

## Monthly Fund Fact Sheet

### MIDF AMANAH SHARIAH MONEY MARKET FUND

September 2014

#### 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 August 31, 2014)

Fund size	RM 81.38 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 NAV
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

Malaysian Government Securities ("MGS") traded on bullish tone in light of lower UST yields at the start of the month. Both MGS and GII yields eased across the curve with strong foreign interest in the 3- and 10-year MGS benchmark while local interest focused in the 5-, 7- and 10-years benchmark GIIs. The local government bond yields dipped by 1 to 5 bps on the back of decent buying activities. However, the rally was short lived as MGS ended with mild losses following the release of stronger-than-expected 2Q14 GDP. Market players were cautious as MGS continued drifting higher despite stronger UST. The bearishness seems to stem from market sentiment of a probable OPR hike and the release of CPI data.

During the month, BNM held to reopening auction namely the 7-year benchmark MGS which average yield of 3.80% and 10-year benchmark GII at 4.14%, both garnered a healthy bid-to-cover ratio of 2.0 times and 2.60 times respectively. As at closed the 3-, 5-, 7- and 10-years traded higher at 3.52% (July 2014: 3.50%), 3.72% (3.68%), 3.82% (3.79%) and 3.93% (3.89%) respectively whilst the 15-years was a tad lower at 4.21% (4.22%). On the other hand, the Government Investment Issues traded range bond across the tenor with the 3-, 5-, 7- and 10-years closed at 3.60% (3.61%), 3.78% (3.80%), 4.14% (4.14%) and the 15-years were traded unchanged at 4.41%.

On the economic front, Malaysia's industrial production index increased by 7% in June a year ago exceeding 5% forecasted, boosted by stronger manufacturing output. The rise was contributed by the manufacturing segment which increased by 1.4% in mining and 6.5% in electricity. Meanwhile, the 2Q14 GDP accelerated at +6.4% faster than expected from 6.2% in 1Q14 higher than 5.8% of market consensus. On the inflation front, the headline inflation came in slightly lower at 3.2% in Jul-14 below the +3.3% y-o-y in Jun and market consensus.

##### Outlook

Malaysia Real GDP growth accelerated further to 6.4% y-o-y in 2Q14, faster than market consensus of 5.8%. Going forward the growth outlook remains encouraging amid an improving global backdrop that

should support exports and investments. Given the strong growth and robust outlook ahead, the full year GDP was revised to 6.0% (vs 5.5% previously) in 2014. Hence, we opine that BNM will pursue another hike of 25 bps in the next MPC meeting in September.

Overall, we anticipate local market players remain cautious and continue to pare duration on the back of rising bond yields due to the anticipated OPR hike. However as the yields gradually increase, some players may pick up long end bonds particularly from the primary segment, where rates may be more attractive. Meantime, the foreign holdings in MGS rose higher at 48.4% in Jul-14 versus 46.7% in Jun-14 previously. We opined the foreign investors increased their exposure in MGS amid the rally which came in after the OPR hike in July and players took the opportunity to buy at a more attractive levels.

Given the above scenario, we are of the view that the market players will continue to take an overweight stance on corporate bonds (especially from the primary market) vis-à-vis a more volatile government bond market, while tactically managing duration and proactively realigning the asset allocation in line with market movements.

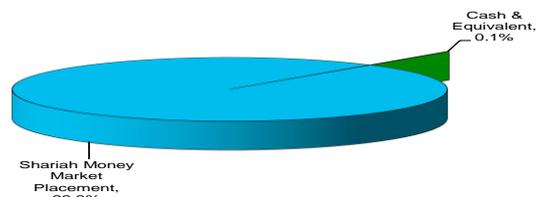
##### Strategy

The Fund will continue investing in quality short term Islamic money market instruments.

#### LARGEST HOLDINGS (as at August 31, 2014)

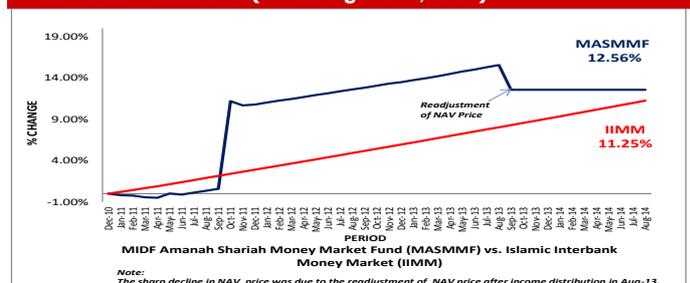
	%
SHARIAH MONEY MARKET PLACEMENT	99.9
CASH	0.1

#### ASSET ALLOCATION (as at August 31, 2014)



\*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 August 31, 2014)



#### CALENDAR YEAR RETURN % (as at August 31, 2014)

	3M	6M	1YR	3YRS	5YRS
FUND	0.57	1.42	1.43	16.79	-

Source: Lipper Fund Table (The Edge, September 8, 2014)

(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 August 2014, the volatility Factor (VF) for this fund is 6.03 and is classified as "low" (source:Lipper).