

## Monthly Fund Fact Sheet as at 31<sup>st</sup> January 2018

### MIDF AMANAH STRATEGIC FUND

February 2018

#### FUND OBJECTIVE

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

#### THE FUND IS SUITABLE FOR INVESTORS WHO:

- Are seeking long term capital growth;
- Are prepared to take on a higher level of risk associated with investment in small-capitalized stocks.

#### FUND DETAILS (as at January 31, 2018)

Fund size	RM 20.959 million
Unit NAV	RM 1.1910
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

The equity markets both globally and domestically had a good start in the month of January on the back of stronger global economic prospects. Expectation of global growth levels received a boost from China's release of its 4Q 2017 Gross Domestic Product (GDP) levels at 6.8% which exceeded targets. Markets took this as a strong hint that broader base global growth levels should followed suit. While a tightening trend seems to be building across most developed countries resulting to a narrowing of yield spreads however, risk-on sentiment seemed to be prevalent with key equity markets' indices across the world hitting new historic highs. Meanwhile, strength was also witnessed in our local benchmark FBM KLCI supported mainly by overall bullish sentiment, a 25bps interest rate hike by Bank Negara Malaysia (BNM) to 3.25% coupled with crude oil prices trending up, all of which have pointed to a continued strength in the ringgit. With that, our domestic markets observed an increase in inflow of funds by foreign investors increasing their exposure with net inflow for the month amounting to RM3.4bn. The benchmark FBM KLCI started the month at 1,782 points and pretty much bounced up for the entire month to a high of 1,870 before retreating to close the month of January at 1,868 points, rising 72 points or 4.0% on a MoM basis. It represents the highest closing record so far since Sept 2014.

The broader market was weaker relative to the benchmark KLCI whereby FBM Emas recorded a lower gain of 3.3% MoM closing at 13,372 points. Small caps also underperformed the benchmark KLCI as the FBM Small Cap index rose by only 0.2% MoM, ending the month at levels of 17,085 points. Overall basis, average daily trading value for the month of January was at RM3.46bn, rising 29% on a MoM basis which is the highest monthly trading value since Feb 2007.

##### Investment Outlook & Strategy

The equity markets performed relatively well in 2017. As we enter 2018, portfolio positioning requires more of identifying and selecting the right stocks for inclusion into our portfolio. On top of that, we maintain our view that foreign inflow of funds would still need to return by a large margin in order to push the market higher. The freshly announced 25bps Overnight Policy Rate (OPR) hike by Bank Negara Malaysia (BNM) to 3.25% was largely anticipated, following shift in BNM's stance in Nov 2017 and marks the first interest rate hike since July 2014. The hike was on the back of optimism towards domestic and global economic conditions coupled with moderate headline inflation outlook due to recent run-up in crude oil prices. We expect a one-off hike for the

year nevertheless, we acknowledged that normalization elsewhere globally, for instance, a possible three rounds of rate hike in the U.S. could lead to capital outflows from our local bourse.

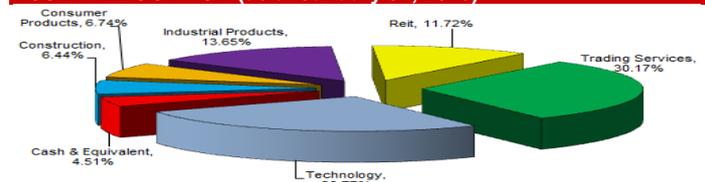
Overall view of the market remains unchanged with an overweight in equities in anticipation of a buoyant 1st quarter of 2018 on the back of GE14 coupled with seasonal factors at the beginning of a new year such as "January Effect" or "CNY Effect" which should bode well for the market. Our current short term Tactical Strategy is to lock-in profits as market trends higher, as the run-up may not be sustainable amid the rise being too fast and steep. Accumulation will continue once the pullback is completed. Our average equity asset allocation remains at 85% - 95%.

Nevertheless, our long term focus continues to be in value/growth driven, high dividend yielders, under-valued, recovery and thematic plays (Construction/Infra, E-Commerce, General Election, Renewable Energy, IOT, Logistics, Technology, Telco, Tourism & Utilities) that will shield the portfolios better during market corrections while favourably positioning the respective portfolios well for the year ahead. Having said that, immediate priority is to lock in ROI ahead as much as possible on market strength whilst protecting capital via downside risk management.

#### LARGEST HOLDINGS (as at January 31, 2018)

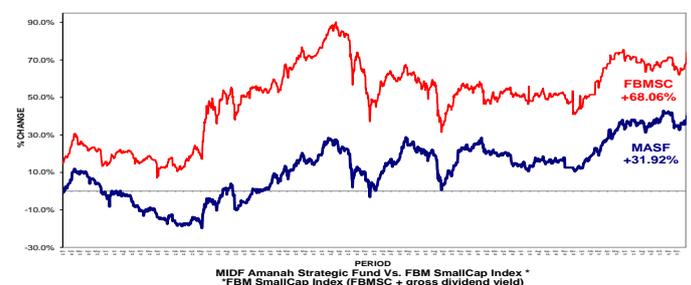
COMPANY	%
VITROX CORP. BHD	9.50%
PERAK TRANSIT BHD	7.96%
YTL HOSP. REIT	6.53%
GABUNGAN AQRS BHD	6.44%
KESM INDUSTRIES BHD	6.38%

#### ASSET ALLOCATION (as at January 31, 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 January 31, 2018)



#### CALENDAR YEAR RETURN % (as at January 31, 2018)

	3M	6M	1YR	3YRS	5YRS
FUND	-8.14	-5.24	9.20	17.67	57.00
FBMSC	-2.37	-1.13	8.80	7.24	48.51

\*FBM SmallCap Index (FBMSC + gross dividend yield)  
Source: Lipper Fund Table (The Edge, February 12, 2018)

(1) Based on the fund's portfolio returns as at 15 January 2018, the volatility Factor (VF) for this fund is 15.68 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.