

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

Fund Performance Report for the Quarter Ended 30 September 2021

Dear Valued Investment Account Holder (“IAH”),

We are pleased to present the following fund performance report for the quarter-ended 30 September 2021

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”)
- SME First Investment Account-i (SME First IA-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

FUND PERFORMANCE

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

As at September 2021, the Daily Fund-i (SME & BB) balance was recorded at RM 4.57 billion, which is a 42.5% growth year-on-year from RM 3.21 billion in September 2020.



*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 assets¹ and the asset allocation for the past two quarters is per the table below. The asset allocation is within the stated investment objective and strategy.

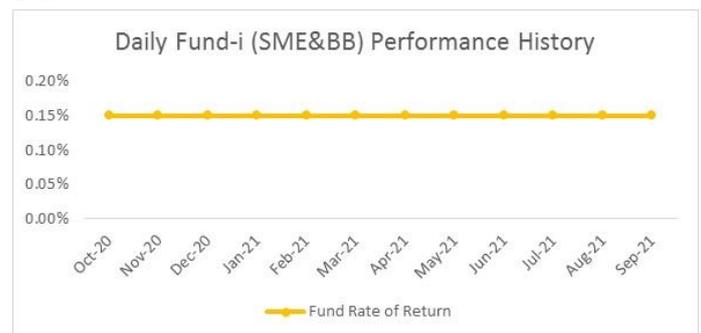
Type of Assets	June 2021	September 2021
Retail Financing	94%	94%
Non-Retail Financing	6%	6%
Marketable Securities	-	-
	100%	100%

Notes:

¹Retail 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 rate of 0.15% p.a. for the past 12 months and an average rate of 0.15% p.a. for Q3 2021.



Period	16 July 2021 to 15 Aug 2021	16 Aug 2021 to 15 Sept 2021	16 Sept 2021 to 15 Oct 2021
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)	4:96	4:96	4:96

Notes:

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

$$\text{Profit Rate} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$

2. Past performance is not reflective of future performance.

MARKET OUTLOOK

BNM's Monetary Policy Committee (MPC) meeting on 8 September 2021 kept Overnight Profit Rate (OPR) at record-low 1.75% for the seventh consecutive meeting. The latest Monetary Policy Statement is broadly unchanged from the previous MPC. The Monetary Policy Statement (MPS) continues to see downside risk to growth, but this is more on speed and strength of recovery rather than the threat of double dip recession. Additionally, the government tabled its 12th Malaysia plan in Parliament on the 27th of September. The plan includes 3 key themes; reset the economy; strengthen security, wellbeing & inclusivity; and advancing sustainability (Ilias, Dzulkafli & Lankanathan, 2021).

In Resetting the economy, focus is on boosting economic growth; strengthen growth catalysts including the micro, small & medium enterprises (MSMEs); develop new growth drivers, particularly digital economy; investing in infrastructure, including digital infrastructure; and raising productivity and R&D. They are projecting a 4.5%-5.5% p.a. real GDP growth target under 12MP (11MP, 2016-2020: 2.7% p.a.) driven by expansions in all economic sectors and demand aggregates. The government has highlighted 8 strategic high impact industries of which are the electronics & electrical (MYR120b GDP in 2025 vs MYR86.1b in 2020); global services (MYR89b capex in 2025 vs MYR21.2b in 2020); aerospace (MYR30b revenue vs MYR11.6b in 2020); creative (MYR31.9b GDP in 2025 vs MYR26.8b in 2020); tourism (MYR73b inbound tourist spending in 2025 vs MYR12.7b in 2020); 212m domestic tourists and MYR100b revenue in 2025 vs 131.7m and MYR44b in 2020); halal (8.1% of GDP in 2025 vs 6.5% in 2020); smart farming; biomass. This also comes with raising GDP and export contributions of micro, small and medium enterprises (MSMEs) forecasting 45% and 25% shares of MSMEs in GDP and exports (2020: 38.2% and 13.5% respectively). It is projected that MYR400b gross development expenditure (GDE) will be allocated for 12MP (11MP, 2016-2020: MYR248.5b) implying MYR80b p.a. spending, but "allocation for 2021-2022 will be challenging" and GDE will be MYR76.1b in 2025 according to 12MP, suggesting peak annual GDE in 2023-2024 (Ilias, Dzulkafli & Lankanathan, 2021).

On the side of Macroeconomic fundamentals, unemployment rate was unchanged at 4.8% in Jul 2021 after it rose to this level in Jun 2021 from 4.5% in May 2021 on the impact of containment measures to deal with the Delta driven COVID 19 infections. July 2021's jobless rate was kept steady amid unchanged MoM employment (Jul 2021: 0% MoM; June 2021: 0.5% MoM) and labour force (Jul 2021: 0% MoM; June 2021: 0.2% MoM), thus the stable Labour force participation rate (Jul 2021: 68.3%;

June 2021: 68.3%). YoY, both employment and labour force rose in Jul 2021 but at slower paces of +1.5% YoY (Jun 2021: +2.1% YoY) and +1.6% YoY (Jun 2021: +1.9% YoY) (Ilias, Dzulkafli & Lankanathan, 2021).

Inflation rate in Aug 2021 eased further to +2.0% YoY (Jul 2021: +2.2% YoY), mainly on dissipating base effect, moderation in the increases in the prices of Food & Non-Alcoholic Beverages (FNAB; Aug 2021: +1.2% YoY; Jul 2021: +1.3% YoY) and transport (Aug 2021: +11.0% YoY; Jul 2021: +11.6% YoY) as well as electricity discounts as announced in Jun 2021 under the PEMULIH economic stimulus package. While the base effect will continue to influence monthly headline inflation for the rest of the year following last year's deflation (Aug 2020: -1.4% YoY; Jul 2020: -1.3% YoY), the effect is dissipating further in coming months. MoM, headline CPI was unchanged (Jul 2021: -0.6%) (Ilias, Dzulkafli & Lankanathan, 2021).

Export growth picked up in Aug 2021 as manufacturing exports growth regained momentum (Aug 2021: +15.4% YoY; July 2021: +2.3% YoY) amid sustained and firmer double digit growth in mining exports (Aug 2021: +50.6% YoY; July 2021: +18.3% YoY) and agriculture exports (Aug 2021: +28.5% YoY; July 2021: +29.2% YoY) on continued firm commodity prices that boosted shipments of LNG (Aug 2021: +110.2% YoY; July 2021: +69.9% YoY) and Palm Oil (Aug 2021: +35.1% YoY; July 2021: +50.9% YoY) to offset further decline in crude oil exports (Aug 2021: 3.9% YoY; July 2021: 6.8% YoY) that was due to lower shipment volumes cancelling higher export prices (Ilias, Dzulkafli & Lankanathan, 2021).

Amid global supply chain issues and Delta variant effect, flash composite purchasing managers index (PMIs) for major economies in Sep 2021 saw lower figures for US (Sep 2021: 54.5; Aug 2021: 55.4), EU (Sep 2021: 56.1; Aug 2021: 59.0) and UK (Sep 2021: 54.1; Aug 2021: 54.8) amid continued sub 50 prints for Japan (Sep 2021: 47.7; Aug 2021: 45.5) and Australia (Sep 2021: 46.0; Aug 2021: 43.3). To note, Sep 2021 numbers for US, EU and UK are 12 month, 5 month and 7 month lows respectively. These figures signal further moderation in global economic activities this month as the global composite PMI has been on a downtrend since July 2021. Additional headwind is China's economic slowdown amid concerns over the impact of widening regulatory crackdown on private sector industries, businesses and companies, as well as risk of corporate debt defaults as per the news headline on Evergrande (Ilias, Dzulkafli & Lankanathan, 2021).

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