
## Monthly Fund Fact Sheet

## MIDF AMANAH SHARIAH MONEY MARKET FUND

**May 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 April 30, 2017)

| | |
|---|---|
| Fund size | RM 105.709 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**

Despite continued foreign outflows, the local government bonds traded on firm footing with the 10-years MGS benchmark yield falling lower amid firm ringgit against the US dollar. The strengthening of the ringgit was partly supported by the foreign fund inflow in the stock market and higher oil prices. Furthermore, Malaysia's industrial production rose 4.7% y-o-y in February due to a better performance in the manufacturing sector.

Foreign holdings in MGS continue to decline further in March, with an unexpected huge total outflows of MYR 23b far exceeding the MYR 10.5b maturity. This suggests a significant amount was unwound by foreigners in addition to the exit of funds from bond maturity. Majority of the outflows occurred in March mainly concentrated in shorter-tenor bonds with less than 3-years in remaining maturity.

Meanwhile, government auctions continued to print robust demand with average bid-to-cover ratio of 2.36 times. Auction of the new 5-years GII worth MYR4.0 billion was held during the month, garnered firm demand with bid-to-cover ratio of 2.77 times.

Overall MGS yield curve shifted lower by 2 to 15bps with the 3-, 5-, 7-, 10-y and 15-years closed at 3.38%, 3.78%, 3.99%, 411% and 4.50% respectively. Similarly, the GII-segment also shifted lower by 1 to 7bps with the 3-, 5-, 7-, 10- and 15-years closed at 3.72%, 3.88%, 4.05%, 4.14% and 4.68% 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, inflation has been revised higher to 3.0% - 4.0% against a backdrop of improving commodity and oil prices. This may yet again raise market caution as naturally high inflation is bond negative.

While domestic demand is resilient, the current bond yields are not attractive to the domestic players and MGS lacks other catalyst to bring the yields lower down in the absence of foreign flows. However, we think the impact on MGS yields should be mild and temporary unless Brent crude oil price jumps closer to USD60/bbl, if any. Since the sell-off in November 2016, the 10-years MGS yield has recovered to the 4.10-4.15% level from the peak of 4.44% and at one point the yield dropped to a low of 4.00%. Given that the economy is on a stabilizing path, we are of the view that Bank Negara Malaysia 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. After the last 3 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.

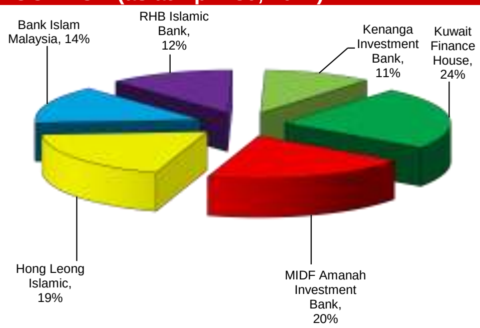
Hence, we view foreign outflow pressure may subside in 2Q17 given there is no maturity between April and August alongside with positive sentiment toward emerging market bonds. We think demand for government bonds is still decent especially along the shorter end of the curve.

The Fund will continue investing in short term Islamic deposits.

### LARGEST BANKS (as at April 30, 2017)

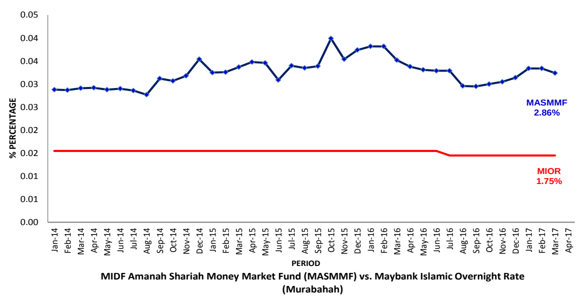
| | % |
|---|---|
| KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD | 23.65% |
| MIDF AMANAH INVESTMENT BANK BERHAD | 20.23% |
| BANK ISLAM MALAYSIA BERHAD | 14.29% |
| RHB ISLAMIC BANK BERHAD | 12.27% |
| HONG LEONG ISLAMIC BANK BERHAD | 18.92% |

### ASSET ALLOCATION (as at April 30, 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 April 30, 2017)




### CALENDAR YEAR RETURN % (as at April 30, 2017)

| | 3M | 6M | 1YR | 3YRS | 5YRS |
|---|---|---|---|---|---|
| FUND | 0.83 | 1.62 | 3.29 | 10.89 | 14.78 |

*Source: Lipper Fund Table (The Edge, May 8, 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 April 2017, the volatility Factor (VF) for this fund is 0.58 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.