

BIMB INVEST WAFIYAH

**FIRST QUARTER REPORT
FOR THE FINANCIAL PERIOD FROM
1 JANUARY 2018 TO 31 MARCH 2018**

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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 2018 to 31 March 2018

3.1 Fund Performance Review

	As at 31 March 2018
Net Asset Value (RM)	303,249
Units In Circulation	303,249
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)	2.16
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 1 January 2018 to 31 March 2018

(d) After tax annualised benchmark return for the financial period from 1 January 2018 to 31 March 2018

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

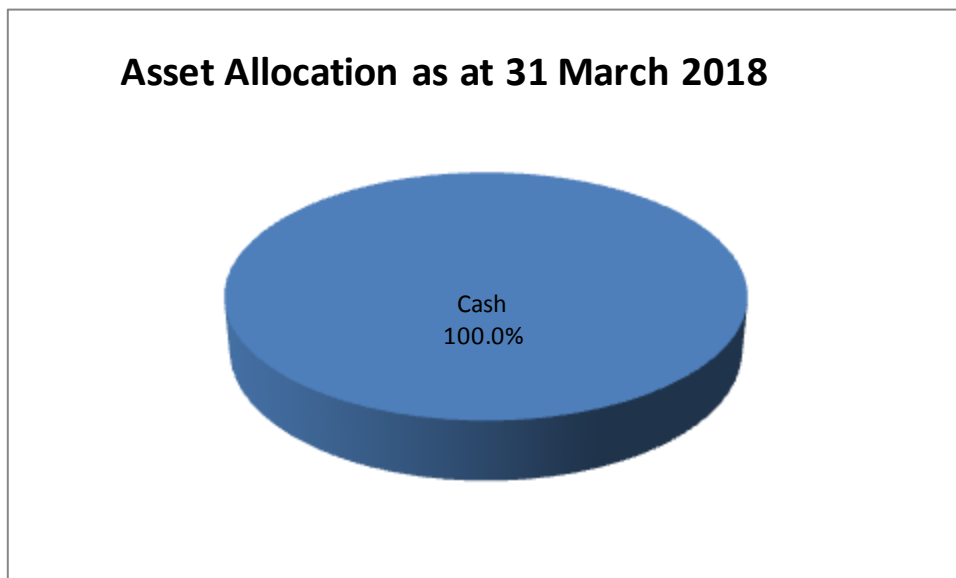
(Source: Bank Islam's website)

For the period under review, the Fund registered a return of 2.16%, underperformed its benchmark by 0.30% (based on the annualised return). The Fund's return of 2.16% 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 RM395,059. Its Net Asset Value (NAV) per unit stood at RM1.0000 after the income distribution. As at 31 March 2018, the NAV of the Fund was at RM303,249 and the total units in circulation of the Fund stood at 303,249 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 2018.

Calculation of Annualised Returns:-

$$\begin{aligned} \text{Annualised Returns} &= (1 + x\%)^4 \\ x &= 3 \text{ months return} \end{aligned}$$

3.2 Asset Allocation



ASSET ALLOCATION	31 March 2018 (%)
Cash	100.0
Total	100.0

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 January 2018	0.30	0.24	244,019
28 February 2018	0.20	0.15	150,599
31 March 2018	0.91	0.15	441
Total	1.41	0.54	395,059

3.4 Impact on NAV Arising from Distribution

As at 31 March 2018	Before	After
Net Asset Value Per Unit (RM)	1.0000	1.0000
Net Asset Value (RM)	302,809	303,249
Units In Circulation	302,809	303,249

3.5 Breakdown of Unit Holding by Size

Size of Holding	Number of Unitholders	Number of Units Held	As at 31 March 2018 (%)
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	303,248.82	100.00
500,001 and above	0	0	0
Total	3	303,248.82	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 by 2.3% in the first quarter of 2018 as compared to 2.9% in the fourth quarter of 2017 and 1.2% in the first quarter of 2017. The weaker first quarter result was due to the slower pace of consumer spending and lower fixed residential investment. US inflation rate remained at 2.4% in March 2018 and was unchanged compared to March 2017. US unemployment rate continues to improve to 4.1% in March 2018 as compared to 4.5% in March 2017.
- The Euro zone economy grew by 0.4% in a preliminary estimate for the first quarter 2018 as compared to 0.6% in the fourth quarter of 2017 and was flat versus the first quarter 2017. The weaker growth for the quarter was attributed to the weak economic sentiment and a strong euro currency that weighed down on the Euro zone's economic performance. The Euro zone inflation rate was lower at 1.3% in March 2018 compared to 1.4% in March 2017. Unemployment in the Euro zone has fallen to 8.5% in March 2018 from 9.4% in March 2017.
- The Chinese economy grew by 6.8% for the first quarter of 2018, unchanged compared to the fourth quarter of 2017 and also the third quarter of 2017. During the first quarter of 2018, GDP performance was supported by strong consumer demand rising from strong wage growth in urban areas and robust property investment market.

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

Local

- The Malaysian economy grew at 5.4% in the first quarter of 2018 as compared to 5.9% in the fourth quarter of 2017 and also 6.2% in third quarter of 2017. The GDP result for the period was the weakest growth since the fourth quarter 2016, as private consumption, investment, exports, and government spending increased at a softer pace.
- Bank Negara Malaysia ("BNM") has decided to raise the Overnight Policy Rate (OPR) to 3.25% at the Monetary Policy Committee (MPC) meeting on 25 January 2018. The degree of monetary accommodativeness is consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid lower inflation. BNM's international reserves amounted to USD97.0 billion as at 31 March 2018. The reserves position is sufficient to finance 8.0 months of retained imports and is 1.1 times the short-term external debt.

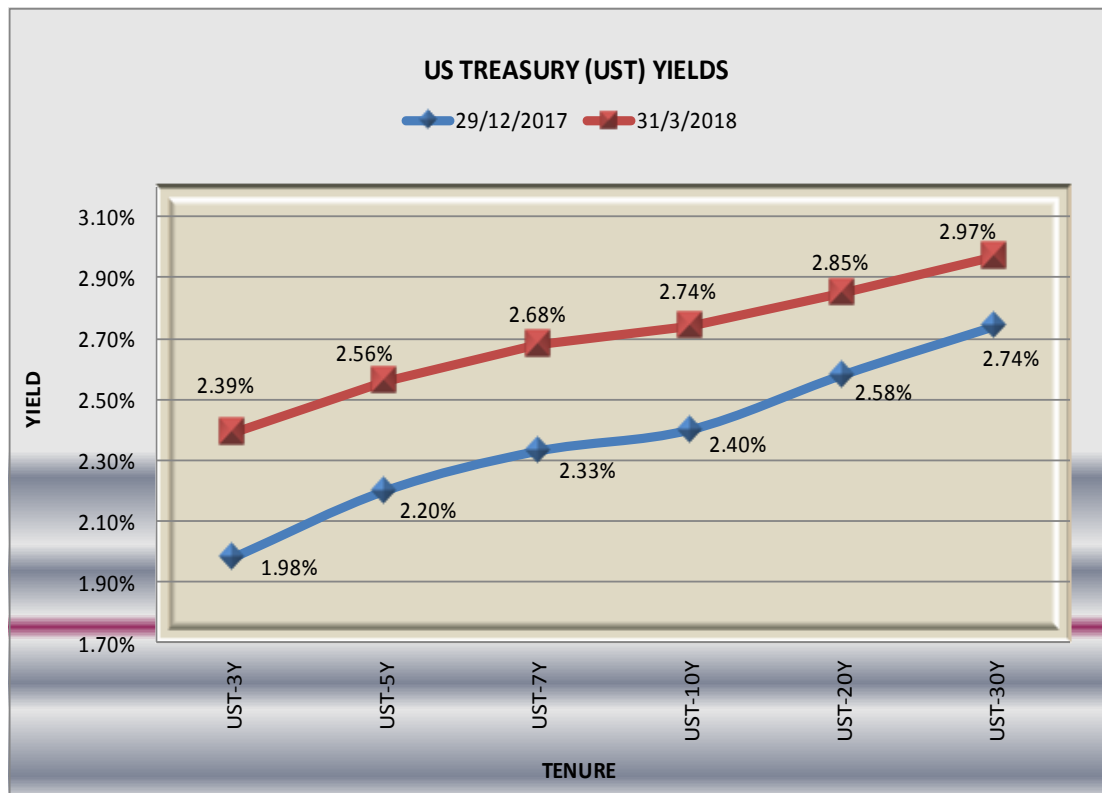
(Source: Bloomberg, Department of Statistics Malaysia and Bank Negara Malaysia)

ii) Bond Market and Money Market Review

Global

- It was a jittery quarter for bond investors in 1Q18 as the UST-led selloffs in bonds seemingly went into a freefall at one point but managed to stabilise later. Developed-market sovereign yields were generally higher in 1Q18. 10y UST, 10y UK Gilt and 10y German Bund yields rose 34bps, 16bps and 7bps respectively.

Figure 1: US Treasury Yields



Source: US Treasury Department, 31 March 2018

Local

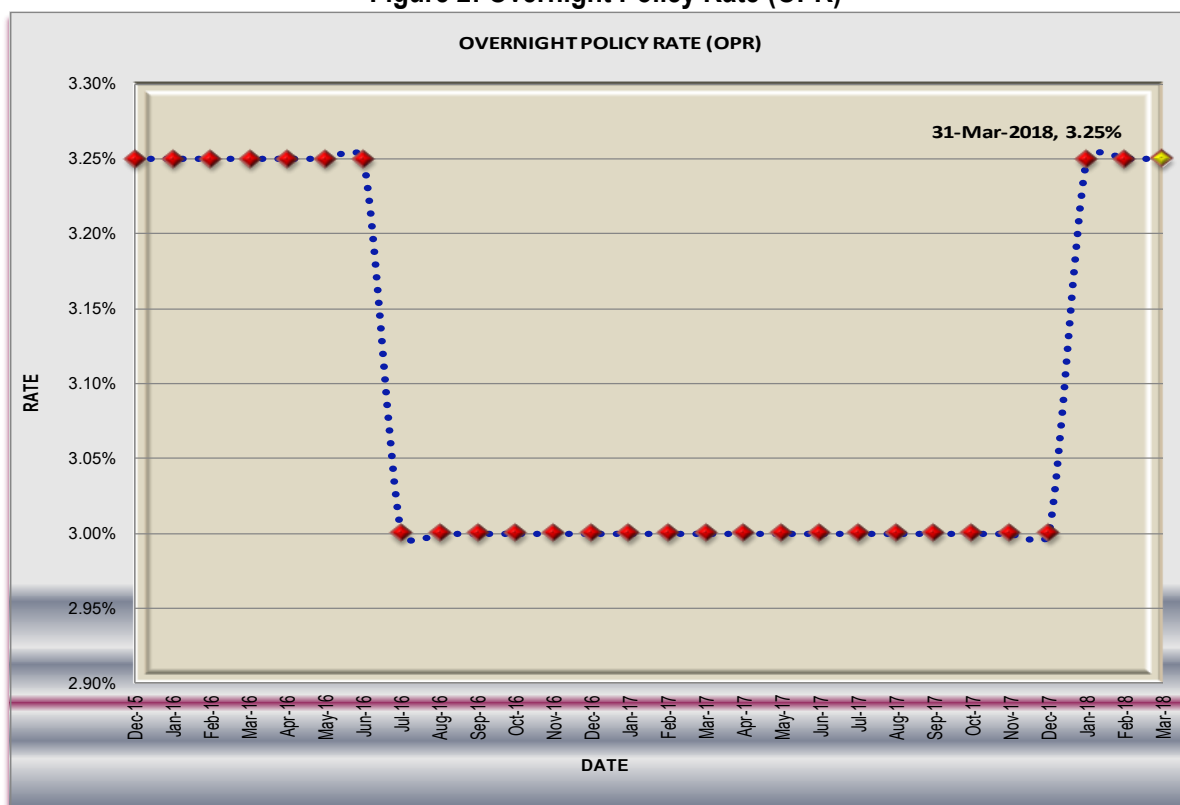
- The MYR sovereign curve remains supported by on shore real money investors ahead of the GE14 national elections. Also the healthy demand from offshore is positive on the back of a stronger and stable MYR seen at current levels as per 1Q2018 projections of settling below 4.00.

Table 1: Sukuk/ Islamic Bond Yields

Tenor/Date	31 March 2018 (%)	30 December 2017 (%)	Change (bps)
3 Year Bonds			
GII	3.69	3.59	10.0
AAA Corporate	4.26	4.22	4.0
5 Year Bonds			
GII	3.88	3.89	(1.0)
AAA Corporate	4.44	4.43	1.0
7 Year Bonds			
GII	3.99	4.13	(14.0)
AAA Corporate	4.57	4.54	3.0
10 Year Bonds			
GII	4.20	4.22	(2.0)
AAA Corporate	4.75	4.70	5.0

Source: Bond Pricing Agency Malaysia (BPAM), 31 March 2018

Figure 2: Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia, 31 March 2018

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 2018

	Note	31.3.2018 (unaudited) RM	31.12.2017 (audited) RM
Assets			
Other receivables		-	40,046
Cash and cash equivalents	1	569,214	458,464,554
Total assets		<u>569,214</u>	<u>458,504,600</u>
Liabilities			
Amount due to Unitholders		-	351,189,797
Amount due to Manager		39,510	212,523
Tax payables		183,387	-
Other payables		43,068	931,482
Total liabilities		<u>265,965</u>	<u>352,333,802</u>
Net asset value		<u>303,249</u>	<u>106,170,798</u>
Unitholders' fund			
Unitholders' capital	4	303,249	106,170,798
Retained profits		-	-
Net asset value attributable to unitholders		<u>303,249</u>	<u>106,170,798</u>
Number of units in circulation	4	<u>303,249</u>	<u>106,170,798</u>
Net asset value per unit			
- Ex distribution (sen)		<u>100</u>	<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 2018 to 31 March 2018

	Note	1.1.2018 to 31.3.2018 RM	1.1.2017 to 31.3.2017 RM
Income			
Income from short term investments		880,721	796,678
Hibah from Al-Wadiah account		720	80
Gross income		881,441	796,758
Expenses			
Manager's fee	2	125,882	109,526
Trustee's fee	3	5,035	4,381
Audit fee		5,550	2,650
Tax agent's fee		1,312	663
Administrative expenses		165,216	7,383
		302,995	124,603
Net income before taxation		578,446	672,155
Taxation		(183,387)	-
Net income after taxation		395,059	672,155
Other comprehensive income for the period		-	-
Total comprehensive income for the period		395,059	672,155
Total comprehensive income for the period consist of:			
Realised amount		395,059	672,155

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 2018 to 31 March 2018

	Note	Unitholders' capital RM	Retained profits RM	Total RM
As at 31 December 2016/ 1 January 2017		-	-	-
Creation of units via cash		150,705,101	-	150,705,101
Reinvestment of distributions		648,698	-	648,698
Cancellation of units		-	-	-
Distributions	5	-	(648,698)	(648,698)
Distribution reserve	5	-	(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
As at 31 December 2017/ 1 January 2018		106,170,798	-	106,170,798
Creation of units via cash		52	-	52
Reinvestment of distributions		395,059	-	395,059
Cancellation of units		(106,262,660)	-	(106,262,660)
Distributions	5	-	(395,059)	(395,059)
Total attributable to unitholders		(105,867,549)	(395,059)	(106,262,608)
Total comprehensive income for the period		-	395,059	395,059
As at 31 March 2018		303,249	-	303,249

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 2018 to 31 March 2018

	1.1.2018 to 31.3.2018 RM	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	920,767	2,847
Hibah from Al-Wadiah account	720	80
Management fee paid	(298,895)	(45,408)
Trustee fee paid	(11,956)	(1,816)
Payment for administrative expenses	(1,053,571)	(2,852)
Net cash used in operating activities	<u>(442,935)</u>	<u>(150,555,053)</u>
Cash flows from financing activities		
Cash receipt for creation of units	52	151,353,799
Cash payment for cancellation of units	(457,452,457)	-
Distributions paid	-	(648,698)
Net cash (used in)/generated from financing activities	<u>(457,452,405)</u>	<u>150,705,101</u>
Net (decrease)/increase in cash and cash equivalents	(457,895,340)	150,048
Cash and cash equivalents at 1 January	458,464,554	-
Cash and cash equivalents at 31 March	<u>569,214</u>	<u>150,048</u>
Cash and cash equivalents comprise:		
Cash at bank	569,214	150,048
	<u>569,214</u>	<u>150,048</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. Cash and cash equivalents

	As at 31.3.2018 RM	As at 31.12.2017 RM
Short term placements with maturity less than 30 days:		
Commodity Murabahah	-	248,412,554
Wafiyah Investment Account *	-	210,000,000
Cash at bank		
Bank Islam Malaysia Berhad*	567,262	50,000
Maybank Islamic	1,952	2,000
	569,214	458,464,554

* Cash at bank and Wafiyah Investment Account are placed with Bank Islam Malaysia Berhad, the holding company of the Manager.

2. Manager's fee

The manager's fee payable to the Manager is based on 0.50% per annum (31.3.2017: 0.50%) of the net asset value of the Fund calculated on a daily basis.

3. Trustee's fee

The trustee's fee payable to the trustee is based on 0.02% per annum (31.3.2017: 0.02%) of the net asset value of the Fund calculated on a daily basis.

4. Unitholders' capital

	1.1.2018 to 31.3.2018		25.10.2016 to 31.12.2017	
	No. of units	RM	No. of units	RM
At beginning of the period	106,170,798	106,170,798	-	-
Creation during the period	395,111	395,111	608,773,645	608,773,645
Cancellation during the period	(106,262,660)	(106,262,660)	(502,602,847)	(502,602,847)
At end of period	303,249	303,249	106,170,798	106,170,798

5. Distributions

	1.1.2018 to 31.3.2018 RM	1.1.2017 to 31.3.2017 RM
Distributions to unitholders is from the following sources:		
Income from short term investments	880,721	796,678
Hibah from Al-Wadiah account	720	80
Distribution reserve	-	(23,457)
	<u>881,441</u>	<u>773,301</u>
<i>Less:</i>		
Expenses	(302,995)	(124,603)
Taxation	(183,387)	-
Net distribution	<u>395,059</u>	<u>648,698</u>

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

Nik Mohd Hasyudeen Yusoff (Chairman – Non - Executive Independent Director – Appointed w.e.f. 13 September 2017)
Khairul Kamarudin (Chairman – Non - Executive Non - Independent Director – Resigned w.e.f. 13 September 2017)
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)
Mujibburrahman Abd Rashid (Non-Executive Non-Independent Director – Appointed w.e.f. 5 December 2017)
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)
Mohd Radzuan Ahmad Tajuddin (Independent Member– Appointed w.e.f. 27 November 2017)
Dato' Darawati Hussain (Independent Member – Resigned w.e.f. 1 December 2017)

Audit Committee

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

Company Secretaries

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

Aidil Haznul Zulkifli (MACS 01638)
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)
Mohd Hamidullah Che Hassan (Manager, Compliance)

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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Damansara Heights
50490 Kuala Lumpur

Distributors

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Johor Bharu Agency Office
Bank Simpanan Nasional
Registered Unit Trust Consultant with BIMB Investment Management
Berhad

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