

MUDARABAH INVESTMENT ACCOUNT - TERM FUND-i

Fund Performance Report for the Quarter Ended 30 September 2019

Dear Valued Investment Account Holder (“IAH”),

We are pleased to present the following fund performance report for the quarter-ended 30 September 2019

FUND INFORMATION

Type of Product

- This is an unrestricted investment account known as Mudarabah Investment Account under the Term Fund-i, where the customers provide the Bank with the mandate to invest in the Bank’s selected portfolio of Shariah compliant assets, which may provide customers with potentially higher returns.

Applicable Product

- General Investment Account-i (“GIA-i”)

Type of Investors

- Individual
- Small & Medium Enterprises (“SME”)
- Business Banking (“BB”)
- Global Banking (“GB”)

Fund Inception

- 16 July 2015

Fund Investment Objectives

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

Fund Investment Strategy

- The Fund will be invested in a blended portfolio of the Bank’s assets
- This is a low to moderate 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

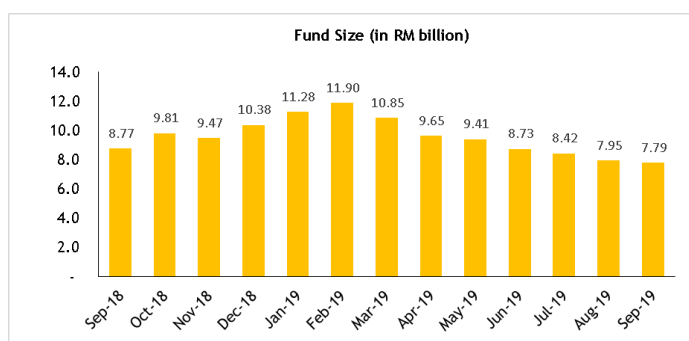
Other Information

- For fees, charges and other details on the product, please refer to www.maybank2u.com.my

FUND PERFORMANCE

Fund Size and Growth

As at September 2019, the Term Fund-i balance was recorded at RM 7.79 billion, 11% reduction year-on-year from RM 8.77 billion in September 2018.



FUND PERFORMANCE

Asset Allocation

The fund is invested in a portfolio of the Bank’s retail and non-retail assets¹ and the asset allocation for the past three quarters is as per the table below. The asset allocation is within the stated investment objective and strategy.

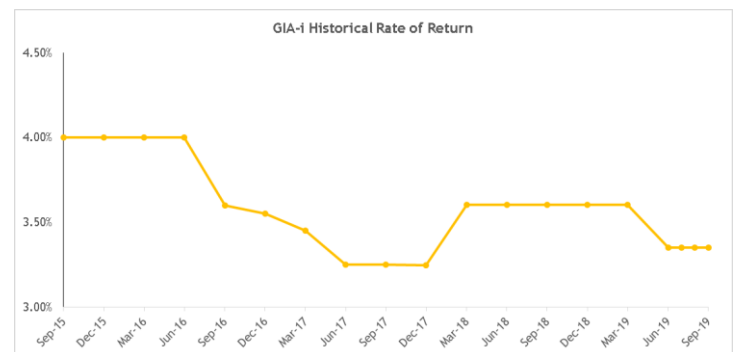
Type of Assets	GIA-i	
	Jun 2019	Sept 2019
Retail Financing	93%	92%
Non-Retail Financing	7%	8%
Marketable Securities	-	-
	100%	100%

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 GIA-i

Based on the performance of the underlying assets, the profit rate to customers for 12 months tenure recorded an average of 3.60% p.a. since the Fund’s inception and an average of 3.35% p.a. for 3Q 2019.



Period	16 Jul 2019 to 15 Aug 2019		16 Aug 2019 to 15 Sep 2019		16 Sep 2019 to 15 Oct 2019	
	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)
1 mths	2.25%	44:56	2.25%	44:56	2.25%	44:56
2 - 5 mths	3.05%	60:40	3.05%	60:40	3.05%	60:40
6 - 11 mths	3.15%	68:32	3.15%	62:38	3.15%	62:38
12 - 35 mths	3.35%	66:34	3.35%	66:34	3.35%	66:34
36 mths	3.40%	67:33	3.40%	67:33	3.40%	67:33
48 mths	3.40%	67:33	3.40%	67:33	3.40%	67:33
60 mths	3.50%	69:31	3.50%	69:31	3.50%	69:31

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

At its meeting today, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00 percent.

The global economy is expanding at a more moderate pace, with the slowdown becoming more synchronised across both the advanced and emerging economies. There is also evidence of the weak global trade affecting domestic demand, particularly investment activity. Going forward, geopolitical tensions, policy uncertainty and the unresolved trade disputes could exacerbate financial market volatility and further weigh on the global growth outlook. Monetary easing and other policy measures are expected to provide some support to growth.

For the Malaysian economy, latest indicators are in line with expectations, suggesting moderate expansion of economic activity for the third quarter. Going forward, growth is expected to remain anchored by firm private sector expenditure. While private investment is projected to remain modest, household spending will be supported by continued employment and wage growth. The recent Government measures will provide additional impetus to economic activity. On the external front, while exports will continue to be affected by slower global demand, this will be partly mitigated by its diversified structure. Overall, growth of the Malaysian economy is expected to be within projections in 2019 and the pace sustained going into 2020. This projection remains subject to downside risks, mainly stemming from uncertainties in global economic and financial conditions as well as weakness in commodity-related sectors.

Average headline inflation in 2019 will be low. In 2020, headline inflation is expected to average higher but remain modest. This reflects mainly the lapse in the impact from consumption tax policy changes, the lifting of the domestic retail fuel price ceiling amid the relatively subdued outlook on global oil prices, and measures in place to contain food prices. The trajectory of headline inflation will, however, be dependent on global oil and commodity price developments. Underlying inflation is expected to remain stable, supported by the continued expansion in economic activity and in the absence of strong demand pressures.

At the current level of the OPR, the stance of monetary policy remains accommodative and supportive of economic activity. The MPC will continue to assess the balance of risks to domestic growth and inflation, to ensure that the monetary policy stance remains conducive to sustainable growth amid price stability.

The meeting also approved the schedule of MPC meetings for 2020. In accordance with the Central Bank of Malaysia Act 2009, the MPC will convene six times during the year. The meetings will be held over two days, with the Monetary Policy Statement released at 3 p.m. on the second day of the MPC meeting.

Source: BNM Monetary Policy Statement 5th Nov 2019