3-year Fund Volatility 0.17 very low Lipper Analytics 15 Jun 18

Monthly Fund Fact Sheet as at 30th June 2018

MIDF AMANAH SHARIAH MONEY MARKET FUND II

(formerly known as MIDF AMANAH MONEY MARKET FUND)

July 2018

FUND OBJECTIVE

The objective of the fund is to provide investors with a regular income stream over a short to medium term that complies with Shariah principles while maintaining capital stability.

THE FUND IS SUITABLE FOR INVESTORS WHO:

Have either a short or medium term investment horizon; desire a stream of income; and have low risk tolerance.

FUND DETAILS (as at June 30, 2018)

Fund size	RM 0.460 million
Unit NAV	RM 0.5000
Fund Inception	24 January 1984
Financial Year End	15th day of November
Management Fee	0.1% p.a. of NAV
Trustee Fee	Up to 0.02% p.a. of NAV
Initial Service Charge	Nil
Redemption Payment Period	Within 10 calendar days
Investment Manager	MIDF Amanah Asset Management Bhd

MANAGER'S COMMENTS

Review

Trading activities in the local government bonds/sukuk softened amid lingering domestic political uncertainties and lack of fresh catalyst. Market saw less volatility and lower momentum whilst sell-offs continued to be seen in both Malaysia and regional equities market due to potential narrowing interest differential with the US.

Overall MGS/GII yields traded higher as sentiment remained cautious as well as tracking the upwardly movement in regional bond curves pressured by elevated UST yields. 10-years MGS yields continued to edge higher by 3 bps to 4.20% from 4.17% previous month.

Foreign investors withdrew a total of RM12.9 billion in local bonds/sukuk and discounted instruments. This is the largest outflow in a single month since March 2017, likely due to positions trimming associated with the Election and further exaggerated by unfavorable external environment as the risk aversion to the emerging market arises.

On the primary segment, BNM had a new 20-years MGS auction early of the month. The bid-to-cover ratio was robust at 1.942 times with an average yield of 4.893%. The good demand was unexpected as the new government rolls out measures to address fiscal concerns and current yield levels are attractive to long-term investors despite the illiquidity in the secondary market.

Investment Outlook & Strategy

On 9th May 2018, Malaysia witnessed a historical moment as the 61 years old incumbent federal government lost in the 14th General Election and is now led by the previous Prime Minister Tun Mahathir. The government transition was smooth and without clashes. This placed a huge relief as we had expected much volatility post-election.

However, the market is still wary as players continue to debate policy direction of the new government and concern lingers on the fiscal impact from the implementation of the key election proposals such as the abolishment of GST and re-introduction of fuel subsidies.

Having said, we envisage that the new Malaysia policies are likely to be bond-positive as macro conditions still conducive. The government continues to focus on debt reduction, which is important to pave the fiscal and debt pathway towards an improved level. We expect a flatter yield curve on the back of these scenarios.

On the other hand, BNM's monetary policy statement sounded sanguine on economic prospects. Malaysia's economy rose 5.4% y-o-y in 1Q2018 (+5.9%: 4Q2017) whilst the current account surplus widened to 4.4% of GDP in 1Q2018 (3.9%: 4Q2017). Exports are expected to see some drag with rising trade tensions among major countries. Also, imported inflation caused the weaker MYR may be counterbalanced by the abolishment of GST. This will also sanction BNM to keep rates steady at 3.25% and maintain accommodative rhetoric.

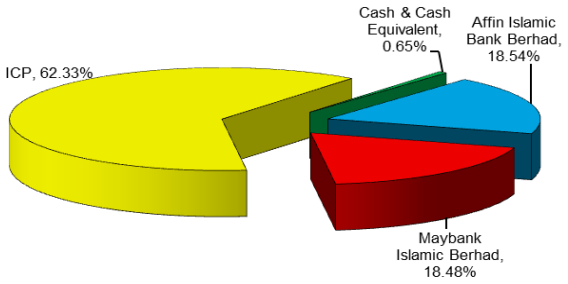
Meanwhile, trading momentum is expected to remain soft as markets await further leads and policy clarity from the new government but with a stable USD/MYR will keep demand for local government bonds/sukuk supported.

The Fund will continue investing in short term Islamic deposits.

LARGEST BANKS (as at June 30, 2018)

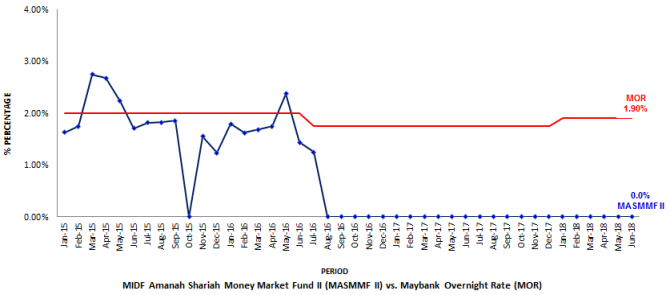
	%
AFFIN ISLAMIC BANK BERHAD	18.54%
MAYBANK ISLAMIC BERHAD	18.48%

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	-	-	-	1.23	2.94

Source: MIDF Amanah's Internal data & Lipper Fund Table (The Edge, July 09, 2018)

(1) MIDF Amanah Bond Fund has been converted to MIDF Amanah Money Market Fund on 1 January 2011, subsequently the name was changed to MIDF Amanah Shariah Money Market Fund II on 22 May 2018 due to conversion of fund from conventional to Islamic.
(2) Based on the fund's portfolio returns as at 15 Jun 2018, the volatility Factor (VF) for this fund is 0.17 and is classified as "very low" (source:Lipper).
(3) Volatility Factor (VF) is subjected to monthly changes and Volatility Class (VC) will be revised every six months.
(4) 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 credit risk, interest rate risk & reinvestment 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.