

Monthly Fund Fact Sheet as at 31 July 2020

MIDF AMANAH STRATEGIC FUND

AUGUST 2020

FUND OBJECTIVE

The objective of the fund is to achieve long-term capital growth through investments in smaller, high growth companies which conform to Shariah principles.

THE FUND IS SUITABLE FOR INVESTORS WHO:

- Are seeking long term capital growth, who wish their investments to be in line with Shariah principles;
- Are prepared to take on a higher level of risk associated with investment in small-capitalized stocks.

FUND DETAILS (as at 31 July 2020)

Fund size	RM 14.869 million
Unit NAV	RM 0.9600
Fund Inception	1 June 1970
Financial Year End	15th day of January
Management Fee	1.5% p.a. of NAV
Trustee Fee	0.08% p.a. of NAV
Initial Service Charge	Up to 5.00% of NAV
Redemption Payment Period	Within 10 calendar days
Investment Manager	MIDF Amanah Asset Management Bhd

MANAGER'S COMMENTS

Review

Global equities extended their strong momentum in July to register the fourth straight month of gains, rallying remarkably from the COVID-19 pandemic-driven lows in March. The re-open of nearly all global activities supported by fiscal & monetary stimulus by various governments, and positive progress on the vaccine were mainly contributed to the recent rally of major indices. Over in the US, absolute performance differs immensely by index, as primarily big tech stocks continue to drive positive returns. At the end of July, the tech heavy NASDAQ index, with approximately 40% of its total weight derived from the big five (5)-Facebook, Amazon, Apple, Microsoft and Google is up over 19% for the year while the Dow Jones Industrial Average, which has only two (2) of these stocks included in its basket of 30 companies, is down over 7%. The S&P 500, with just over 20% exposure to the same five stocks, is about where it started in 2020.

On the local front, the FBMKLCI continued its winning streak by chalking up its fourth consecutive monthly gain of 103 points or 6.85% in July to end at 1,603.75 points or a return of 0.94% year-to-date. The gain was mainly driven by strong liquidity in the market in tandem with share price rally of glove makers on expectations of positive earnings momentum.

The FBM Hijrah Shariah and Emas Shariah posting commendable returns of 12.90% and 11.63% respectively for the month of July (18.23% and 12.48% respectively YTD), outperforming the FBMKLCI's monthly return of 6.85% and YTD return of 0.94%. Meanwhile the Mid Cap Shariah has turned positive with +6.74% return YTD (June YTD: -2.29%) while the Small Cap Shariah has narrowed its losses with -5.1% (June YTD: -14.8%). In July, the average daily value traded rose MOM and YOY by +19% and +176% respectively to MYR5.47B partially due to higher trading participation by retail investors.

Investment Outlook & Strategy

We continue to see strong momentum of the local bourse throughout the month of July with record high of daily trading volume registered on 20 July (11.82billion valued at RM 5.94billion). The liquidity driven rally came in at odds with underlying economic fundamentals and corporate earnings. Investors at large all agreed on the confluence of factors supporting the steep gains underpinned by (i) the unprecedented liquidity from the government stimulus efforts, (ii) a surge in retail day traders and (iii) a lack of viable investment alternatives in a near-zero or negative interest rate around the world. To recap, Bank Negara Malaysia (BNM) had, on 7 July 2020 reduced further the OPR by another 25 basis points to 1.75% to boost the pace of economic recovery.

While most stocks have rebounded from their lows, there is no doubt that the biggest of gains are focused on selected sectors, notably healthcare and technology – the only two indices with positive returns of 214.07% and 34.61% respectively, year-to-date. Meanwhile, Energy, Property and Construction indices lagged, contracting 38.73%, 25.08% and 19.78% respectively for the period. At current level of 1,588 points, the FBMKLCI trades at 20x PER or +2 standard deviation from mean. We are cautiously optimistic with the view that the FBMKLCI likely to trade range bound between 1,580 to 1,610 points amidst intermittent

volatilities. The liquidity-driven market is seen to be further buoyed by Ringgit appreciation due to weakening dollar as well as rising commodities

Notwithstanding the unprecedented volatility, we advocate a cautiously optimistic view of the investment climate over the next months. Hence, the positioning of the portfolio's asset allocation is expected to range tactically between 80% to 85% equity exposure for the remaining part of the year. We believe that the use of the portfolio's tactical asset allocation plays an important role in driving portfolio performance volatility, given the flexibility for the portfolio to take advantage of buying opportunities during market pullbacks.

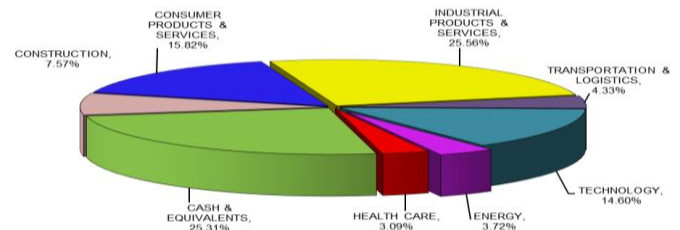
Investors at large will now closely monitor the upcoming 2Q20 results announcements to be released in August to ascertain the earnings upgrade cycle. The portfolio will prioritize investments in a defensive, value-based approach to ensure a consistent and sustainable performance over the long-term. Whilst stock selection is key, a diversified portfolio with a mixture of fundamentally sound defensive and growth stocks provide opportunities for alpha. The alpha driven strategy is deemed appropriate and relevant given the current prolonged environment of low yield and low growth environment.

As such, we will continue to adopt flexible portfolio styling strategies to ensure that optimal income can be generated without compromising the portfolio's performance. Apart from technology, amongst key thematic investment winners may include mid cap construction and infrastructure with PE expansion to the mid-teen levels, the E&E space, battered-down names as recovery plays in addition to the big sector winners like banks, rubber glove manufacturers and defensive consumer names.

LARGEST HOLDINGS (as at 31 July 2020)

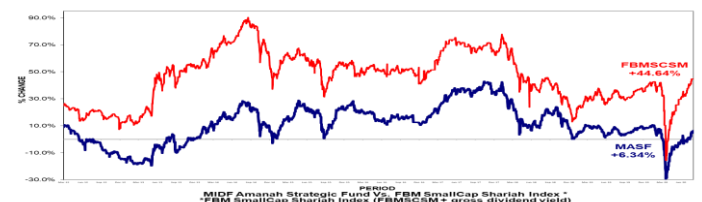
COMPANY	%
PERAK TRANSIT BHD	9.45%
P.I.E INDUSTRIAL BHD	6.58%
KESM INDUSTRIES BHD	6.07%
UCHI TECHNOLOGIES BHD	5.78%
FOUNDPAC GROUP BHD	5.49%

ASSET ALLOCATION (as at 31 July 2020)



*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 31 July 2020)



CALENDAR YEAR RETURN % (as at 31 July 2020)

FUND	3M	6M	1YR	3YRS	5YRS
FBMSCSM	12.20	2.71	0.11	-22.67	-10.89
FBMS SmallCap Shariah Index (FBMSCSM + gross dividend yield)	19.52	0.15	1.17	-24.62	-20.20

*FBM SmallCap Shariah Index (FBMSCSM + gross dividend yield)

Note: Upon conversion to Shariah fund, benchmark has been changed to FBMSCSM from June 01, 2018 onwards

Source: Lipper Fund Table (The Edge, 10 Aug 2020)

(1) Based on the fund's portfolio returns as at 10 July 2020, the volatility Factor (VF) for this fund is 20.88 and is classified as "very high" (source:Lipper).

(2) Volatility Factor (VF) is subjected to monthly changes and Volatility Class (VC) will be revised every six months.

(3) 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 market risk, stock specific risk and liquidity risk. A copy of our Master Prospectus dated 1 March 2017, 1st Supplementary Master Prospectus dated 26 July 2017, 2nd Supplementary Master Prospectus dated 22 May 2019 and 3rd Supplementary Master Prospectus dated 9 March 2020 have 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.