

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

Fund Performance Report for the Quarter Ended 31 December 2018

Dear Valued Investment Account Holder (“IAH”),

We are pleased to present the following fund performance report for the quarter-ended 31 December 2018.

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, which may provide customers with potentially higher returns.

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

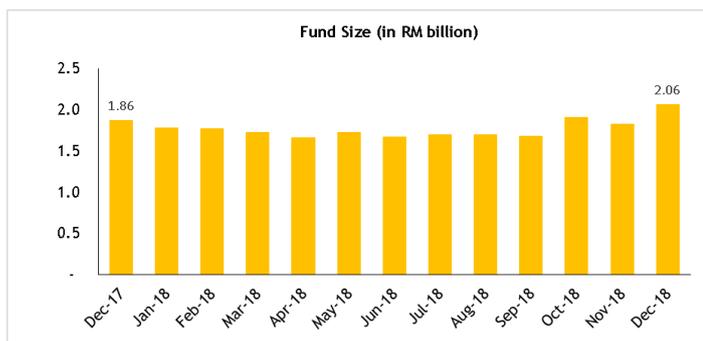
Other Information

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

FUND PERFORMANCE

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

As at December 2018, the Daily Fund-i (SME & BB) balance was recorded at RM 2.1 billion, 10% growth year-on-year from RM 1.9 billion in December 2017.



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

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

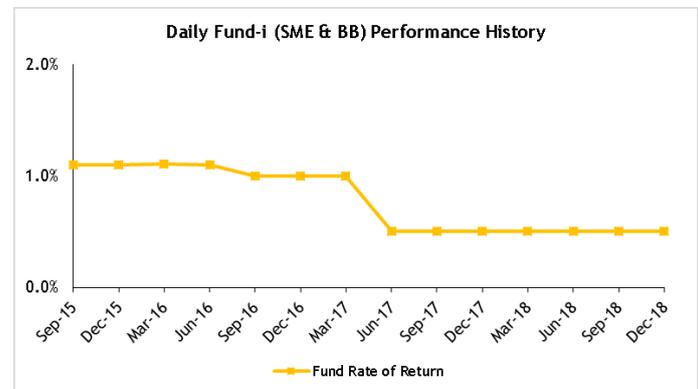
Type of Assets	Sep 2018	Dec 2018
Retail Financing	90%	91%
Non-Retail Financing	10%	9%
Marketable Securities	-	-
	100%	100%

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 of 0.80% p.a. since the Fund’s inception and an average of 0.50% for 4Q 2018.



Period	16 Oct 2018 to 15 Nov 2018	16 Nov 2018 to 15 Dec 2018	16 Dec 2018 to 15 Jan 2019
Fund Profit Rate to IAH (p.a.)	0.50% p.a.	0.50% p.a.	0.50% p.a.
Profit Sharing Ratio (“PSR”) (IAH: Bank)	10:90	10:90	10:90

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

Global growth momentum is showing signs of moderation amid slowing growth in most major advanced and emerging economies. Going forward, unresolved trade tensions remain a key source of risk, affecting global trade and investment activities. Tighter global financial conditions and elevated political and policy uncertainty could lead to financial market adjustments, further weighing on the overall outlook.

The Malaysian economy grew at a more moderate pace of 4.7% in 2018. Looking ahead, growth is expected to be sustained in 2019 with continued support from private sector spending. Stable labour market conditions and capacity expansion in key sectors will continue to drive household and capital spending. Support from the external sector is expected to soften, in tandem with the moderating global growth momentum. On balance, the baseline forecast is for the Malaysian economy to remain on a steady growth path. However, materialisation of downside risks from unresolved trade tensions, heightened uncertainties in the global and domestic environment, and prolonged weakness in the commodity-related sectors could further weigh on growth.

Headline inflation in January 2019 was at -0.7%, due mainly to negative transport inflation at -7.8% arising from lower global oil prices. Underlying inflation, as measured by core inflation^[1] remained stable at 1.5% in January 2019 reflecting sustained demand conditions. In the immediate term, inflation is expected to remain low mainly due to policy measures. These include the lower price ceiling on domestic retail fuel prices until mid-2019 and the impact of the changes in consumption tax policy on headline inflation. For 2019 as a whole, average headline inflation is expected to be broadly stable compared to 2018. The trajectory of headline inflation will continue to be dependent on global oil prices. Underlying inflation is expected to be sustained, supported by the steady expansion in economic activity and in the absence of strong demand pressures.

At the current level of the OPR, the degree of monetary accommodativeness is consistent with the intended policy stance. Recognising that there are downside risks in the economic and financial environment, the MPC will continue to monitor and assess the balance of risks surrounding the outlook for domestic growth and inflation.

Source: BNM Monetary Policy Statement 5th March 2019