



**KAF MONEY MARKET FUND (KMMF)**

**OCTOBER 2021**

The Fund aims to generate regular income for Unit holders by investing primarily in money market instruments.

**THE FUND IS SUITABLE FOR INVESTORS WHO:**

- Have a low to medium risk appetite; and
- Seeks a short-term investment with regular income and high liquidity.

**MANAGER'S COMMENTS**

Malaysia's exports surged 18.4% year-on-year (YoY) to RM95.6 billion (bn) in August 2021 (August) driven by the contribution from electrical & electronics products, petroleum products, chemical & chemical products, and the manufacture of metal and metalliferous ores to major markets in China and Singapore. Meanwhile, imports soared by 12.5% YoY to RM74.2bn with the increased end use of capital goods and intermediate goods of processed industrial supplies. The trade surplus rose 44.7% YoY to RM21.4bn. Malaysia's Consumer Price Index (CPI) rose by 2.0% YoY in August. Malaysian foreign reserves decreased by USD0.10bn in September 2021 (September) to USD116.2bn. Meanwhile, Malaysia's Purchasing Managers' Index (PMI) escalated to 48.1 in September from 43.4 in the previous month. US Treasury yields soared in September as investors encountered rising concerns about inflation that are fuelled by rising wages and supply chain issues where expectations on the Federal Reserve to soon taper its asset purchasing program also caused the yields to move higher. Treasury 2-year, 5-year, and 10-year benchmark yields increased to 0.28%, 0.96% and 1.49% in September from 0.21%, 0.78% and 1.31% respectively in August. On the other hand, the Malaysian Government Securities (MGS) benchmark 3-year, 5-year, and 10-year yield rose to 2.44%, 2.92%, 3.37% from 2.34%, 2.68%, 3.19% respectively in August. Bank Negara Malaysia (BNM) held the Overnight Policy Rate (OPR) unchanged at 1.75% during the MPC meeting early in September and stated that despite the recovery optimism driven by the vaccine rollout, Malaysia is still tilted to downside risks posed by the uncertainties surrounding the pandemic. BNM considers the stance of its monetary policy to be appropriate and accommodative and will continue to be determined by on-going economic data and information. BNM also announced it slashed the country's full year Gross Domestic Product (GDP) growth forecast to 3% - 4% from 6% - 7.5%. The forecast was echoed by RAM Ratings' forecast of 3.8% for 2021 while 2022 is expected to be between 7% - 8%. On the fiscal front, newly appointed Prime Minister Ismail Sabri pledged government spending and environmental goals during the launch of the 12<sup>th</sup> Malaysia Plan. Sabri stated that the economy is expected to improve in 2023 and is targeted to grow by 4.5% - 5.5% per year for the next 5 years. As part of the recovery plan, the government targeted spending of about RM400bn on existing and new development projects from 2021 to 2025. The news was sufficient to lift investor optimism and boost the positive sentiment brought about by the country's recently improved political stability. Foreign investors reversed the capital outflows trend and registered RM7.7bn capital inflows for the month of August. Government bond auctions in September for the 20 year Government Investment Issue (GI) 09/2041, 10 year MGS 04/2031 and 5 year GI 03/2026 also showed improved demand minting Bid-To-Cover ratios of 2.687x, 1.606x and 2.133x respectively. Globally, bond prices came under selling pressure in September after the US Federal Chairman Jerome Powell announced during the Federal Open Market Committee (FOMC) meeting that tapering of US Treasuries purchases will begin in November 2021. The announcement confirmed prevailing market views causing a spike in bond yields and nudged market participants to shift their rate hike expectations forward to 2022 from 2023. The rising rate hike expectations coupled with underlying fears of rising inflation may keep upward pressure on bond yields at least in the near to medium term. Meanwhile in China, there is risk of financial contagion from the troubled property developer Evergrande and the Chinese property market as a whole. The extent of the contagion risk is currently unclear but remains on the horizon. While the prospects of the Malaysian economy have improved with the rapid vaccine rollout and reopening of most economic sectors, the outlook for fixed income markets will be challenging in an environment of rising rates. Hence, we continue to remain vigilant at this stage and maintain our defensive stance with medium portfolio duration and an emphasis on high credit quality.

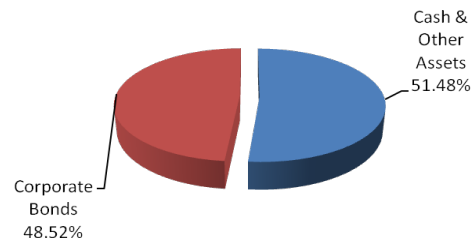
**INVESTMENT STRATEGY**

The Fund will invest primarily in a high-quality short-term instruments with a minimum short-term credit rating of P1 by RAM/MARC1 by MARC or long-term credit rating of AA3 by RAM/AA- by MARC.

**FUND DETAILS AS AT 30 SEPTEMBER 2021**

Manager	KAF Investment Funds Bhd.
Trustee	CIMB Commerce Trustee Bhd.
Fund Category	Money Market Fund.
Fund Type	Income Fund.
Launch Date	1 November 2006.
Unit net asset value (NAV)	RM151.5651
Fund size	RM15.688mil
Units in Circulation	103,508,9353
Financial Year End	31 August.
Min. Initial Investment	RM1,000.00
Min. Additional Investment	RM1,000.00
Benchmark	The conventional 1 month interbank deposit rate at the Interbank Money Market in Kuala Lumpur.
Sales Charge	None.
Repurchase Charge	None.
Annual management fee	0.40% per annum of NAV.
Annual trustee fee	Up to 0.02% per annum of NAV, subject to a minimum of RM12,000 per annum (excluding foreign custodian fee and charges).
Redemption payment period	Within 10 days after receipt of the request to repurchase.
Distribution policy	It is intended that the Fund will distribute income once every quarter of the year.

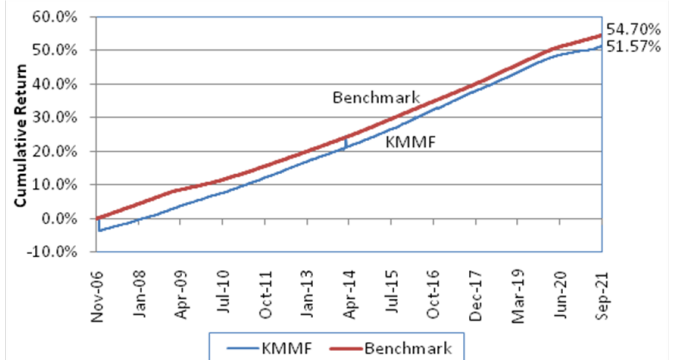
**SECTOR ALLOCATION\* AS AT 30 SEPTEMBER 2021**



\*As percentage Net Asset Value of the Fund. Asset exposure is subject to change on a daily basis.  
Source: KAF Investment Funds Berhad.

**FUND PERFORMANCE ANALYSIS AS AT 30 SEPTEMBER 2021**

Net Asset Value prices. Cumulative return over the period (%)



%	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
<b>KMMF</b>	0.12	0.59	0.91	1.42	7.18	14.36
<b>Benchmark</b>	0.15	0.46	0.91	1.82	7.76	14.68

Source: ExNovo Fund Analytics Portal by Novagni Analytics & Advisory Sdn Bhd

**LARGEST HOLDINGS\* AS AT 30 SEPTEMBER 2021**

Imtiaz Sukul II Berhad IMTN 4.650%	13.00%
Putrajaya Holdings Sendirian Berhad IMTN	12.97%
Bermaz Auto Berhad ICP	12.69%
Gulf Investment Corporation G.S.C. IMTN 5.100%	9.87%

\*as percentage of Net Asset Value.

**Disclaimer:**

Based on the Fund's portfolio returns as at 10 October 2021, the Volatility Factor (VF) for this Fund is 0.30 and is classified as "Very Low" (source: Lipper). "Very Low" includes Funds with VF that are between 0.00 to 4.265 (source: Lipper). The VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified Funds. VF is subject to monthly revision and VC will be revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only Funds launched in the market for at least 36 months will display the VF and its VC.

A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 15 January 2017 and its supplementary(ies) (if any) ("the Master Prospectus") before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, investors should be highlighted of the fact that the value of their investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 03-2171 0559 for a copy of the PHS and the Master Prospectus or collect one from any of our authorised distributors.

The Manager wishes to highlight the specific risks of the Fund are interest rate risk, credit risk and liquidity risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only and has not been reviewed by Securities Commission Malaysia. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide for future performance. Returns may vary from year to year.