3-year Fund Volatility
10.66
moderate
Lipper Analytics
10 Apr 2022

Monthly Fund Fact Sheet as at 30 April 2022
MIDF AMANAH GROWTH FUND

MAY 2022

FUND OBJECTIVE

The objective of the fund is to achieve long-term capital growth through investments in large, well-established 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 assume a high level of stock market risks

FUND DETAILS (as at 30 April 2022)

Fund size	RM 6.809 million
Unit NAV	RM 0.4896
Fund Inception	2 December 1966
Financial Year End	15th day of April
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

Equity markets continued the decline in April as the global markets were hit by the ongoing war in Ukraine, lockdowns in China, continued supply chain disruptions, and expectations that US interest rates could rise swiftly. US equities fell sharply in April as economic data showed signs of weakening, while inflationary pressures prompted the Federal Reserve ("Fed") into a more aggressive measures of interest rate hikes. Inflation increased 1.2% in March, a sharp pick-up from February. This has resulted the annual inflation rate picking up to 8.5% from 7.9%, its highest level since December 1981.

Malaysia's markets bucked the global trend in April, with our benchmark index, FBM KLCI, registering a positive return of 0.8%. Most local indices ended in green, with FBM Fledgling going up the most to register a 4.8% return, followed by FBM Small Cap with a 2.9% return. Only FBM Mid 70 and FBM Ace registered a loss in April, posting a negative return of -0.6% and -0.7%, respectively.

Taking a look at sectoral performances, FBM Plantation and FBM Energy continued to benefit from the ongoing crisis, Russian invasion of Ukraine due to high commodity prices on supply concerns. Other sectors such as Construction and Utilities also performed admirably, as both recorded more than 4% gain. Only three sectors were in the negative territories, namely Healthcare, Telecommunications, and Technology, as the latter was impacted by valuation concerns after the Fed is expected to increase the interest rate.

Foreign investors remain the largest net buyers of our local equities in April, with RM826 million. However, the buying magnitude was much lower; a 75% mom fall from March's purchase of RM3.3 billion. After four months, foreign investors have purchased up to RM7.3 billion worth of stocks compared to a net sell of RM2.9 billion in 2021. Local retailers also reduced their net purchase in April, buying approximately RM172 million worth of stock, 46% lower than March's purchases. Local institutional investors remain the sole net sellers during the month, selling RM1.1bn in April. This brought their year-to-date net sell to RM8.1bn.

Some of the notable key events in April were the relaxation of Covid-19 restrictions effective 1 May, the announcement of the five digital banking license winners, and Indonesia's decision to ban the export of refined palm oil, which will benefit Malaysian palm oil producers, and the Government's decision to raise the minimum wage to RM1,500 per month.

Investment Outlook & Strategy

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflicts will contribute to a significant slowdown in global growth in 2022. Elevated inflation will complicate the trade-offs central banks encounter between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging markets and developing economies.

The Federal Reserve raised its benchmark policy rate by half a percentage point to 0.75%-1% during its May 2022 meeting in line with market's expectations, an increase for the first time since 2000 and sent a strong signal that it intends to increase it by the same amount at the next two meetings. It was the first time since 2006 that the central bank has implemented rate increases at the back-to-back meetings and the move embraces a more aggressive approach to tackling high inflation. Reading from the latest Federal Open Market Committee ("FOMC") decision, 50bps hikes in the upcoming meetings will push the upper limit of the fed funds rate target towards 2% to 2.5% by the year-end. Market is now anticipating that the Fed will continue its Fed funds rate hikes in the upcoming meetings later this year, with a possibility of 50bps hike at each meeting.

On domestic front, strong oil and gas as well as higher commodity prices will boost the Malaysian government's balance sheet, leading to more infrastructure investments, which will in turn improve the Gross Domestic Product ("GDP") growth. The government's latest decision in relaxing various health safety Standard Operating Procedures ("SOPs") which takes effect from 1 May 2022, will ease the travelling experience of passengers entering Malaysia, thus will certainly hasten economic recovery. The policy shift towards living with the virus in endemic stage 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.

We believe that the domestic equity market may experience greater volatility in the months ahead until a clearer picture emerges conforming on the strength of the global economic recovery, the endemic phase and the 15th Malaysian general election. This would likely continue to dominate market sentiment and spur investors' interest going forward. In addition, the FBMKLCI which is currently trades at 1.5 standard deviation below mean, provides a good opportunity for value investors to enter Malaysian equities, while the solid dividend yield of 4.31% further improve the total returns for investors. We are cautiously optimistic on local equity markets and adopting tactical strategy in light of the highly volatile market conditions largely driven by macro uncertainties. Hence, our investment strategy going forward is premised on the following key tenets:

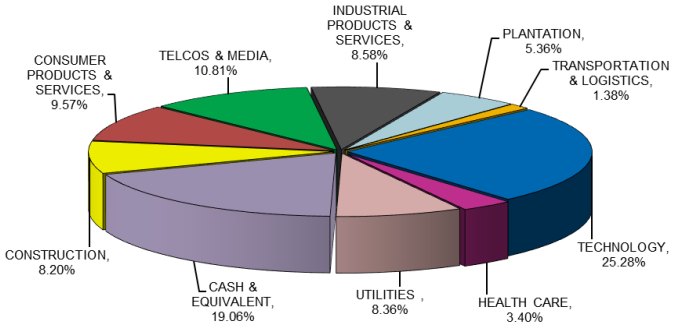
- Our stock selection strategy is anchored by fundamental bottom-up approach with Sustainable Responsible Investment ("SRI") and Environmental, Social, and Governance ("ESG") considerations across investment decision processes. This is pivotal in identifying the right stocks within the right industries 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.
- 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.
- We will continue to embrace and advocate the SRI as well as ESG themes across our investment approach. We believe that a combined strategy of shariah investing which we have since embarked in 2018, with SRI/ESG principles provides greater impact as both strategies share common objectives in promoting stewardship and sustainability. In addition, it provides an additional lens to understand further on a granular basis and insights on management and support our macro and financial assessments. Our first domestic shariah ESG equity fund launched in June 2021 has further signified our sustainable initiatives whilst building up more product offerings within the sukuk space in the very near future.

(1) Based on the fund's portfolio returns as at 10 April 2022, the volatility Factor (VF) for this fund is 10.66 and is classified as "moderate" (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 30 April 2022)

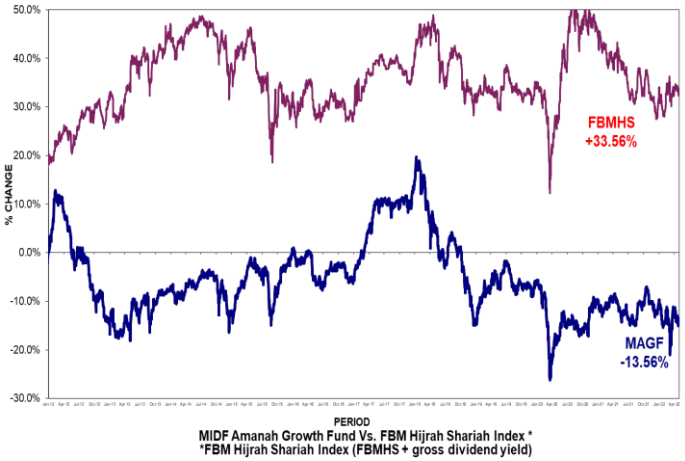
COMPANY	%
TENAGA NASIONAL BHD	8.36%
GAMUDA BHD	8.20%
GREATECH TECHNOLOGY BHD	7.36%
D & O GREEN TECHNOLOGIES BHD	7.33%
TELEKOM MALAYSIA BHD	6.23%

ASSET ALLOCATION (as at 30 April 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 30 April 2022)



CALENDAR YEAR RETURN % (as at 30 April 2022)

	3M	6M	1YR	3YRS	5YRS
FUND	**1.43**	**-5.28**	**-3.55**	**-9.68**	**-20.65**
FBMHS*	**4.90**	**-1.34**	**-8.87**	**-2.86**	**-10.27**

*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,9 May 2022)

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