

## Monthly Fund Fact Sheet as at 30 June 2019

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

JULY 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 30 June 2019)

Fund size	RM 193.659 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 June, the local government sukuk/bonds yields continued to fall in tandem with the global trend. The rally in global bond yields triggered a confluence of negative headlines 1) trade tension spreading to Mexico on the unexpected 10% import tariff by Trump, 2) potential easing in 2019 should downside risk to the US economy intensifies and 3) poor economic release in the US which further drove expectation of a rate cut in 2019.

As such, the market turned risk-on and this has spurred strong buying interest in the local sukuk/bond space. The overall GII and MGS yields fell by 9 bps to 26 bps and 11 bps to 23 bps respectively.

Besides, the headline inflation rate remained unchanged at 0.2% year-on-year (y-o-y) for the third consecutive months, falling slightly below the consensus of 0.3% y-o-y.

Meanwhile, foreign holdings of MYR sukuk/bonds return to positive for the month of June. After 2 consecutive months of net outflow in April and May, foreign inflows returned in June totaling MYR6.6 billion as global central banks shifted to a more dovish outlook on monetary policy stance amid looming concerns over global growth. Foreign holdings in MGS returned close to April's level rose to 36.9% from 35.8% in May and 37.1% in April respectively.

#### Investment Outlook & Strategy

Amid a challenging external environment and considerable downside risk to global growth, we expect sentiments to potentially moderate on growth prospects including the domestic front. Malaysia's growth forecast is in the range of 4.4% to 5.5% in the next two years, the budget deficit is likely to moderate to 3.0% of GDP by 2020. Meanwhile, inflation outlook is expected around 0.9% for 2019 and 2.0% in 2020.

Key headwinds to growth include the external sector as the global outlook weakens and potential commodity-related supply disruptions. Another key factor to monitor is FTSE Russell's decision in September whether MGS will be excluded from the World Government Bond Index (WGBI). The outflow is expected to see an outflow risk circa 15 billion to 20 billion, if Malaysia loses its eligibility. On the other, it will be positive for the sukuk/bond market should

- (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 June 2019, the volatility Factor (VF) for this fund is 0.30 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.

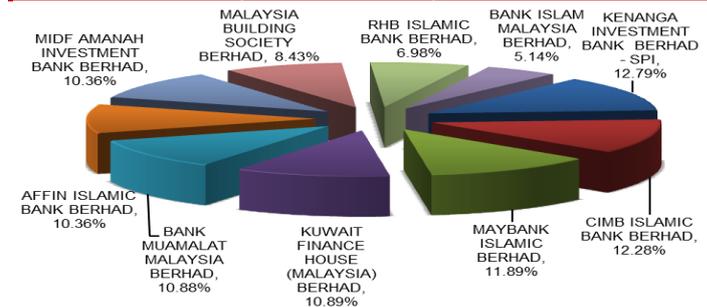
it remains. Meanwhile, the moderating global conditions, unresolved trade tensions, and softer business sentiment could affect domestic activity. Having said, we expect domestic demand will continue to provide some relief in addition to higher private investment to continue supporting headline growth in 2019. Sukuk/bond yields to shift lower due to strong safe-haven bids mainly onshore real money investors. We expect corporate sukuk/bonds yields to compress further due to demand from yield-hunt and scarcity of supply. Besides, we view that the OPR cut and abundant domestic liquidity will support the local government sukuk/bond market.

The Fund will continue investing in short term Islamic deposits.

#### LARGEST BANKS (as at 30 June 2019)

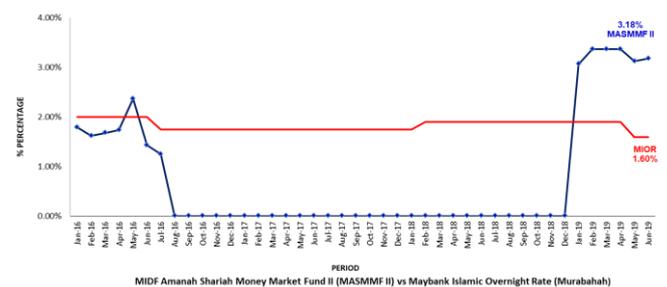
KENANGA INVESTMENT BANK BERHAD - SPI	12.79%
CIMB ISLAMIC BANK BERHAD	12.28%
MAYBANK ISLAMIC BERHAD	11.89%
KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD	10.89%
BANK MUAMALAT MALAYSIA BERHAD	10.88%

#### ASSET ALLOCATION (as at 30 June 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 30 June 2019)



#### CALENDAR YEAR RETURN % (as at 30 June 2019)

	1M	3M	6M	YTD	1YR	3YRS	5YRS
FUND	0.27	0.81	1.62	1.62	1.62	1.49	4.08

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