

Monthly Fund Fact Sheet

MIDF AMANAH SHARIAH MONEY MARKET FUND

March 2016

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 February 29, 2016)

Fund size	RM61.41 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 0.05% 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 strengthened further in February spilled over from the January's rally as sentiment was boosted by the SRR cut of 50bps and a rebound in Brent crude oil prices from sub \$30/bbl. The move much welcomed by market players, with renewed support seen emerging for ringgit government bonds, with MGS and GII extending rallies following the announcement. MYR remained top gainer among the Asian currencies with a 3.5% gain in January against the USD as the Malaysia 5-year credit default swap rate continued to dip below 200 points. The firmer MYR was further supported by the government commitment to maintain the budget deficit at 3.1% of the GDP.

However, MYR traded within a wide range of 4.09 to 4.19 from peak of 4.30 on w-o-w in February with a depreciation bias against USD on the back of rising Malaysia 5-year credit default swap rate. The CDS rebounded from 190.4 points to close slightly above 200 points. The long dated bond yields generally easing lower amid dimmer Fed rate hike expectations and also lending further support for other emerging Asian sovereign bonds curves.

The 3- and 5-years MGS traded higher by 4 to 5 bps at 3.30% and 3.42% respectively whilst the 7-, 10- and 15-years fell by 11 to 35bps at 3.75%, 3.90% and 4.20% respectively. Meantime, the government investment issues trended lower across all tenor. The 3-, 5-, 7-, 10- and 15-years closed lower by 5 to 32 bps at 3.30%, 3.70%, 3.98%, 4.15% and 4.46% respectively.

Investment Outlook & Strategy

In 2016, we expect market will still remain volatile due to headwinds mainly from fluctuations in crude oil prices, weakening ringgit and slowdown in economy growth at both local and global front. Moderate growth in Malaysia is projected at 4.5% for 2016, which fall within the official target of 4%-5%, supported by domestic demand, namely private expenditure and complemented by exports. However, risk to 2016 growth target remains. Should oil price average below US\$25/bbl, possibilities another round of budget recalibration cannot be discounted. If this happens, the projected GDP growth is expected to hover around 3.5% to 4.0%. The year ahead remains challenging amid looming external uncertainties, extended weakness in commodity prices and anticipated moderation in domestic demand whilst oil prices and ringgit performance will continue to be the key drivers for the domestic bond market. While concerns of outflow by some may be valid but the presence of onshore real money investors like life insurance companies and pension funds could moderate this outflow and maybe seen as an opportunity to buy. We envisage that as the USD/MYR

- (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 February 2016, the volatility Factor (VF) for this fund is 0.70 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 2015 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.

stabilizes, this will prompt foreign buying interest back into the local bond market.

In view of weakening domestic economy, we expect a slightly weaker PDS supply in 2016. A challenging economic environment and subdued private investment trend would induce corporates to be more cautious on expansion and capex spending. We think government project-related projects and companies will continue to lead new bond offerings including MRT projects, followed by banks issuing fresh capital, property and construction. Therefore, we envisage total PDS issuance will be probably in the region of RM65 billion to RM75 billion in 2016. The demand for corporate bonds and sukuk majority is expected to be from domestic pension funds, life insurance and banks. Meanwhile, the domestic liquidity is still good but may turn tepid as investors may become increasingly discerning on credit amid less rosy economic and credit condition outlook. Slowing domestic growth prospect and the reduction in liquidity may constrain the pace of fresh funds growth and this will consequently limit the expansion of domestic liquidity.

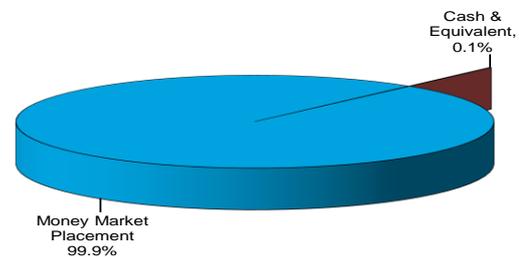
Though sentiments on the local government bond may have improved on the back of recent rally, we are less cautious as we think that the local currency is still volatile on the back of external macro headwinds. We will continue to be vigilant in our investment strategy with selective buying of both government bonds and corporate sukuk.

The Fund will continue investing in short term Islamic deposits.

LARGEST HOLDINGS (as at February 29, 2016)

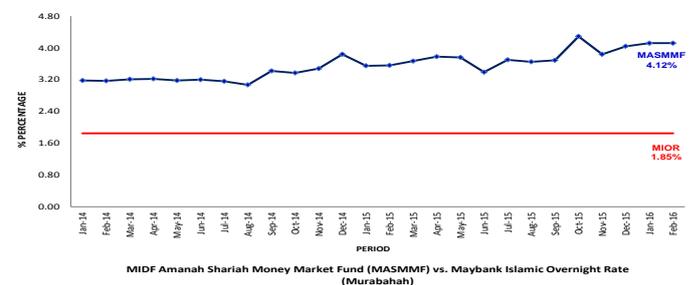
	%
SHARIAH MONEY MARKET PLACEMENT	99.9
CASH	0.1

ASSET ALLOCATION (as at February 29, 2016)



*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 February 29, 2016)



CALENDAR YEAR RETURN % (as at February 29, 2016)

FUND	3M	6M	1YR	3YRS	5YRS
	0.95	1.87	3.60	8.22	23.30

Source: Lipper Fund Table (The Edge, March 7, 2016)