

## Term Investment Account-i

Retail Fund Performance Report for  
Quarter Ended 30 Sep 2020

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### Fund Information

<b>Product Name</b>	Term Investment Account-i
<b>Shariah Contract</b>	<b>Mudarabah</b> - A profit sharing contract between the Bank as fund manager and the customer as Investment Account Holder (IAH) or the Investor(s).
<b>Investment Account Type</b>	<b>Unrestricted Investment Account</b> – Investor(s) provides the Bank with a mandate to make an ultimate investment decision without specifying specific restrictions or conditions.

**Fund Inception** 8 January 2019

### Investment Objective

The fund aims to generate stable returns over an agreed investment interval through low to medium risk investment activities.

### Investor Profile

- Category of Investor(s):
  - Individual(s)
  - Sole-Proprietorship(s)
- Investor(s) with low to medium risk tolerance
- Investor(s) who seeks stable profits

#### Note:

Investor(s) are advised to understand the risk(s) related to TIA-i before making an investment decision. Further explanation of each risk is in Product Disclosure Sheet (PDS) available on Hong Leong Islamic Bank Corporate website.

### Profit Payment Policy

Profit distribution is upon maturity.

### Nature of Investment Account

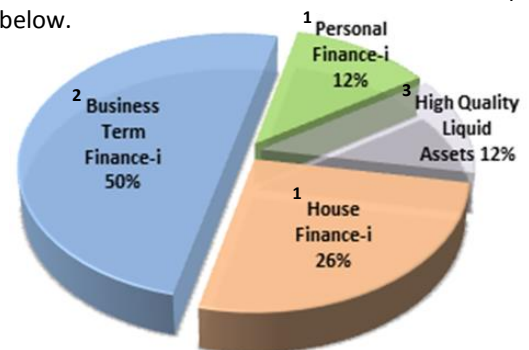
A renewable term investment type of 3 and 6 months tenure.

### Fund Investment Strategies

Investment into selective Shariah-compliant financing assets within the risk parameters prescribed under the Fund Investment Objective. Portfolio rebalancing is also executed to ensure the performance of the particular assets is aligned with the Investment Objective. Any profit generated from the investment will be shared between the Investor(s) and the Bank according to mutually pre-agreed Profit Sharing Ratio (PSR) whilst losses (if any) will be borne by the Investor(s).

### Investment Asset Allocation

The fund is invested in a portfolio of Hong Leong Islamic Bank's retail assets<sup>1</sup>, non-retail assets<sup>2</sup> and HQLA<sup>3</sup> as per chart below.



#### Note:

<sup>1</sup> Retail financing assets consist of House Financing-i and Personal Financing-i.

<sup>2</sup> Non-retail financing asset consists of Business Term Financing-i.

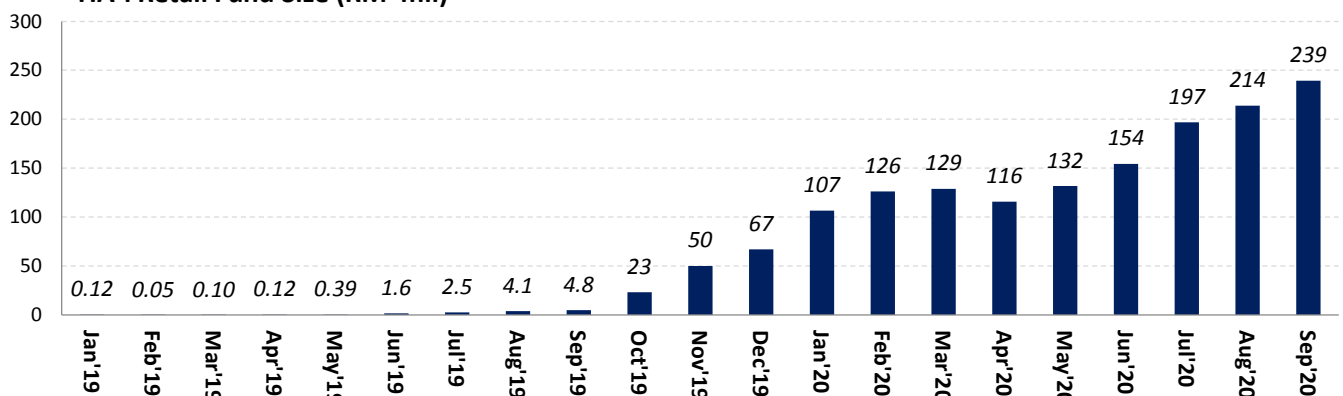
<sup>3</sup> High Quality Liquid Assets (HQLA) are assets that can be easily and immediately converted into cash at little or no loss of value.

### Fund Performance

#### 1. Fund Size and Returns

As at September 2020, Term Investment Account-i retail fund balance was recorded at RM239 million.

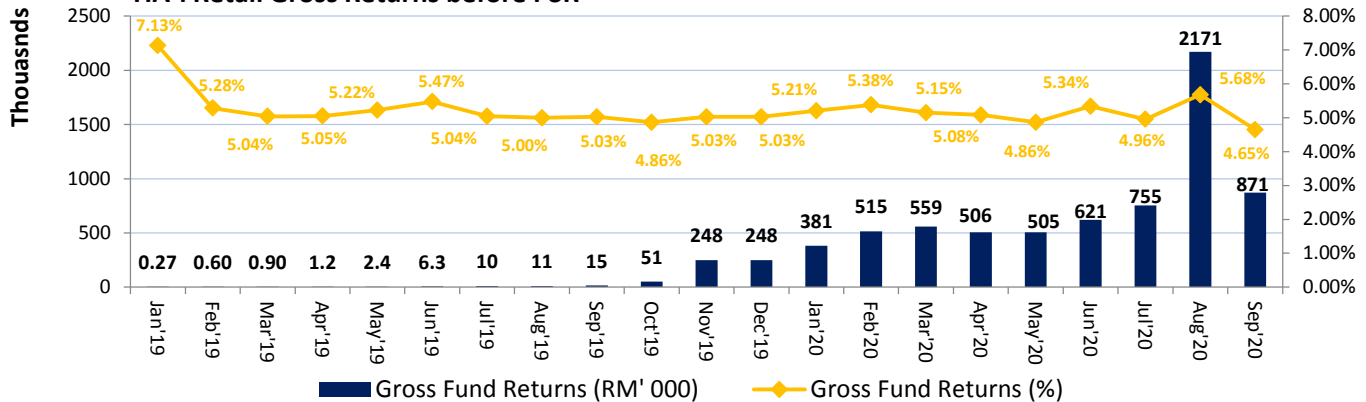
#### TIA-i Retail Fund Size (RM 'mil)



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### TIA-i Retail Gross Returns before PSR



## 2. Rate of Return of TIA-i for Retail Investors

This section is applicable to Investor(s) who have made subscription under the TIA-i 3-month and 6-month tenure.

### 3 Months

Month <sup>4</sup>	Rate of Return to Investors % (p.a) <sup>5</sup>				Gross Rate of Return (Gross RoR) <sup>6</sup>
	Board <sup>7</sup>		Promo <sup>7</sup>		
	Indicative	Actual	Indicative	Actual	
Jul	1.75	1.75	2.65	2.65	4.96
	2.00	2.00	2.85	2.85	
	2.50	2.50	2.90	2.90	
	-	-	2.95	2.95	
	-	-	3.30	3.30	
Aug	1.75	1.75	2.55	2.55	5.68
	2.00	2.00	2.85	2.85	
	2.50	2.50	2.90	2.90	
	-	-	3.30	3.30	
	-	-	2.65	2.65	
	-	-	2.95	2.95	
Sep	1.75	1.75	2.55	2.55	4.65
	2.00	2.00	2.85	2.85	
	-	-	2.90	2.90	
	-	-	2.50	2.50	
	-	-	2.65	2.65	
	-	-	2.95	2.95	

<sup>4</sup> Subscription Month.

### 6 Months

Month <sup>4</sup>	Rate of Return to Investors % (p.a) <sup>5</sup>				Gross Rate of Return (Gross RoR) <sup>6</sup>
	Board <sup>7</sup>		Promo <sup>7</sup>		
	Indicative	Actual	Indicative	Actual	
Jul	1.90	1.90	3.90	3.90	4.96
	2.15	2.15	4.10	4.10	
	2.65	2.65	4.25	4.25	
	2.90	2.90	-	-	
	3.15	3.15	-	-	
Aug	1.90	1.90	3.90	3.90	5.68
	2.15	2.15	-	-	
	2.65	2.65	-	-	
	2.90	2.90	-	-	
Sep	1.90	1.90	-	-	4.65
	2.15	2.15	-	-	
	2.65	2.65	-	-	
	2.90	2.90	-	-	

<sup>5</sup> Rate of Return after PSR (net profit to Investor(s)) are the rates offered to Investor(s) in the respective months.

<sup>6</sup> Gross RoR is the return from investment before the application of PSR.

<sup>7</sup> Multiple rate revisions due to OPR changes.

## Profit & Loss Statement

Profit & Loss Statement for Quarter Ended 30 <sup>th</sup> September 2020			
	Jul 2020	Aug 2020	Sep 2020
Total Gross Income	755,222	2,170,867	870,642
Net Income Distributed to Investors	471,837	1,082,819	490,957
Net Income Distributed to Bank	283,384	1,008,048	379,685

## Statement of Any Changes

There have been no changes in the Investment Objectives, Strategies, restrictions and limitations during the quarter period.

## Underlying Asset Outlook

Based on the Fund Investment Strategies during this review period, the Bank is optimistic on the future performance of the fund until the next review period.

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### Market Outlook

The Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 1.75 percent.

The global economy continues to improve, with the easing of containment measures across more economies and strong policy support. The re-opening of production facilities has led to a resumption of manufacturing and trade activity. However, the recovery in the services sector has been slower. Financial conditions have improved, although risk aversion remains elevated. The outlook is still subject to downside risks and uncertainty, primarily due to the risk of a resurgence of the pandemic and weaker labour market conditions.

For Malaysia, economic activity continues to recover from the trough in April this year. Latest high frequency indicators show that labour market conditions, household spending and trade activity have continued to improve. Also supporting the economic recovery are the fiscal stimulus packages, alongside monetary and financial measures. Looking ahead, the improvement is expected to continue into 2021, supported by the recovery in external demand and expansion in private sector expenditure. However, the pace of recovery will be uneven across sectors, with economic activity in some industries remaining below pre-pandemic levels, and a slower improvement in the labour market. This outlook is still subject to downside risks, particularly from ongoing uncertainties surrounding the course of the pandemic domestically and globally.

Inflationary pressures are expected to remain muted in 2020. Headline inflation is likely to average negative in 2020 given the substantially lower global oil prices, and average higher in 2021, within the earlier projected ranges. The outlook, however, will continue to be significantly affected by global oil and commodity prices. Underlying inflation is expected to be subdued amid spare capacity in the economy.

The cumulative 125 basis points reduction in the OPR this year will continue to provide stimulus to the economy. Given the outlook for growth and inflation, the MPC considers the stance of monetary policy to be appropriate and accommodative. The Bank remains committed to utilise its policy levers as appropriate to create enabling conditions for a sustainable economic recovery.

Source: BNM Monetary Policy Statement (cited)

Date: 10 September 2020

#### IMPORTANT/DISCLAIMER

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Prepared by: