

BIMB INVEST WAFIYAH

**SECOND QUARTER REPORT
FOR THE FINANCIAL PERIOD FROM
1 APRIL 2017 TO 30 JUNE 2017**

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1.0 FUND KEY INFORMATION

1.1 Fund Name

BIMB Invest Wafiyah

1.2 Fund Type

Income

1.3 Fund Category

Wholesale Islamic Money Market Fund

1.4 Fund Investment Objective

The Fund seeks to provide liquidity* and regular income stream** whilst maintaining capital stability*** by investing in Islamic investment accounts and Islamic money market instruments.

Note:

* *Liquidity refers to repurchase payment made by T+1 whereby 'T' refers to Business Day where a request/application to redeem is received by the Manager before the cut-off time of 10.30 a.m.*

** *Income will be in the form of cash or Units.*

*** *The Fund is not a capital guaranteed fund or a capital protected fund.*

Any material changes to the investment objective would require unit holders' approval.

1.5 Investor Profile

The Fund is for Sophisticated Investors who are favoring regular income stream* and capital stability**:

* *Income will be in the form of cash or Units.*

***The Fund is not a capital guaranteed fund or a capital protected fund.*

1.6 Distribution Policy and Mode of Distribution

The Fund will distribute income at least once a month, subject to availability of income.

1.7 Risk Factors

The specific risks of the Fund include:

Credit/ Default Risk

Credit risk relates to the creditworthiness of the issuer of the instrument which is dependent on the issuer's ability to make timely payments of profit and/or principal. In the event that the issuer of the instrument defaults in the payment of profit and/or principal, the value of the Fund may be adversely affected.

Profit Rate Risk

The returns of the Fund moves in tandem with fluctuations in profit rates. If profit rates fall, the returns of the Fund will be lower correspondingly.

* Note: Interest rate is a general economic indicator that will have an impact on the management of a fund regardless of whether it is an Islamic-based fund or otherwise. It does not in any way suggest that this Fund will invest in instruments, which are not Shariah-approved instruments. All investments carried out for this Fund are in accordance with requirements of the Shariah.

2.0 INVESTMENT POLICY AND STRATEGY

2.1 Asset Allocation

The Fund may invest:

- at least 90% of its NAV in short-term Islamic investment accounts and/or short-term Islamic money market instruments; and
- up to 10% of its NAV in permitted investments which have a remaining maturity period of more than 365 days but less than 732 days.

The asset allocation between the various investment assets referred to above and the decision to invest, sell or trade are based on the decision of the fund managers who adopt an active fund management approach.

2.2 Investment Policy and Strategy

The Fund seeks to achieve its objective by investing at least 90% of the Fund's NAV in short-term Islamic investment accounts and short-term Islamic money market instruments.

Up to 10% of the Fund's NAV may be invested in permitted investments which have a remaining maturity period of more than 365 days but less than 732 days.

The investment policy is to invest in liquid short-term investments with capital preservation. The Fund will also be actively managed to provide liquidity.

2.3 Benchmark

The benchmark for the Fund is based on the 1-month Term Deposit-i Tawarruq of Bank Islam Malaysia Berhad net-of corporate tax.

However, please note that the risk profile of the Fund is higher than the benchmark and as a result of the higher risk assumed, the expected returns of the Fund should be higher than the benchmark. Unitholders are advised that unlike a placement in a deposit, there is potential for losses.

Note: Investors are advised that the actual portfolio of the Fund at any given time may consist of a mix of Shariah-compliant deposits, Islamic money market instruments and Shariah-compliant debentures of varying tenure and credit rating, as disclosed in the Information Memorandum. Investors are to note that the risk profile of the Fund's portfolio may be higher than risk profile of the benchmark. Therefore, the Fund's return can be potentially higher than the benchmark commensurate with the risk profile of the underlying assets of the Fund.

2.4 Policy on Rebates and Soft Commissions

The Manager or any delegate thereof shall not retain any rebate from, or otherwise share in any commission with, any broker in consideration for direct dealings in the investments of the Fund. Accordingly, any rebate or shared commission shall be directed to the account of the Fund concerned. However, the Manager or any delegate thereof may retain goods and services (“Soft Commissions”) from any broker/dealer, only if the goods and services are of demonstrable benefit to the Unitholders such as research materials and advisory services which are incidental to the investment management activities of the Fund.

3.0 MANAGER'S REPORT

This Quarterly Report covers the financial period from 1 April 2017 to 30 June 2017

3.1 Fund Performance Review

	As at 30 June 2017
Net Asset Value (RM)	413,547,649
Units In Circulation	413,547,649
Net Asset Value Per Unit (RM) ^(a)	1.0000
Highest Net Asset Value Per Unit (RM) ^(b)	1.0000
Lowest Net Asset Value Per Unit (RM) ^(b)	1.0000
Annualised Return (%) ^(c)	2.71
Benchmark Returns (%) ^(d)	2.30

(a) Net Asset Value (NAV) per unit is after income distribution

(b) Highest and lowest NAV per unit are for the period under review

(c) Annualised return for the financial period from 1 April 2017 to 30 June 2017

(d) After tax annualised benchmark return for the financial period from 1 April 2017 to 30 June 2017

Note: Benchmark – 1-month Term Deposit-i Tawarruq of Bank Islam Malaysia Berhad net-of corporate tax.

(Source: Bank Islam's website)

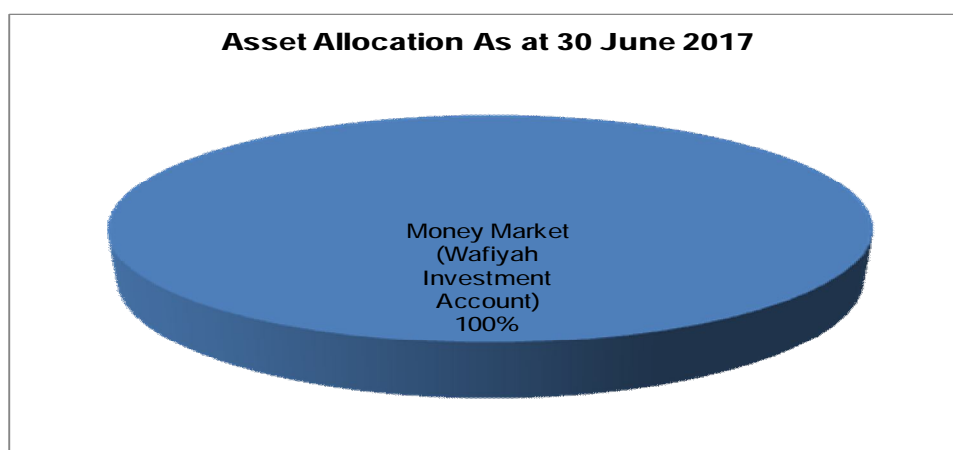
For the period under review, the Fund registered a return of 2.71%, outperformed its benchmark by 0.41% (based on the annualised return). The Fund's return of 2.71% was entirely income distribution which is in line with the Fund's objective in providing the investors a regular stream of income. The Fund paid out its income distribution amounting RM2,894,549. Its Net Asset Value (NAV) per unit stood at RM1.0000 after the income distribution. As at 30 June 2017, the NAV of the Fund was at RM413,547,649 and the total units in circulation of the Fund stood at 413,547,649 units. There were no unit splits declared for the period under review. There were also no significant changes in the state of affairs of the Fund and no circumstances that materially affected the interest of the Unitholders for the financial period ended 30 June 2017.

Calculation of Annualised Returns:-

Annualised Returns = $(1 + x\%)^4$

x = 3 months return

3.2 Asset Allocation



ASSET ALLOCATION	30 June 2017 (%)
Money Market (Wafiyah Investment Account)	100.0
Total	100.0

As at 30 June 2017, the Fund was invested only in Money Market (Wafiyah Investment Account).

3.3 Monthly Distribution

Monthly Distribution for the Financial Period from 1 April 2017 to 30 June 2017				
Distribution per Unit				
Date	Gross (%)	Net (%)	Total Amount (RM)	
30 April 2017	0.20	0.20	522,708	
31 May 2017	0.25	0.25	804,697	
30 June 2017	0.22	0.22	907,553	
Total	0.67	0.67	2,234,958	

3.4 Impact on NAV Arising from Distribution

As at 30 June 2017	Before	After
Net Asset Value Per Unit (RM)	1.0000	1.0000
Net Asset Value (RM)	412,640,096	413,547,649
Units In Circulation	412,640,096	413,547,649

3.5 Breakdown of Unit Holding by Size

Size of Holding	Number of Unitholders	Number of Units Held	As at 30 June 2017 (%)
Below 5,000	0	0	0.00
5,001 to 10,000	0	0	0.00
10,001 to 50,000	0	0	0.00
50,001 to 500,000	3	418,360.72	0.10
500,001 and above	2	413,129,288.65	99.90
Total	5	413,547,649.37	100.00

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down as well as up.

4.0 ECONOMIC AND MARKET REVIEW

i) Economy

Global

- The United States ('US') Gross Domestic Product (GDP) grew at a rate of 1.4% in the first quarter of 2017 as compared to 2.1% growth in the fourth quarter of 2016 and 3.5% in the third quarter of 2016. Economic growth for the quarter was constrained by weaker business investment, lower manufacturing production and stagnating inflation rate notwithstanding higher consumer spending and gains in exports.
- US headline inflation rate increased to 1.9% in May 2017 from 0.8% in July 2016 as higher consumer spending and energy prices lifts the broad base price index for the period.
- US unemployment rate fell to 4.4% in June 2017 from 4.9% in July 2016, as more Americans entered the labor market in line with the robust hiring of the US economic recovery.
- The Euro zone economy grew by 0.6% in the first quarter of 2017 as compared to 0.5% growth in the fourth quarter of 2016 and 0.4% in the third quarter of 2016. Growth for the period was driven by stronger domestic demand coupled with an improving labor market in addition to ECB's expansionary policy to support Euro zone's economic activity.
- Euro zone's annual inflation rate increased to 1.3% in June 2017 from 0.2% in July 2016 as a result of higher prices for services, robust consumer consumption, and increased household borrowing during the period.
- The Euro zone unemployment rate fell to 9.3% in May 2017 from 10.0% in July 2016 exhibiting the lowest unemployment rate since May 2009.
- China's GDP growth was 6.9% in the first quarter of 2017 compared to 6.8% GDP in fourth quarter 2016 supported by the government's infrastructure spending and rebound in housing market activities.

(Source: Reuters, Bloomberg and RHB Research Institute Sdn Bhd)

Local

- Malaysia's real GDP growth was 5.6% in the first quarter of 2017, underpinned by the growth in the manufacturing and services sector compared to 4.5% achieved in the fourth quarter of 2016.

- Malaysia's inflation rate rose to 3.9% in May 2017 from 1.1% in July 2016 as a result of price hike for retail fuel during the period that continued to push transport and related cost higher for the local economy.
- Bank Negara's international reserve stood at USD 98.7 billion as at 30 June 2017 from USD 97.3 billion in July 2016 as capital outflows reverse during the period. At these levels, the foreign exchange reserves are sufficient to finance 8.2 months of retained imports and cover 1.1 times the short term external debt of the nation.
- Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00% at the Monetary Policy Committee (MPC) meeting on 12 May 2017.

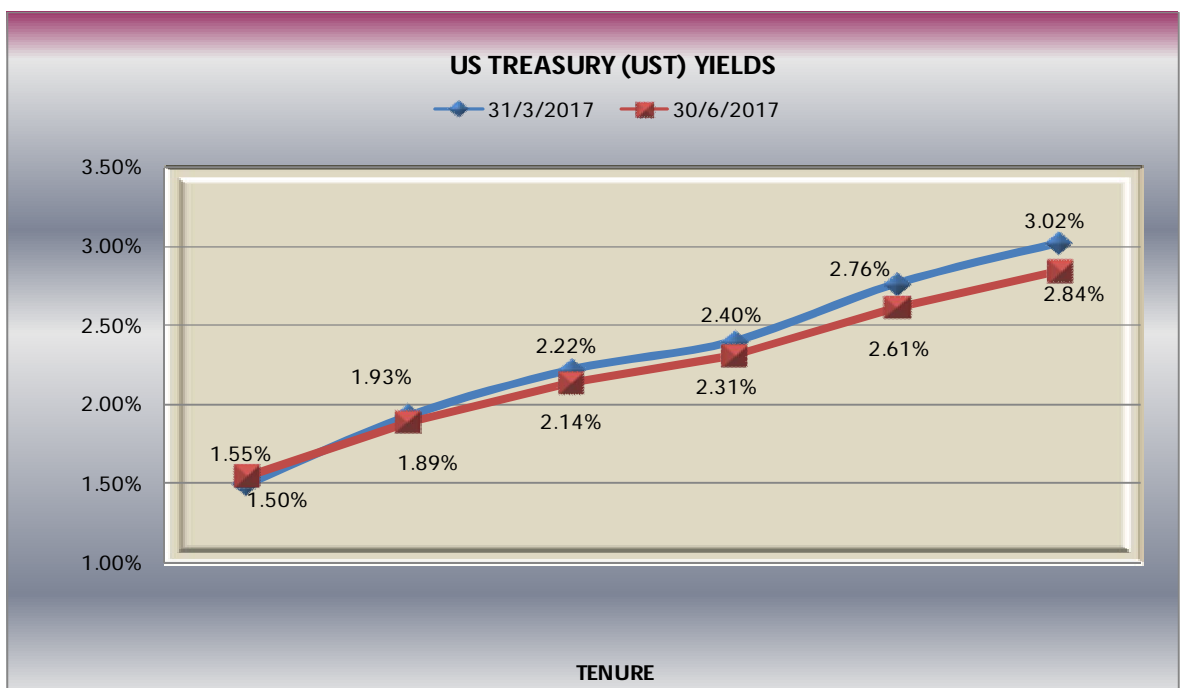
(Source: Bank Negara Malaysia, Bloomberg and RHB Research Institute Sdn. Bhd.)

ii) Bond Market and Money Market Review

Global

- During period under review, UST stood on stronger footing supported by poorer-than-expected Non-Farm Payroll (NFP) print for the month of May 2017, alongside existing safe haven flows ahead of risk events including ECB meeting, UK election and former FBI chief Comey's testimony. The Federal Reserve then hiked its policy rate by 25bps to a range 1.00-1.25%, as expected. But UST firmed as Federal Reserve hinted it remains on moderate tightening pace.

Figure 1: US Treasury Yields



Source: US Treasury Department, 30 June 2017

Local

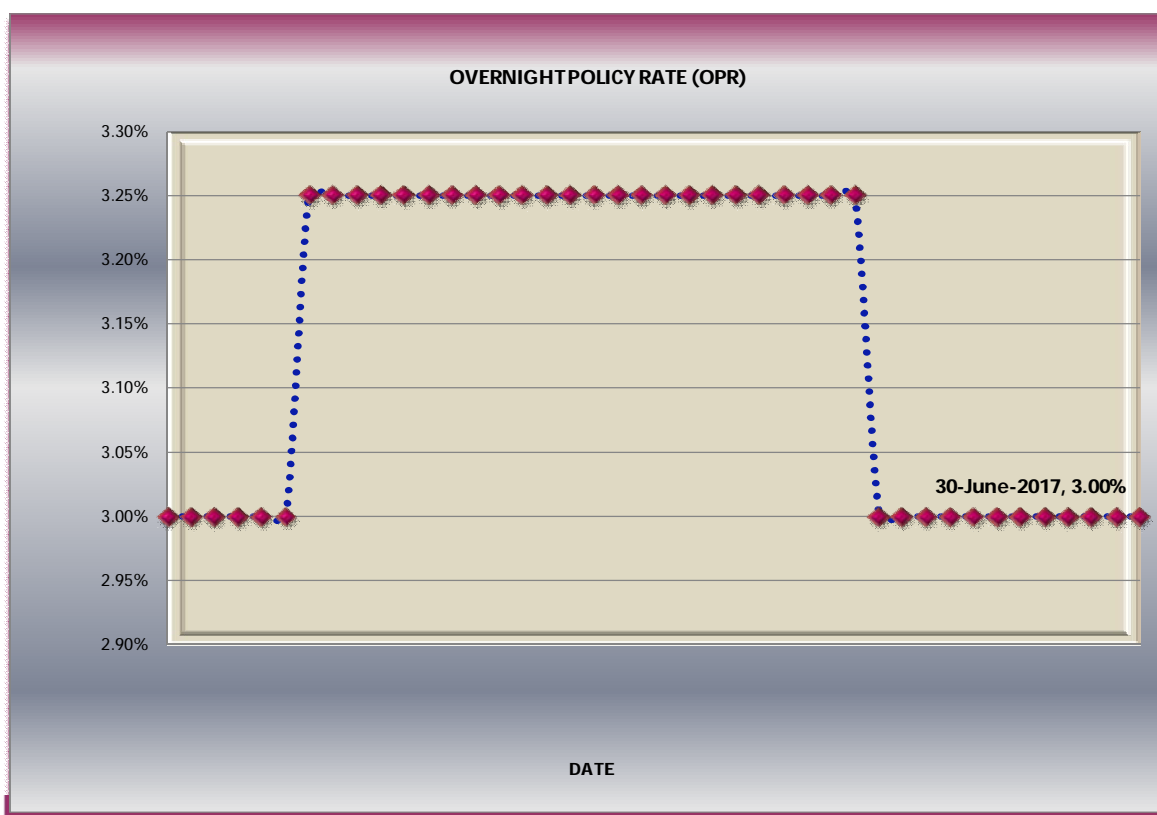
- Ringgit sovereign bond yields were stuck at lower ranges as it tracked the firm UST early June 2017. However, profit taking pressure emerged later in June before the end of second quarter 2017, amid thin trading flows heading towards the public holidays.

Table 1: Sukuk/ Islamic Bond Yields

Tenor/Date	30 June 2017 (%)	31 March 2017 (%)	Change (bps)
3 Year Bonds			
GII	3.63	3.75	(12.0)
AAA Corporate	4.19	4.19	0.0
5 Year Bonds			
GII	3.84	3.97	(13.0)
AAA Corporate	4.28	4.32	(4.0)
7 Year Bonds			
GII	3.93	4.10	(17.0)
AAA Corporate	4.42	4.46	(4.0)
10 Year Bonds			
GII	4.10	4.13	(3.0)
AAA Corporate	4.63	4.66	(3.0)

Source: Bond Pricing Agency Malaysia (BPAM), 30 June 2017

Figure 2: Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia, 30 June 2017

5.0 MARKET OUTLOOK AND STRATEGY

- Looking forward, changes in OPR will depend on economic data on growth and inflation. The money market deposit rates are expected to remain stable at current levels over the medium-term.
- The strategy is to invest in money market investments to maximise profit rate by extending the tenure of investment while providing liquidity and regular income for investors.

6.0 FINANCIAL STATEMENTS

6.1 Unaudited Statement of Financial Position as at 30 June 2017

	Note	30.6.2017 (unaudited) RM
Assets		
Short term investments	1	412,008,599
Other receivables		1,544,872
Cash and cash equivalents	2	160,105
Total assets		<u>413,713,576</u>
Liabilities		
Other payables		165,927
Total liabilities		<u>165,927</u>
Net asset value		<u>413,547,649</u>
Unitholders' fund		
Unitholders' capital	5	413,547,649
Retained profits		-
Net asset value attributable to unitholders		<u>413,547,649</u>
Number of units in circulation	5	<u>413,547,649</u>
Net asset value per unit		
- Ex distribution (sen)		<u>100</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

6.2 Unaudited Statement of Profit or Loss and Other Comprehensive Income for the financial period from 1 April 2017 to 30 June 2017

	Note	1.4.2017 to 30.6.2017 RM
Income		
Income from short term investments		2,617,878
Hibah from Al-Wadiah account		229
Gross income		<u>2,618,107</u>
Expenses		
Manager's fee	3	352,435
Trustee's fee	4	14,097
Audit fee		4,550
Tax agent's fee		1,138
Administrative expenses		23,493
		<u>395,713</u>
Net income before taxation		2,222,394
Tax expense		-
Net income after taxation		<u>2,222,394</u>
Other comprehensive income for the period		<u>-</u>
Total comprehensive income for the period		<u><u>2,222,394</u></u>
Total comprehensive income for the period consist of:		
Realised amount		<u>2,222,394</u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

6.3 Unaudited Statement of Changes in Net Asset Value for the financial period from 1 April 2017 to 30 June 2017

	Note	Unitholders' capital RM	Retained profits RM	Total RM
As at 31 March/ 1 April 2017		151,353,799	-	151,353,799
<i>Movement in unitholders' contribution or distribution</i>				
Creation of units via cash		270,014,044	-	270,014,044
Reinvestment of distributions		2,234,958	-	2,234,958
Cancellation of units		(10,055,152)	-	(10,055,152)
Distributions	6	-	(2,234,958)	(2,234,958)
Distributions – via cash payment		-	(10,893)	(10,893)
Distribution – first quarter		-	23,457	23,457
Total attributable to unitholders		262,193,850	(2,222,394)	259,971,456
Total comprehensive income for the period		-	2,222,394	2,222,394
As at 30 June 2017		413,547,649	-	413,547,649

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

6.4 Unaudited Statement of Cash Flows for the financial period from 1 April 2017 to 30 June 2017

	1.4.2017 to 30.6.2017 RM
Cash flows from operating activities	
Purchase of short term investments	(261,500,695)
Income from short term investments	1,866,837
Hibah from Al-Wadiah account	229
Management fee paid	(274,693)
Trustee fee paid	(10,988)
Payment for administrative expenses	(18,632)
Net cash used in operating activities	<u>(259,937,942)</u>
Cash flows from financing activities	
Cash receipt for creation of units	270,014,044
Cash payment for cancellation of units	(10,055,152)
Distributions paid	(10,893)
Net cash generated from financing activities	<u>259,947,999</u>
Net increase in cash and cash equivalents	10,057
Cash and cash equivalents at the beginning of financial period	150,048
Cash and cash equivalents at end of the financial period	<u><u>160,105</u></u>
Cash and cash equivalents comprise:	
Cash at bank	<u><u>160,105</u></u>

The accompanying notes to the financial statements form an integral part of the unaudited financial statements.

6.5 UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

1. Short term investments

	As at 30.6.2017 RM
Short term investments with maturity more than 30 days:	
Wafiyah Investment Account *	<u>412,008,599</u>

* Wafiyah Investment Account is placed with Bank Islam Malaysia Berhad, the holding company of the Manager.

2. Cash and cash equivalents

	As at 30.6.2017 RM
Short term placements with maturity less than 30 days:	
Cash at bank*	<u>160,105</u>

* Cash at bank is placed with Bank Islam Malaysia Berhad, the holding company of the Manager.

3. Manager's fee

The manager's fee payable to the Manager of the Fund is based on 0.50% per annum of the net asset value of the Fund calculated on a daily basis.

4. Trustee's fee

The trustee's fee payable to the trustee of the Fund is based on 0.02% per annum of the net asset value of the Fund calculated on a daily basis.

5. Unitholders' capital

	No. of units	RM
As at 31 March 2017/1April 2017	151,353,799	151,353,799
Creation of units	272,249,002	272,249,002
Cancellation of units	(10,055,152)	(10,055,152)
As at 30 June 2017	<u>413,547,649</u>	<u>413,547,649</u>

6. Distributions

1.4.2017 to
30.6.2017
RM

Distributions to unitholders is from the following sources:

Income from short term investments	2,617,878
Hibah from Al-Wadiah account	229
Distribution reserve – first quarter	23,457
	<hr/>
	2,641,564
<i>Less:</i>	
Expenses	(395,713)
Net distribution	<hr/> <hr/>
	2,245,851

7. Comparatives

No comparatives are included in the financial statements because this is the Fund's first set of financial statements after the Fund commenced operations on 25 October 2016.

7.0 CORPORATE DIRECTORY

Manager

BIMB Investment Management Berhad

Registered Office

Level 32, Menara Bank Islam, No. 22, Jalan Perak
50450, Kuala Lumpur

Business Office

Level 19, Menara Bank Islam, No. 22, Jalan Perak
50450, Kuala Lumpur

Board of Directors

Khairul Kamarudin (Chairman - Non-Executive Non Independent Director)
Dato' Ghazali Awang (Non-Executive Independent Director)
Datuk Noripah Kamso (Non-Executive Independent Director)
Dr. Mohd Hatta Dagap (Non-Executive Independent Director)
Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Director)
Najmuddin Mohd Lutfi (Chief Executive Officer)

Shariah Committee

Ustaz Dr. Ahmad Shahbari @ Sobri Salamon
Ustaz Dr. Yusof Ramli
Ustazah Dr. Asmak Ab. Rahman

Investment Committee

Khairul Muzamel Perera Abdullah (Chairman – Non Independent Member)
Datuk Noripah Kamso (Independent Member)
Darawati Hussain (Independent Member)

Audit Committee

Dato' Ghazali Awang (Chairman - Independent Member)
Dr. Mohd Hatta Dagap (Independent Member)
Malkiat Singh @ Malkit Singh Maan (Non Independent Member)

Company Secretaries

Aidil Haznul Zulkifli (MACS 01638)
Level 32, Menara Bank Islam, No.22 Jalan Perak,
50450 Kuala Lumpur

Norhidayati Mohamat Salim (MIA 27364)
Level 32, Menara Bank Islam, No. 22, Jalan Perak
50450 Kuala Lumpur

Key Management

Najmuddin Mohd Lutfi (Chief Executive Officer)
Badrol Ahmad Fathan (Head of Investment)
Noor Rose Mona Aziz (Head of Finance and Operations)

Principal Banker**Bank Islam Malaysia Berhad**

Ground Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur

Trustee**AmanahRaya Trustees Berhad (766894-T)**

3rd Floor, Wisma AmanahRaya II
No. 21, Jalan Melaka
50100 Kuala Lumpur

**Federation of Investment
Managers Malaysia (FIMM)**

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Bank Simpanan Nasional
Registered Unit Trust Consultant with BIMB Investment Management
Berhad

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