

MUDARABAH INVESTMENT ACCOUNT - DAILY FUND-i (INDIVIDUAL)

Fund Performance Report for the Quarter Ended 30 September 2020

Dear Valued Investment Account Holder (“IAH”),

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

FUND INFORMATION

Type of Product

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

Applicable Products

- Golden Savvy Account-i (“GSA-i”)
- Zest-i
- Private Banking Account-i (“PBA-i”)
- Premier Mudharabah Account-i (“PMA-i”)

Type of Investors

- Individual

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

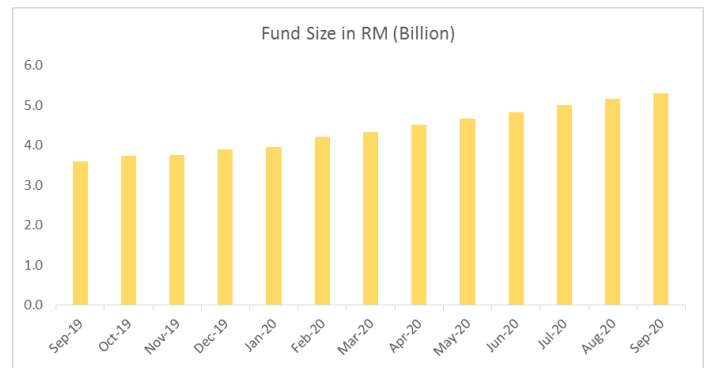
Other Information

- 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 (Individual)

As at September 2020, the Daily Fund-i (Individual) balance was recorded at RM 5.29 billion, 47.4% year-on-year growth from RM 3.59 billion in September 2019.



Asset Allocation of Daily Fund-i (Individual)

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 as per the table below. The asset allocation is within the stated investment objective and strategy.

Type of Assets	June 2020	September 2020
Retail Financing	94%	94%
Non-Retail Financing	6%	6%
Marketable Securities	-	-
	100%	100%

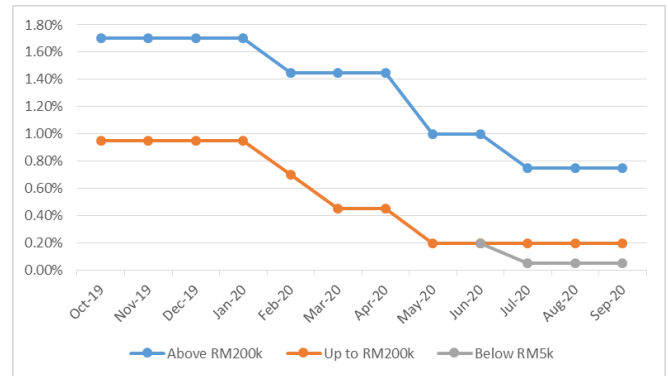
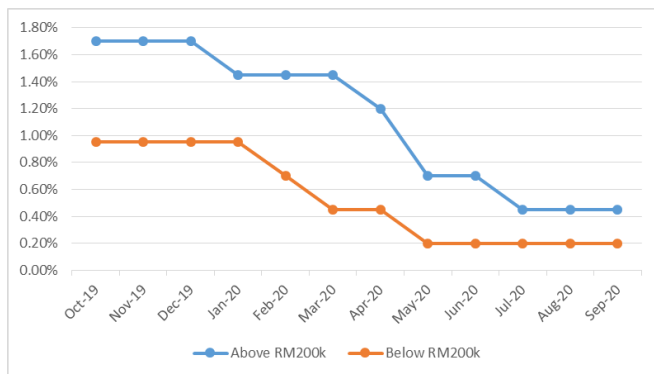
Notes:

¹ 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 (Individual)

(a) GSA-i

Based on the performance of the underlying assets, the profit rate to customers for the highest balance band (above RM200,000) recorded an average of 1.12% p.a. for the past 12 months and an average of 0.45% p.a. for the period of Q3 2020. The rate to customers for the lowest balance band (up to RM200,000) recorded an average of 0.53% p.a. for the past 12 months and an average of 0.20% p.a. for the period of Q3 2020.



Period	16 July 2020 to 15 Aug 2020		16 Aug 2020 to 15 Sept 2020		16 Sept 2020 to 15 Oct 2020	
	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)
Below RM5,000	0.05%	1:99	0.05%	1:99	0.05%	1:99
Up to RM200,000	0.20%	4:96	0.20%	4:96	0.20%	4:96
Above RM200,000	0.75%	17:38	0.75%	17:38	0.75%	17:38

Period	16 July 2020 to 15 Aug 2020		16 Aug 2020 to 15 Sept 2020		16 Sept 2020 to 15 Oct 2020	
	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)
Up to RM200,000	0.20%	4:96	0.20%	4:96	0.20%	4:96
Above RM200,000	0.45%	10:90	0.45%	10:90	0.45%	10:90

Notes:

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

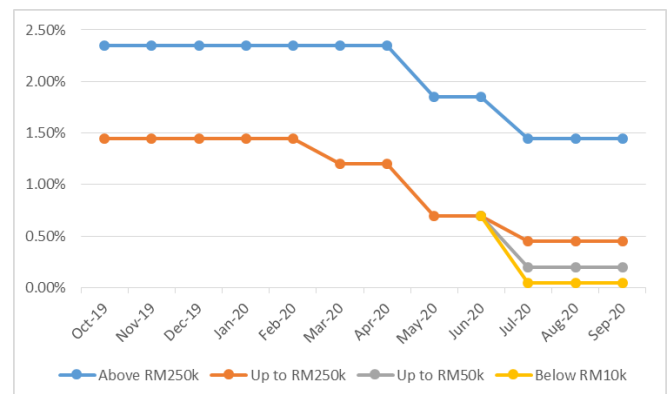
$$\text{Profit Rate} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$
- Past performance is not reflective of future performance

(b) PMA-i

Based on the performance of the underlying assets, the profit rate to customers for the highest balance band (above RM200,000) recorded an average of 1.28% p.a. for the past 12 months and an average of 0.75% p.a. for the period of Q3 2020. For lower balance band (below RM200,000), the average rate recorded for the past 12 months is 0.53% and average rate of 0.20% for the period of Q3 2020. For lower balance band (below RM5,000), the average rate of 0.05% for the period of Q3 2020.

(c) PBA-i

Based on the performance of the underlying assets, the profit rate to customers for the highest balance band (above RM250,000) recorded an average of 2.04% p.a. for the past 12 months and an average of 1.45% p.a. for the period of Q3 2020. For lower balance band (below RM250,000), the average rate recorded for the past 12 months is 1.03% and average rate of 0.45% for the period of Q3 2020. For lower balance band (below RM50,000), the average rate of 0.20% for the period of Q3 2020. For lower balance band (below RM10,000), the average rate of 0.05% for the period of Q3 2020.



Period	16 July 2020 to 15 Aug 2020		16 Aug 2020 to 15 Sept 2020		16 Sept 2020 to 15 Oct 2020	
	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)
Below RM10,000	0.05%	1:99	0.05%	1:99	0.05%	1:99
Up to RM50,000	0.20%	4:96	0.20%	4:96	0.20%	4:96
Up to RM250,000	0.45%	10:90	0.45%	10:90	0.45%	10:90
Above RM250,000	1.45%	31:69	1.45%	31:69	1.45%	31:69

Notes:

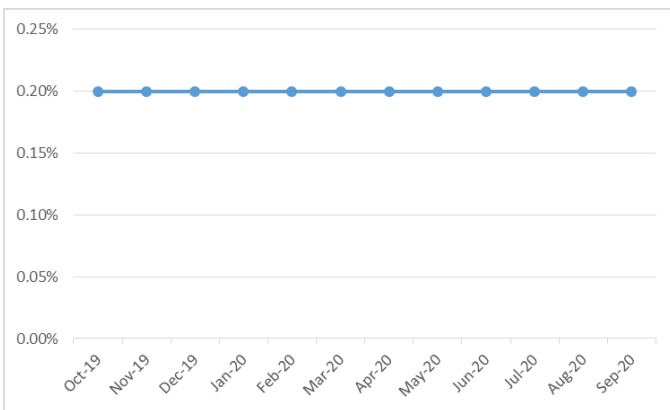
- The fund profit rate represents the net profit rate to the IAH and is computed based on the following formula:

$$\text{Profit Rate} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$
 Past performance is not reflective of future performance

(d) Zest-i (previously known as net Account-i)

Effective September 2019, net Account-i was rebranded to Zest-i with a new product feature of prize draw.

Based on the performance of the underlying assets, the profit rate to customers recorded an average of 0.20% p.a. since its rebranding and an average rate of 0.20% for Q3 2020.



Period	16 July 2020 to 15 Aug 2020		16 Aug 2020 to 15 Sept 2020		16 Sept 2020 to 15 Oct 2020	
	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio ("PSR") (IAH : Bank)
Any Balance	0.20%	4:96	0.20%	4:96	0.20%	4:96

Notes:

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

$$\text{Profit Rate} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$
 Past performance is not reflective of future performance

MARKET OUTLOOK

Bank Negara held interest rates steady at its Sept MPC meeting, with the benchmark Overnight Policy Rate (OPR) unchanged at a record low of 1.75% (YTD: -125bps). OPR is expected to remain at this level until end-2021, though noting this is a "dovish pause", with policy rates tilted to easing rather than tightening (Suhaimi, MKE Chief Economist).

While monetary conditions have eased considerably, we believe there is still room for further OPR cuts, especially as August's continuing deflationary CPI read shows sixth consecutive month of deflation means real interest rates remains elevated, at just over 3% (Pathmakanthan, 2020).

Post economic stimulus packages of RM295bn (PRIHATIN and PENJANA, of which RM45bn or c.3% of GDP is direct fiscal injection), it is announced that an additional RM10bn fiscal stimulus is to be spent in Malaysia 6Rs Recovery phase. Through the additional fiscal injection, primarily in the form of cash handouts and wage subsidies, the budget deficit to GDP forecasts for 2020 and 2021 has been revised to -6.7% and -6.0%, from -6.5% and -5.9% previously (Pathmakanthan, 2020).

On the other hand, the continuing political instability in Malaysia has negative implications for policy making (continued delays), economic reforms (especially re the GLC sector, where a new round of disruptive leadership changes are taking place) and the overall investment climate, especially long-declining domestic direct investment. With politicians distracted by the jockeying for power, there is little hope for policy momentum that may help support the economic recovery via incentivising or jumpstarting stalled infrastructure projects (Pathmakanthan, 2020).

Further, the dividend thematic for the equity market will remain an increasingly powerful one, especially as the earning growth (i.e. capital gains) outlook remains highly uncertain. Average KLCI forward dividend yield now significantly exceeds the benchmark 10-year MGS yield and is indicative of the relative attractiveness (undervaluation) of equity market high dividend stocks vis-à-vis alternatives of bonds and cash (Pathmakanthan, 2020).

References:

Pathmakanthan, A. (2020) Multiple Uncertainties = Growth Continuing To Outperform Values, Kuala Lumpur: Maybank IB Research.