

Term Investment Account-i

Wholesale Fund Performance Report for
Quarter Ended 30 Sep 2020

Term Investment Account-i

Wholesale Fund Performance Report for Quarter Ended 30 September 2020

Fund Information

Product Name	Term Investment Account-i
Shariah Contract	Mudarabah - A profit sharing contract between the Bank as fund manager and the customer as Investment Account Holder (IAH) or the Investor(s).
Investment Account Type	Unrestricted Investment Account – 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):
 - Wholesale(s)
- Investor(s) with low to medium risk
- 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

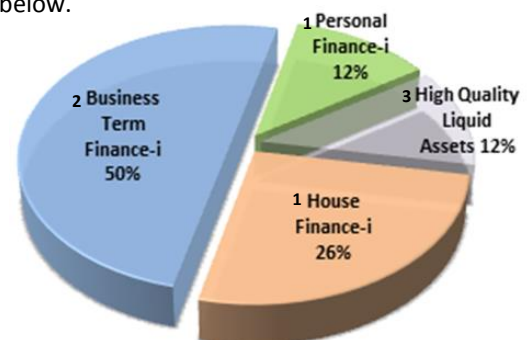
A renewable term investment type of 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 months tenure.

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 assets¹, non-retail assets² and HQLA³ as per chart below.



Note:

¹ Retail financing assets consist of House Financing-i and Personal Financing-i.

² Non-retail financing asset consists of Business Term Financing-i.

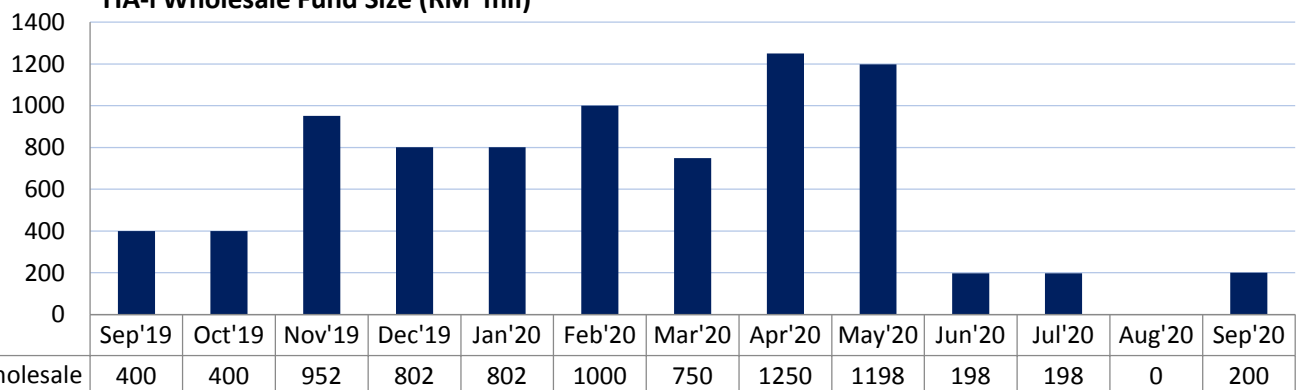
³ High Quality Liquid Assets (HQLA) are assets that can be easily and immediately converted into cash at little or no loss of value.

Fund Performance

1. Fund Size and Returns

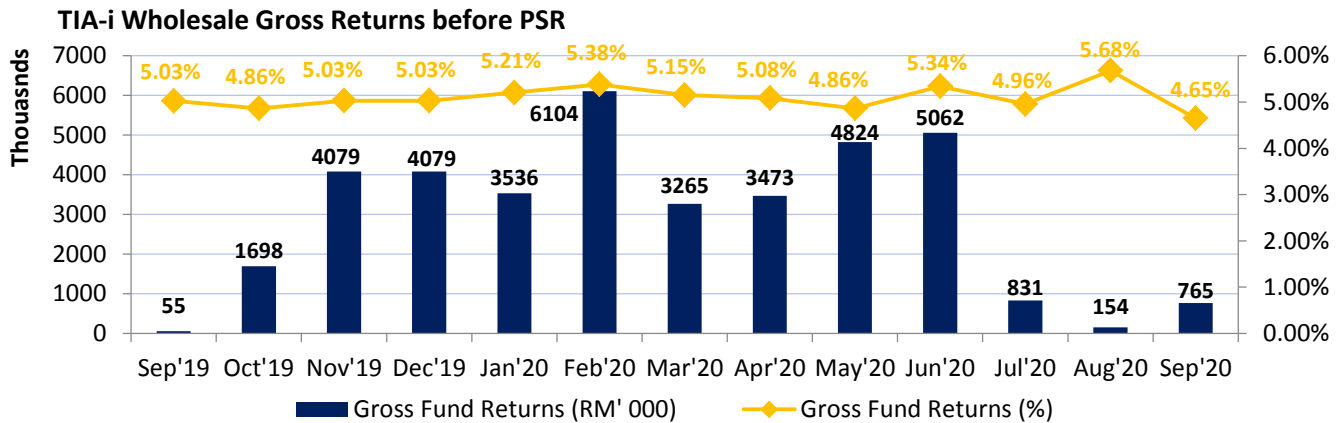
As at September 2020, Term Investment Account-i wholesale fund balance was recorded at RM200 million. Wholesale Fund Balance was nil prior to September 2019.

TIA-i Wholesale Fund Size (RM 'mil)



Term Investment Account-i

Wholesale Fund Performance Report for Quarter Ended 30 September 2020



2. Rate of Return of TIA-i for Wholesale Investors

This section is applicable to wholesale Investor(s) for the quarter period ended September 2020.

6 Month

Month ⁴	Rate of Return to Investors % (p.a.) ⁵		Gross Rate of Return (Gross RoR) ⁶
	Wholesale Rate ⁷		
	Indicative	Actual	
Jul	3.55	3.55	4.96
Aug	3.55	3.55	5.68
Sep	2.40	2.40	4.65

⁴ Subscription Month.

⁵ Rate of Return after PSR (net profit to Investor(s)) that were offered to Investor(s) in the respective months.

⁶ Gross RoR is the return from investment before the application of the PSR.

⁷ Multiple rate revisions due to OPR changes.

Profit & Loss Statement

Profit & Loss Statement for Quarter Ended 30 th September 2020			
	Jul 2020	Aug 2020	Sep 2020
Total Gross Income	831,209	154,111	765,133
Net Income Distributed to IAH	596,984	96,288	394,521
Net Income Distributed to Bank	234,225	57,824	370,612

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.

Statement of Any Changes

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

Term Investment Account-i

Wholesale Fund Performance Report for Quarter Ended 30 September 2020

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

THIS IS AN INVESTMENT ACCOUNT PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE UNDERLYING / ALLOCATED ASSETS AND IS NOT A DEPOSIT PRODUCT.

WARNING

THE RETURN ON THIS INVESTMENT ACCOUNT WILL BE AFFECTED BY THE PERFORMANCE OF THE UNDERLYING ASSETS. THE PRINCIPAL AND RETURNS ARE NOT GUARANTEED AND CUSTOMER RISKS EARNING NO RETURNS AT ALL. IF THE INVESTMENT IS REDEEMED EARLY, CUSTOMER MAY SUFFER LOSSES IN PART OR THE ENTIRE PRINCIPAL SUM INVESTED. THIS INVESTMENT ACCOUNT IS NOT PROTECTED BY PERBADANAN INSURANS DEPOSIT MALAYSIA.

THIS FUND PERFORMANCE REPORT IS PREPARED ONLY FOR THE USE AND BENEFIT OF THE INVESTOR TO ASSESS THE PERFORMANCE OF THE INVESTMENT. THIS REPORT IS NOT TO BE REPRODUCED, CITED OR REFERRED TO IN WHOLE OR IN PART WITHOUT PRIOR WRITTEN CONSENT BY HONG LEONG ISLAMIC BANK.

THE INFORMATION DESCRIBED HEREIN IS AND SHALL NOT BE RELIED UPON AS AN ASSURANCE OR REPRESENTATION OF THE FUTURE PERFORMANCE OF THE INVESTMENT. HONG LEONG ISLAMIC BANK ACCEPTS NO RESPONSIBILITY TO ANYONE OTHER THAN THE PARTIES IDENTIFIED IN THIS REPORT FOR THE INFORMATION PROVIDED.

Prepared by: