

Monthly Fund Fact Sheet as at 31st July 2018

MIDF AMANAH SHARIAH MONEY MARKET FUND

August 2018

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 principles 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, 2018)

| | |
|---------------------------|---|
| Fund size | RM 321.238 million |
| Unit NAV | RM 0.5000 |
| Fund Inception | 1 April 2004 |
| Financial Year End | 15 th day of October |
| Management Fee | 0.2% p.a. of the NAV of the Fund |
| Trustee Fee | Up to 0.02% 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

Ringgit government bonds/sukuk gained momentum despite weaker ringgit. Buying interests were strong in July as bonds/sukuk yields were broadly lower amid expectation that inflation rate to remain low for the rest of 2018. The 10-/3-years MGS spreads narrowed slightly at 50bps from 58bps as at end of July.

The 10-years MGS and GII benchmark was seen heavily traded. MGS 10-years closed steady at 4.07% whilst GII 10-years at 4.20%. Notably, GII trades as a percentage of overall government bonds/sukuk trade volume increased significantly with overall bonds/sukuk yields traded lower by 5 to 15 bps from previous month.

M-o-M, the overall MGS and GII traded lower by 5 to 13 bps and 7 to 14 bps respectively. The 3-, 5-, 7- and 10-years closed at 3.57%, 3.75%, 3.96 and 4.06% whilst the GII 3-, 5-, 7- and 10-years closed at 3.63%, 3.88%, 4.06% and 4.20%.

Foreign investors remained net sellers with RM6.7 billion outflows in June, though lower than RM12.9 billion outflow in May. The outflows occurred against the backdrop of continued foreign selling in emerging markets that began since second half of April 2018. Despite outflows in MGS foreign holdings, we saw relatively mild changes in foreign holdings in GII, PDS and discounted instruments. As at June, the foreign holdings in MGS fell 40.1% from 41.9% in May 2018.

Meanwhile, support for government auctions was well supported with total amount of RM23.4 billion (June2018: RM14.6billion). BNM held three auctions in July, namely the 30-y new MGS, 10-y reopening of GII and the 7-y reopening of MGS raising RM2.0 billion, RM4.0 billion and RM3.0 billion respectively. Demand for these papers was supported by bargain hunting activities, especially by local institutions and expectations that BNM will keep the OPR at 3.25%.

Investment Outlook & Strategy

Despite reduction of foreign holdings in MGS, foreign investors were seen nibbling along the shorter end of the yield curve and 10-years benchmark amid stable USD/MYR levels and clearer fiscal policies. The neutral to dovish hint during the MPC meeting and low inflation should continue to support the underlying demand for MGS as seen in the recent rally of the 10-years MGS.

- (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 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, and 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.

Meanwhile, the economy is not experiencing strong inflationary pressure. Headline inflation for the first 5 months averaged at 1.7%, below market forecast of 2.0%-2.5%. Besides underpinned with external uncertainties such as the US-China trade, rising interest rate by the US Fed and an emerging market crisis, we think that BNM can maintain the current OPR rate at 3.25% for the rest of the year to support the domestic economy. With the removal of the GST in June that will be replaced with the SST in September, added with the fuel subsidy, these should provide some cushion on inflation while supporting consumer spending.

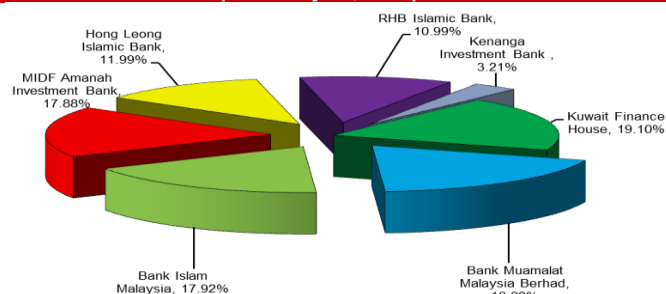
Against such a backdrop, we expect demand for local government bonds will surfaced but on selective buying along the short to medium tenor papers. For the rest of 2018, we expect that the longer end of the curve will be supported on the back of expected low inflation as well as the limited supply of that part of the yield curve.

The Fund will continue investing in short term Islamic deposits.

LARGEST BANKS (as at July 31, 2018)

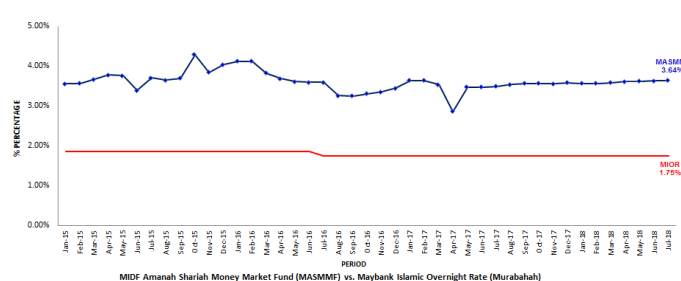
| | |
|--|--------|
| KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD | 19.10% |
| BANK MUAMALAT MALAYSIA BERHAD | 18.82% |
| BANK ISLAM MALAYSIA | 17.92% |
| MIDF AMANAH INVESTMENT BANK | 17.88% |
| HONG LEONG ISLAMIC BERHAD | 11.99% |

ASSET ALLOCATION (as at July 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 July 31, 2018)



CALENDAR YEAR RETURN % (as at July 31, 2018)

| FUND | 3M | 6M | 1YR | 3YRS | 5YRS |
|------|------|------|------|-------|-------|
| | 0.91 | 1.80 | 3.58 | 10.80 | 15.75 |

Source: MIDF Amanah's Internal data & Lipper Fund Table (The Edge, August 13, 2018)