

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

### MIDF AMANAH SHARIAH MONEY MARKET FUND II (formerly known as MIDF AMANAH MONEY MARKET FUND)

June 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 May 31, 2018)

Fund size	RM 0.461 million
Unit NAV	RM 0.5000
Fund Inception	24 January 1984
Financial Year End	15 <sup>th</sup> day of November
Management Fee	0.5% p.a. of NAV
Trustee Fee	Up to 0.05% 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

Ringgit government bonds/sukuk yields were significantly higher in April 2018 following higher UST yields that led to global bond market sell off. Investors were largely concerned over further interest rate normalization by the US Fed as inflationary pressures mounted following the surge in global commodities. Trading activities weakened as investors adopted a wait-and-see approach ahead of the 14<sup>th</sup> General Election.

As end of April, the overall MGS yield curve shifted upwards by 13 to 24 bps across the curve. The 3-years MGS benchmark saw yield rose 20bps m-o-m to 3.65% whilst the 10-years MGS benchmark closed at 4.13%, edged 18bps higher a month ago. Similarly, GII 2-years rose 15bps to 3.74% whilst the 10-years benchmark climbed 19bps to 4.31% from previous month.

Foreign investors were net sellers of local government bonds in April as global bonds were under pressure. Foreign holdings of MGS fell to RM162.8 billion (March: RM165.9 billion) or 44.3% of total outstanding. The decline was mainly attributed to a significant drop in foreign ownership of MGS.

During the month, BNM conducted 3 auctions with total issuance worth of 10.5 billion. The overall primary market for local government space was upbeat supported by strong interest from the local institutional investors. GII issues garnered strong bidding interest with bid-to-cover ratios of 2.1x for the 20-years GII and 2.7x for the 10.5y GII, whilst the 5-years MGS recorded a relatively low bid-to-cover ratio of 1.6x.

#### Investment Outlook & Strategy

The pick in UST yields has led to weaker performances in global bonds as expectations of further Fed tightening measure persist as pickup in inflation data for month of April, reinforces the view. The US policymakers are maintaining view on interest rate normalization with another 2 rounds of 25bps hike each (total 3 hikes in 2018). Fed Chairman, Jerome Powell resonate a more upbeat tone on US growth optimism, citing that the US job market remains strong with the US economy expected to expand and inflation gradually moving towards the FOMC's target level of 2.0%.

- (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 May 2018, the volatility Factor (VF) for this fund is 0.18 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.

Despite the Fed interest rate policy normalization for 2018, we expect United States Treasury ("UST") yield curve may maintain a flattening stance with the pace of short-end tenure to move up slower whilst the longer-end remains anchored at current level.

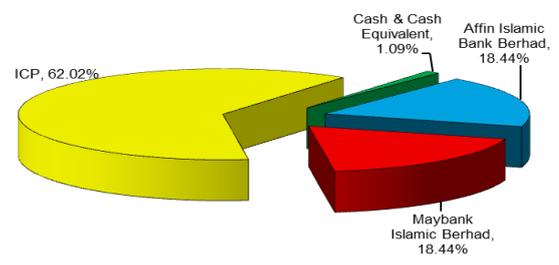
Meanwhile in the domestic market, local bond/sukuk market should see support in the short term period on the back of stable Ringgit and supportive macro data. Buying demand may continue but along the belly of the yield curve amid anticipation of no rush hikes by BNM. Nevertheless, we expect market tone to turn a bit softer ahead of Malaysian 14<sup>th</sup> General Election in May 9 also amid on-going US-China trade tensions and geopolitical spats concerning Syria. Demand for corporate bonds/sukuk is expected to hinge on any revision/changes in terms and condition awarded in major privatized and other related-infra projects i.e. highways, power plants etc which require thorough credit assessment.

The Fund will continue investing in short term Islamic deposits.

#### LARGEST BANKS (as at May 31, 2018)

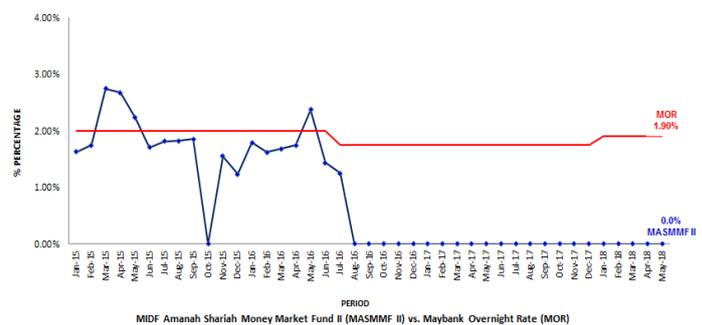
AFFIN ISLAMIC BANK BERHAD	18.44%
MAYBANK ISLAMIC BERHAD	18.44%

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



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

	3M	6M	1YR	3YRS	5YRS
FUND	-	-	-	1.23	3.04

Source: MIDF Amanah's Internal data & Lipper Fund Table (The Edge, June 11, 2018)