3-year Fund Volatility 16.93 very high Lipper Analytics 10 Mar 2022

Monthly Fund Fact Sheet as at 31 March 2022

MIDF AMANAH DYNAMIC FUND — APRIL 2022

FUND OBJECTIVE

The objective of the fund is to achieve long-term capital growth through investments in a portfolio of Shariah-compliant equities with superior growth prospects.

THE FUND IS SUITABLE FOR INVESTORS WHO:

- Are seeking long term capital growth, who wish their investments to be in line with Shariah principles;
- Can tolerate a high level of risks associated with stock market investments.

FUND DETAILS (as at 31 March 2022)

Fund Size	RM 1.723 million
Unit NAV	RM 0.7271
Fund Inception	5 May 1976
Financial Year End	15th day of March
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

Russia's invasion of Ukraine in late February has caused a global shock, with equities declining and bond yields rising. Moreover, since Russia and Ukraine are key producers of several important commodities, including oil, gas, and wheat, the invasion has led to prices of commodities soared. The price shock contributed to a further surge in inflation and supply chain disruptions. Elsewhere, Chinese equities were negatively affected by renewed Covid-19 outbreaks, leading to new lockdowns in some major cities.

In the US, all the three major indices were in the green, with a positive return ranging from 2.3% to 3.6% in March. Meanwhile, most Eurozone indices recorded a flat performance, with return ranging from 0.8% to -0.6%. The Federal Reserve ("Fed") raised interest rates by 0.25% in early March, the first hike in three years to address spiraling inflation, with calls from within for more aggressive tightening. On the war in Ukraine, the US and its allies have introduced several economic sanctions to put pressure on Russia by freezing the Russian central bank's assets, denying Russia's access to the global financial system, banning Russian oil imports, and some major international corporations have withdrawn their operations from the country.

On local equity market, seven out of nine indices were in red due to profit-taking activities as investors ran for safety from the highly volatile market. The FBM KLCI declined by -1.3%, while FBM Hijrah dropped by -2.1% in March. Only a handful of sectors were in positive territories on year-to-date ("YTD") and month-on-month ("MoM") basis, such as Financial, Telecommunication, and Construction. Technology was still the worst performer in the first quarter of 2022 after a sterling performance in 2021, as the sector declined by -19.9% YTD and -0.1% MoM. In terms of flow, foreign investors continued their buying spree since early this year, buying RM6.5 billion worth of Malaysian equities. Meanwhile, local institutional investors continued to be the biggest seller, increasing their YTD sales to RM7.0 billion as at end-March.

In March, some of the notable key events were the Bank Negara Malaysia's decision to maintain the Overnight Policy Rate at 1.75% and the announcement of border reopening effective April 1, 2022, to fully vaccinated travelers without needing to undergo quarantine. Other news worth mentioning were Barisan National's winning in the Johor state election which opens up on strong rumours of an early GE15 by Q3 this year, the Government's decision to stick with the single wholesale network, and the minimum wage increase to RM1.500, starting on 1st May 2022.

Investment Outlook & Strategy

One of the key economic developments in March was driven by the Fed which raised interest rates for the first time in almost four years, after slashing them to near-zero at the onset of the Covid-19 pandemic. The move was expected as the Fed chair Jerome Powell had been signaling a March rate hike since winter, and investors took it in stride. Meanwhile, Russia's invasion of Ukraine continued despite intermittent peace talks, threatening the world economy as well as business investments and consumer spending. Based on historical references from past wars, we expect the situation to be contained in Ukraine. Hence, a knee jerk reaction of any sell down would provide selective opportunities to accumulate stocks on weakness as past experiences show that markets recover after the impact of the war has been digested.

Despite the challenging environment, the Malaysian economy expanded by 3.1% in 2021 (compared to a contraction of 5.6% in 2020). Looking ahead, the growth recovery will strengthen in 2022, driven by the expansion in global demand and higher private sector expenditure, amid improvements in the labour market and continued targeted policy support. In the meantime, Malaysia has begun its transition to an endemic phase of Covid-19, effective 1 April 2022 and has reopened its borders to all travelers, regardless of vaccination status. The reopening of international borders will spur economic activities, facilitate human capital movements and help to address unemployment caused by the coronavirus pandemic. With the new developments, the Malaysian economy is projected to expand by 5.5%-6.5% in 2022, although downside risks remain. Headline inflation in 2022 is projected to remain moderate as the base effect from fuel inflation continues to dissipate. Underlying inflation, as measured by core inflation, is expected to normalise to around its long-term average as economic activities continue to pick up amid the environment of high input costs. Nevertheless, core inflation is expected to be modest, with the upside risk partly contained by the continued challenges within certain economic sectors and labour market. The inflation outlook continues to remain subject to developments of global commodity prices amid risks from prolonged supply-related disruptions. We expect Bank Negara Malaysia ("BNM") to remain accommodative to support and sustain the recovery in 2022.

Malaysia's foreign inflows have been increasing in 2022 amounting to RM6.5 billion as at end-March. Foreign interest in Malaysian plantation stocks remained resilient on the back of risk-off sentiment and sky-rocketing commodity prices sparked by Russia-Ukraine tensions and sanctions are initiating some asset reallocation into commodity-producing countries including Malaysia and Indonesia. Whilst we believe that the domestic equity market may move into a phase of greater volatility in the months ahead until a clearer picture emerges on the strength of the global economic recovery, the endemic phase and the 15th Malaysian general election would likely dominate market sentiment and spur investors' interest going forward despite macro uncertainties. In addition, the FBMKLCI which currently trading at 1.2 standard deviation below mean, provide a good opportunity for value investors to enter Malaysian equities, while the solid dividend yield should also buck up the total return for investors. We are cautiously optimistic on local equity markets and adopting tactical strategy in light of the highly volatile market conditions. Hence, our investment strategy going forward is premised on the following key tenets:

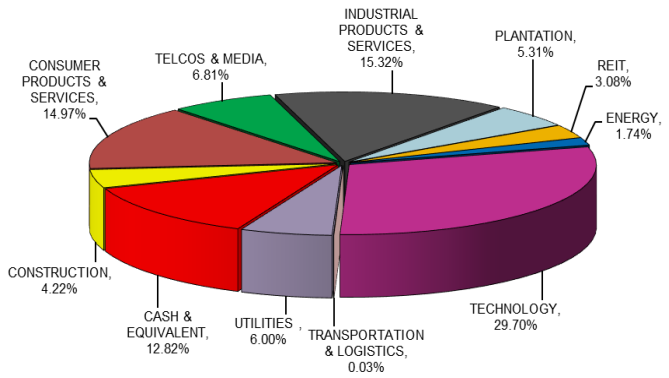
- Our stock selection strategy is anchored by fundamental bottom-up approach with Sustainable Responsible Investment ("SRI") and Environmental, Social, and Governance ("ESG") considerations across investment decision processes. This is pivotal in identifying the right stocks within the right industries to achieve greater and sustainable portfolio performances.
- We advocate portfolio strategy that is driven by solid fundamental grounds, focusing on companies with good track record, solid management, superior growth quality with strong earnings visibility and balance sheet, high dividend yield with high liquidity.
- Long-term strategy of the portfolio is to focus on fundamentally sound and dividend-biased stocks in line with the mandate's objectives of capital value appreciation.
- Capitalising on market volatilities to take advantage of the opportunities in the market. Proactive portfolio construction by balancing the exposure to Value, Growth and Dividend stocks.
- Focus on recovery/re-opening and structural growth themes. For recovery themes, we focus on value and cyclical growth sectors such as Consumer Discretionary, Construction, Industrials and Materials. For structural growth themes, we like sectors such as Technology and Renewable Energy.
- Barring any unforeseen circumstances and significant external shocks, our portfolio tactical equity exposure is expected to be on average between 80% to 85%, as it provides the flexibility for the portfolio to be agile and nimble.

(1) Based on the fund's portfolio returns as at 10 March 2022, the volatility Factor (VF) for this fund is 16.93 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.

LARGEST HOLDINGS (as at 31 March 2022)

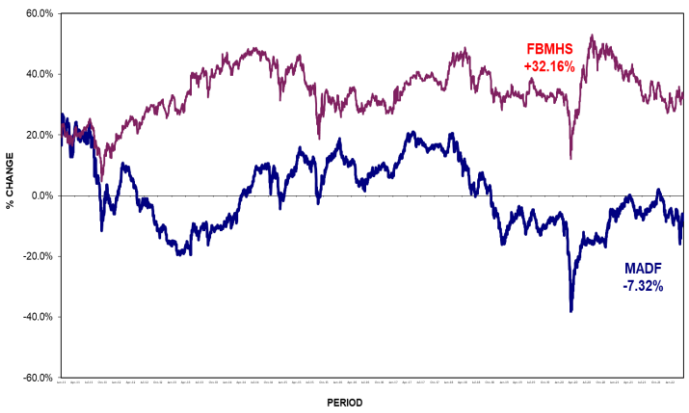
COMPANY	%
GREATECH TECNOLOGY BHD	8.42%
D & O GREEN TECHNOLOGIES BHD	7.60%
TELEKOM MALAYSIA BHD	6.81%
PERAK TRANSIT BHD	6.16%
GLOBETRONICS TECHNOLOGY BHD	4.68%

ASSET ALLOCATION (as at 31 March 2022)



*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 March 2022)



MIDF Amanah Dynamic Fund Vs. FBM Hijrah Shariah Index *
*FBM Hijrah Shariah Index (FBMHS + gross dividend yield)

CALENDAR YEAR RETURN (as at 31 March 2022)

	3M	6M	1YR	3YRS	5YRS
FUND	**-2.61**	**-4.38**	**-5.74**	**-1.21**	**-21.77**
FBMHS*	**-1.01**	**0.53**	**-5.49**	**-3.12**	**-9.90**

*****FBM Hijrah Shariah Index (FBMHS +gross dividend yield)
Note: Upon conversion to Shariah fund, benchmark has been changed to FBMHS from June 01, 2018, onwards
Source: Lipper Fund Table (The Edge, 11 April 2022)

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