

MUDARABAH INVESTMENT ACCOUNT - TERM FUND-i

Fund Performance Report for the Quarter Ended 30 September 2018

Dear Valued Investment Account Holder (“IAH”),

We are pleased to present the following fund performance report for the quarter-ended 30 September 2018.

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

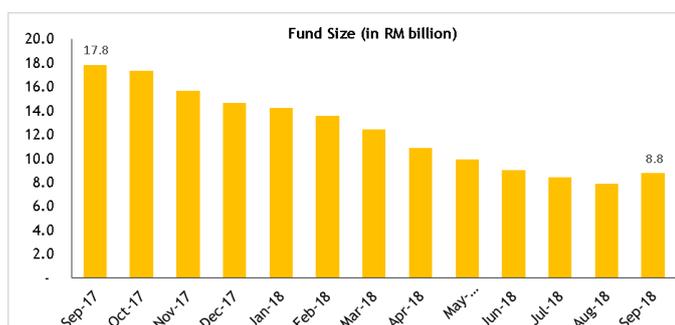
Other Information

- 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 2018, the Term Fund-i balance was recorded at RM 8.77 billion, 51% reduction year-on-year from RM 17.81 billion in September 2017.



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

Type of Assets	GIA-i		GIA-i Campaign	
	Jun 2018	Sep 2018	Jun 2018	Sep 2018
Retail Financing	91%	90%	100%	100%
Non-Retail Financing	9%	10%	-	-
Marketable Securities	-	-	-	-
	100%	100%	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 3.64% p.a. since the Fund’s inception and an average of 3.60% p.a. for 2Q 2018.



Period	16 Jul 2018 to 15 Aug 2018		16 Aug 2018 to 15 Sep 2018		16 Sep 2018 to 15 Oct 2018	
	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 - 2 mths	3.20%	64:36	3.20%	64:36	3.20%	64:36
3 - 5 mths	3.30%	66:34	3.30%	66:34	3.30%	66:34
6 - 11 mths	3.40%	68:32	3.40%	68:32	3.40%	68:32
12 - 35 mths	3.60%	72:28	3.60%	72:28	3.60%	72:28
36 mths	3.65%	73:27	3.65%	73:27	3.65%	73:27
48 mths	3.65%	73:27	3.65%	73:27	3.65%	73:27
60 mths	3.75%	75:25	3.75%	75:25	3.75%	75:25

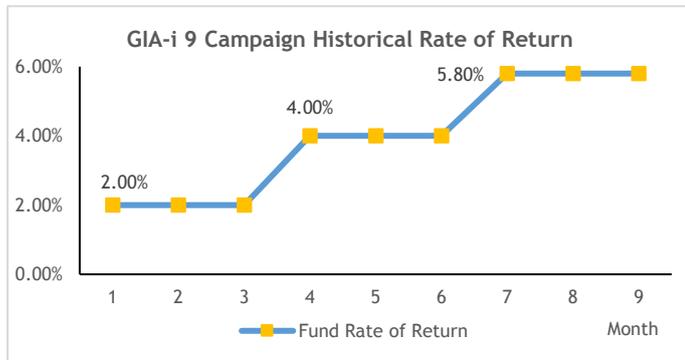
Notes:

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

FUND PERFORMANCE

Profit rate of GIA-i 9-month Campaign (“GIA-i 9”)

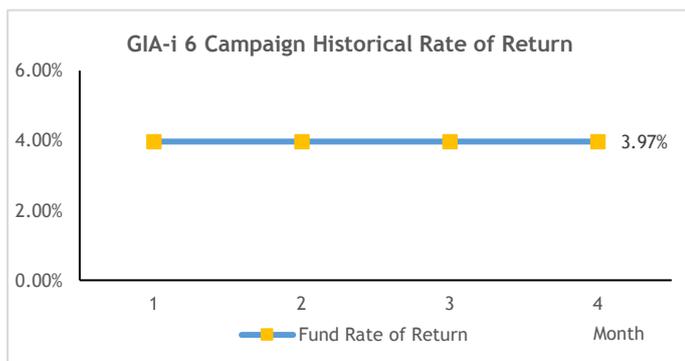
This section is applicable for customers who have made placement under the GIA-i 9 campaign from 16th April 2017 until 15th August 2017.



Month	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio (“PSR”) (IAH : Bank)
1	2.00%	40% or more
2	2.00%	
3	2.00%	
4	4.00%	
5	4.00%	
6	4.00%	
7	5.80%	
8	5.80%	
9	5.80%	

Profit rate of GIA-i 6-month Campaign (“GIA-i 6”)

This section is applicable for customers who have made fresh fund placement under the GIA-i 6 campaign from 16th September 2017 until 15th April 2018.



Month	Fund Profit Rate to IAH (p.a.)	Profit Sharing Ratio (“PSR”) (IAH : Bank)
1	3.97%	50% or more
2	3.97%	50% or more
3	3.97%	50% or more
4	3.97%	50% or more

Notes:

- 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
- Past performance is not reflective of future performance

MARKET OUTLOOK

The global economic expansion continues, although with signs of moderating momentum. In the advanced economies, growth will continue to be mainly driven by positive labour market conditions and policy support. Growth in Asia will be supported by domestic activity amid weaker external demand. Risks to the global growth outlook remain tilted to the downside, with trade tensions continuing to be a key source of downside risk. Continued volatility in international financial markets and monetary policy normalisation in some advanced economies could lead to further capital outflows and financial market adjustments in emerging economies.

For the Malaysian economy, latest indicators point towards continued expansion in private sector activity. Private consumption will remain the main driver of growth, supported by conducive labour market conditions. Investment activity is projected to be sustained by continued capacity expansion in key sectors, driven by positive demand and efforts to enhance automation. Public sector spending, however, is likely to weigh on growth, amid continued reprioritisation of expenditure by the Government. The recent announcements by the Government have provided more clarity on fiscal and economic development policies. On the external front, exports are projected to provide an additional lift to growth, albeit to a lesser extent, due to moderating global growth momentum. The domestic economy continues to face downside risks stemming from any further escalation in trade tensions and prolonged weakness in the mining and agriculture sectors. Nevertheless, on balance, the Malaysian economy is expected to remain on a steady growth path in 2018 and 2019.

The annual average headline inflation will be low in 2018. Moving into 2019, headline inflation is projected to increase primarily due to higher projected global oil prices and the floating of domestic fuel prices. While the impact of the consumption tax policy will contribute to higher headline inflation in 2019, it will lapse towards the end of 2019. Underlying inflation is expected to remain contained in the absence of strong demand pressures.

In line with regional economies, the domestic financial markets continue to experience non-resident portfolio outflows due to global developments. Nevertheless, the financial markets remain orderly with domestic monetary and financial conditions supportive of economic growth. The financial sector is sound, with financial institutions operating with strong capital and liquidity buffers. Importantly, the domestic economy maintains its underlying fundamental strength, with steady economic growth, low unemployment and surplus in the current account of the balance of payments. Bank Negara Malaysia’s monetary operations will continue to ensure sufficient liquidity to support the orderly functioning of money and foreign exchange markets and intermediation activity.

At the current level of the OPR, the degree of monetary accommodativeness is consistent with the intended policy stance. 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 November 2018