

## Monthly Fund Fact Sheet as at 30<sup>th</sup> June 2018

### MIDF AMANAH DYNAMIC FUND

July 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 June 30, 2018)

Fund Size	RM 2.141 million
Unit NAV	RM 0.7915
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, re-emerged trade concerns between the U.S. and China once again alarmed equity markets worldwide as U.S. and China began to slap tariffs against one another. The trade war began with U.S. enacting 25% tariff on USD50B Chinese goods followed by China's vow to retaliate in kind. U.S. warned a further 10% tariff on USD200B worth of Chinese goods. This time around, it extended beyond China as U.S. was seen having spat over import tariffs towards the European Union and Canada too. Qualms on trade relations amongst nations led to an overall risk-off sentiment hovering global markets. The Dow Jones was unable to sustain gains declining -0.6% MoM. Post GE14 victory by Pakatan Harapan (PH) government, intensified investigations into state fund 1MDB continued. The country saw several top government officials directly or otherwise linked to the 1MDB's dealings vacating their positions including Bank Negara Malaysia's (BNM) Governor and the country's Attorney General with fresh appointments of Datuk Nor Shamsiah and Tommy Thomas respectively in place. The reshuffling of key government officials, cancellations of megaprojects, possible discontinuity of GLC monopolies, revision of minimum wage, reduction of broadband prices by 25% together with pending solution to the country's high level of debt contributed to the overall concern on Malaysia's policy reforms. The concerns shifted to possible impacts on corporates' earnings and investment decisions all of which combined to spur selling amongst spooked foreign investors. Capital outflows stemming from continued uncertainties over socio-economic policies pending the roll out by PH government coupled with external fragile sentiment of trade woes menacing global growth levels sent the local index tumbling down. Benchmark FBM KLCI started the month at 1,756 levels but any momentum upwards was unsustainable. Our local index plummeted all the way to a low of 1,665 before closing the month of June at 1,692 levels. On a MoM basis, our benchmark FBM KLCI declined -49 points or -2.8%. On a 1H2018 basis, the benchmark fell -5.8% YTD. As a result of continued net selling of equities by foreign investors, our net foreign selling in June amounted -RM4.6bn bringing 1H2018 YTD selling to -RM7.0bn, witnessing the strongest net foreign outflow since 2015.

The broader market outperformed the benchmark KLCI as FBM Emas declined by -1.4% MoM for the month of June to close at 11,961 points. The small caps outpaced vis-à-vis benchmark KLCI as the FBM Small Cap index jumped 1.5% MoM ending the month higher at level of 14,013. Nevertheless, on a 1H2018 basis, the benchmark KLCI performed better than both the FBM Emas and FBM Small Cap as both indices fell by -7.6% YTD and -17.8% YTD respectively.

#### Investment Outlook & Strategy

Trade woes continue to plague the market with the United States reigniting rhetoric of implementing trade tariffs not only with China but extending it possibly to other major trade partners including Canada and the Eurozone.

Global market indices struggled to push higher amid concerns of longer term impact of these trade frictions and volatility on global growth, investment levels and company's earnings. Local markets were not spared from being sold down on the back of market players' and investors' continued uncertainties towards domestic socio-economic policies that are in the midst of being finalized. We continue to remain cautious overall for the remainder of 2H2018 whilst positioning carefully on buying opportunities amid the sell-down. We stay watchful of gradual roll-out of revised and/or new government policies which will eventually find footing whilst stable fundamentals carved out by PH overtime will hopefully provide much needed support for the market to trend upwards.

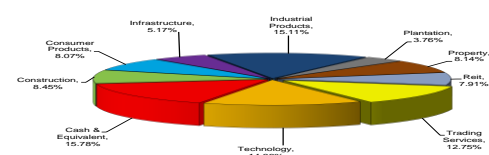
The volatile and weak market sentiment of "sell now and figure out later" continues which actually provides an opportune time to position portfolios now for future upside potentials. Our current short term Tactical Strategy is to cut-losses on underperforming stocks for capital protection whilst accumulating 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 Tech, Construction/Infra and Telco 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 80% - 90%.

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, Construction/Infra, E-Commerce, Renewable Energy, Technology, IOT, Logistics, 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 June 30, 2018)

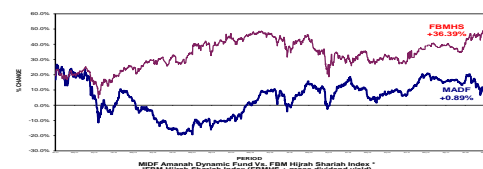
COMPANY	%
INARI AMERTRON BHD	9.93%
AXIS REAL ESTATE INVESTMENT TRUST	7.91%
TENAGA NASIONAL BHD	7.11%
YONG TAI BHD	5.88%
DIGI.COM BHD	5.17%

#### ASSET ALLOCATION (as at June 30, 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 June 30, 2018)



#### CALENDAR YEAR RETURN (as at June 30, 2018)

	3M	6M	1YR	3YRS	5YRS
FUND	-8.90	-13.08	-14.84	-7.41	15.28
FBMHS*	-9.02	-6.43	-3.67	-1.40	1.78

\*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, July 09, 2018)

(1) Based on the fund's portfolio returns as at 15 Jun 2018, the volatility Factor (VF) for this fund is 11.94 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.