

## Monthly Fund Fact Sheet as at 31<sup>st</sup> July 2018

### MIDF AMANAH DYNAMIC FUND

August 2018

#### FUND OBJECTIVE

The objective of the fund is to achieve long-term capital growth through investments in a portfolio of Shariah-compliant equities with superior growth prospects.

#### THE FUND IS SUITABLE FOR INVESTORS WHO:

- Are seeking long term capital growth, who wish their investments to be in line with Shariah principles;
- Can tolerate a high level of risks associated with stock market investments.

#### FUND DETAILS (as at July 31, 2018)

Fund Size	RM 2.261 million
Unit NAV	RM 0.8363
Fund Inception	5 May 1976
Financial Year End	15 <sup>th</sup> day of March
Management Fee	1.5% p.a. of NAV
Trustee Fee	0.08% p.a. of NAV
Initial Service Charge	Up to 5.00% of NAV
Redemption Payment Period	Within 10 calendar days
Investment Manager	MIDF Amanah Asset Management Bhd

#### MANAGER'S COMMENTS

##### Review

Globally, July saw the onset of trade war between U.S. and China. While the tensions continue to plague the markets and remain a lingering concern amongst market players worldwide nonetheless, the movements of the Dow have been more upbeat witnessing steady upwards momentum. Despite the trade war, the U.S. economy seems strong to weather the impact with its data proving relative economic strength while the release of 2Q corporate earnings boosted sentiment on the back of recent U.S. tax cuts with most results exceeding expectations. The Dow Jones stayed supported above the 25,000 levels for most of the month ending higher by 4.7% MoM. Locally, aside from tracking the more upbeat Wall Street, performance of domestic equity market was more optimistic as sell-off from foreigners slowed down on the back of investors being calmer amidst the rolling out of policy reforms coupled with confidence in the administration of the new PH government. The movements of the local benchmark were also more buoyant amid bargain-hunting by market players on previous post-GE14 market correction. In the most recent Monetary Policy Committee (MPC) on 11th July 2018, Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) unchanged at levels of 3.25% on the back of moderated inflation levels. That should sustain economic activities in the country and support domestic growth levels. Pending the release of 2Q GDP numbers, it is expected to stay supported due to recent improved private consumption levels on the removal of GST. Furthermore, business optimism levels for 2Q2018 jumped 24 ppt or 85.7% to levels of 52 (1Q2018 : 28) on assurance of the new government's emphasis on transparency and accountability. Benchmark FBM KLCI started the month at 1,685 levels with the local index witnessing a gradual and steady climb for most of July to close at the month's high of 1,784 points. On a MoM basis, our benchmark FBM KLCI jumped 92 points or 5.4% which marked the first monthly gain of the benchmark since GE14. The gain managed to narrow benchmark FBMKLCI's YTD loss to only -0.7% as at end-July 2018.

The broader market outperformed the benchmark KLCI as FBM Emas improved by 5.6% MoM, whilst FBM Shariah Emas by 5.94% MoM for the month of July closing at 12,633 and 12,811 points respectively. The small caps performed almost similarly vis-à-vis benchmark KLCI as the FBM Small Cap & Small Cap Shariah indices jumped 5.4% & 6.54% MoM respectively ending the month higher at level of 14,774 and 13,334 points. Meanwhile, average daily value traded for the month of July nevertheless declined -7% MoM to RM2.46bn which is the lowest monthly turnover in 2018.

#### Investment Outlook & Strategy

Despite trade woes particularly between U.S. and China posing concerns to the overall market however, global market indices was better supported on the back of still-healthy economic data coupled with relatively strong U.S. 2nd quarter earnings. Notwithstanding, prolonged trade tensions will add to volatility and possibly derail global growth levels hence, caution is inevitable.

(1) Based on the fund's portfolio returns as at 15 July 2018, the volatility Factor (VF) for this fund is 11.91 and is classified as "very high" (source:Lipper).

(2) Volatility Factor (VF) is subjected to monthly changes and Volatility Class (VC) will be revised every six months.

(3) The portfolio composition may change overtime, therefore there is no guarantee that the VF and VC to remain constant.

Investors are advised to read and understand the prospectus before investing. Among others, investors should consider the fees and charges. The price units and distributions payable, if any, may go down as well as up. Past performance of the fund should not be taken as indicative of its future performance. Investment in the funds are subjected to market risk, stock specific risk and liquidity risk. A copy of our Master Prospectus dated 1 March 2017 has been registered with the Securities Commission who takes no responsibility of its contents. The prospectus and application form can be obtained at our office. Units will only be issued upon receipt of an application form referred to in and accompanying the prospectus.

Locally, equity market performed better tracking global equities. Market participants appeared to be calmer towards the country's on-going policy reforms and sell-down by the foreigners have also slowed down. Having said that, we remain cautiously optimistic particularly in the short-term even as market is expected to tread along its trading range for now. There is anticipation of a possible re-rating on the market post 100-day period of GE14 i.e. 18th August 2018 hence, overall outlook in the long-run remains upbeat. The upcoming 2Q earnings season as well as release of 2Q GDP numbers will remain a focus while we stay watchful of gradual roll-out of revised and/or new government policy reforms which will eventually find footing. Stable fundamentals carved out by PH overtime will hopefully provide much needed support for the market to trend upwards.

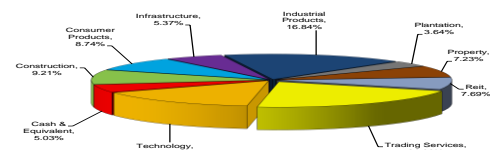
The volatile and weak market sentiment is expected to continue but signs of selling tapering off are emerging and the "wait on the side-line" stance will not last forever. This period will continue to provide an opportunity for local funds to position portfolios now for future upside potentials. Our Tactical Strategy in the short-term is to cut-losses on underperforming stocks for capital protection whilst accumulating during times of pullback particularly on undervalued and over-sold stocks. Meanwhile, rebalancing also includes switching to heavily weighted index-linked stocks and selected distressed stocks in the Telco and Construction/Infra space that were sold down indiscriminately. We remain invested in high dividend-yielding stocks for passive/recurring income during market downturn which will buffer portfolio downside. Our average equity asset allocation is at 85% - 95%.

Nevertheless, our long term focus continues to be in value/growth/defensive driven, high dividend yielders, distressed, under-valued, recovery and thematic plays (Islamic Banking/Takaful Insurance, Gloves/Healthcare, E-Commerce, Renewable Energy, Technology, IOT, Logistics, O&G, REITs, Telco, Tourism & Utilities) that will favourably position the respective portfolios well for the remainder of the year. Priority is to mend the portfolio back to health and improving its overall market value.

#### LARGEST HOLDINGS (as at July 31, 2018)

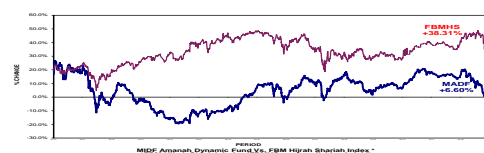
COMPANY	%
INARI AMERTRON BHD	10.19%
AXIS REAL ESTATE INVESTMENT TRUST	7.69%
TENAGA NASIONAL BHD	7.21%
DIGI.COM BHD	5.37%
YONG TAI BHD	5.12%

#### ASSET ALLOCATION (as at July 31, 2018)



\*as percentage of NAV. Please note that asset exposures for the funds are subject to frequent change on a daily basis.

#### FUND PERFORMANCE (as at July 31, 2018)



#### CALENDAR YEAR RETURN (as at July 31, 2018)

	3M	6M	1YR	3YRS	5YRS
FUND	-3.73	-11.26	-9.12	-4.93	18.23
FBMHS*	-4.21	-5.48	1.94	0.17	5.74

\*FBM Hijrah Shariah Index (FBMHS +gross dividend yield)

Note : Upon conversion to Shariah fund, benchmark has been changed to FBMHS from June 01, 2018 onwards

Source: Lipper Fund Table (The Edge, August 13, 2018)