3-year Fund Volatility
10.81 very high
Lipper Analytics 15 September 2018

Monthly Fund Fact Sheet as at 30th September 2018

MIDF AMANAH DYNAMIC FUND

October 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 September 30, 2018)

Fund Size	RM 2.158 million
Unit NAV	RM 0.8057
Fund Inception	5 May 1976
Financial Year End	15th 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, trade tensions once again plagued the markets across most asset classes with U.S. and China hurling additional tit-for-tat tariffs against one another. U.S. further levied tariffs of 10% on additional USD200bn of Chinese products which includes furniture and appliances with China retaliating to impose tariffs on USD60bn worth of U.S. products ranging from LNG, coffee, cocoa powder, frozen vegetables and other chemical products. Despite that, U.S. equity markets seemed to beat the odds as markets witnessed a relatively strong Dow Jones hitting record highs and hovering above the 26,000 levels. The Federal Reserve (Fed) raised its interest rates by 25bps in the most recent FOMC meeting to 2.00%-2.25% whilst maintaining its guidance on adopting a steady path of monetary policy tightening. The Fed foresees another hike in Dec 2018, followed by a further 3 hikes in 2019 and an additional increase in 2020. Locally, our domestic equity market tracked regional Asia stock markets in its effort to push forward amidst the latest round of Sino-U.S. tariffs. The on-going trade tensions have caused a less-than-upbeat sentiment across most markets coupled with an outflow of funds by foreigners that have also played a part. Despite MTD flows turning positive at MYR66.3M for the first time since GE14 however, the YTD flows continued to show foreign net selling at -MYR8.53B as at end-September 2018. Hence, our benchmark FBM KLCI moved in a tight range for the month whilst trending gradually lower. Although it was a short trading month amidst several public holidays, the benchmark FBM KLCI started at the month's high of 1,813 but moved in a range of only 20 points before closing at the month's low of 1,793 points. On a MoM basis, it declined -27 points or -1.5%. The benchmark's 9M2018 YTD loss as at end-September 2018 amounts to -0.2%. Meanwhile, Bank Negara Malaysia left the OPR unchanged at 3.25% at the recent MPC meeting on the back of steady economic growth. Other highlights such as the re-introduction of SST 2.0 is expected to maintain domestic consumption levels, which will hopefully offset the uniformed minimum wage of MYR1,050 per month to be implemented nationwide by Jan 2019, in neutralising companies' earnings for the coming quarters.

The broader market of Shariah indices relatively outperformed benchmark KLCI with FBM Hijrah Shariah, FBM Emas Shariah and FBM Small Cap Shariah recorded MoM changes of -1.1%, -1.0% and 0.5% to close at 14,206; 12,679 and 12,827 levels respectively. Meanwhile, average daily value traded for the month of September grew 2% MoM to RM2.49bn due to the slight monthly pick-up in foreign interest.

Investment Outlook & Strategy

Renewed geopolitical concerns such as additional tit-for-tat tariffs between U.S. and China, Brexit deal lacking progress coupled with the upcoming Iran sanctions have all contributed to the overall less-than-desirable sentiment flowing across global markets. Meanwhile, our domestic equity market tracked regional Asia markets in the struggle to trend higher amidst undesirable external news flows particularly stemming from tariff concerns. Apart from that, foreign fund outflows continued to play a part as YTD flows continued to show foreign net selling despite the increase in the momentum of foreign buys in recent weeks. Overall, we maintain a cautious approach in the short-term amid geopolitical concerns but remained positive particularly towards year-end 2018. This is on the back of the upcoming Mid-Term Review of 11th Malaysia Plan coupled with Budget 2019 announcement in November which will provide much clarity on country's policy reforms. Stable fundamentals carved out by PH government overtime together with year-end seasonality factors will hopefully provide the market with re-rating catalysts leading to a possible run-up.

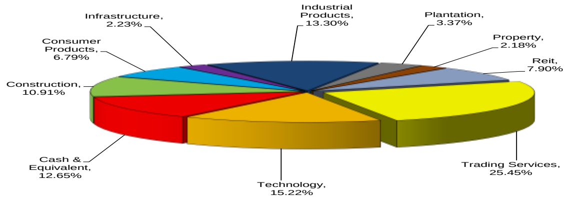
Our Tactical Strategy in the short-term is to cut-losses on underperforming stocks whilst securing profits on performing ones for capital protection. We will also accumulate during times of pullback particularly on fundamentally good counters as well as undervalued stocks. Meanwhile, rebalancing also includes switching to heavily weighted index-linked stocks and selected distressed stocks 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% - 85%.

Long term focus would continue to be on value/growth/defensive driven, high dividend yielders, under-valued, recovery and thematic plays (Technology, Consumer, Gloves, Healthcare, E-Commerce, Renewable Energy, IOT, Construction/Infrastructure, Takaful Insurance, REITs, Telco, Tourism & Utilities) that will favourably position the respective portfolios well into 2019. Priority is to mend the portfolio back to health whilst improving its overall market value and relative performance against benchmark.

LARGEST HOLDINGS (as at September 30, 2018)

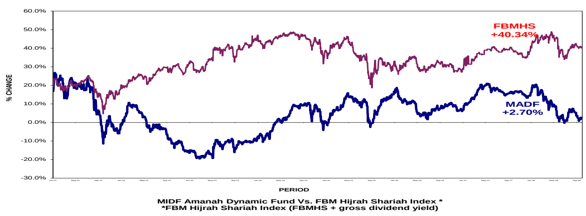
COMPANY	%
INARI AMERTRON BHD	9.94%
AXIS REAL ESTATE INVESTMENT TRUST	7.90%
TENAGA NASIONAL BHD	7.45%
OCK GROUP BHD	5.06%
GAMUDA BHD	4.67%

ASSET ALLOCATION (as September 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 September 30, 2018)



CALENDAR YEAR RETURN (as at September 30, 2018)

	3M	6M	1YR	3YRS	5YRS
FUND	**2.96**	**-6.97**	**-11.23**	**-2.01**	**14.87**
FBMHS*	**6.55**	**-4.67**	**1.81**	**5.35**	**5.67**

***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, October 08, 2018)

(1) Based on the fund's portfolio returns as at 15 September 2018, the volatility Factor (VF) for this fund is 10.81 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.