



# Waheed Investment Account

Fund Performance Report  
for the Quarter Ended 31 March 2017

**BANK ISLAM**

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# Waheed Investment Account

Fund Performance Report for the Quarter Ended 31 March 2017

## 1.0 Key Fund Information

### Dear Investment Account Holder,

Congratulations on becoming Bank Islam's Waheed Investment Account holder, an investment account (IA) designed to meet your investment needs. The first of its kind based on Wakalah contract, the Term Investment Account was introduced to the Malaysian market in June 2015 in line with the implementation of the Islamic Financial Services Act (IFSA 2013).

We are pleased to present the following Fund Performance Report of the Waheed Investment Account for the Quarter ended 31 March 2017.

### 1.1 Product Name

**Waheed Investment Account (Wakalah)** - Under this Waheed Investment Account (Wakalah), the investment account holder, as the muwakkil or principal, authorises the Bank as its agent to undertake investment activities to achieve certain expected returns from the investment.

### 1.2 Investment Account Type

Unrestricted Investment Account - refers to a type of investment account where the investment account holder provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions.

### 1.3 Fund Investment Objective

To generate moderate returns over an agreed period of the investment based on the underlying risk profile of the assets.

### 1.4 Fund Investment Strategies

- To ensure investment is within the investment objective of the Fund with its asset allocation safeguarding the investment portfolio.
- Currently, the Bank invests in an existing House and Fixed Asset Financing Portfolio which is aimed to protect the principal **and generate stable return**.

### 1.5 Nature of Investment Account

Term Investment Account. The minimum investment tenure is 1 day to a maximum of 10 years.

### 1.6 Investment Asset Allocation

The Bank will allocate investors' funds in an existing House and Fixed Asset Financing Portfolio that generates stable profit.

### 1.7 Investor Profile

- Category of investors:
  - Corporate Customers
  - Government Agencies
  - Government Accounts
  - Universities

- Companies, SMEs, and Partnerships
- Other Business & Non-Business Entities
- Investors with either a short or medium term investment horizon
- Investors who require a portfolio of Shariah-compliant investments
- Investors with low risk tolerance
- Investors who seek stable profit

**Note:** Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to the following risks; Market risk, Credit risk, Liquidity risk, Operational risk, and Legal risk. Please visit Bank Islam's website for further explanation of each risk.

### 1.8 Valuation of the Allocated Asset

To be carried out on a monthly basis as part of the process to determine the returns to the investors. The returns on this investment account will be affected by the performance of the allocated assets. The principal and returns are not guaranteed and an investment account holder risks earning no returns at all. This investment account is not protected by Perbadanan Insurans Deposit Malaysia (PIDM).

However, the product structure was designed to mitigate the risk of losing principal. In the event of a liquidation scenario, the Investment Account Holders are ranked ahead of depositors.

### 1.9 Profit Payment Policy

Profit will be paid upon maturity or any payment frequency (for investors with tenure over 15 months), as agreed by the Bank and Investor (e.g. a monthly / quarterly / half-yearly / yearly basis).

### 1.10 Statement on Any Changes

There have been no changes in the investment objectives, strategies, restrictions and limitations during the quarter period.

## 2.0 Risk Statement

In Bank Islam, the Board of Directors has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which is assisted by the Risk Management Division, ensures that there is an effective oversight on development of strategies, policies, procedures and infrastructure to manage the Bank's risks.

## 3.0 Fund Performance

### 3.1 Performance for the Quarter Ended 31 March 2017

Position 2017	Fund Size RM'000	Return on Assets (ROA) %	Return on Investment (ROI)	Distribution Period
January	615	4.27	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions	16 Feb 17 - 15 Mar 17
February	617	4.27		16 Mar 17 - 15 Apr 17
March	619	4.34		16 Apr 17 - 15 May 17

**Note:**

For further illustration, please refer to the Product Disclosure Sheet (PDS), Terms & Conditions and Investment Confirmation Notice.

### 3.2 Asset Allocation

House and Fixed Asset Financing Portfolio (Floating Rate)

## 4.0 Profit Payout

### 4.1 Profit & Loss Statement

<b>WAHEED INVESTMENT ACCOUNT</b>			
<b>Profit &amp; Loss Statement for the Quarter ended 31 March 2017</b>			
	January 2017	February 2017	March 2017
	RM'000	RM'000	RM'000
Profit from financing	2	2	2
Direct expenses*	-	-	-
Allowance for impairment on Financing	(0)	(0)	(0)
<b>Total profit</b>	<b>2</b>	<b>2</b>	<b>2</b>
Return on Asset	4.27%	4.27%	4.34%
Return on Investment	<b>Based on the agreed expected return upon placement of fund, subject to Terms &amp; Conditions</b>		

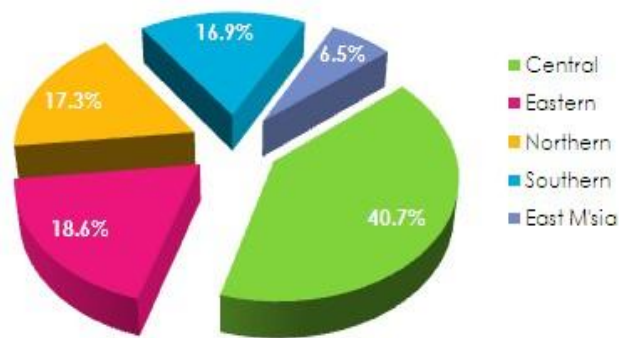
**Note:**

- The Return on Investment (ROI) for Waheed Investment Account (Wakalah) is based on the agreed expected return upon placement of fund, subject to Terms & Conditions.
- In general, due to the investment nature of the product, the ROI is expected to be higher than the Bank's deposit rates.

\* Expenses are identifiable, measurable, compulsory and must be incurred in order to complete a specific investment activity (including financing)

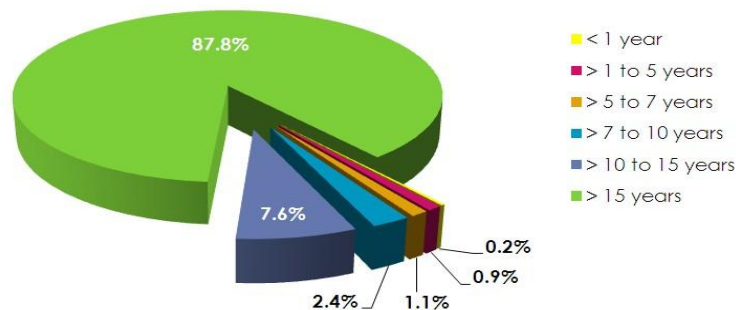
### 4.2 House and Fixed Asset Financing Portfolio Review as at 31 March 2017

### House and Fixed Asset Financing Portfolio by Geographical Location in Malaysia



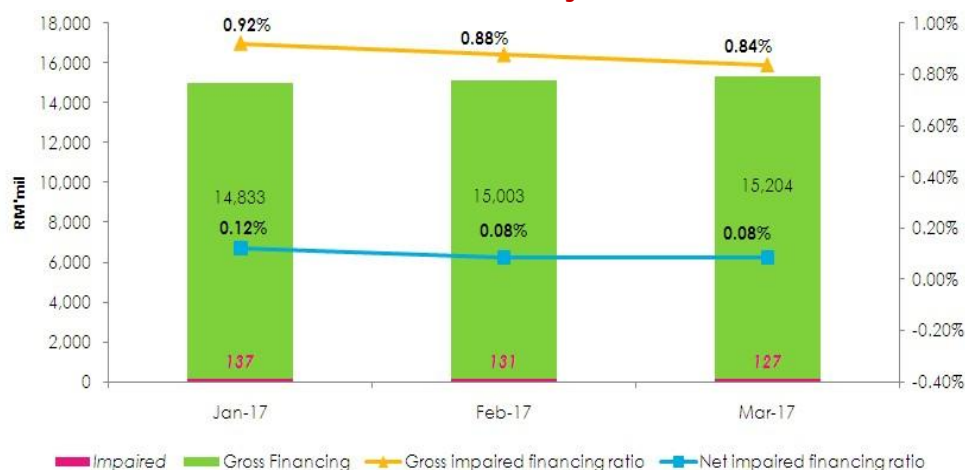
A total of 40.7% from the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects our concentration to developed areas such as the Klang Valley.

### House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in our profit stream which can then be beneficial to the investment return profile especially for long-term investors.

### Asset Quality



The portfolio's low impaired financing ratio reflects a strong asset quality.

## 5.0 Economic Review and Prospects

The uncertainties arising from the new US administration's policies have taken center stage. The proliferation of the perceived populist measures and somewhat inward looking trade policies by Donald Trump has resulted in anxiety in financial markets. Meanwhile, the economic indicators continue to show that the US economy is firming up, leading to further normalisation in the Federal Funds Rate by an increment of 25 basis points in March. In addition, business sentiments as indicated by the Global Purchasing Managers Index suggest that the world economy may hold a promising outlook this year. As in the case of Malaysia, capital flows were volatile especially funds in the bond markets. A total of RM37 billion worth of debt securities have flown out in the 1Q:2017, leading to higher MGS and GII yields during the period. However, institutional foreign investors were generally net buyers in the equities markets, totaling RM5.8 billion in the 1Q:2017 compared to net sales of RM5.3 billion in the preceding quarter. Going forward, the economy is expected to be sustained by improving external demand amidst implementation of infrastructure projects as announced by the government. Despite that, consumers are anticipated to be more cautious in their spending plans following higher cost of living and weak sentiments. As such, the economy is poised to grow between 4.3% and 4.8% in 2017 based on the latest projection by the BNM.

## 6.0 Property Market Outlook

The state of Malaysia's residential property market is still soft as new launches remaining slow amidst cautions stance among the developer and house buyer. Notwithstanding, the government continue to be steadfast to prescribe policy especially for the low and middle income segment through the provision of affordable house. Housing initiatives to address affordability housing issues for the lower and middle income groups would continue to be the main focus by the public and private sectors. For example, affordable houses costing less than RM300,000.00 per unit under PR1MA would now include various programs and incentives. Among others, these include raising the eligibility level from a household monthly income of RM10,000 to RM15,000 'House-for Rent' program, "Special PR1MA End Financing Scheme" program, exemption on stamp duty on the instruments of transfer and financing agreement for first time house buyers and also the reduction on the moratorium on the sale and rental from 10 years to 5 years only. In conclusion, the residential market sector will continue to dominate the market segment, with "affordable housing" taking the limelight. Price adjustments and consolidation can be expected as an increasing supply of affordable housing by both the public and private sectors enter the market.

Prepared by:  
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