midf AMANAH

Monthly Fund Fact Sheet as at 30th November 2018

MIDF AMANAH STRATEGIC FUND

December 2018

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 November 30, 2018)

Fund size	RM 16.099 million
Unit NAV	RM 0.9731
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

Globally, overall risk-off sentiment plague the markets amidst unresolved trade negotiations between U.S. and China, diplomatic and political tensions, Brexit turmoil and recent uninspiring string of Gross Domestic Product (GDP) data showing a slowdown across developed nations of U.S., Europe as well as Japan which have concerned market participants on slackening global growth levels. Furthermore, the lingering possibility that corporate profits may have peaked also contributed to the broad market volatility. Locally, our domestic equity market tracked the performance of global as well as regional stock markets amidst the lack of hopeful external news flow. A confluence of domestic factors also played a part as cautiousness lurked despite the Budget 2019 announcement. Overall, Budget 2019 addressed the tax leakages of the nation coupled with policy reforms that are transparent. The Ministry of Finance (MOF) set a more conservative GDP growth target for 2018 and 2019 at 4.8% and 4.9% respectively with fiscal deficits to reach -3.7% in 2018 and subsequently, -3.4% in 2019 as it balances fiscal constraints against downside risks to economic expansion. MOF implemented several tax hikes as revenue raising measures in terms of gaming, property (RPGT) and sugary drinks but refrained from imposing capital gains tax which was a concern to many market players earlier as that could impact the level of investments in the long run. Notwithstanding, caution circled around the newly announced tax hikes as these could potentially affect domestic corporate earnings in the near-term. Coupled with that, the recent release of domestic 3Q2018 earnings season was disappointingly soft leading to continued foreign selling with foreign funds outflows of MTD and YTD levels recording –MYR634.4mln and –MYR10.840bn correspondingly as of end-November. Benchmark FBM KLCI started the month at 1,706 and reached a high of 1,721 briefly during the earlier part of the month. Nonetheless, it trended with a downside bias for most of November and closed at the month's low of 1,679. On a MoM basis, it declined -30 points or -1.7% while the benchmark's 11M2018 YTD loss amounts to -6.5%.

The broader market of Shariah indices mostly outperformed the benchmark KLCI except for FBM Small Cap Shariah with FBM Hijrah Shariah and FBM Emas Shariah indices recording MoM changes of -0.6% and -1.2% to close at 13,115 and 11,633 levels separately. On the other hand, the FBM Small Cap Shariah index fell -4.9% MoM closing at 10,770 levels. Meanwhile, average daily value traded for the month of November improved +3.4% MoM to MYR2.23bn on the back of increased trading activities following the announcement of Malaysia's Budget 2019.

Investment Outlook & Strategy

Globally, risk-off sentiment remained the chorus sung across markets amidst unresolved trade woes between U.S. and China, diplomatic and political tensions, Brexit turmoil coupled with the releases of economic data all pointing to slower 3Q2018 GDP growth levels in U.S., Euro Area and Japan. The rising concerns towards global events and slackening growth levels caused broad equity markets to be sold-down. Our domestic equity market tracked global and regional market movements with a persistent downtrend amidst the lack of positive external news flows. The Budget 2019 did offer the market some reprieve but overall, market players continued to stay cautious with new taxes from Budget 2019 expected to limit upside on corporate earnings. Moreover, recent release of 3Q2018 earnings result did not offer much excitement. This leads to an overall downgrade in earnings growth forecasts with corporate earnings delivery being one of the key trepidations for the Malaysian market. Nonetheless, we remain optimistic in the medium to long-term on Government strategies to strengthen its fiscal position and reforms which will hopefully provide catalyst for the market to trend upwards. In the meantime, year-end seasonality factors will most likely keep the market supported for now.

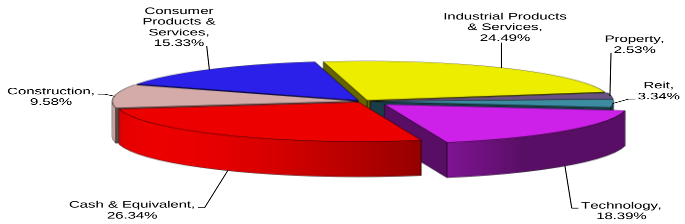
Our Tactical Strategy in the short-term is to continue rebalancing the portfolio by expediting cutting losses on underperforming stocks for capital protection with emphasis for a speedy portfolio recovery. We will also accumulate during times of pullback particularly on fundamentally good counters, undervalued stocks and index-linked stocks/selected distressed stocks that were sold down indiscriminately. We remain invested in high dividend-yielding stocks for passive/recurring income which will buffer portfolio downside. Our average equity asset allocation is at 80% - 85%.

Long term focus would continue to be on value/growth/defensive driven, high dividend yielders, under-valued, recovery and thematic plays (Consumer, Technology, Gloves, Healthcare, Takaful Insurance, REITs, E-Commerce, IOT, Renewable Energy & Utilities) that will favourably position the respective portfolios well into 2019. Priority is to improve portfolio's overall market value and relative performance against benchmark.

LARGEST HOLDINGS (as at November 30, 2018)

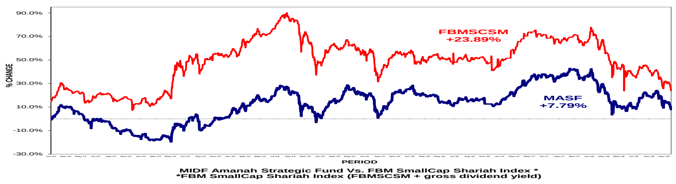
COMPANY	%
PERAK TRANSIT BHD	9.11%
VITROX CORP. BHD	8.62%
CYPARK RESOURCES BHD	8.33%
D & O GREEN TECHNOLOGIES BHD	7.66%
UCHI TECHNOLOGIES BHD	6.87%

ASSET ALLOCATION (as at November 30, 2018)



*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 November 30, 2018)



CALENDAR YEAR RETURN % (as at November 30, 2018)

	3M	6M	1YR	3YRS	5YRS
FUND	-9.91	1.12	-20.29	-11.39	7.43
FBMSCSM	-16.43	-11.60	-29.12	-27.13	-26.02

*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, December 10, 2018)

(1) Based on the fund's portfolio returns as at 15 November 2018, the volatility Factor (VF) for this fund is 13.62 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.