

BIMB *i*CASH MANAGEMENT FUND 3

**FIRST QUARTER REPORT
FOR THE FINANCIAL PERIOD FROM
14 DECEMBER 2015 (DATE OF
COMMENCEMENT) TO 31 MARCH 2016**




TABLE OF CONTENTS

1.0	FUND KEY INFORMATION	3
2.0	INVESTMENT POLICY AND STRATEGY	5
3.0	MANAGER'S REPORT	6
4.0	ECONOMIC AND MARKET REVIEW	9
5.0	MARKET OUTLOOK AND STRATEGY	13
6.0	SHARIAH COMMITTEE'S REPORT	14
7.0	FINANCIAL STATEMENTS (UNAUDITED)	15
8.0	CORPORATE DIRECTORY	21

1.0 FUND KEY INFORMATION

1.1 Fund Name

BIMB iCash Management Fund 3 ("BiCMF3")

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 money market instruments.

Note:

*liquidity refers to T or T+1 whereby T is the Business Day where a request/application to redeem is received by the Manager before the cut-off time of 10.30am.

** 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 Unitholders' 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

The risk arises when the issuer of a Sukuk or money market instrument is unable to service any periodic obligations, e.g. profit payments and/or pay the principal amount when due. In such cases, investors will suffer significant losses. This risk can be mitigated by investing in Sukuk carrying a minimum credit rating of AA3 by RAM or AA by MARC or an equivalent credit rating by any other credit rating agencies or a minimum short term credit rating of P1 by RAM or MARC-1 by MARC or its equivalent. This risk is also mitigated by credit analysis conducted by the Manager to determine the issuer's ability to service promised payments.

Profit Rate Risk

Changes in the level of general interest rates* may cause prices of Sukuk or money market instrument to change inversely. When interest rates rise, Sukuk prices generally decline and this will lower the market value of the Fund's investment in Sukuk. The Manager manages profit/interest rate risk of Sukuk or money market instruments by considering their sensitivity to profit/interest rate changes as measured by its duration.

* Note: The term interest rate does not in any way suggest that this Fund will invest in securities or instruments, which are Shariah non-compliant. All investments carried out for the Fund are in accordance with principles of the Shariah.

Liquidity Risk

Liquidity risk is the risk that the security invested in cannot be readily sold and converted into cash. This can occur when trading volume for the security is low and/or when there is a lack of demand for the security causing the fund manager to liquidate the security at a discount to fair value. This may adversely impact the Fund's NAV per unit. The Fund manages liquidity risk by investing in Islamic money market instruments.

2.0 INVESTMENT POLICY AND STRATEGY

2.1 Asset Allocation

The Fund may invest:

- at least 90% of its NAV in short term 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.

2.2 Investment Policy and Strategy

The Fund seeks to achieve its objective by investing at least 90% of its NAV in short term 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 a 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.

However, please note that the risk profile of the Fund may be higher than the risk profile of the benchmark

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 14 December 2015 (date of commencement) to 31 March 2016.

3.1 Fund Performance Review

	As at 31 March 2016
Net Asset Value (RM)	100,000,000
Units In Circulation	100,000,000
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)	3.67
Benchmark Returns (%) ^(d)	2.46

- (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 14 December 2015 (date of commencement) to 31 March 2016.
(d) After tax annualised benchmark return for the financial period from 14 December 2015 (date of commencement) to 31 March 2016.

Note: Benchmark – 1 month Bank Islam Term Deposit-i (Tawarruq)

(Source: Bank Islam's website)

For the period under review, the Fund registered a return of 3.67%, outperformed its benchmark by 1.11% (based on the annualised return). The Fund's return of 3.57% 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 RM783,459. Its Net Asset Value (NAV) per unit stood at RM1.0000 after the income distribution. As at 31 March 2016, the NAV of the Fund was at RM100,000,000 and the total units in circulation of the Fund stood at 100,000,000 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 31 March 2016.

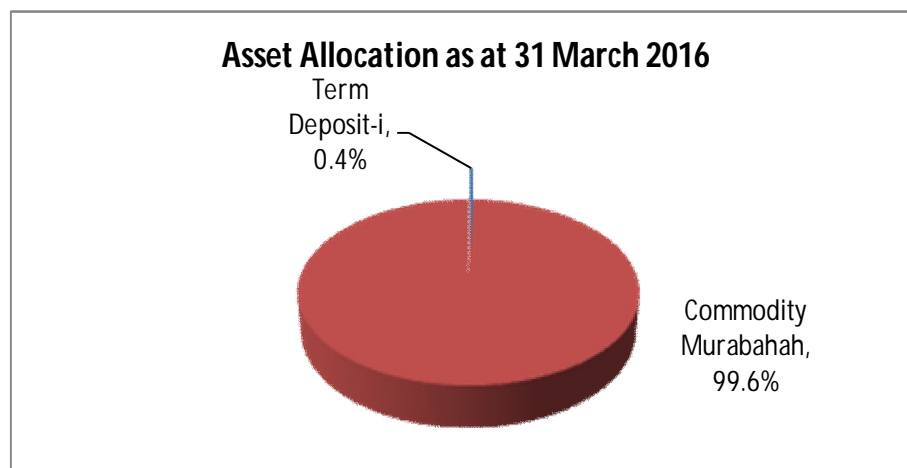
Calculation of Annualised Returns:-

$$\text{Annualised Returns} = (1 + y\%)^{366/t}$$

y = Total return since inception

t = Actual days since inception.

3.2 Asset Allocation



ASSET ALLOCATION	31 March 2016 (%)
Money Market (Term Deposit-i)	0.4
Money Market (Commodity Murabahah)	99.6
Total	100.0

As at 31 March 2016, the Fund was invested in Commodity Murabahah, Term Deposit-i and Sukuk.

3.3 Monthly Distribution

Monthly Distribution for the financial period 14 December 2015 – 31 March 2016			
Distribution per Unit			
Date	Gross (sen)	Net (sen)	Total Amount (RM)
31 December 2015	0.19	0.19	56,762
31 January 2016	0.21	0.21	123,781
29 February 2016	0.33	0.33	264,374
31 March 2016	0.34	0.34	338,542
Total	1.07	1.07	783,459

3.4 Impact on NAV Arising from Distribution

As at 31 March 2016	Before	After
Net Asset Value Per Unit (RM)	1.0000	1.0000
Net Asset Value (RM)	100,000,000	100,000,000
Units In Circulation	100,000,000	100,000,000

3.5 Breakdown of Unit Holding by Size

Size of Holding	Number of Unitholders	Number of Units Held	As at 31 March 2016 (%)
Below 5,000	0	0.00	0.00
5,001 to 10,000	0	0.00	0.00
10,001 to 50,000	0	0.00	0.00
50,001 to 500,000	0	0.00	0.00
500,001 and above	1	100,000,000.00	100.00
Total	1	100,000,000.00	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

- US Gross Domestic Product (GDP) grew at 0.5% in the first quarter of 2016 as consumer spending slowed, drag from trade and business inventories worsened and business investment fell for three consecutive quarters.
- US headline inflation rose to 0.9% in March 2016 from 0.7% in December 2015 as US economic conditions improves further on better job market hiring rate.
- Unemployment rate in the United States was recorded at 5.0% in March 2016, unchanged from the December 2015, remained at its lowest level since April of 2008 as the number of unemployed persons was unchanged.
- The Euro zone economy advanced 0.5% in March of 2016 compared to 0.3% in December 2015 given the GDP of all euro zone countries expanded, except Greece and Latvia, which contracted by 0.4% and 0.1% respectively.
- Consumer prices in the Euro zone decreased to 0.0% in March of 2016 from a 0.2% in December 2015 as rising food and services prices fail to offset lower energy costs.
- The unemployment rate in the Euro zone decreased to 10.2% in March of 2016 from 10.4% in the December 2015. The jobless rate declined for the third straight month, reaching the lowest since August of 2011.
- China's GDP growth was 6.7% in the first quarter of 2016, its slowest rate in seven years as the world second largest economy continue to slowdown due to its structural and over capacity issues faced by its industrial sector.

(Source: Bloomberg, Eurostats, RHB Investment Bank and Maybank Investment Bank)

Local

- Malaysia's real GDP growth was 4.5% in the fourth quarter of 2015, supported by private sector consumption, which was driven by capital spending in the manufacturing and services sectors. This has brought full year GDP growth of 5.0%.
- Malaysia's annual inflation rate eased to 2.6% in March 2016 from 2.7% in December 2015 as all major categories like housing, water, electricity, gas, alcoholic beverages and tobacco contributed to lower prices following a petrol price cut during the quarter.
- Malaysia's unemployment rate rose to 3.4% in February 2016, the highest since November 2013 as weak commodity prices and consumer spending continue to affect the job market's expansion in Malaysia.
- The international reserves of Bank Negara Malaysia amounted to USD97 billion as at 31 March 2016. The reserves position is sufficient to finance 8.3 months of retained imports and is 1.2 times the short-term external debt. The reserve position improved from USD95.3 billion as of 31 December 2015.

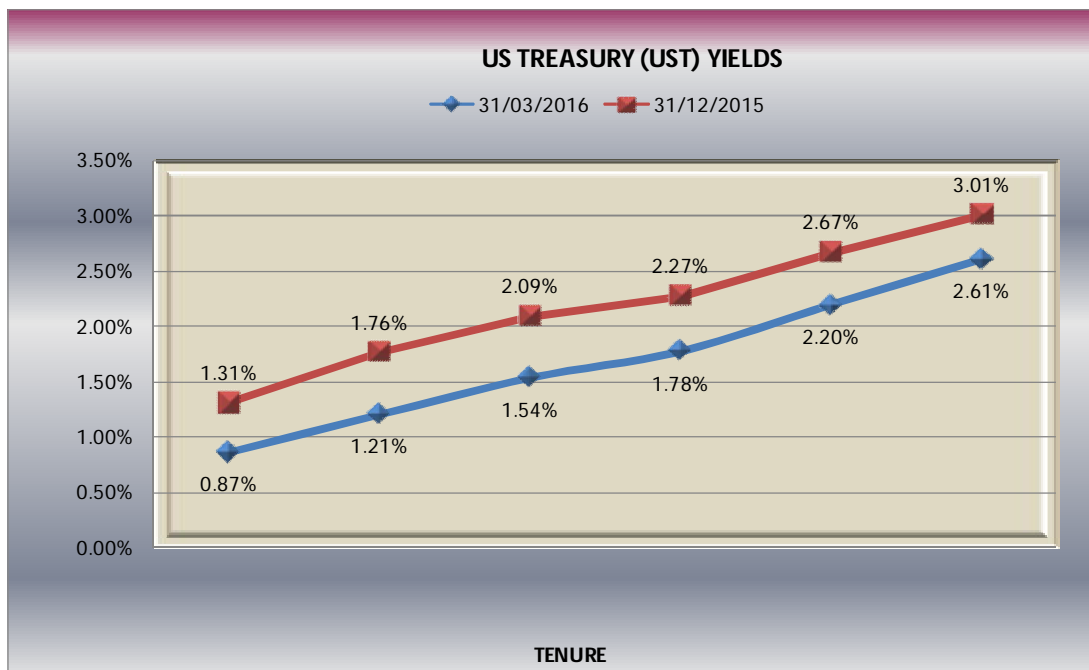
(Source: Bloomberg, Department of Statistics Malaysia and Bank Negara Malaysia)

ii) Bond Market and Money Market Review

Global

- US Treasury yields decreased across the yield curve during the period under review with 10-year bond yields decreasing by 49 basis points to 1.78% and the 20-year bond yields also decreasing by 47 basis points to 2.20%.

Figure 1: US Treasury Yields



Source: US Treasury Department, 31 March 2016

Local

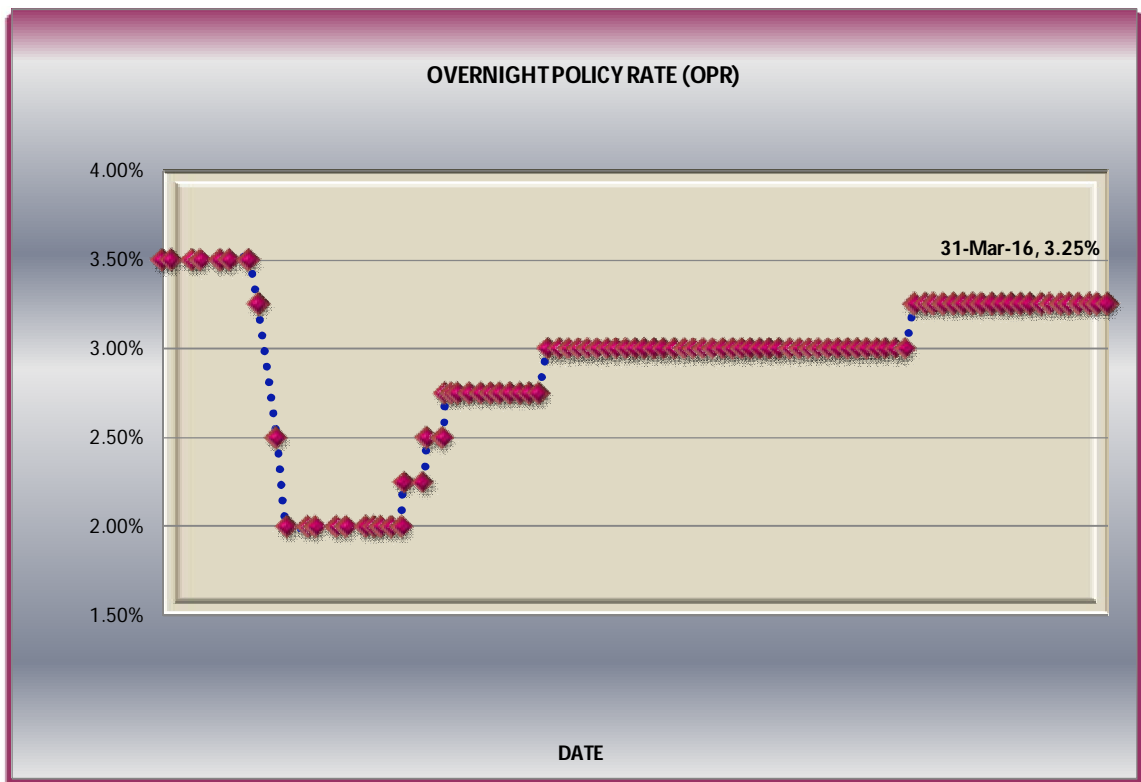
- The Malaysian Government Securities (MGS) and Government Investment Issue (GII) dominated the local bond market activities with traded volume of RM233.96 billion for the period under review. The government bond yields were mostly lower as investors purchased GII in the 3-year, 5-year, and 10-year tenures.

Table 1: Sukuk/ Islamic Bond Yields

Tenure/ Date	31 March 2016 (%)	31 December 2015 (%)	Change* (bps)
3 Year Bonds			
GII	3.32	3.50	(17.1)
AAA Corporate	4.09	4.25	(16.0)
5 Year Bonds			
GII	3.61	3.94	(33.1)
AAA Corporate	4.24	4.44	(20.0)
7 Year Bonds			
GII	3.89	4.35	(46.5)
AAA Corporate	4.40	4.69	(29.0)
10 Year Bonds			
GII	4.02	4.53	(51.2)
AAA Corporate	4.56	4.81	(25.0)

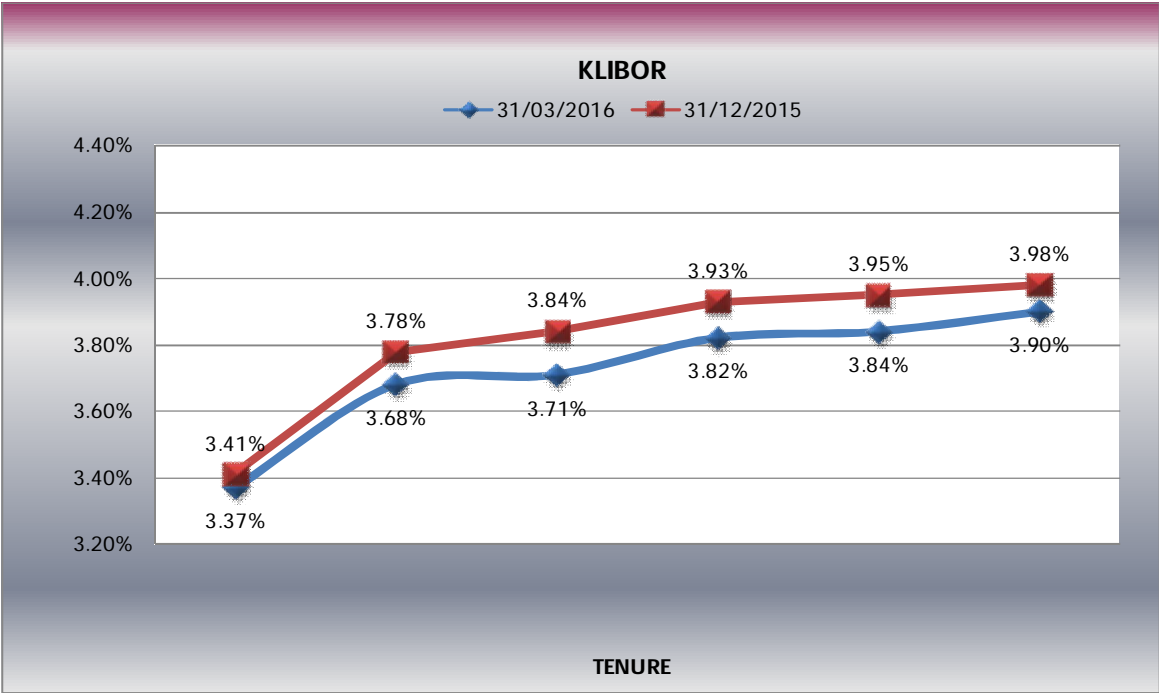
Source: Bond Pricing Agency Malaysia (BPAM), 31 March 2016

Figure 2: Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia, 31 March 2016

Figure 3: KLIBOR



Source: Bank Negara Malaysia, 31 March 2016

5.0 MARKET OUTLOOK AND STRATEGY

- Global economy continues to expand in moderation, albeit in a challenging environment. Growth across economies has been uneven, while the US recovery path is on track, the Euro zone, Japan and China's growth remains weak. In Asia, growth is being sustained by the continued expansion of domestic demand and exports.
- For Malaysia, while domestic demand has continued to support growth, corporate earnings may contain downside risks due to subdued consumer sentiment and fragile global macroeconomics. Going forward, domestic demand will still remain the key driver of growth. While the moderating global growth and low oil prices will affect the overall growth prospect, the Malaysian economy is still projected to grow between 4.0% to 5.0%.
- Bank Negara Malaysia's Overnight Policy Rate (OPR) is at 3.25% and future changes in OPR will depend on economic data on growth and inflation.
- Our Sukuk strategy is to invest in good quality Sukuk with minimum AA3/AA- rating by Rating Agency Malaysia (RAM)/Malaysian Rating Corporation Berhad (MARC) and attractive profit rate. Our money market strategy is to invest in money market investments to maximize return while providing liquidity for investors.

6.0 SHARIAH COMMITTEE'S REPORT

FIRST QUARTER REPORT FOR THE FINANCIAL PERIOD FROM 14 DECEMBER 2015 (DATE OF COMMENCEMENT) TO 31 MARCH 2016

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

To the Unitholders of

BIMB *i* CASH MANAGEMENT FUND 3

We have acted as the Shariah Committee of BIMB *i* Cash Management Fund 3.

Our responsibilities are to ensure that the procedures and processes employed by BIMB Investment Management Berhad and that the provisions of the Deed dated 9 December 2015 are in accordance with Shariah principles.

In our opinion, BIMB Investment Management Berhad has managed and administrated BIMB *i* Cash Management Fund 3 in accordance with Shariah principles and complied with applicable guidelines, ruling or decision issued by the Securities Commission pertaining to Shariah matters for the financial period from 14 December 2015 (date of commencement) to 31 March 2016.

In addition, we also confirm that the investment portfolio of BIMB *i* Cash Management Fund 3 comprises deposits and money market instruments which are Shariah-compliant.

والله أعلم

For and on behalf of the Shariah Committee

.....
USTAZ DR. AHMAD SHAHBARI@SOBRI SALAMON
(Chairman)

.....
USTAZ DR. YUSOF RAMLI
(Committee Member)

.....
USTAZAH DR. ASMAK AB. RAHMAN
(Committee Member)

7.0 FINANCIAL STATEMENTS

7.1 Unaudited Statement of Financial Position as at 31 March 2016

	Note	31.3.2016 (unaudited) RM
Investments		
Short term investments	1	99,034,660
Current assets		
Other receivables		767,200
Cash and cash equivalents	2	556,029
Total assets		100,357,889
Current liabilities		
Other payables		19,347
Distribution payables		338,542
Total liabilities		357,889
		100,000,000
Unitholders' fund		
Unitholders' capital	5	100,000,000
Retained profits		-
		100,000,000
Number of units in circulation	5	100,000,000
Net asset value attributable to unitholders		100,000,000
Net asset value per unit - Ex distribution (sen)		100

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

7.2 Unaudited Statement of Profit or Loss and Other Comprehensive Income for the financial period from 14 December 2015 (Date of Commencement) to 31 March 2016

	Note	14.12.2015 to 31.3.2016 RM
Income		
Income from short term investments		822,979
Hibah from Al-Wadiah account		25
Gross Income		<u>823,004</u>
Expenses		
Manager's fee	3	29,394
Trustee's fee	4	3,919
Audit fee		3,285
Tax agent fee		896
Administrative expenses		2,051
		<u>39,545</u>
Net income before taxation		<u>783,459</u>
Tax expense		-
Net income after taxation		783,459
Other comprehensive income for the period		-
Total comprehensive income for the period		<u>783,459</u>
Total comprehensive income for the period consist of:		
Realised income		<u>783,459</u>

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

7.3 Unaudited Statement of Changes in Net Asset Value for the financial period from 14 December 2015 (Date of Commencement) to 31 March 2016

	Note	Unitholders' capital RM	Retained profits RM	Total RM
At date of commencement		-	-	-
Movement in unitholders' contribution				
Creation of units		110,000,000	-	110,000,000
Cancellation of units		(10,000,000)	-	(10,000,000)
Distributions	6	-	(783,459)	(783,459)
Total attributable to unitholders		100,000,000	(783,459)	99,216,541
Net income for the period		-	783,459	783,459
As at 31 March 2016		<u>100,000,000</u>	<u>-</u>	<u>100,000,000</u>

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

7.4 Unaudited Statement of Cash Flows for the financial period from 14 December 2015 (Date of Commencement) to 31 March 2016

	14.12.2015 to 31.3.2016 RM
Cash flows from operating activities	
Maturity/(placement) of short term investments	(99,034,660)
Income from short term investments	55,804
Management fee paid	(16,012)
Trustee fee paid	(2,135)
Payments for other fees and expenses	(2,051)
Net cash used in operating activities	(98,999,054)
Cash flows from financing activities	
Cash receipt for creation of units	110,000,000
Cash payment for cancellation of units	(10,000,000)
Distribution paid	(444,917)
Net cash generated from financing activities	99,555,083
Net increase in cash and cash equivalents	556,029
Cash and cash equivalents at date of commencement	-
Cash and cash equivalents at end of the financial period	556,029
Cash and cash equivalents comprise:	
Cash at bank	148,695
Short term investments	407,334
	556,029

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

BIMB *i* CASH MANAGEMENT FUND 3

7.5 Notes to the Financial Statements

1. Short term investments

	As at 31.3.2016 RM
Short term investments with maturity more than 30 days:	
Commodity Murabahah	<u>99,034,660</u>

2. Cash and cash equivalents

	As at 31.3.2016 RM
Short term investments with maturity less than 30 days:	
Term-Deposits <i>i</i> Tawarruq*	407,334
Cash at bank*	148,695
	<u>556,029</u>

*Term-Deposits *i* Tawarruq and cash at bank are 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 0.15% 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
At date of commencement	-	-
Creation of units	110,000,000	110,000,000
Cancellation of units	<u>(10,000,000)</u>	<u>(10,000,000)</u>
As at 31 March 2016	<u>100,000,000</u>	<u>100,000,000</u>

Based on historic information since date of commencement, redemption levels are expected to approximate RM10,000,000 and the average monthly level of creation net of redemption are expected to approximate RM25,000,000.

6. Distributions

	14.12.2015 to 31.3.2016 RM
Distributions to unitholders is from the following sources:	
Income from short term investments	822,979
Hibah from Al-Wadiah account	<u>25</u>
	823,004
<i>Less:</i>	
Expenses	<u>(39,545)</u>
Net distribution	<u>783,459</u>

7. Comparative figure

There are no comparative amounts presented as this is the Fund's first set of financial statements since its commencement date.

8.0 CORPORATE DIRECTORY

Manager

BIMB Investment Management Berhad (276246-X)

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

Dato' Sri Zukri Samat (Chairman – Non-Executive Non Independent Director)

Dato' Ghazali Awang (Non-Executive Independent Director)

Datuk Noripah binti Kamso

(Non-Executive Independent Director)

Dr. Mohd Hatta bin Dagap (Non-Executive Independent Director)

Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Director)

Khairul Kamarudin (Non-Executive Non Independent Director)

Najmuddin bin 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 binti Kamso (Independent Member)

Darawati Hussain (Independent Member)

Audit Committee

Dato' Ghazali Awang (Chairman - Independent Member)

Dr. Mohd Hatta bin Dagap (Independent Member)

Malkiat Singh @ Malkit Singh Maan

(Non-Executive Non Independent Director)

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.

Principal Banker

Bank Islam Malaysia Berhad

Ground Floor, Menara Bank Islam,

No.22, Jalan Perak,

50350 Kuala Lumpur

Key Management

Najmuddin bin Mohd Lutfi (Chief Executive Officer)

Badrol bin Ahmad Fathan (Head of Investment)

Azman bin Ali (Head of Compliance)

Noor Rose Mona binti Aziz (Head of Finance and Operations)

Trustee

AmanahRaya Trustees Berhad (766894-T)

Level 2, Wisma TAS, No. 21,

Jalan Melaka, 50100 Kuala Lumpur

Tel: 03-20365000 Fax: 03-20722290

Federation of Investment Managers Malaysia (FIMM)

19-06-1, 6th Floor, Wisma Tune

No.19, Lorong Dungun, Damansara Heights

50490 Kuala Lumpur

Distributor

Bank Islam Malaysia Berhad Branches

Toll Free Number: 1-800-88-1196