

## Monthly Fund Fact Sheet

### MIDF AMANAH SHARIAH MONEY MARKET FUND

June 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 May 31, 2017)

Fund size	RM 101.466 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 bonds/sukuks spread narrowed at the start of April but dealt firmer in later month on the back of strengthening ringgit. Gains were also on the back of lower US Treasury yields and broadly weaker US dollar after Trump's comment on low interest rate preference and strong US dollar. Ringgit strengthened against the US dollar by 1.9% in April from 4.4252 at end of March to 4.3390 as end of April 2017.

Also noted that market players were quite receptive of BNM's recent announcement on four-pronged measures 1) promote a fair and effective financial market, 2) improve liquidity in the bond market, 3) provide additional FX flexibility and 4) strengthen the financial market infrastructure. Specifically, under the second pronged to improve liquidity, the central bank's allowed wider but regulated short-selling of MGS to all resident entities compared to pre-existing framework that allows only licensed banks and investment banks. GII will also be eligible securities for short-selling, specifically to elevate liquidity in GII trading and narrow the gap against MGS.

These measures have helped infused positive sentiments, prompting renewed interest for MYR government bonds. Percentage of foreign holdings in MGS increased RM5.7 billion to 39.7% in April from 38.5% in March. Additionally, the recent rebound in MYR performance is expected to provide further catalyst for bargain hunting interests. On a positive note, the new 30-year GII issue received good demand with bid-to-cover ratio of 2.393 times, recording an average yield of 4.895%, higher than the expected yield range of 4.913% to 4.85%.

On monthly basis, the MGS yield curve trending lower by 5 to 32 bps across tenor. The 3-, 5-, 7-, 10- and 15-years closed at 3.21%, 3.68%, 3.90%, 4.05% and 4.46% respectively. Similarly, the government investment issues also traded lower by 6 to 16bps with the 3-, 5-, 7-, 10- and 15-years closed at 3.65%, 3.80%, 4.01%, 4.12% and 4.64% respectively.

#### Investment Outlook & Strategy

Bank Negara Malaysia expects the Malaysian economy to expand by 4.3% - 4.8% (2016 forecast: 4.0% - 5.0%) in 2017 in conjunction with its Annual Report 2016 release. Growth will be supported by sustained domestic demand and improvement in exports. On inflation outlook,

the number has been revised higher to 3.0% - 4.0% against a backdrop of improving commodity and oil prices. Headline inflation climbed to +5.1% y-o-y in March 2017 (+4.5% in Feb) led by cost-push factors (especially transport prices). Stable oil prices, a soft US dollar and a risk-off mode on geopolitical tensions in Syria and North Korea had supported inflow into this region. With markets continuing to price in Fed rate hike at 97% chance, appetite for local government bonds and sukuk is expected to remain healthy. The 10-year MGS benchmark has dipped below 4.00%, however the downside may be limited with expectation to hover around 3.85 - 3.90% unless MYR continues to strengthen substantially.

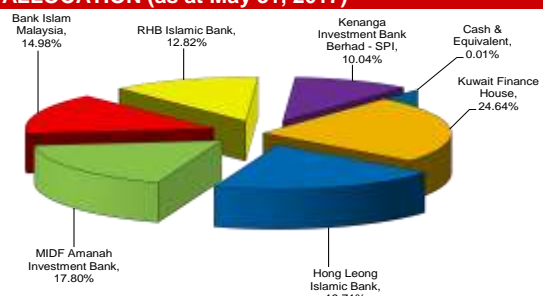
Foreign exposure into MGS has improved in April and we foresee outflow pressure may subside in 2Q17 as there is no maturity between April and August alongside with positive sentiment toward emerging market bonds. We think demand for government bonds is still healthy whilst appetite remains along the shorter end of the curve. Appetite for local corporate bonds has improved, as reflected by the second consecutive month of gains.

The Fund will continue investing in short term Islamic deposits.

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

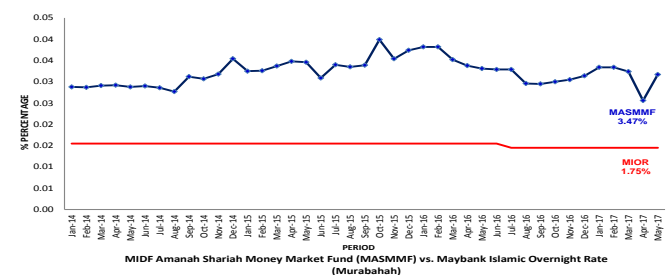
	%
KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD	24.64%
HONG LEONG ISLAMIC BANK BERHAD	19.71%
MIDF AMANAH INVESTMENT BANK BERHAD	17.80%
BANK ISLAM MALAYSIA BERHAD	14.96%
RHB ISLAMIC BANK BERHAD	12.82%

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



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

	3M	6M	1YR	3YRS	5YRS
FUND	0.50	1.32	2.93	10.21	14.75

Source: Lipper Fund Table (The Edge, June 13, 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 May 2017, the volatility Factor (VF) for this fund is 0.48 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.