

Term Investment Account-i

Wholesale Fund Performance Report for
Quarter Ended 31 Dec 2020

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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

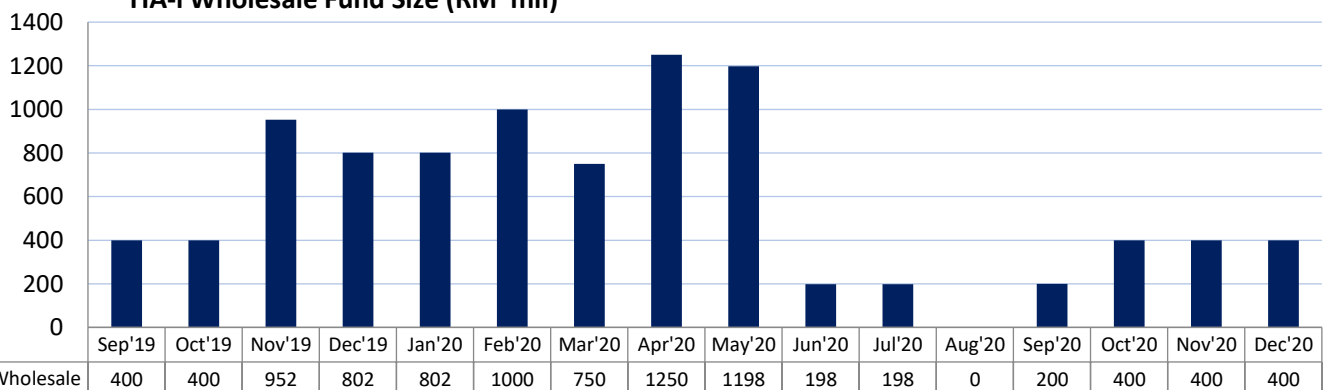
Profit distribution is upon maturity.

Fund Performance

1. Fund Size and Returns

As at December 2020, Term Investment Account-i wholesale fund balance was recorded at RM400 million. Wholesale Fund Balance was nil prior to September 2019.

TIA-i Wholesale Fund Size (RM 'mil)



Nature of Investment Account

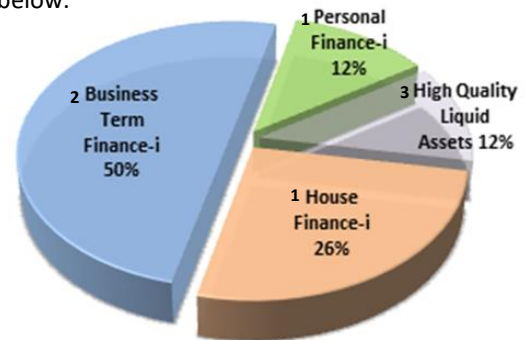
A renewable term investment type of 1 to 12 months tenure.

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.

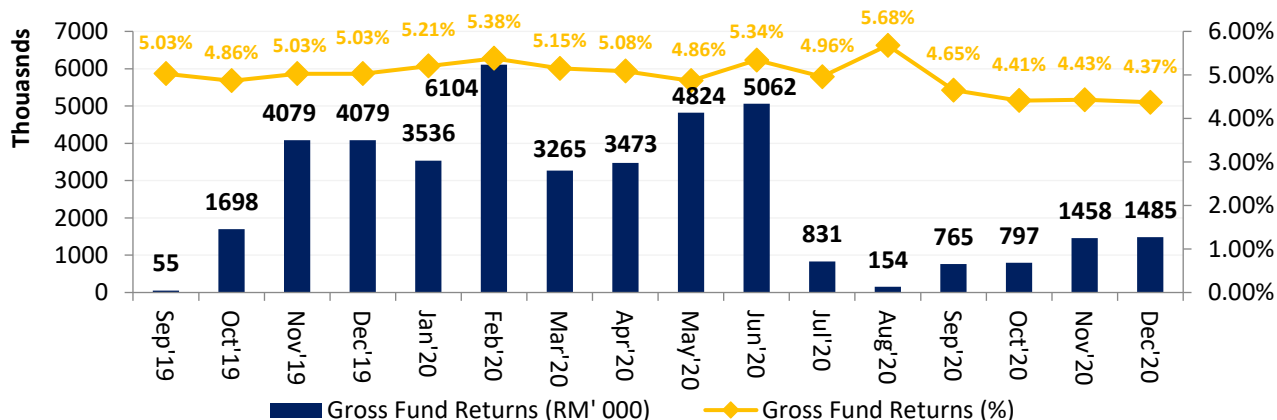
² Non-retail financing asset consists of Business Term Financing-i.

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

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TIA-i Wholesale Gross Returns before PSR



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

This section is applicable to wholesale Investor(s) for the quarter period ended December 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	
Oct	2.40	2.40	4.41
	2.35	2.35	
Nov	2.40	2.40	4.43
	2.35	2.35	
Dec	2.40	2.40	4.37
	2.35	2.35	

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 31 st December 2020			
	RM' Oct 2020	RM' Nov 2020	RM' Dec 2020
Total Gross Income	796,906	1,458,030	1,484,650
Net Income Distributed to IAH	433,425	780,822	806,849
Net Income Distributed to Bank	363,481	677,208	677,801

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.

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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 recover, led by improvements in manufacturing and export activity. Latest indicators show that economic activity picked up in most advanced and regional economies, with a more pronounced recovery momentum in PR China. However, recent resurgences in COVID-19 cases have caused some major economies to re-introduce containment measures, although generally less restrictive than earlier measures. This suggests that the global economic recovery will likely remain uneven in the near-term. Financial conditions have improved, although risk aversion remains elevated. The overall outlook remains subject to downside risks, primarily due to the risk of further resurgence of COVID-19 infections which could lead to weaker business, employment and income conditions.

For Malaysia, the latest indicators point towards significant improvement in economic activity in the third quarter. The introduction of targeted measures to contain COVID-19 in several states could affect the momentum of the recovery in the fourth quarter. Nonetheless, growth for the year 2020 is expected to be within the earlier forecasted range. For 2021, economic activity is projected to improve further. This will be underpinned by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures, and higher production from existing and new facilities. Nevertheless, 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. Downside risks to the outlook remain, stemming mainly from ongoing uncertainties surrounding the pandemic globally and domestically.

In line with earlier assessments, headline inflation is likely to average negative this year given the substantially lower global oil prices. For 2021, headline inflation is projected to average higher. The outlook, however, will continue to be significantly affected by global oil and commodity prices. Underlying inflation is expected to remain subdued in 2021 amid continued spare capacity in the economy.

The MPC considers the stance of monetary policy to be appropriate and accommodative. The cumulative 125 basis points reduction in the OPR this year will continue to provide stimulus to the economy. The MPC will continue to assess evolving conditions and their implications on the overall outlook for inflation and domestic growth. 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: 3 November 2020

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Prepared by: