

## Monthly Fund Fact Sheet

### MIDF AMANAH SHARIAH MONEY MARKET FUND

August 2015

#### 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 July 31, 2015)

Fund size	RM 73.21 million
Unit NAV	RM 0.5000
Fund Inception	1 April 2004
Financial Year End	15 <sup>th</sup> 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

The local government bond traded on a mixed note with lighter activities as market players were on a risk-off mode in response to Greece's uncertainties, rally in UST and strong selling pressure from the local currency. Market is still choppy as players remain uncertain on the next move. Bank Negara as expected kept the OPR at 3.25%. The local bond market turned bullish triggered by solid buying activities from both onshore and offshore player pushing the bond yields lower due to weaker Foreign Reserve number released by BNM. The rally was partly on the back of broad USD weakness which led to USDMYR to come off the recent high of 3.81 and as market was back to a risk-on mode following the issues in Greece and Eurozone has toned down. Bullish momentum was seen with the benchmark MGS and GII rally further, sending yields significantly lower especially on the belly of the curve.

On monthly basis, the 3-, 5-, 7- and 10-years traded lower by 6 to 14 bps at 3.14% (Jun-15: 3.20%), 3.46% (2.60%), 3.83% (3.95%) and 3.94% (4.01%) whilst the 15years edged higher by 2 bps at 4.20% (4.18%). Similarly, GII also traded lower across tenor with 3-, 5- 7- 10- and 15-years closed at 3.43% (3.49%), 3.69% (3.77%), 3.93% (4.01%), 4.06% (4.10%) and 4.27% (4.29%) respectively.

##### Investment Outlook & Strategy

The global economic recovery continues at a patchy and uneven pace. Weaker oil has given rise to domestic fiscal concern. Market remains concern that lower crude oil prices and commodity prices could result in Malaysia's current account to narrow significantly. Malaysia's real GDP growth held up relatively well at +5.6% y-o-y in 1Q15 from +5.7% in 4Q14, boosted by the pre-GST spending. Overall growth continues to be underpinned by domestic demand. However, we expect demand to normalize by end of 2015 as impact on GST gradually fades as business and consumer spending a breather post GST. Headline inflation averaged at 2% in April and May 2015. Going forward, the headline inflation is expected to be higher following impact from the GST and the recent price adjustment to the domestic fuel price.

While the recent global and domestic developments may have affected the local currency and domestic financial market, we foresee that the bond market is still well supported given there is still ample liquidity in the system. In an unexpected move, Fitch Rating reaffirmed Malaysia's sovereign rating to 'Stable' from 'Negative' outlook.

The knee-jerk optimism from Fitch's affirmation should keep the MGS market supported. However, we will remain cautious on the back of heightened expectation of US interest hike and the ongoing political issues that could lead to domestic instability. We expect the long-end yield curve will likely see a stronger upward pressure due to build up in inflation expectations, risk of fiscal slippage and weak foreign exchange reserves. Despite the lingering concern over FED rate normalization and Greece, MGS foreign holdings increased from 46.9% in May to 48.5% June 2015.

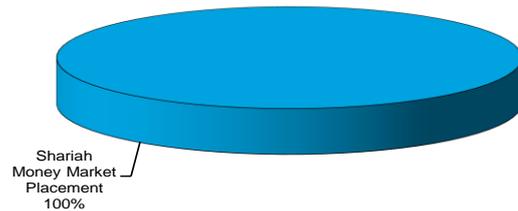
On the monetary policy front, BNM held steady its Overnight Policy Rate steady at 3.25%, citing the stance of monetary policy remains accommodative and supportive for growth. Malaysia's growth is expected to remain on steady path aided by domestic demand, whilst inflation will be contained even with the GST, as commodity prices remain low. Hence, we opined the OPR will stay at 3.25% for the rest of 2015.

In view of the above, we remain cautious but continue to take an overweight stance on selected corporate bonds (especially from the primary market) over the government bonds for yield pick-up. We maintain our neutral duration and pro-actively realigning the asset allocation in line with market movements.

#### LARGEST HOLDINGS (as at July 31, 2015)

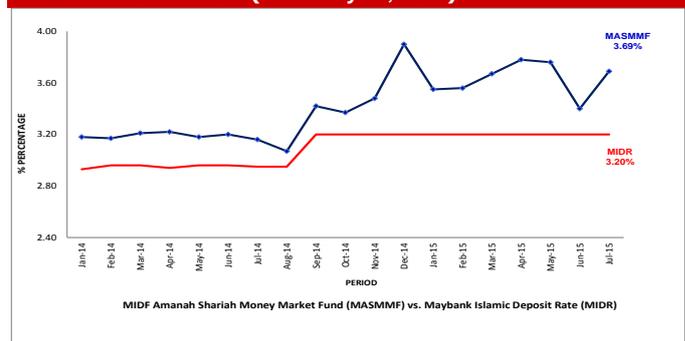
	%
SHARIAH MONEY MARKET PLACEMENT	100.00

#### ASSET ALLOCATION (as at July 31, 2015)



\*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 July 31, 2015)



\*Note: Effective 1st Sept 2013, the NAV price of the fund is maintained at RM1.00. As such, the performance of the fund against the relative benchmark has been represented by its fund yield.

#### CALENDAR YEAR RETURN % (as at July 31, 2015)

	3M	6M	1YR	3YRS	5YRS
FUND	0.85	1.69	3.28	7.72	-

Source: Lipper Fund Table (The Edge, August 10, 2015)

(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 July 2015, the volatility Factor (VF) for this fund is 0.69 and is classified as "very low" (source:Lipper).