

## Monthly Fund Fact Sheet as at 31 July 2019

### MIDF AMANAH SHARIAH MONEY MARKET FUND II (formerly known as MIDF AMANAH MONEY MARKET FUND)

AUGUST 2019

#### FUND OBJECTIVE

The objective of the fund is to provide investors with a regular income stream over a short to medium term that complies with Shariah principles while maintaining capital stability.

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

Have either a short or medium term investment horizon; desire a stream of income; and have low risk tolerance.

#### FUND DETAILS (as at 31 July 2019)

Fund size	RM2,355.450 million
Unit NAV	RM 0.5000
Fund Inception	24 January 1984
Financial Year End	15 <sup>th</sup> day of November
Management Fee	0.1% p.a. of NAV
Trustee Fee	Up to 0.02% p.a. of NAV
Initial Service Charge	Nil
Redemption Payment Period	Within 10 calendar days
Investment Manager	MIDF Amanah Asset Management Bhd

#### MANAGER'S COMMENTS

##### Review

In the month of July, both MGS/GII benchmark yields were broadly lower across the curve amid renewed US-China trade war tensions coupled with continued dovish rhetoric from other central banks and lower global yield environment.

Local government sukuk/bond yield curve flattened further in July with both the 20y/3y and 10y/3y spreads tightened to 70 bps from 77bps in June. Both the 3-y and 10-y yields fell to their multi-year low at 3.27% and 3.57% respectively.

Overall, investors were still seen extending duration in search of higher yield space. Local government sukuk/bonds rally further supported by the strong demand from foreign investors as they continued their yield-hunting activities amid the dovish sentiment.

On monthly basis, the MGS/GII yield curve fell by 3 bps to 12 bps from previous month's closing.

##### Investment Outlook & Strategy

BNM maintained the OPR at 3.00% at the 4<sup>th</sup> MPC meeting on the 9<sup>th</sup> July 2019, stating monetary policy remains accommodative while it continues to monitor risks to inflation and domestic growth.

BNM is seen to preserve the degree of monetary accommodativeness and focus on considerable downside growth risks that are seen to emerge in both domestic and global fronts. We expect the OPR to likely remain unchanged at 3.00% for the rest 2019, even if risk of worsening global trade outlook may increase the downside risks on interest rate cut to another 25bps in 2020.

Key headwinds to growth include the external sector as the global outlook weakens and potential commodity-related supply disruptions. FTSE Russell WGBI is still a key risk factor for 2H 2019: The decision by FTSE Russell on whether to maintain Malaysia in World Government Bond Index (WGBI) is a major factor that will drive the direction of foreign flows in 2H 2019. There are 3 possible scenarios 1) Remain in WGBI, 2) Stay in the watch list and 3) exclude from the WGBI. If the worst scenario plays out, we foresee there will be about RM15-20 billion of foreign outflows from MGS.

- (1) MIDF Amanah Bond Fund has been converted to MIDF Amanah Money Market Fund on 1 January 2011, subsequently the name was changed to MIDF Amanah Shariah Money Market Fund II on 22 May 2018 due to conversion of fund from conventional to Islamic.
- (2) Based on the fund's portfolio returns as at 10 July 2019, the volatility Factor (VF) for this fund is 0.33 and is classified as "very low" (source:Lipper).
- (3) Volatility Factor (VF) is subjected to monthly changes and Volatility Class (VC) will be revised every six months.
- (4) 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 credit risk, interest rate risk & reinvestment 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.

Despite the above, ringgit sukuk/bonds are expected to overcome the above hurdles with yields to decline further in August, similar to June-July period as both local and foreign investors showed confidence in the ability of the regulators to deepen and provide better liquidity in both bond and Ringgit market. We expect corporate sukuk/bonds yields to compress further also due to demand from yield-hunt and scarcity of supply as well as effect from low interest rate environment.

Meanwhile, the moderating global conditions, unresolved trade tensions and softer business sentiment could affect domestic activity. Having said, we expect domestic demand will continue to provide some relief in addition to higher private investment to continue supporting headline growth in 2019.

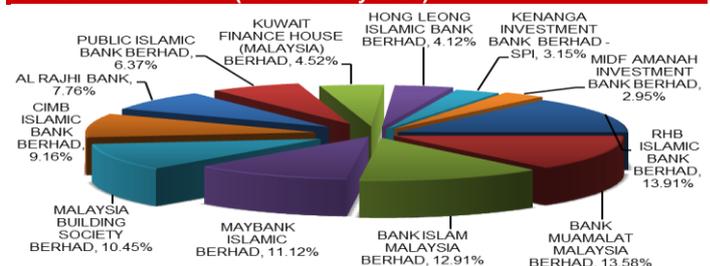
Against such a backdrop, we expect the local sukuk/bond market to remain buoyant. Factors supporting the local bond market are still abundant liquidity in the financial system and strong bidding interest in corporate sukuk/bond primary issuances, which are likely to keep the overall credit yield curve well anchored and supported.

The Fund will continue investing in short term Islamic deposits.

#### LARGEST BANKS (as at 31 July 2019)

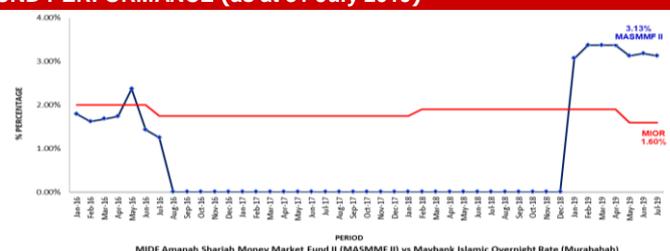
RHB ISLAMIC BANK BERHAD	13.91%
BANK MUAMALAT MALAYSIA BERHAD	13.58%
BANK ISLAM MALAYSIA BERHAD	12.91%
MAYBANK ISLAMIC BERHAD	11.12%
MALAYSIA BUILDING SOCIETY BERHAD	10.45%

#### ASSET ALLOCATION (as at 31 July 2019)



\*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 2019)



#### CALENDAR YEAR RETURN % (as at 31 July 2019)

FUND	1M	3M	6M	YTD	1YR	3YRS	5YRS
	0.26	0.79	1.63	1.89	1.89	1.61	4.34

Source: MIDF Amanah's Internal data & Lipper Fund Table (The Edge, 5 Aug 2019)