



## **Investment Linked Fund Fact Sheets February 2014**

### **General Advice Warning**

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

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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 (Feb 2014)

## 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.

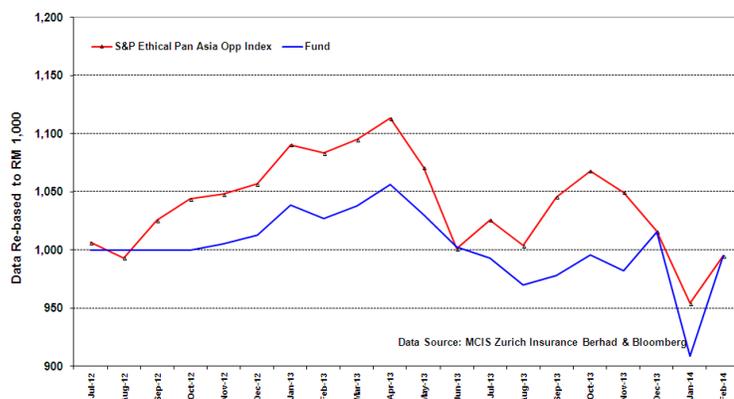
The following factors can potentially affect the value of the Fund; economic and political developments in related countries, foreign exchange fluctuation, illiquid and inefficient securities in the Emerging Markets, and the financial performance of the underlying companies.

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 2014, the fund had outperformed the benchmark by 518bps MoM (month on month). This was due to better performance of CIMB S&P Asia Pacific Ethical Dividend Exchange Trade Fund compared to benchmark for the period under review.

AsiaPac Fund Performance Since Inception



## Top Five Holdings

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

## Fund Information

NAV (28.02.14)	RM0.4976
Fund Size	RM 22.2 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%	98%
Cash	0%	20%	2%

## Performance Table

Period	Fund	Index*
1 month (%)	9.48%	4.30%
3 months (%)	1.34%	-5.20%
6 months (%)	2.62%	-0.89%
12 months (%)	-3.13%	-8.17%
2 years (% pa)	-	-
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	-0.29%	-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 Zurich and based on the value of the NAV, and for periods greater than 12-months are annualised numbers. Actual returns of the Fund are on a net basis (gross of tax and net of fees) and based on the performance of the Fund, and not the returns earned on the actual premiums/ contributions paid for the product.

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

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

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

# MCIS Zurich Investment Linked - Balanced Fund Monthly Report (Feb 2014)

## 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

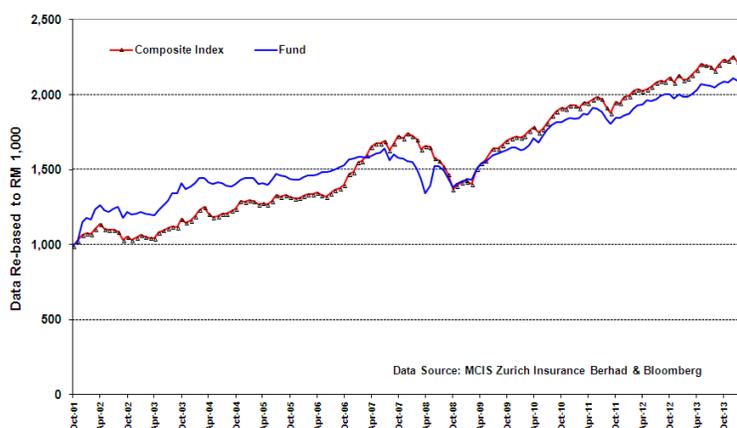
The Fund is considered medium risk given the mixed exposure of equity securities, fixed income and cash. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, industry and economy development, social and political factors, 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 2014, the fund had underperformed the benchmark by 36bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming securities in the portfolio especially for fixed income assets.

Balanced Fund Performance Since Inception



## Top Five Holdings

Maybank Berhad (Bond)  
 Khazanah (Bond)  
 Malaysian Government Securities-MS03002H (Bond)  
 Projek Lebuhraya Usahasama Berhad (Bond)  
 Tenaga Nasional Berhad (Equity)

## Fund Information

NAV (28.02.14)	RM1.0542
Fund Size	RM6.9 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%	42%
Fixed Income	40%	60%	41%
Cash	0%	20%	18%

## Performance Table

Period	Fund	Index*
1 month (%)	0.79%	1.15%
3 months (%)	1.13%	0.88%
6 months (%)	2.99%	3.92%
12 months (%)	6.15%	6.53%
2 years (% pa)	5.13%	5.29%
3 years (% pa)	4.58%	5.49%
5 years (% pa)	7.95%	9.57%
Since Inception	6.19%	6.73%

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

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

\* Index is composite of 50% FBM KLCI Index, and 50% HSBC Malaysia All Bond FBM KLCI Index. Index data sourced from Bloomberg.

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

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

# MCIS Zurich Investment Linked - Dividend Fund Monthly Report (Feb 2014)

## 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

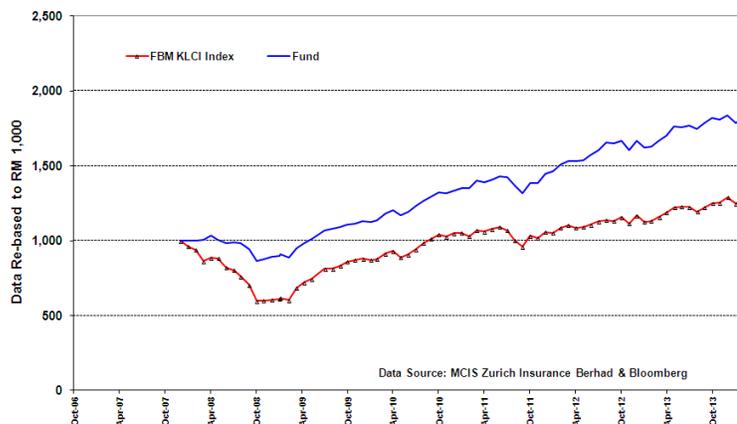
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2014, the fund had underperformed the benchmark by a minimal 17bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Dividend Fund Performance Since Inception



## Top Five Holdings

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

## Fund Information

NAV (28.02.14)	RM0.8620
Fund Size	RM 52.0 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%	82%
Cash	0%	20%	18%

## Performance Table

Period	Fund	Index*
1 month (%)	1.58%	1.75%
3 months (%)	0.20%	1.27%
6 months (%)	3.71%	6.26%
12 months (%)	11.30%	12.09%
2 years (% pa)	9.70%	8.14%
3 years (% pa)	10.29%	7.17%
5 years (% pa)	14.84%	15.56%
Since Inception	10.15%	3.96%
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 (Feb 2014)

## 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

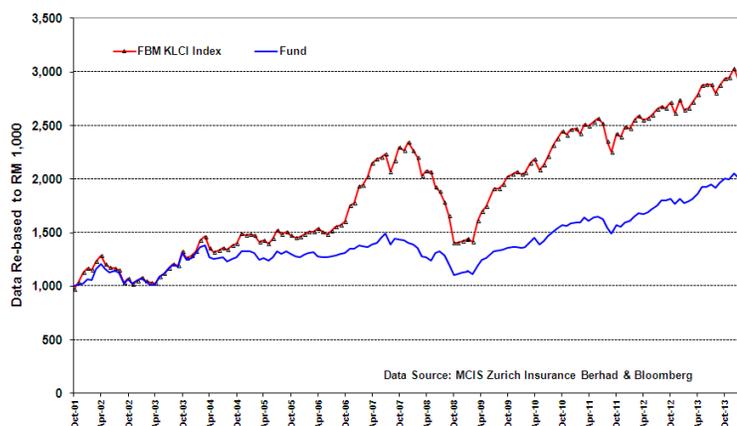
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2014, the fund had slightly underperformed the benchmark by 13bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Equity Fund Performance Since Inception



## Top Five Holdings

Tenaga Nasional Bhd  
Public Bank Berhad  
Petronas Dagangan Berhad  
Maybank Berhad  
Axiata Berhad

## Fund Information

NAV (28.02.14)	RM1.0228
Fund Size	RM 8.9 million
Inception Date	15-Oct-01
Fund Management Fee	1.40% 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%	81%
Cash	0%	20%	19%

## Performance Table

Period	Fund	Index*
1 month (%)	1.62%	1.75%
3 months (%)	2.25%	1.27%
6 months (%)	6.34%	6.26%
12 months (%)	14.06%	12.09%
2 years (% pa)	11.24%	8.14%
3 years (% pa)	8.67%	7.17%
5 years (% pa)	12.35%	15.56%
Since Inception	5.93%	9.20%
Yield #	2.79%	3.53%

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

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

\* Index is FBM KLCI sourced from Bloomberg. # Yield data is sourced from Bloomberg, and MCIS Zurich.

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

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

# MCIS Zurich Investment Linked – Global Yakin Fund Monthly Report (Feb 2014)

## Investment Objective

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

## Investment Strategy

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

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

## Risks

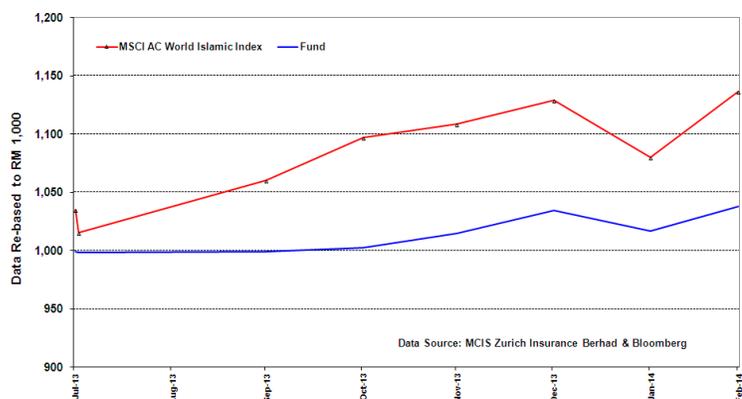
The Fund is considered low risk given the exposure to only one underlying securities with no attempt to select stocks individually or to take defensive positions in declining markets. Risk is managed at the management level, where the asset allocation of the fund to be reviewed on regular basis, and adjusted to commensurate with the Investment Team view on the relative attractiveness of each asset class. The Fund is suitable for investors who seek capital appreciation over a long term investment horizon and who are willing to accept high level of risk.

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

## Fund Performance

For the month ended February 2014, the fund had underperformed the benchmark by 311bps MoM (month on month). This was due to higher cash holdings which due to increasing fund size during the period.

Global Yakin Fund Performance Since Inception



## Top Five Holdings

Aberdeen Islamic World Equity Fund (AIWEF)

## Fund Information

NAV (28.02.14)	RM0.5192
Fund Size	RM 5.5 million
Inception Date	8-July-2013
Fund Management Fee	0.85% 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
AIWEF	80%	100%	78%
Cash	0%	20%	22%

## Performance Table

Period	Fund	Index*
1 month (%)	2.10%	5.21%
3 months (%)	2.31%	2.54%
6 months (%)	3.97%	11.94%
12 months (%)	-	-
2 years (% pa)	-	-
3 years (% pa)	-	-
5 years (% pa)	-	-
Since Inception	5.81%	21.19%

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

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

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

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

# MCIS Zurich Investment Linked - Income Fund Monthly Report (Feb 2014)

## 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.

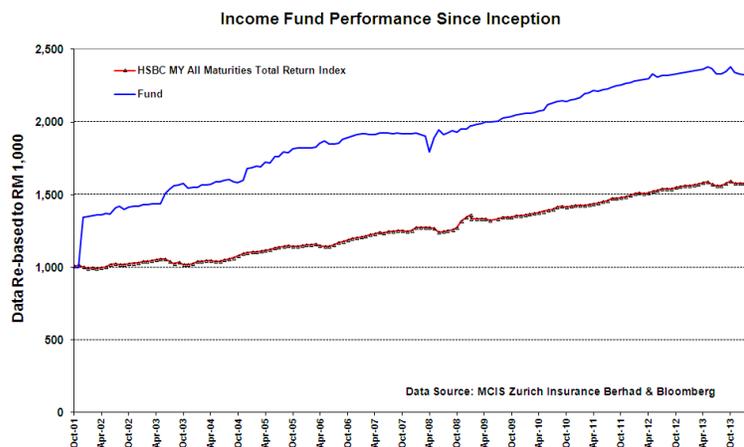
## Risks

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 2014, the fund had outperformed the benchmark by 11bps MoM (month on month). The outperformance was due to better return of fixed income securities during the period.



## Top Five Holdings

Malaysian Government Securities-MS130005 (Bond)  
 Projek Lebuhraya Usahasama Berhad (Bond)  
 Malaysian Government Securities-MN130003 (Bond)  
 Malaysian Government Securities-MS03002H (Bond)  
 Government Investment Issue-GL130069 (Bond)

## Fund Information

NAV (28.02.14)	RM1.1697
Fund Size	RM 20.6 million
Inception Date	15-Oct-01
Fund Management Fee	0.5% p.a.
Pricing	Daily
Price Quote	Major Newspaper, or <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%	82%
Cash	0%	25%	18%

## Performance Table

Period	Fund	Index*
1 month (%)	0.65%	0.54%
3 months (%)	-0.03%	0.44%
6 months (%)	0.35%	1.56%
12 months (%)	-0.55%	1.12%
2 years (% pa)	1.06%	2.36%
3 years (% pa)	2.14%	3.58%
5 years (% pa)	3.48%	3.54%
Since Inception	7.08%	3.79%

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

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

\* Index is HSBC Malaysia All Bond FBM KLCI Index, sourced from Bloomberg.

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

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

# MCIS Zurich Investment Linked - Jati Fund Monthly Report (Feb 2014)

## 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

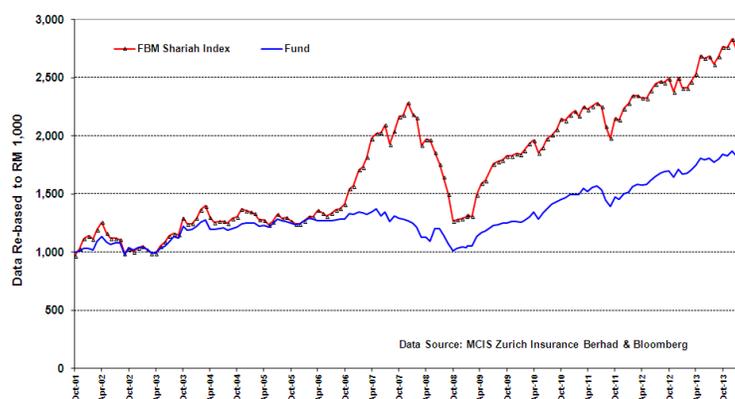
The Fund is considered high risk given the exposure to equity securities. The following factors can potentially affect the value of the Fund; consumer sentiment, financial performance of the underlying companies, the performance of the industry and economy, and the share market in general, social and 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 2014, the fund had underperformed the benchmark by 41bps MoM (month on month). The underperformance was mainly driven by higher exposure of underperforming stocks in the portfolio compared to benchmark.

Jati Fund Performance Since Inception



## Top Five Holdings

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

## Fund Information

NAV (28.02.14)	RM0.9280
Fund Size	RM10.6 million
Inception Date	15-Oct-01
Fund Management Fee	1.35% 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%	83%
Cash	0%	20%	17%

## Performance Table

Period	Fund	Index*
1 month (%)	1.90%	2.31%
3 months (%)	1.37%	1.27%
6 months (%)	4.45%	7.04%
12 months (%)	10.50%	16.12%
2 years (% pa)	8.98%	9.20%
3 years (% pa)	7.52%	8.84%
5 years (% pa)	11.99%	16.20%
Since Inception	5.11%	8.65%
Yield #	2.26%	3.56%

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

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

\* Index is FBMS Index sourced from Bloomberg. # Yield data is sourced from Bloomberg, and MCIS Zurich.

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

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

# Equity Market Review and Outlook

## Market Review

February was a decent month for the KLCI as it rebounded from the selloff in January, in line with Wall Street and regional markets. Second and third liner stocks were particularly active and enjoyed strong interest. The results season was bunched up towards the end of February due to Chinese New Year celebrations. Results were again mixed but initial tally indicates that the results were similar to the November 2013 results season.

For the month of February 2014, the FBM KLCI index increased 31.6 points or 1.8% to close at 1,835.7 points. The broader market slightly underperformed the KLCI as the FBM Emas increased 1.7% to close at 12,669.5 points. The average daily volume in February increased to 2,497.4mil compared to 1,641.5mil in January. For the 6 months period, average daily volume was 1,738mil as compared to 1,645.77mil shares in January.

On the local economic front, real GDP improved to 5.1% y-o-y in the 4Q13, compared to 5.0% recorded in the 3Q13. This was attributed to a recovery in exports, recording two successive quarters of growth, after four quarters of decline. This was aided by a sustained increase in private investment, underpinned by the ongoing implementation of the Economic Transformation Programme (ETP), the Public-Private Partnership (PPP) and various corridor projects. Also, consumer spending sustained its growth during the quarter due to an increase in civil servants' pay effective 1 July 2013.

Chart 1: FBMKLCI Daily Chart



Source: Bloomberg

Chart 2: FBMKLCI Monthly Pattern and Cycle Analysis



Source: Bloomberg

## Market Outlook & Strategy

March is traditionally a slightly negative month for the local stock market, after typically enjoying strong gains from January and February. This time around, the equity market was unusually weak in January while February enjoyed a slight rebound from those lows. With the persistence selling from foreign funds, unfavourable economic data across the globe and global worries on the Ukraine jitters, we expect the weak momentum in the first two months in 2014 will continue in March.

Technically, we are cautiously bullish since the momentum indicators are signaling that the upward momentum is weakening via bearish divergence on both weekly and monthly indicators. In March, we expect prices to weaken to retest the key support trend line (currently at 1,795) and if this support line holds, then it would likely mean that the index would still have one more rally to above the all time high of 1,882. But if the support fails, then we would likely be witnessing the beginning of the end of the 5-year rally.

We maintain our view on the volatile market this year as we expect volatility to persist into 2Q14 with the US' QE taper and other global economic uncertainties to dictate near-term momentum of equities. We continue to be cautiously optimistic about the outlook for the Malaysian equity market. Our stocks selection will remain status quo and continue to focus on blue-chips given their strong fundamentals and strong interest from major institutions.

# Fixed Income Review and Outlook

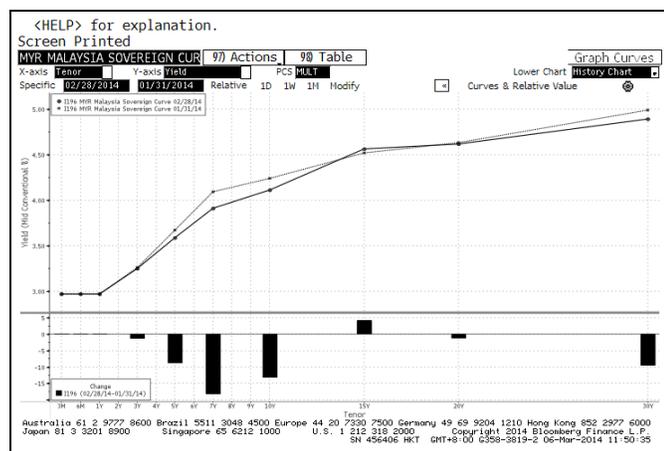
## Market Review

During the month of February, local MYR bonds saw a mixed trading mode. However trading momentum improved on the back of stronger demand from concluded government bond auctions held during the period in review. Sustained local macro backdrop and renewed catalyst from rebound in Ringgit performance also added further support.

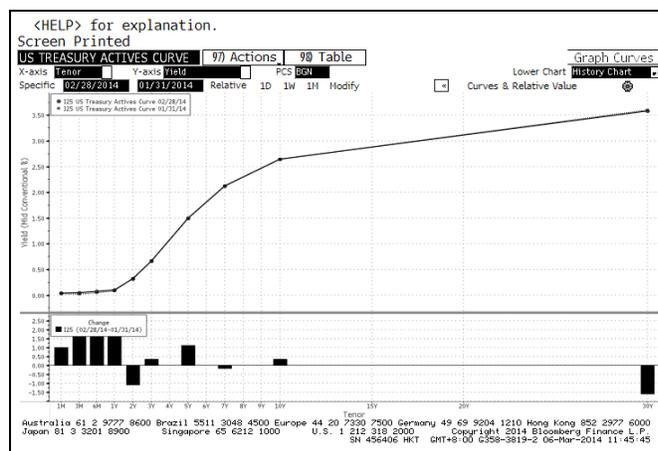
Having previously printed healthy bid to covers for both MGS 7/24 and GII 4/19, positive momentum was seen carrying into the month of February. During the period in review both MGS 4/30 and GII 3/21 printed strong bid to covers of 2.288 times (over issue size of RM2.5bn and average yield of 4.655%) and 2.522 times (over issue size of RM3bn and average yield of 4.113%) respectively. In fact GII 3/21's BTC was the highest YTD. The Malaysian government also sold RM2.0bn of the 10-year sukuk known as SPK via tender plus another RM2.0bn in private placement to select investors. The public tender garnered a bid-to-cover ratio of 1.765 times and an average yield of 4.731%. Overall investors generally saw a trading buy for MGS 4/30; GII 3/21 and SPK 2/24, as previous spike in levels paving the way for bargain hunts amid compelling valuations.

Latest official data showed that foreign investors' holding in Malaysian MGS fell to 44.6% in January 2014 from 44.9% in December. Foreign holding rose to RM137.9bn from RM137.1bn but lagged the increase in outstanding MGS which rose to RM309.1bn from RM305.1bn in December. If taking into account both MGS and GII, foreigners' share dipped slightly to 29.1% by end-January 2014 from 29.4% in December 2013.

US Treasuries strengthened in February. Weak economic statistics and capital outflow from emerging markets provided good support to US Treasuries, despite a cautious tone against the several Fed members' hawkish stance. The latest FOMC minutes revealed that several Fed members were looking to raise interest rates sooner than market expectation. Aside, forward guidance may be modified in the future, to better reflect the policy stance. However, policy makers were still cautious, and monitoring a gradual growth of inflation toward the long run of 2.00% threshold, before going for any rate decision.



Source: Bloomberg



Source: Bloomberg

## Market Outlook & Strategy

While yield movements remained volatile in the Ringgit bond market, we believe there is considerably more value in bonds now and would accumulate when there is a sell off as we do not see any changes in the Overnight Policy Rate (OPR) in the medium term albeit slight uptick in inflation which were largely cost-led.