
## Monthly Fund Fact Sheet

# MIDF AMANAH SHARIAH MONEY MARKET FUND

**April 2017**

## FUND OBJECTIVE

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

## THE FUND IS SUITABLE FOR INVESTORS WHO:

Who seek regular income that complies with Shariah requirements with capital stability; have short to medium-term investment horizon; and have low risk tolerance.

## FUND DETAILS (as at March 31, 2017)

| | |
|---|---|
| Fund size | RM 128.852 million |
| Unit NAV | RM 0.5000 |
| Fund Inception | 1 April 2004 |
| Financial Year End | 15th day of October |
| Management Fee | 0.2% p.a. of the NAV of the Fund |
| Trustee Fee | Up to 0.05% p.a. of NAV subject to a minimum fee of RM18,000 p.a. |
| Initial Service Charge | Nil |
| Redemption Payment Period | Within 10 calendar days |
| Investment Manager | MIDF Amanah Asset Management Bhd |

## MANAGER'S COMMENTS

### Review

Trading in the local government market thinned ahead of the Federal Open Market Committee (FOMC) meeting. Net buying interest in the local government bonds improved especially on the bellies and longer end of the yield curve, pressuring the curve flatter on m-o-m basis. Gains were supported by firmer US Treasury at the start of the month, as players recalibrated their outlook for growth and inflation amid a lack of information on Trump's fiscal, tax plan and mixed signals on Fed direction.

Focus was more towards the government bond auctions as well as a series of economy data releases. There were 2 government auctions conducted in February. The new 7-year GII benchmark with a size of RM4.0 billion garnered strong bid-to-cover ratio of 3.12 times with average yield of 4.045%. Demand was mainly supported by local investors like pension, insurance and asset managers. Also, noted a slew of foreign participation due to increased risk appetite in emerging markets coupled with the weakening Ringgit against the US Dollar. Aside, the RM2.0 billion 30-year MGS benchmark reopening auction garnered decent bid-to-cover ratio of 2.562 times. Average yield was generated at 4.676% within a narrow spread of 4.66% - 4.68%.

Meanwhile, the new issuance of 5-year MGS with issue size of RM4.0bil registered a year-to-date rather weak book-to-cover ratio of 1.538 times in 2017, mainly supported by local buying. Average yield generated at 3.882% with the spread widened by 4.4 basis points to 3.86%-3.90%. The weakening of the MYR against the USD contributed to the weak bid-to-cover ratio brought about by the diminishing risk appetite for emerging market assets.

On a monthly basis, the 3-, 5-, 10- and 15-year closed higher by 3 to 13bps at 3.43% (Feb: 3.30%), 3.79% (3.69%), 4.04% (4.04%) and 4.49% (4.45%) respectively. Similarly, the GII yield curve also closed higher by 5 to 10bps with the 3-, 5-, 10- and 15-years at 3.70% (Feb: 3.62%), 3.88% (3.77%), 4.13% (4.08%) and 4.68% (4.58%) respectively.

### Investment Outlook & Strategy

Bank Negara Malaysia held the Overnight Policy Rate (OPR) steady at 3.00%, as widely expected. Rhetoric of the policy statement sounded a tad more upbeat on growth and inflation prospects reinforcing views that OPR to likely stay unchanged this year. Headline inflation averaged 2.1% in 2016 and is expected to average higher in 2017, amid the prospect of higher global oil prices, but core inflation is anticipated to remain stable. The pressure to ease rates are somewhat limited by the volatile financial markets and weaker ringgit. Given that the economy is on a stabilizing path, we opine BNM can afford to stay pat on its policy rate for now. Domestic liquidity is likely to remain sufficient; however the excess liquidity will narrow with continue capital outflows and hence may put pressure on the local bond market.

Foreign holdings in MGS continue to ease lower to 44.7% in February from 46%% in January. The lower holdings contributed from reductions in MGS and GII, circa RM2.1 billion and RM1billion respectively, mostly maturity driven. If foreign flows continue to ease further with yields to go up substantially from current level, we opine onshore real money support remains. After three consecutive months of net outflows, the MGS/GII yields have started to stabilize amid continue demand from onshore real money investors as bond tenders continue to chart robust demand despite sizeable issue amount from RM3.5 – RM 4.0 billion.

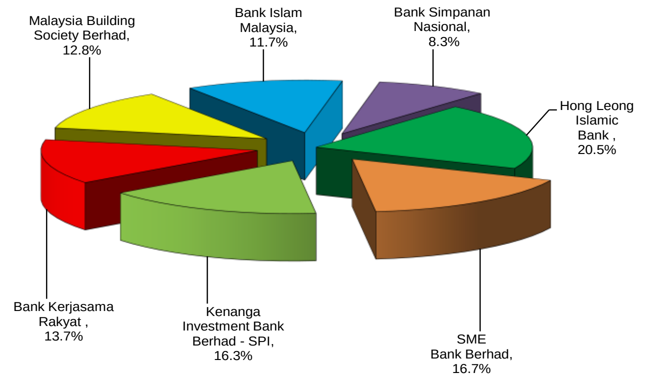
Depending on the FOMC outcome, the medium term outlook for the domestic bond market seems positive; taking into account the stable currency, current attractive valuations and less market volatility. We expect strong demand along the shorter tenor bonds amid continued attractive short tenor swap rates against the longer tenors, with the MYR basis swaps bid of 1-year and 5-years closed at -115bps and -60bps respectively.

The Fund will continue investing in short term Islamic deposits.

## LARGEST BANKS (as at March 31, 2017)

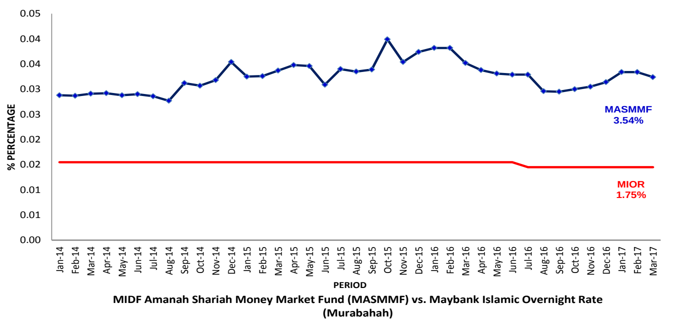
| | % |
|---|---|
| HONG LEONG ISLAMIC BANK BERHAD | 20.5% |
| SME BANK BERHAD | 16.7% |
| KENANGA INVESTMENT BANK BERHAD - SPI | 16.3% |
| BANK KERJASAMA RAKYAT MSIA BERHAD | 13.7% |
| MALAYSIA BUILDING SOCIETY BERHAD | 12.8% |

## ASSET ALLOCATION (as at March 31, 2017)




*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 March 31, 2017)




## CALENDAR YEAR RETURN % (as at March 31, 2017)

| | 3M | 6M | 1YR | 3YRS | 5YRS |
|---|---|---|---|---|---|
| FUND | 0.55 | 1.34 | 3.00 | 10.58 | 14.66 |

*Source: Lipper Fund Table (The Edge, April 10, 2017)*

(1) MIDF Amanah Islamic Bond Fund has been converted to MIDF Amanah Shariah Money Market Fund on 1 January, 2011.
(2) Based on the fund's portfolio returns as at 15 March 2017, the volatility Factor (VF) for this fund is 0.60 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.