

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

### MIDF AMANAH ISLAMIC FUND

January 2019

#### FUND OBJECTIVE

The objective of the fund is to achieve long-term capital growth through investments which conform to the Shariah principles.

#### 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 high level of risks.

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

Fund size	RM 5.573 million
Unit NAV	RM 0.3326
Fund Inception	14 May 1971
Financial Year End	15 <sup>th</sup> day of June
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, a short breath of relief was spread across various markets upon the agreement between President Trump and President Xi to embark on a 90-day trade truce in order to conduct needed negotiations on trade matters. However, the reprieve was short-lived and did not offer much upside to global equity markets. Risk sentiment was also plagued by political uncertainty in the U.S. with a partial government shutdown over budget spending. The combination of factors then caused the broad global equity markets to tumble for most of the month with the 3 main U.S. indices nose-diving and the S&P 500 breaking the all-important 2,500 level. Meanwhile, after announcing its 4th interest rate hike for 2018 to a range of 2.25%-2.50% at the December FOMC meeting, the Federal Reserve revised down its rate hike forecasts for 2019 to 2 from 3 guided previously. This was viewed by market participants as dovish as Fed is making it subtly known that signs of global growth slowing are in fact displaying. Locally, our domestic equity market did not fare well too amidst rub-off from global and regional markets coupled with less-than-desirable external news flow and trade truce uncertainty. A confluence of local news flow on national pilgrimage fund, Lembaga Tabung Haji paying dividends 'illegally' since 2014 as debts had exceeded assets in the previous years also did not boost overall sentiment. With that, foreign funds flow continued to present the market with outflows with December 2018 MTD and YTD showing levels of -MYR1.022B and -MYR11.947B. Benchmark FBM KLCI started the month at a pretty upbeat 1,699 level but overall risk-averseness surrounding markets globally and locally resulted to our local index experiencing a sell-down for most of the month to the month's low at 1,635. Window dressing activities as usual at the last quarter of the year managed to push the index higher closing at 1,690 level for December 2018. On a MoM basis, it improved by +11 points or +0.6% while the benchmark's 12M2018 YTD loss amounted to -5.9%.

The benchmark FBM KLCI outperformed the broader market of Shariah indices with FBM Hijrah Shariah, FBM Emas Shariah and FBM Small Cap Shariah indices recording declines with MoM changes at -0.04%, -1.1% and -7.4% to close at 13,110; 11,504 and 9,968 levels respectively. YTD, the Shariah indices trended down by -9.8%, -13.5% and -34.8% separately. Meanwhile, average daily value traded for the month of December fell -9.0% MoM to MYR1.97B due to trading activities slowing down as markets headed towards the year-end.

#### Investment Outlook & Strategy

Globally, market players remained cautious despite the initiation of a 90-day trade negotiation between U.S. and China as markets remained uncertain of a trade truce. The uncertainties as well as persistent concerns towards global events and slackening growth levels continue to cause broad equity markets to be sold-down. Our domestic equity market tracked global and regional market movements with a persistent downtrend amidst the lack of positive external news flows as well as the saga surrounding Lembaga Tabung Haji. Nonetheless, window-dressing activities managed to support the market,

(1) Based on the fund's portfolio returns as at 15 December 2018, the volatility factor (VF) for this fund is 9.16 and is classified as "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.

buoying the FBMKLCI index. The outlook for 2019 is expected to stay moderated amidst forecasted muted global growth levels but the possibility of a slowdown in monetary tightening on the contrary, offers markets a more upbeat tone. We remain optimistic in the medium to long-term on the hopes of a long-awaited trade deal to be reached between U.S. and China together with our Government's strategies to strengthen its fiscal position and reforms which will hopefully provide catalyst for the market to trend upwards.

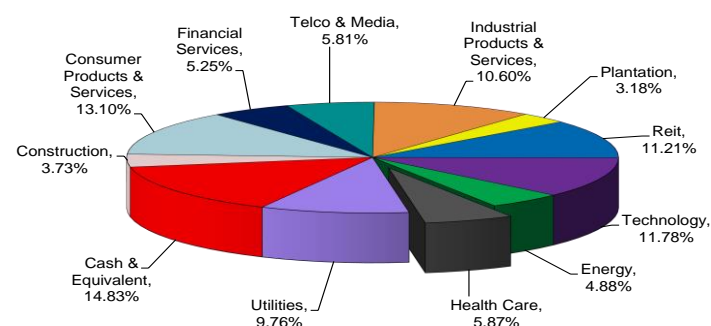
Our Tactical Strategy in the short-term is to continue rebalancing the portfolio by expediting cutting losses on underperforming stocks for capital protection with emphasis for a speedy portfolio recovery. We will also accumulate during times of pullback particularly on fundamentally good counters, undervalued stocks and index-linked stocks/selected distressed stocks that were sold down indiscriminately. We remain invested in high dividend-yielding stocks for passive/recurring income 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 (Consumer, Construction, Technology, Gloves, Healthcare, Takaful Insurance, REITs, E-Commerce, IOT, Renewable Energy, Utilities & Plantation) that will favourably position the respective portfolios well into 2019. Priority is to improve portfolio's overall market value and relative performance against benchmark.

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

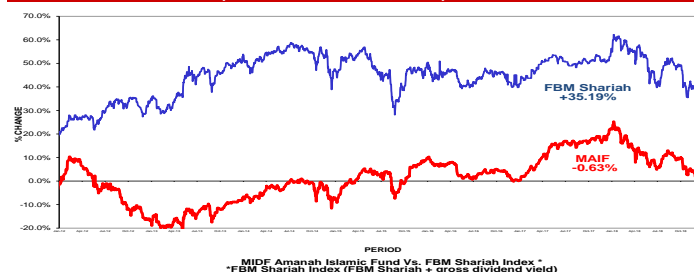
COMPANY	%
TENAGA NASIONAL BHD	9.76%
AXIS REAL ESTATE INVESTMENT TRUST	8.60%
TIME DOTCOM BERHAD	5.81%
SYARIKAT TAKAFUL M'SIA KELUARGA BHD	5.25%
INARI AMERTRON BHD	4.71%

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



#### CALENDAR YEAR RETURN % (as at December 31, 2018)

	3M	6M	1YR	3YRS	5YRS
FUND	-10.86	-7.74	-20.87	-10.86	5.93
FBM SHARIAH*	-10.11	-6.29	-15.67	-9.49	-11.46

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

Source: Lipper Fund Table (The Edge, January 14, 2019)