia in October fell 13.7% m-o-m to RM2.15bn (the lowest since Aug 2017) as investors stayed on the sidelines in view of the volatile global markets and ahead of Malaysia's Budget 2019.

On the local economic front, Malaysia's export growth in ringgit terms rebounded in September to grow 6.7% y-o-y, after suffering a 0.3% drop in August. This came within the consensus estimate. Nonetheless, September's export rebound remains unconvincing as momentum continues to slow. Meanwhile foreign investors net sold RM1.5bn worth of Malaysian equities in October, making it seven months of foreign exit for this year. October's net sell lifted 2018 YTD foreign net sell to RM10.2bn which reversed 96% of the RM10.6bn of foreign net buy in 2017.

Globally, the International Monetary Fund ("IMF") cuts its global growth forecasts as trade tensions between the U.S. and trading partners have started to hurt economic activity worldwide. The IMF says the global economy is now expected to grow at 3.7% this year and next year — down 0.2pps from an earlier forecast, according to the fund's latest World Economic Outlook report.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

## Market Outlook & Strategy

Technically, correction in the month of October was quite rough in line with the sluggish global market. The overall sentiment was dampened by the US-China trade war and global monetary tightening. The market is weak and a reversal to the downside is taking place as the local bourse has entered into the final phase of large 10-10.5-year cycle. The index is currently forming a Head & Shoulder formation. A break below the neckline of 1,650 will be very negative for the market. The downside risk is still limited within major support at 1,658.

Historically, the performance of the FBMKLCI in November has been negative, registering average monthly negative returns of 1.1% over the past 10 years. In the mean time, investors are likely to get an update on ongoing US-China trade tensions and ECB meeting on 25<sup>th</sup> October 2018.

We are cautious on the outlook of local equity market. Apart from global geopolitical tension on trade war and uncertainties, Malaysian market is also facing headwinds from weak economic data. GDP growth is expected to ease in 2H18, dragged by slowing exports, investments and public spending, although domestic demand should stay resilient. In the coming weeks, investors are expected to see further clarity on the Government's economic and fiscal policies that should offer investors with greater confidence. We would look for bottom-fishing opportunities to accumulate quality stocks at lower levels.

## Fixed Income Review and Outlook

### Market Review

Malaysia Government Securities (“MGS”) yields continued to rise in October, due to the concern of higher budget deficit deriving from GST abolishment, and potentially resulting in a sovereign rating downgrade. For the same reason, Ringgit weakened to RM4.1840/USD from a month earlier at RM4.1370/USD. Brent crude oil prices fell after hitting a fresh 4-year high at USD86.01/barrel on the back of heightened geopolitical tension in Middle East, before easing back to USD75.45/barrel over the concern of Saudi journalist case.

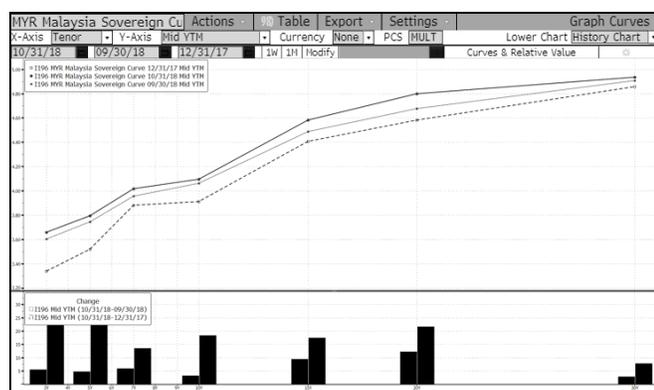
On local economic data, Malaysia’s CPI remained below 1% for the fourth consecutive months, being at +0.3% in September’18, regardless to the implementation of new SST. Malaysia’s export growth pared down in August to -0.3% (Jul’18: +9.4%) due to the slowdown in manufacturing sector, especially after the front loading effect ahead of the US-China trade tension. The drop in commodity prices also dampened the export figures, mainly from palm oil and LNG products. Import growth on the other hand supported at +11.2% (Jul’18: +10.3%), largely driven by the purchases in the final month of 0%-GST in August. All in all, trade surplus was seen slightly lower at +RM1.6bil in August (Jul’18: +RM8.3bil).

External reserve reduced to USD102.8bil in mid-October (mid-Sep’18: USD103.9bil), as a result of continued capital outflow from local market. The reserve is sufficient to cover 7.4 months of retained import and 0.9 times short term external debt, which is lower than the 1 time of short term external debt as per IMF recommendation.

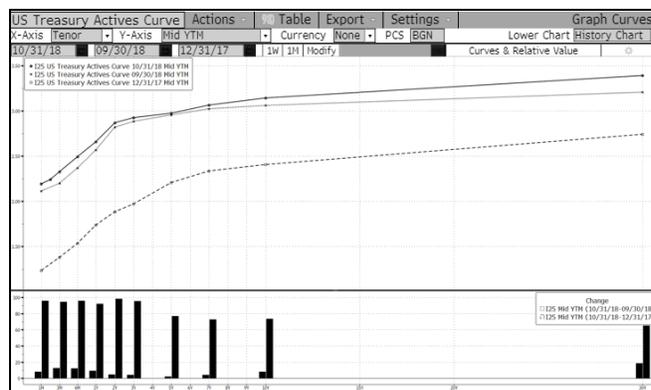
The auctions unveiled in October 2018 are as follows;

Government Auctions				
Issue	Issue Date	Amount (RM million)	Bid-cover (times)	Avg Yield (%)
20Year Re-Issuance of MGS(Mat 06/38)	15/10/2018	3,000.00	1.66	4.76
10Year Re-Issuance of GII(Mat 10/28)	31/10/2018	4,000.00	2.24	4.31

Source: Bank Negara Malaysia



Source: Bloomberg



Source: Bloomberg

The 10-year US Treasury yield hit a 7-year high at 3.23% in October after the US unemployment rate dropped to 3.7%, a level not seen in nearly 50 years. Coupled with higher inflation data, the investors are pricing-in the expectation of a Fed rate hike in December and another 3 rate hikes in 2019.

### Market Outlook & Strategy

Post OPR rate hike in Jan’18, BNM is likely to maintain a neutral monetary policy for the remaining of 2018 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.