

Monthly Fund Fact Sheet as at 31st May 2018

MIDF AMANAH STRATEGIC FUND

June 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 May 31, 2018)

Fund size	RM 16.097 million
Unit NAV	RM 0.9598
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 news events saw yet another month of mixed sentiment in May. The easing in trade tension with U.S. and China agreeing to address trade balances lent markets support. Yet, political uncertainties in Italy caused some of the optimism to wane. Dow Jones was once again confined to a range, albeit a larger one with the attempt to tread higher gradually as the index improved 1.0% MoM. Locally, all eyes were centred on our country's 14th General Election (GE14) of which Malaysia and the world witnessed an unprecedented and historic win by coalition; the Tun Mahathir-led Pakatan Harapan (PH) which was widely unpredicted. PH won a total of 113 out of 222 Parliamentary seats contested that saw a slightly more than 6 decades of supremacy under the previous Barisan Nasional (BN) government since Malaysia's Independence in 1957, coming to an end. Despite the 2 days of public holiday declared that provided markets space to digest the results, the performance of our local bourse in May was undeniably volatile. The benchmark FBM KLCI started the month at 1,852 points and stayed cautious pre-election. It suffered a negative knee-jerk reaction initially post-election trading day but bounced back quickly to levels before polling day. The benchmark index trended to the month's high of 1,858 amid optimism on smooth transition between governments coupled with the appointment of Council of Eminent Persons to advise the new PH government on policy reforms within the 100-day timeline. The new ruling government started introducing its new manifesto which included the removal of 6% GST to be replaced by Sales and Services Tax (SST), the reintroduction of fuel subsidies and a review of country's mega infrastructure projects amongst others. Nonetheless, market players showed concern towards the days that followed with regards to sustainability of the country's revenue with GST removal coupled with cancellation of huge projects such as KL-SG HSR and MRT3. Alongside, the nation's alarming debt levels reaching MYR1T did not bode well for sentiment and triggered selling momentum particularly amongst the foreigners. The benchmark witnessed a fall to the month's low of 1,719 before bouncing back in time to close the month of May at 1,741 points. On a MoM basis, our benchmark FBM KLCI declined by -6.9%, or -129 points. Post GE14, net foreign selling in May amounted -RM5.6bn.

The broader market performance was in-line with benchmark KLCI as FBM Emas also declined by -6.9% MoM for the month of May to close at 12,129 points. The small caps outperformed vis-à-vis benchmark KLCI as the FBM Small Cap index fell at a lower rate of -5.3% MoM ending the month at levels of 13,801 points. On an overall basis, average daily trading value for May jumped by a significant 58.2% MoM reaching RM3.73bn amid the surprise win by PH during GE14 with investors readjusting their respective portfolios.

Investment Outlook & Strategy

The recent GE14 has indeed provided the country with an unprecedented and historic win since Independence in 1957. The victory, grasped by coalition PH which ended BN's 61-years reign though, was largely unexpected. Local equity markets experienced a negative knee-jerk reaction

(1) Based on the fund's portfolio returns as at 15 May 2018, the volatility Factor (VF) for this fund is 15.84 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 has 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.

initially but well supported thereafter. However, the outlook for markets both globally and domestically are expected to remain volatile going forward amidst continued uncertainties globally such as trade deals between U.S. and its major trading partners, political updates in Italy, North Korea's attempt in peace making, global oil supply and etc. This is coupled with the all-important uncharted territories of the manifesto by the new Government of Malaysia to be released in the coming days which remains a major emphasis by market players worldwide. We continue to remain cautious and watchful of markets in the near-term on global market events and the gradual roll-outs of revised and/or new socio-economic policies by the PH government which will eventually find footing. Stable fundamentals carved out by PH overtime will hopefully provide much needed support for the market to trend upwards.

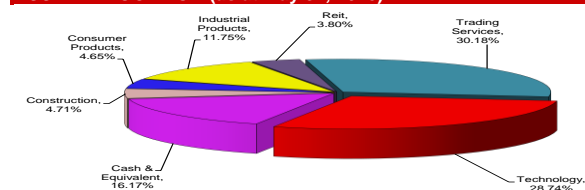
Overall view of the market remains with a continued overweight in equities in anticipation of a relief market rally post GE14 period as local political uncertainties clear the air for economic progress. Meanwhile, the volatile and weak market sentiment of "sell now and figure out later" continues. Our current short term Tactical Strategy is to cut-losses on underperforming stocks whilst accumulating during times of pullback particularly on undervalued and over-sold stocks. Meanwhile, rebalancing also includes switching to heavily weighted index-linked stocks and selected distressed stocks in the Tech and Construction/Infra space that were sold down indiscriminately. We remain invested in high dividend-yielding stocks for passive/recurring income during market downturn which will buffer portfolio downside. Our average equity asset allocation remains at 85% - 95%.

Nevertheless, our long term focus continues to be in value/growth/defensive driven, high dividend yielders, under-valued, recovery and thematic plays (Banking/Takaful Insurance, Construction/Infra, E-Commerce, Renewable Energy, Technology, IOT, Logistics, REITs, Telco, Tourism & Utilities) that will favourably position the respective portfolios well for the year. Having said that, the 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 May 31, 2018)

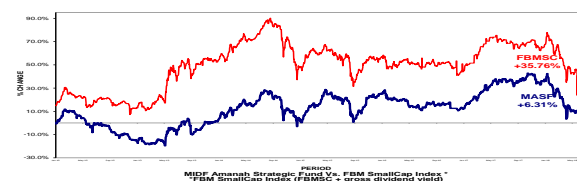
COMPANY	%
VITROX CORP. BHD	11.35%
PERAK TRANSIT BHD	8.58%
KESM INDUSTRIES BHD	8.04%
UCHI TECHNOLOGIES BHD	7.43%
CYPARK RESOURCES BHD	6.70%

ASSET ALLOCATION (as at May 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 May 31, 2018)



CALENDAR YEAR RETURN % (as at May 31, 2018)

	3M	6M	1YR	3YRS	5YRS
FUND	-16.37	-21.35	-20.18	-11.83	10.86
FBMSC	-16.20	-17.26	-19.32	-13.49	-7.22

*FBM SmallCap Index (FBMSC + gross dividend yield)

Source: Lipper Fund Table (The Edge, June 11, 2018)