

BIMB INVEST WAFIYAH

**FIRST QUARTER REPORT
FOR THE FINANCIAL PERIOD FROM
1 JANUARY 2017 TO 31 MARCH 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 January 2017 to 31 March 2017

3.1 Fund Performance Review

	As at 31 March 2017
Net Asset Value (RM)	151,353,799
Units In Circulation	151,353,799
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)	3.00
Benchmark Returns (%) ^(d)	2.71

(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 7 February 2017 to 31 March 2017

(d) After tax annualised benchmark return for the financial period from 7 February 2017 to 31 March 2017

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

(Source: Bank Islam's website)

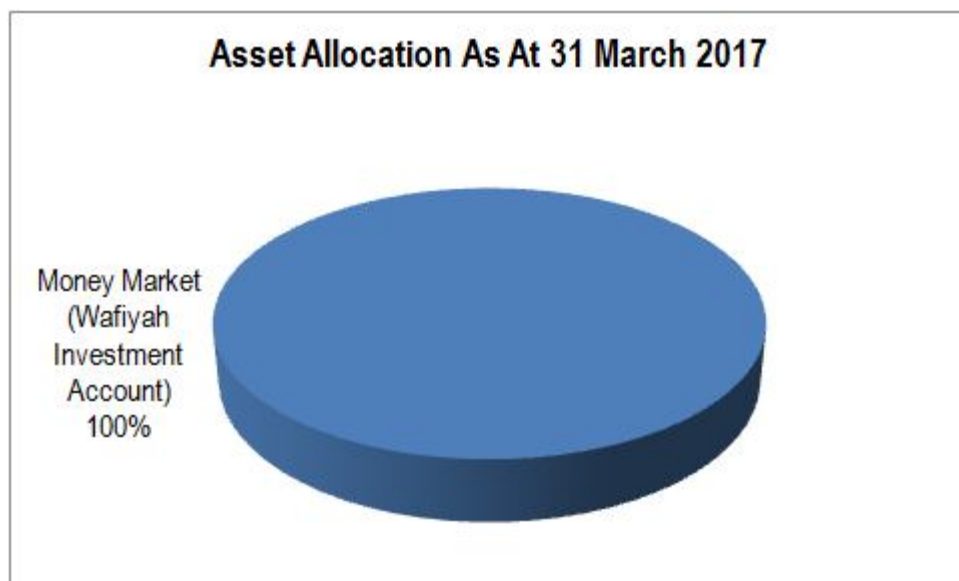
For the period under review, the Fund registered a return of 3.00%, outperformed its benchmark by 0.29% (based on the annualised return). The Fund's return of 3.00% was entirely income distribution which is in line with the Fund's objective in providing the investors a regular stream of income. The Fund paid out its income distribution amounting RM648,698. Its Net Asset Value (NAV) per unit stood at RM1.0000 after the income distribution. As at 31 March 2017, the NAV of the Fund was at RM151,353,799 and the total units in circulation of the Fund stood at 151,353,799 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 2017.

Calculation of Annualised Returns:-

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

x = 3 months return

3.2 Asset Allocation



ASSET ALLOCATION	31 March 2017 (%)
Money Market (Wafiyah Investment Account)	100.0
Total	100.0

As at 31 March 2017, the Fund was invested only in Money Market (Wafiyah Investment Account).

3.3 Monthly Distribution

Monthly Distribution for the Financial Period from 25 October 2016 to 31 March 2017			
Distribution per Unit			
Date	Gross (%)	Net (%)	Total Amount (RM)
31 October 2016	-	-	-
30 November 2016	-	-	-
31 December 2016	-	-	-
31 January 2017	-	-	-
28 February 2017	0.17	0.17	256,199
31 March 2017	0.26	0.26	392,499
Total	0.43	0.43	648,698

3.4 Impact on NAV Arising from Distribution

As at 31 March 2017	Before	After
Net Asset Value Per Unit (RM)	1.0000	1.0000
Net Asset Value (RM)	150,961,298	151,353,799
Units In Circulation	150,961,298	151,353,799

3.5 Breakdown of Unit Holding by Size

Size of Holding	Number of Unitholders	Number of Units Held	As at 31 March 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	415,039.24	0.27
500,001 and above	2	150,938,759.55	99.73
Total	5	151,353,798.79	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

- United States (US) Gross Domestic Product (GDP) grew at an annualized rate of 1.9% in the fourth quarter of 2016. During the period, consumer spending rose faster than anticipated while business investment was lower.
- US annual inflation rate increased to 2.5 % in January 2017 from 1.5% in September 2016 as higher energy prices results in steady gains in fuel and transportation cost.
- US unemployment rate in February 2017 fell to 4.7% from 4.9% in September 2016 as the US economy continues the pace of robust hiring.
- Euro zone economy grew by 0.4% in the fourth quarter of 2016 as GDP growth picked up in France, Germany, Belgium and Latvia. The positive contribution to GDP came mainly from household consumption expenditure, gross fixed capital formation, changes in business inventories and government spending.
- Euro zone annual inflation rose to 2.0% in February 2017 from 0.4% in September 2016 as rising cost of energy continued to lift the prices of food, alcohol and tobacco for the quarter.
- Euro zone unemployment rate declined to 9.8% in January 2017 from 10.0% in August 2016. The lowest unemployment rates were recorded in Czech Republic and Germany while the highest were in Greece and Spain.
- China's GDP growth was 6.8% in the fourth quarter 2016. China's GDP for 2016 dwindled to 6.7% on an annual basis, the slowest growth rate in 25 years.
- (Source: Bloomberg, Eurostats, RHB Investment Bank and Maybank Investment Bank)

Local

- Malaysia's real GDP growth was 4.5% in the fourth quarter of 2016, supported by the manufacturing and services sector. However, for 2016, the GDP grew at a slower pace of 4.2% compared with the 5% expansion in 2015.
- Malaysia's annual inflation rate rose to 3.5% in January 2017 from 1.5% in September 2016 driven by higher prices of food, housing, utilities and transport costs.

- Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00% at the Monetary Policy Committee (MPC) meeting on 19 January 2017. The monetary policy will remain accommodative and supportive to the domestic economy as heightened risks in the global economic and financial environment persist.
- Bank Negara Malaysia's (BNM) international reserves remains steady at USD95.0 billion (equivalent to RM426.3 billion) as at 28 February 2017. The reserves position is sufficient to finance 8.5 months of retained imports and is 1.1 times the short-term external debt.

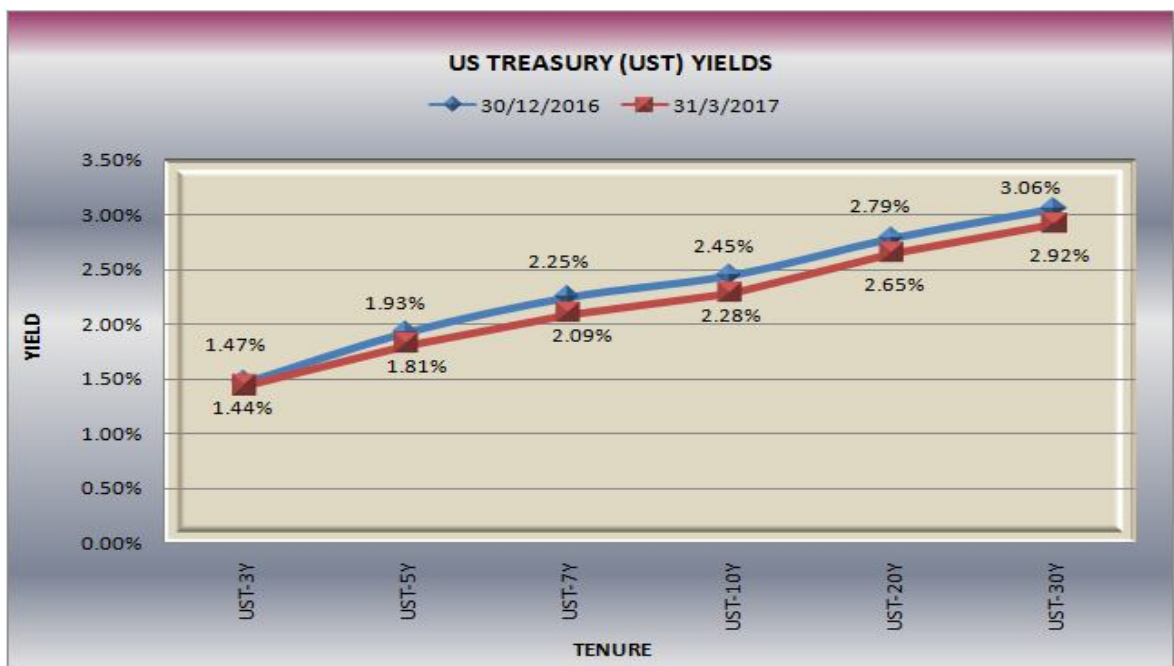
(Source: Bloomberg, Department of Statistics Malaysia and Bank Negara Malaysia)

ii) Bond Market and Money Market Review

Global

- UST and Gilt yields shifted lower but European sovereign yields, both core and peripheral, generally rose by about 15-45 bps in 1Q17. A notable trend is that yields had mostly retreated lower since the US Fed raised Federal Fund Rate (FFR) on 15 March 2017, with the 10y UST yield down 18 bps from a high of 2.60% which was also aided by the setback of Trump to repeal Obamacare.

Figure 1: US Treasury Yields



Source: US Treasury Department, 31 March 2017

Local

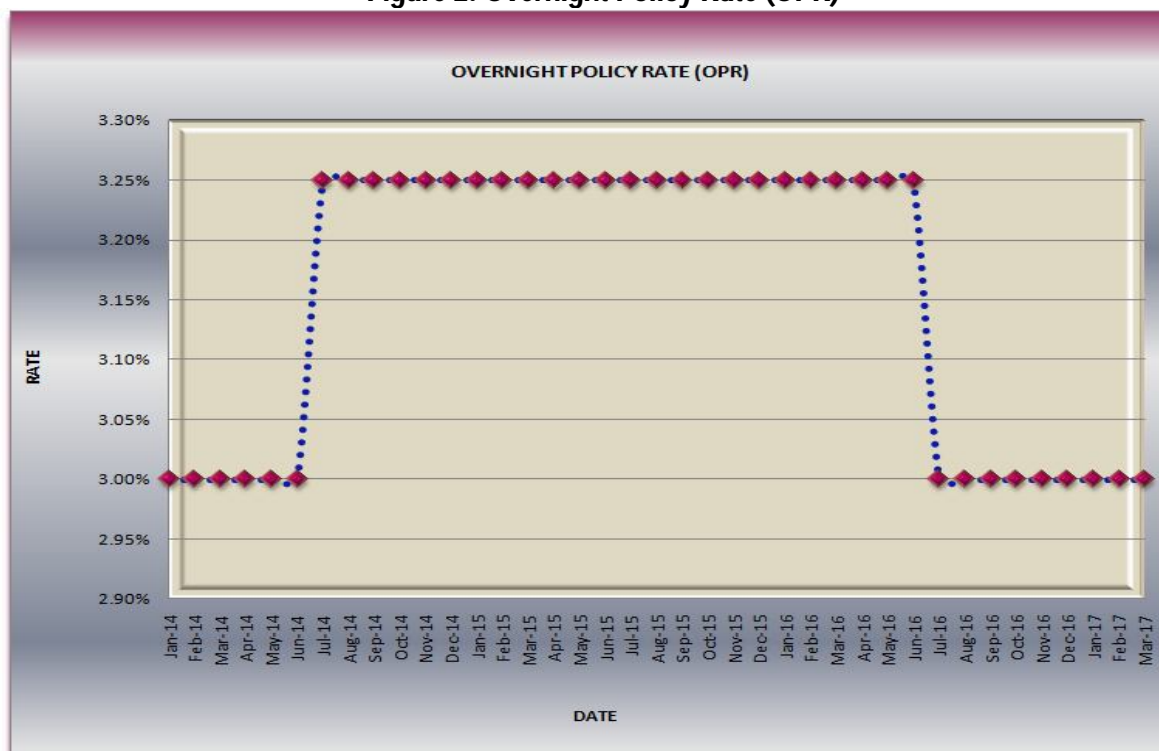
- Overall in 1Q17 despite continued foreign outflows, local government bonds were generally well supported on the back of domestic demand as evident in healthy bid/cover in auctions and a marginal flattening of the MGS curve. During the period under review, 10y MGS yield rallied close to the 4.00% area but then softened back which was primarily weighed down by the abundance supply in high-grade bonds when the bond market sentiment remains lukewarm, leaning the balance of supply-demand to the less favourable end.

Table 1: Sukuk/ Islamic Bond Yields

Tenor/Date	31 March 2017 (%)	30 December 2016 (%)	Change (bps)
3 Year Bonds			
GII	3.75	3.66	9.0
AAA Corporate	4.19	4.26	(7.0)
5 Year Bonds			
GII	3.97	3.80	17.0
AAA Corporate	4.32	4.44	(12.0)
7 Year Bonds			
GII	4.10	4.10	0.0
AAA Corporate	4.46	4.54	(8.0)
10 Year Bonds			
GII	4.13	4.37	(24.0)
AAA Corporate	4.66	4.68	(2.0)

Source: Bond Pricing Agency Malaysia (BPAM), 31 March 2017

Figure 2: Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia, 31 March 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 31 March 2017

	Note	31.3.2017 (unaudited) RM
Assets		
Short term investments	1	150,507,904
Other receivables		793,831
Cash and cash equivalents	2	150,048
Total assets		<u>151,451,783</u>
Liabilities		
Other payables		74,527
Distribution reserve		23,457
Total liabilities		<u>97,984</u>
Net asset value		<u>151,353,799</u>
Unitholders' fund		
Unitholders' capital	5	151,353,799
Retained profits		-
Net asset value attributable to unitholders		<u>151,353,799</u>
Number of units in circulation	5	<u>151,353,799</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 January 2017 to 31 March 2017

	Note	1.1.2017 to 31.3.2017 RM
Income		
Income from short term investments		796,678
Hibah from Al-Wadiah account		80
Gross income		<u>796,758</u>
Expenses		
Manager's fee	3	109,526
Trustee's fee	4	4,381
Audit fee		2,650
Tax agent's fee		663
Administrative expenses		7,383
		<u>124,603</u>
Net income before taxation		672,155
Tax expenses		-
Net income after taxation		<u>672,155</u>
Other comprehensive income for the period		-
Total comprehensive income for the period		<u><u>672,155</u></u>
Total comprehensive income for the period consist of:		
Realised amount		<u>672,155</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 January 2017 to 31 March 2017

	Note	Unitholders' capital RM	Retained profits RM	Total RM
At 1 January 2017		-	-	-
<i>Movement in unitholders' contribution or distribution</i>				
Creation of units via cash		150,705,101	-	150,705,101
Reinvestment of distributions		648,698	-	648,698
Cancellation of units		-	-	-
Distributions	6	-	(648,698)	(648,698)
Distribution reserve	6	-	(23,457)	(23,457)
Total attributable to unitholders		151,353,799	(672,155)	150,681,644
Total comprehensive income for the period		-	672,155	672,155
As at 31 March 2017		151,353,799	-	151,353,799

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 January 2017 to 31 March 2017

	1.1.2017 to 31.3.2017 RM
Cash flows from operating activities	
Purchase of short term investments	(150,507,904)
Income from short term investments	2,847
Hibah from Al-Wadiah account	80
Management fee paid	(45,408)
Trustee fee paid	(1,816)
Payment for administrative expenses	(2,852)
Net cash used in operating activities	<u>(150,555,053)</u>
Cash flows from financing activities	
Cash receipt for creation of units	151,353,799
Cash payment for cancellation of units	-
Distributions paid	(648,698)
Net cash generated from financing activities	<u>150,705,101</u>
Net increase in cash and cash equivalents	150,048
Cash and cash equivalents at date of commencement	-
Cash and cash equivalents at end of the financial period	<u><u>150,048</u></u>
Cash and cash equivalents comprise:	
Cash at bank	150,048
	<u><u>150,048</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 31.3.2017 RM
Short term investments with maturity more than 30 days:	
Wafiyah Investment Account *	<u>150,507,904</u>

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

2. Cash and cash equivalents

	As at 31.3.2017 RM
Short term placements with maturity less than 30 days:	
Cash at bank*	<u>150,048</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
At date of commencement	-	-
Creation of units	151,353,799	151,353,799
Cancellation of units	-	-
As at 31 March 2017	151,353,799	151,353,799

Based on historical information since date of commencement, creation levels are expected to approximate RM151,353,799.

6. Distributions

	1.1.2017 to 31.3.2017 RM
Distributions to unitholders is from the following sources:	
Income from short term investments	796,678
Hibah from Al-Wadiah account	80
Distribution reserve	(23,457)
	<hr/> 773,301
<i>Less:</i>	
Expenses	(124,603)
Net distribution	<hr/> 648,698 <hr/>

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)
Azman Ali (Head of Compliance)
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)**

19-06-1, 6th Floor, Wisma Tune
No.19, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Distributors

Bank Islam Malaysia Berhad Branches
IFast Capital Sdn Bhd
Phillip Mutual Berhad
Johor Bharu Agency Office
Bank Simpanan Nasional
Registered Unit Trust Consultant with BIMB Investment Management
Berhad

Toll Free Number: 1-800-88-1196

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