

## MUDARABAH INVESTMENT ACCOUNT - DAILY FUND-i (SME & BB)\*

### Fund Performance Report for the Quarter Ended 30 June 2020

Dear Valued Investment Account Holder (“IAH”),

We are pleased to present the following fund performance report for the quarter-ended 30 June 2020

#### FUND INFORMATION

##### Type of Product

- This is an unrestricted investment account known as Mudarabah Investment Account under the Daily Fund-i (SME & BB), where the customers provide the Bank with the mandate to invest in the Bank’s selected portfolio of Shariah compliant assets.

##### Applicable Product

- Premier Mudarabah Account-i (“PMA-i”)

##### Type of Investors

- Small and Medium Enterprises (“SME”)
- Business Banking (“BB”)

##### Fund Inception

- 16 July 2015

##### Fund Investment Objectives

- The Fund’s objective is to preserve capital while providing stable returns through low risk investments

##### Fund Investment Strategy

- The Fund will be invested in a blended portfolio of the Bank’s assets
- This is a low risk investment to achieve capital preservation and steady returns

##### Profit Distribution Frequency

- Monthly

##### Valuation

- The Bank will perform valuation of the underlying assets of the Fund in accordance with the Malaysian Financial Reporting Standards (“MFRS”) which will be carried out on a monthly basis

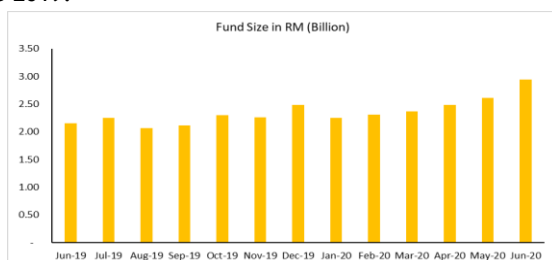
##### Other Information

- For fees, charges and other details on the product, please refer to [www.maybank2u.com.my](http://www.maybank2u.com.my)

#### FUND PERFORMANCE

##### Fund Size and Growth of Daily Fund-i (SME & BB)

As at June 2020, the Daily Fund-i (SME & BB) balance was recorded at RM 2.94 billion, 36.7% growth year-on-year from RM 2.15 billion in June 2019.



\*SME & BB refers to small and medium enterprises & business banking respectively

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#### FUND PERFORMANCE

##### Asset Allocation of Daily Fund-i (SME & BB)

The fund is invested in a portfolio of the Bank’s retail and non-retail assets<sup>1</sup> and the asset allocation for the past two quarters is as per the table below. The asset allocation is within the stated investment objective and strategy.

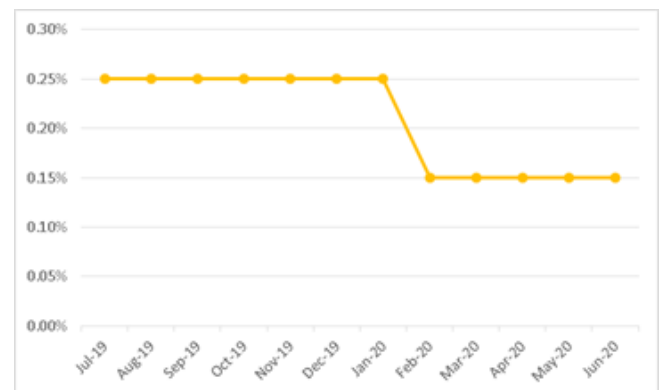
| Type of Assets        | Mar 2020 | June 2020 |
|-----------------------|----------|-----------|
| Retail Financing      | 93%      | 94%       |
| Non-Retail Financing  | 7%       | 6%        |
| Marketable Securities | -        | -         |
|                       | 100%     | 100%      |

Notes:

<sup>1</sup>Retail assets consist of Unit Trust, Automobile, Home, Personal and Credit Card Financing while non-retail assets consists of SME, BB and CB Financing

##### Profit Rate of Daily Fund-i (SME & BB)

Based on the performance of the underlying assets, the profit rate to customers recorded an average of 0.21% p.a. since the past 12 month average rate and an average of 0.15% for Q2 2020.



| Period                                   | 16 Apr 2020 to 15 May 2020 | 16 May 2020 to 15 June 2020 | 16 June 2020 to 15 July 2020 |
|--|----------------------------|-----------------------------|------------------------------|
| Fund Profit Rate to IAH (p.a.)           | 0.15% p.a.                 | 0.15% p.a.                  | 0.15% p.a.                   |
| Profit Sharing Ratio (“PSR”) (IAH: Bank) | 3:97                       | 3:97                        | 3:97                         |

Notes:

1. The fund profit rate represents the net profit rate to the IAH and is computed based on the following formula:

Profit Rate = (Total Income - Impairment Allowances) \* PSR

2. Past performance is not reflective of future performance.

## MARKET OUTLOOK

The Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to reduce the Overnight Policy Rate (OPR) by 25 basis points to 1.75 percent. The ceiling and floor rates of the corridor of the OPR are correspondingly reduced to 2.00 percent and 1.50 percent, respectively.

Finance Minister Tengku Zafrul highlighted government policies, per its 6R strategy (Resolve, Resilience, Restart, Recovery, Revitalise, Reform), that have enabled the economy to both weather and begin its recovery from the pandemic-induced lockdowns. Measures within the PRIHATIN stimulus package (RM260bn) and PENJANA recovery package (RM35bn) have, as validated by MOF's continuous impact monitoring, benefitted 10.8mn Malaysians, 2.6mn workers and 800,000 businesses. The next step i.e. "Revitalise", will be articulated within Budget 2021 in Nov 2020, and crafted within the constraints of a strained fiscal position i.e. 2020 fiscal deficit forecast to be 5.8%-6.0% (2019: 3.4%), to be reduced to below 4% in 3-4 years. Longer-term structural "Reforms" to the economy will be within the 12th Malaysia Plan (2021-2025), to be unveiled in Jan 2021.

In sharing his insights on the overarching question of "How do we move ahead in this 'new normal'?", SC Chairman Datuk Syed Zaid Albar noted the all-important maintaining of market integrity and ensuring continued functioning of the capital market were achieved seamlessly. Intent on being future-ready, the SC is aggressively supporting the industry's digitalization efforts, with visible delivery in areas such as online opening of trading accounts and enabling virtual general meetings for PLCs. The SC's Shariah Advisory Council has also resolved that it is permissible to invest and trade in digital currency and digital tokens on registered Digital Asset Exchanges. Further, in enabling more innovative intermediary models such as "no-frills" digital-only brokers and algo trading platforms, the SC will facilitate broker licensing framework changes to allow entry of players with differentiated value propositions.

The key message from the panellists of the GLIC CEOs (EPF, KWAP, Khazanah) discussion was ESG and related sustainability criteria are here to stay, and will be an increasingly important consideration in the investment decisions of these three funds, which collectively have a massive MYR1.2tr in assets under management (AUM). The growing primacy of ESG considerations and stewardship, reflective of an increasingly "activist" mindset among these GLICs as it relates to both existing investee companies as well as potential new investments, was best summed up by EPF CEO Tunku Alizakri when he stated, "Make sure your ESG is in place before EPF comes knocking on your door".

Budget deficit to GDP in 2020 will be 5.8%-6.0% largely due to the MYR45b direct fiscal injection of the PENJANA and PRIHATIN packages, and the target is to reduce to below 4% in 3-4 years. Malaysia has the fiscal discipline and track record in managing the deficit as exemplified by the deficit reduction post-GFC. Economy will shrink this year (official and independent forecasts of between -3.8% and +0.5%) but expected to rebound in 2021 (+6.3% -+7.5% based on IMF, World Bank and S&P forecasts). Economic fundamentals are sound amid well-developed institutional frameworks, diversified economy, deep and liquid domestic capital markets, as well as strong external position given the adequate level of external reserves, sustained current account surplus and external assets being in excess of external liabilities.

*Source : Maybank Research*