



**Takaful**  
**myA1-Afdha**  
Capital Protected Investment Plan

**Annual Performance Review**  
**2008/2009**



**TAKAFUL MALAYSIA**  
شركة تافل ماليزيا بحد  
(Kumpulan BIMB Holdings Berhad)

*Leading  
The Way  
For 25 Years*

The logo for Takaful myAl-Afdhal Capital Protected Investment Plan is displayed on a dark background with a blurred image of a person's face in the background. The word "Takaful" is in white, "myAl-Afdhal" is in yellow with a blue arrow pointing upwards through the 'A', and "Capital Protected Investment Plan" is in white below it.

**Takaful**  
**myAl-Afdhal**  
Capital Protected Investment Plan

# Protecting your investment during difficult times

Takaful *myAl-Afdhal* plan is a 5-year closed-ended investment-linked plan that allows participants to invest in a Shariah-compliant structured investment product. With its principal-protected feature, participants will enjoy protection throughout the term whilst gaining investment return in the form of Annual Profits\* from their lump-sum Single Contribution.

The Shariah-compliant structured investment portfolio is provided by Citibank Berhad ("Citibank") which has a credit rating of AAA by RAM Holdings Berhad ("RAM") dated 12 December 2008.

\* Subject to the actual performance of the investment. The returns on the structured product investment will be based on the performance of the Reference Assets whilst the principal will only be protected if investment is held to maturity.

**DISCLAIMER:** This report is for information purposes only. The opinion contained in this report is based on information obtained or derived from sources that we believe are reliable. Syarikat Takaful Malaysia Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

# GMD's Statement

## In the Name of Allah, the Most Compassionate, the Most Merciful

It is our pleasure to present the inaugural Annual Performance Review of Takaful *myAI-Afdhal* for its first anniversary year.

The launch of Takaful *myAI-Afdhal* on 2 May 2008 is an attestation to the commitment and continuous effort of Takaful Malaysia to provide a wider range of Takaful products offering alternative investment opportunity for its valued customers. Being one of the first Islamic structured investment-linked product (ILP) that focused on strategy and linked to global multi asset classes (Equity, Commodities and Bond), Takaful *myAI-Afdhal* was specifically designed to cater to the needs of individual and corporate investors seeking for alternative capital protected Shariah-compliant investment combined with Takaful protection.

As an investment product, the investment performance of Takaful *myAI-Afdhal* is subject to the performance of the underlying assets covering the European sovereign bonds, Asian equity market, precious metal and copper commodities as well as Japanese property market. The global economic downturn as a result of the financial crisis in the United States of America (US) late last year has negatively impacted the performance of all asset classes including asset classes linked to Takaful *myAI-Afdhal*. Hence for the period under review, both the defensive and growth portfolios comprising the abovementioned asset classes have underperformed, resulting in the absence of annual coupon payment for the year with the Net Asset Value of Takaful *myAI-Afdhal* registering at RM0.896 on 19 June 2009.

Whilst the investment performance of Takaful *myAI-Afdhal* was below our expectation due to worse than expected global economic slowdown, we believe that recovery is on its way. This is evident by the massive stimulus packages rolled out by the major economies i.e. the US, Europe, Japan and China amounting to USD1.9 trillion acting as the major impetus to steer the economies through the financial crisis and hence improve investors' sentiments. Improving economic numbers as indicated by the consumer spending and manufacturing indices have also started to support the recovery theme towards 2010.

We would like to take this opportunity to assure our valued Takaful *myAI-Afdhal* investors that your investment is protected until its maturity in 2013. In the next 4 years, you will also continue to enjoy the Takaful protection while we continue to protect your investment during these hard times. Investment is all about risk and rewards, and with the belief that whatever goes down must go up, we are confident for a better Takaful *myAI-Afdhal* performance in the years to come.

Last but not least, we would like to express our utmost appreciation and gratitude for your continuous support for Takaful *myAI-Afdhal* and Takaful Malaysia. We will continue to strive and work hard to serve you better and achieve our mission to be the preferred choice for insurance.

**May Allah give us His guidance, Amin.**



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**Dato' Mohamed Hassan Bin Md Kamil**  
Group Managing Director

# Fund Performance

Fund Performance as at 16 June 2009



Quarter 1 (16.09.2008)	Quarter 2 (16.12.2008)	Quarter 3 (16.03.2009)	Quarter 4 (16.06.2009)
0.852	0.897	0.907	0.896

## Fund Review & Outlook

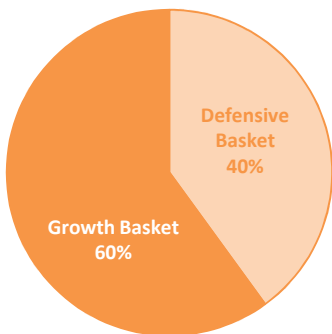
Takaful *myAl-Afdhal* was incepted on 20 June 2008 with the initial price of RM1.00. As an investment-linked product where its performance is linked to the international multi asset classes covering European sovereign bonds, Asian equity market, precious metal, copper and Japanese property market, the performance of Takaful *myAl-Afdhal* is mainly influenced by the state of the global markets.

For the past one year since its inception, the Net Asset Value (NAV) of Takaful *myAl-Afdhal* was fairly volatile reflecting the volatility of the underlying assets. The Defensive Portfolio comprising 60% weightage of defensive basket and 40% of growth basket, was down by 17.38% whilst the Growth Portfolio (60% growth basket, 40% defensive basket) recorded negative return of 24.52%. With both of the portfolios recording negative returns, Takaful *myAl-Afdhal* is unable to declare any Annual Profits for its first anniversary year.

The poor performance of both Defensive and Growth Portfolios was dragged by the unexpected global financial crisis originating from the subprime mortgage woes in the United States of America (US) that had affected most of the investment values across all asset classes, mostly equity, property and commodity markets. As liquidity drains out globally, financial institutions cut down their lending activities, stalling most businesses and eventually impacting economic activities. As a result, for the year 2009, major economies such as US, Europe and Japan are forecasting contractions to its gross domestic product (GDP).

# Fund Performance

Portfolio Performance as at 16 June 2009

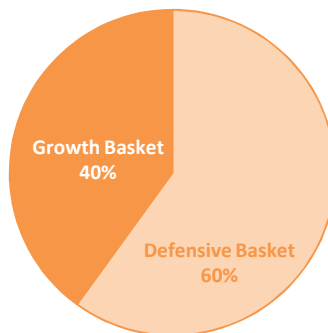


## Growth Overweight Portfolio

Growth Basket	Defensive Basket	Performance of Portfolio
-23.29%	-1.23%	-24.52%

## Defensive Overweight Portfolio

Growth Basket	Defensive Basket	Performance of Portfolio
-15.53%	-1.85%	-17.38%



Nevertheless, recent economic data indicates some positive development arising from the concerted efforts by the global economies since early last year to reduce interest rates and spur lending activities, as well as the introduction of massive amount of stimulus packages in order to support domestic economic activities. As a result, the contraction in Europe's manufacturing and service industries is easing and European confidence in the economic outlook rose to the highest in six months in April. In Germany, the Euroland's largest economy, business sentiment also increased for a second month in May while in UK, the industrial output which contributes 18% of its GDP rose for the first time on a month-on-month basis since February 2008. As such, global economies are expected to stabilize and have consistent positive growth in 2010.

With the expected improvement in the global economies, the underlying asset classes are also expected to gradually improve which shall be reflected in the future NAV of Takaful *myAI-Afdhal*.

The performance review and outlook of each underlying asset classes is detailed out in **Appendix B** of the report.



## Appendices

- **Appendix A:** Detailed computation of portfolio performance
- **Appendix B:** Performance review & outlook on European Sovereign Fixed Income Index
- **Appendix C:** Performance review & outlook on Precious Metal Index
- **Appendix D:** Performance review & outlook on Copper
- **Appendix E:** Performance review & outlook on Asian Blue Chip Equity Index
- **Appendix F:** Performance review & outlook on Japanese REIT Index

## Appendix A

# Detailed Computation of Portfolio Performance

Kindly note that the computation of performance payout is based on the average of quarterly fixings as at 16 September 2008, 16 December 2008, 16 March 2009 and 16 June 2009.

### Growth Basket

	Average of 4 Quarterly Fixings	% Weight in Basket	Performance of Basket
Copper	-43.67%	50%	-38.81%
Asian Blue Chip Equity Index	-33.66%	25%	
Japanese REIT Index	-34.26%	25%	

### Defensive Basket

	Average of 4 Quarterly Fixings	% Weight in Basket	Performance of Basket
European Sovereign Fixed Income Index	8.28%	25%	-3.09%
Precious Metal Index	-6.87%	75%	

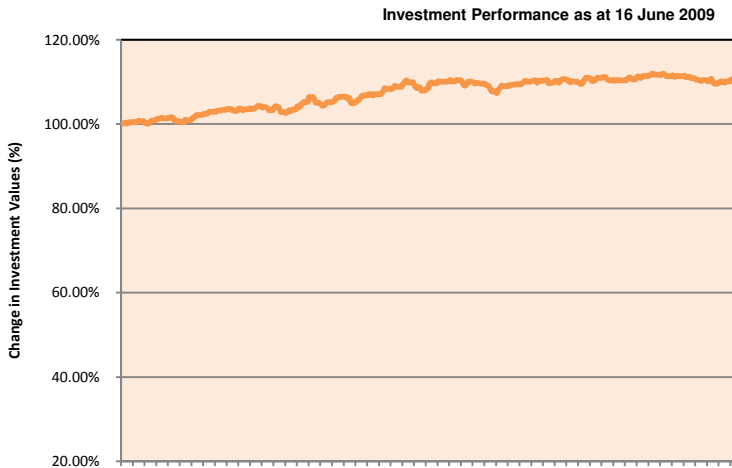
### Portfolio Performance<sup>1</sup>

	Growth Basket	Defensive Basket	Performance of Portfolio
Growth Overweight Portfolio	-23.29% (-38.81% × 60%)	-1.23% (-3.09% × 40%)	-24.52% [(-23.29%) + (-1.23%)]
Defensive Overweight Portfolio	-15.53% (-38.81% × 40%)	-1.85% (-3.09% × 60%)	-17.38% [(-15.53%) + (-1.85%)]

- The performance of each portfolio is calculated as the total of the performance of both baskets, calculated based on the weights of each basket for the portfolio.

## Appendix B

# European Sovereign Fixed Income Index



Initial Strike (16.06.2008)	Quarter 1 (16.09.2008)	Quarter 2 (16.12.2008)	Quarter 3 (16.03.2009)	Quarter 4 (16.06.2009)
143.84	149.89 (+4.21%)	156.25 (+8.63%)	157.90 (+9.78%)	158.94 (+10.50%)

\* Percentage change of price in value is computed by comparing to the Initial Strike.

### Performance Review

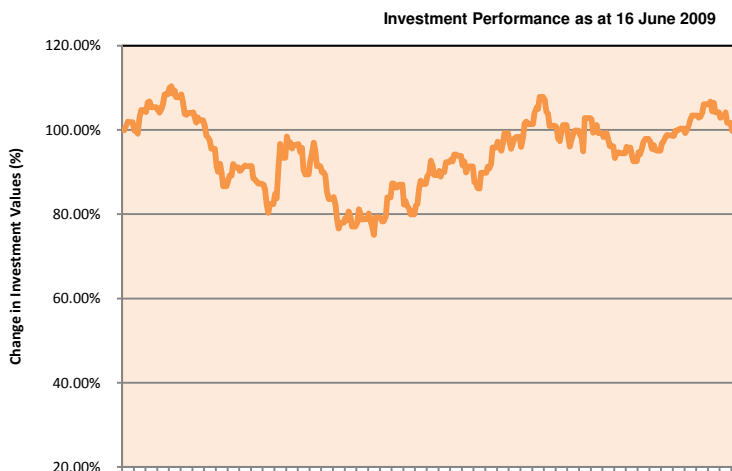
For the period under review, the European Bonds recorded 8.28% return, following the reduction of interest rates by European Central Bank to 1.0% from its previous high of 4.0% in June 2008. With the financial crisis impact trickling down to the Eurozone economies, growth was expected to be negative, prompting a series of interest rate cut to its historical low. And with the inverse relationship of the bonds value to interest rate, the reduction of the latter had managed to elevate the value of European Bonds compared to its initial value.

### Outlook

With global economic conditions continuing to improve since April this year, it is becoming more evident that global activities are nearing the turning point. Hence, economists are expecting the global race towards zero interest rates to continue. Euro rates have been cut to 1.0% and is expected to remain at 1.0% over the rest of the year. Any further drop in Euro rates could further increase the value of European Bonds in the future.

## Appendix C

# Precious Metal Index



Initial Strike (16.06.2008)	Quarter 1 (16.09.2008)	Quarter 2 (16.12.2008)	Quarter 3 (16.03.2009)	Quarter 4 (16.06.2009)
137.08	114.77 (-16.28%)	122.93 (-10.32%)	135.46 (-1.18%)	137.49 (0.29%)

\* Percentage change of price in value is computed by comparing to the Initial Strike.

### Performance Review

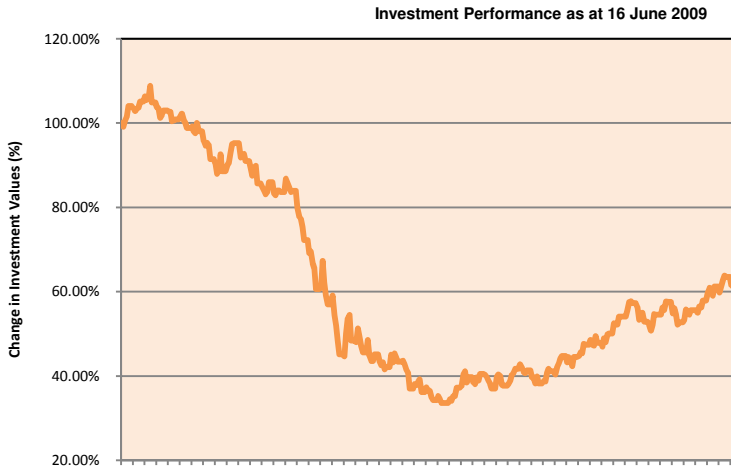
Precious Metal Index (PMI) was affected due to stronger US dollars as a result from weaknesses in other currencies, falling oil prices, significant decrease in the demand for jewelry, and slowing down of industrial activities. However, the gold market has shown considerable resilience over the second half of 2008, even as other commodities saw far more dramatic declines. Nevertheless since its initial value, PMI declined by 6.87% despite the slight gold bounce back due to recovery in the oil price during the period under review.

### Outlook

Gold bounced back recently due to a recovery in oil prices and investors shying away from volatile equity markets. Nevertheless, gold's appeal as an inflation hedge tool appears to wane as inflation is no longer a threat arising from the consolidation of oil and other commodities prices. According to World Gold Council, there has been a seismic shift away from capital appreciation towards wealth preservation and it is believed that this trend will define the investment behavior in the next decade. On the other hand, silver which is commonly used for industrial activities, is expected to recover in line with the economic recovery.

## Appendix D

# Copper



Initial Strike (16.06.2008)	Quarter 1 (16.09.2008)	Quarter 2 (16.12.2008)	Quarter 3 (16.03.2009)	Quarter 4 (16.06.2009)
8,255.00	6,841.00 (-17.13%)	3,020.50 (-63.41%)	3,690.00 (-55.30%)	5,049.00 (-38.84%)

\* Percentage change of price in value is computed by comparing to the Initial Strike.

### Performance Review

The biggest sell down and significant drop in the price of copper started out in September 2008 as the financial crisis kept investors away from the commodity. After the Olympic event in August 2008, China demand for copper declined quite drastically and with copper inventory rose to one of its highest level since February 1994, prices of copper was dragged down further.

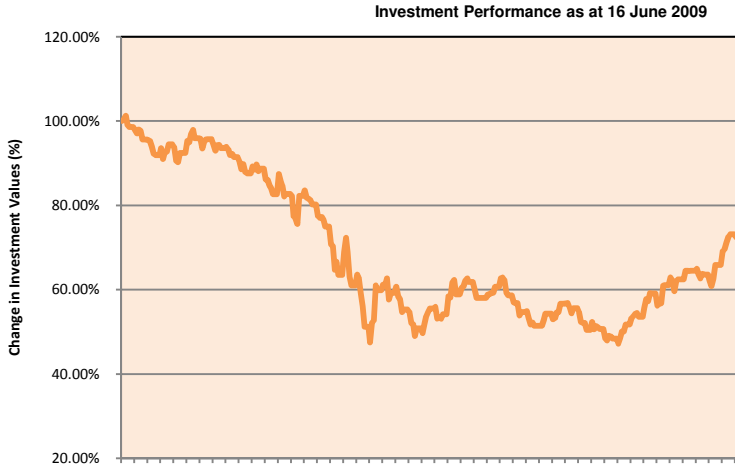
The demand for copper was further depressed as three of the copper's largest end-users, namely the US housing, manufacturing and automotive industries were all faced with the financial turmoil. The low demand for copper products also prompted factories shut down in Japan. As such, the copper index fell by 43.67% since its initial value, making it one of the worst performing asset classes during the period under review.

### Outlook

Copper is likely to be the lead metal into a recovery and recent price action in copper highlights the potential upside when demand conditions improve, owing to relatively low inventory levels and potential under-supply in medium term. Although Chinese copper demand appears to be recovering, demand in the developed countries is still weak. Nevertheless, with a significant portion from the global stimulus packages expected to be channeled into infrastructure build-ups, demand for copper is expected to improve further which in turn would improve the copper spot price.

## Appendix E

# Asian Blue Chip Equity Index



Initial Strike (16.06.2008)	Quarter 1 (16.09.2008)	Quarter 2 (16.12.2008)	Quarter 3 (16.03.2009)	Quarter 4 (16.06.2009)
480.91	372.24 (-22.60%)	292.10 (-39.26%)	255.75 (-46.82%)	356.03 (-25.97%)

\* Percentage change of price in value is computed by comparing to the Initial Strike.

### Performance Review

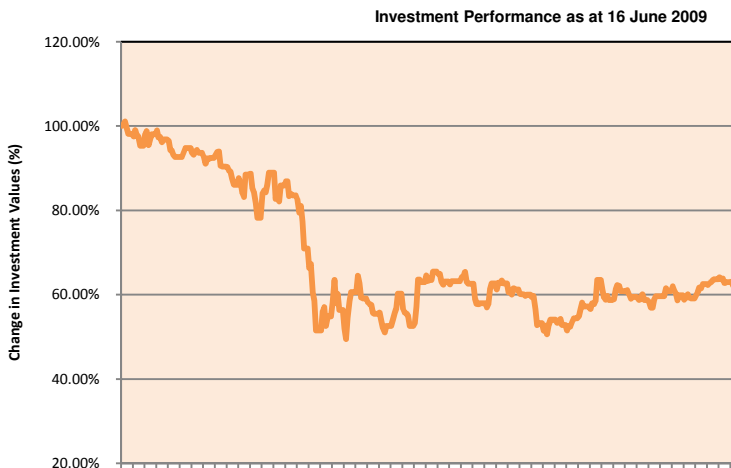
During the financial crisis, equity market is also among the worst performing asset classes being bashed by poor market sentiment and liquidity drain due to global institutional funds' sell-off. Asian stocks followed the decline of global equity markets as lower profits were being reported by Asian firms that were largely due to a fall in demand. The decline in the US markets as economic slowdown fears towards end of 2008 sent the US equity market on its steepest slide in one month that was spilled over to Asian equity markets. Hence, Asia Blue Chip Equity Index was shed by 33.66% from its initial value.

### Outlook

Asian equity markets have rallied steadily since March 2009, fuelled by confidence that global economy may be recovering. Chinese stocks rose after mixed economic data for April showed brisk retail sales growth, while energy shares were strong and the market was buoyed by ample liquidity. A strong rebound of 35% was also recorded by Morgan Stanley Composite Index Asia excluding Japan (MSCI AEJ) since March 3 until middle of April 2009 with the improved global sentiment. Based on the general view that equity market would normally recover ahead of economic recovery expected in 2010, the prospect for Asia Index to improve is forthcoming, flowing through from the expected improvement of investors' sentiment globally.

## Appendix F

# Japanese REIT Index



Initial Strike (16.06.2008)	Quarter 1 (16.09.2008)	Quarter 2 (16.12.2008)	Quarter 3 (16.03.2009)	Quarter 4 (16.06.2009)
1,424.31	1,177.84 (-17.30%)	901.18 (-36.73%)	782.05 (-45.09%)	884.57 (-37.89%)

\* Percentage change of price in value is computed by comparing to the Initial Strike.

### Performance Review

Japan's economy, the second largest in the world, was on the brink of recession, as the economic woes afflicting Europe and America were spreading eastwards. Japanese economy fell at an annual rate of 14.2% in 1Q2009, the steepest contraction since records began half a century ago. As a result, Japanese property market suffered with the prolonged Japanese economic slowdown. As such, the Japanese REIT Index, which represents property market in Japan, recorded negative 34.26% performance from its initial value.

### Outlook

Deterioration in corporate profits, along with the declines in operating sales, is very likely to depress business investment in the coming quarters. The worsening labor and income conditions will likely take a toll on consumer spending and housing investment particularly the property sector. Nonetheless, the impact from the government's stimulus measures (in particular added public works) are likely to be felt in earnest around third quarter this year while a meaningful impact is expected to be witnessed in 2010. Bank of Japan in its announcement dated 16 June 2009 also upgraded its view and believe that the worst is over for the Japanese economy after exports improved and factory output climbed the most in 56 years.



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