NEWSLETTER

July 2021

BIMB INVESTMENT A BANK ISLAM SUBSIDIARY

WHAT'S INSIDE OUR LATEST ISSUE

Dear Investors,

We hope this finds you well and safe in lieu of the rising number of cases. Let us all do our part in the fight against COVID-19. So stay at home, unless absolutely necessary. In this issue, we have several articles and infographics for your reading pleasure. We've kept it short and sweet to ensure that we don't take too much of your time. We've also inserted the time required to reach each article, which we hope you will find it handy.

At BIMB Investment, our two main focus and specialty are on ESG (Environment, Social and Governance) and Shariah compliant investing. These two approaches combined are what we believed to be the best engine for providing sustainable risk adjustable returns for investors, while having a positive impact on people and planet at large. We also promote integrity, transparency and professionalism throughout the Group in leading by examples which we do by setting the right tone right from the top of our organisation. Our newsletters will unpack many issues surrounding ESG and Shariah based investing that you've always wanted to know. *(continued next page)*

Insights and Updates

The first article is on *whether companies will now prioritise ESG practices?* As the COVID-19 pandemic reaches a new level with a few variants sprouting, the spotlight is now on companies worldwide. Many may begin to take environmental issues more seriously, companies who have less carbon footprint will survive and thrive decades to come while leaving a positive impact on the environment. There's also the social and governance aspect that companies would have to address. Business will go to companies who treat their employees fairly, are transparent to their customers and have placed diversity of workforce in their agenda. On the corporate governance front there is much more attention now on whether companies have whistleblowing policies and financial transparency.

For our personal finance section, we have an infographic on 5 pieces of investing tips. Many are overwhelmed by the information available out there in the web, but our team of experts are ready to simplify and keep it jargon free. Do keep a look for future tips and information as well.

Our third article is on wakaf, or more specifically our recently launched fund, the *Makmur myWakaf Fund* – Malaysia's first Wakaf unit trust fund under the Securities Commission Malaysia Waqf-featured framework. 50% of the Fund's income distribution will be channeled for the purpose of wakaf into sectors such as health, community empowerment and education through AIBIM's myWakaf initiative.

Find out more about how you can invest and wakaf at the same time via this fund. Additional information regarding the found can be found here. To watch a video explaining the fund, you may click here.

On 3 June 2021, our CEO En.Najmuddin Mohd Lutfi had the opportunity to speak at the Brunei Darussalam Islamic Capital Market (BICAM) Conference. En.Najmuddin was one of the panelists to speak on Innovative Islamic Finance Solutions to Promote Inclusivity, particularly on Waqf, ESG and Digitalisation

Will Companies Now Prioritise ESG Practices?

Environment, Social and Governance (ESG) and Sustainable Investing has become a topic at the forefront in recent times. In business conferences around the world, industry captains are talking about adopting the ESG practices as part of their strategies – a topic which has come to the fore as economic conditions remain subdued – to ensure sustainability of their organisations.

The Covid-19 pandemic that is plaguing the entire world has put companies through an extreme stress test, alongside issues of climate crisis and social injustice.

Sustainable investing – the integration of environmental, social and governance (ESG) factors into analysis and decision making – has seen a remarkable rise over the past couple of years. Starting from modest levels 15 years ago, it is now estimated at over US$ 30 trillion.

So far, the outbreak of the COVID-19 virus has not stopped the growth of ESG investing, which has seen a steady increase in inflows and better-than-average returns since the start of the pandemic.

The more incidents — like the oil spill in the Gulf of Mexico, the Covid-19 pandemic — the more sustainable investing becomes appealing to investors.

Sustainable responsible Islamic Investing can be helpful in the current economic crisis; for example, good financial prudence like low debt level will help the company survive the crisis.

Another example, fairness in employee rights may lead to lesser layoffs and employees agreeing to pay cuts to overcome the crisis period.

The question now arises whether ESG investing and its corporate equivalent, the integration of sustainability into business models, will become the new normal or whether the pandemic will eventually slow them down or derail them.

What we do understand now is that investors are concerned about more than just balance sheets and profit and loss statements.

On the environmental front, failure to identify potential climate risks is a failure of corporate governance.

On the social front, social injustices are on the rise from exploitation to discrimination and more. Ethical decisions and corporate financial performance cannot be trade offs.

On the governance front, inefficiencies, red tape, maladministration, and corruption still persists.

Stakeholders, including investors, feel the adoption of the best ESG practices are now a need, not a want, as it ensured that companies were well-run and more crucially they would be more sustainable and more resilient in the long run without compromising on ethics and responsibility to its wider stakeholders, especially the environment.

Intelligent ESG investing is bound to become the new normal. Those corporations that fail to transform their business models will be replaced by others that have the adaptive flexibility to thrive in a new world that values smart, clean, and healthy activities.

Personal Finance

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5 PIECES OF INVESTMENT TIPS THAT YOU SHOULD KNOW

TAKE ADVANTAGE OF EMPLOYER-MATCHING CONTRIBUTIONS

When you contribute 11% of your monthly salary to the EPF, your employer will contribute another 12% or 13% of your salary (the statutory contribution rate is subject to changes by the government) to your EPF savings.

THE SOONER YOU START, THE BETTER

Investing allows your money to grow instead of sitting idle. When you invest, any returns you earn are added to your balance, and future returns are then based on that bigger balance. For example, if you invested RM10,000 and earned a 6% average annual return on your investment, you'd have over RM18,000 after 10 years. Give that money 30 years to grow instead and you'd have over RM60,000.

CREATE A FINANCIAL PLAN

Part of your financial plan should include whether you're willing to manage your investments yourself or if you want help. Financial planning can be expensive, but using a robo -intelligence app like BIMB Investment's BEST Invest app have driven costs down.

DON'T TRY TO PREDICT THE MARKET

The temptation to pick out certain sectors in the market can be strong. It's better to get into diversified, low-cost funds.
Even for a professional, attempting to predict the market is challenging. Doing so with an elementary understanding is extremely risky.

TAKE THE LONG VIEW

Thinking about your investments as a marathon instead of a sprint can help stymie your urge to sell if the market takes a turn for the worse. Even massive dips in the market don't feel as scary if you plan to stay invested long-term, because you have time to recover.

Makmur myWakaf Fund

Invest and Wakaf Simultaneously with Makmur myWakaf Fund

To watch the video on the Makmur myWakaf Fund, click here

Recently, BIMB Investment officially launched the Makmur myWakaf Fund (MWF), the First Wakaf Featured Unit Trust Fund under the Securities Commission Malaysia (SC) Wakaf-Featured Fund Framework that was introduced on 12 November 2020 and a Qualified Sustainable and Responsible Investment (SRI) Fund under the SC Guidelines on Sustainable and Responsible Investment Funds. The launch was officiated by YB Senator Datuk Seri Dr. Haji Zulkifli Mohamad Al-Bakri, Minister in the Prime Minister's Department (Religious Affairs).

BIMB Investment is the first fund management company to structure and design a wakaf unit trust fund, hence, introducing a new investment dimension into the fund management industry in Malaysia.

The vision and mission of BIMB Investment and also Bank Islam, is to drive the growth of the Islamic social financial sector such as alms, wakaf and zakat, to ensure the wellbeing growth of the nation.

To achieve this objective, BIMB Investment has combined elements of social finance, especially wakaf, with retail investment to further increase the involvement of multiple parties.

In this article we will be explaining a brief history of wakaf, the uniqueness of Makmur myWakaf fund and how you too can start investing while performing wakaf at the same time.

A brief history of wakaf

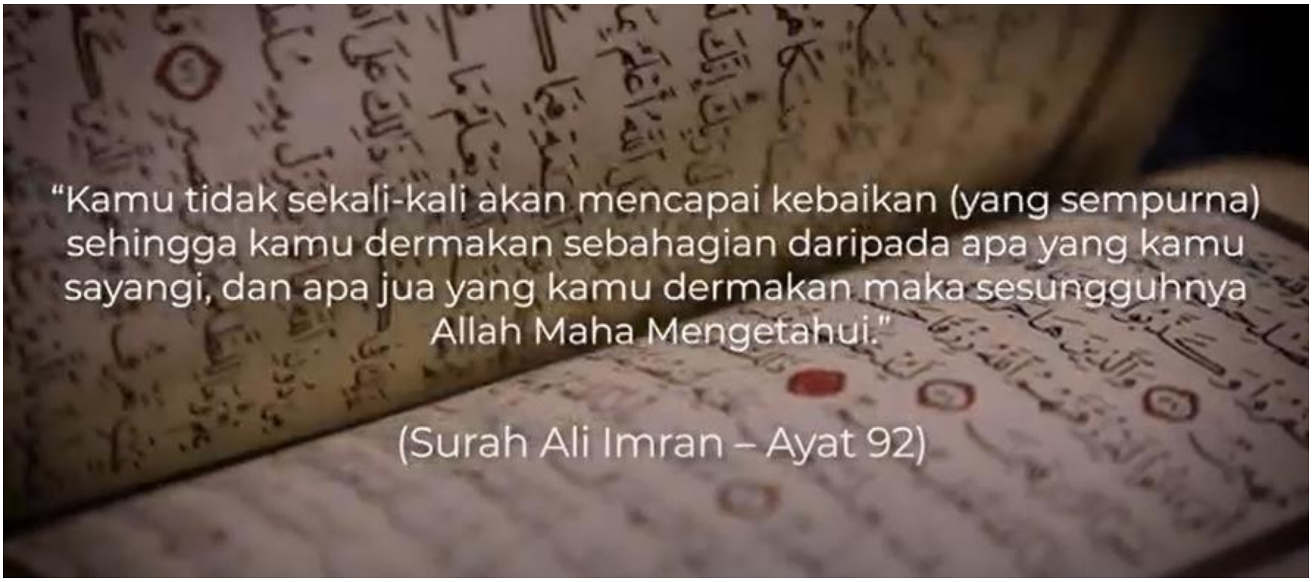
Wakaf is one of the ways of worship or a way to approach Allah (*taqarrub ilallah*) through one's wealth.

This is because wakaf means a person who hands over his property, that can be used without physical loss to the user of the wakaf, from the beginning of the endowed property until the end, for the sake of Allah S.W.T. *(continued next page)*

It cannot be taken back or owned by any individual. Therefore, it is a noble practice that is highly encouraged in Islam.

Among the earliest endowments was by Saidina Umar Al-Khattab R.A who endowed his high value land in Khaibar following the advice given to him by the Prophet (PBUH) for the purpose of seeking the pleasure of Allah SWT.

As a charitable mechanism, wakaf is quite unique compared to alms, gifts or donations because the endowed property will be held indefinitely and can be utilised by anyone.



Among the wakaf projects in Malaysia are:

- At Bank Islam's own headquarters - Menara Bank Islam - was built on a piece of land in Jalan Perak, Kuala Lumpur endowed by the late Ahmad Dawjee Dadabhoy
- Development of Seetee Aisah Endowment Land in Seberang Jaya, Penang which also involves the construction of residences and shop lots.
- Tabung Wakaf Tunai Khas Perkhidmatan Air or Wakaf Air which is a collaboration between Yayasan Waqaf Malaysia and the Ministry of Environment and Water.

At the international level, various efforts mobilized by the authorities and non-governmental organizations (NGOs) include:

- International NGO running the Wakaf Telaga project in Kg Onah Hulu Kabai, Cambodia.
- Vehbi Koç Foundation (Vehbi Koç Vakfı)'s corporate endowment in Turkey focusing on education, healthcare and culture.
- The Awqaf Property Investment Fund (APIF) by the Islamic Development Bank (IsDB) is involved in financing residential and commercial properties to provide financial sustainability for beneficiaries as well as supporting their social and welfare activities.

Wakaf programs are broad and comprehensive and not limited to purely religious projects.

Importantly, any activity undertaken must be Shariah compliant and in the public interest, such as the Makmur myWakaf Fund which incorporates social finance elements in investors' investment strategies.

To make this effort a reality, BIMB Investment also works with various stakeholders including the Securities Commission's Islamic Capital Market Division, Bank Islam's Financial Social Center, Strategic Relations Division and the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM).

Uniqueness of Makmur myWakaf Fund:

The Makmur myWakaf Fund has been carefully designed by BIMB Investment with unique features.

The fund has **5 unique features** that are different from other wakaf funds:

- **Firstly,** the fund uses a sustainability approach that incorporates the principles of the United Nations Global Compact (UNGC) and Environmental, Social and Governance (ESG). The fund will be investing in Sukuk, Shariah-compliant equities, Shariah-compliant equity-linked securities, and Islamic fixed income instruments.
- **Secondly,** collaboration with the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) provides good governance and orderly administration of wakaf assets.
- **Thirdly,** is that the distribution of income from this fund will be made every month to the fund holders.
- **Fourthly,** and most importantly, 50% of the fund's monthly income distribution, if any, will be disbursed as wakaf assets. The wakaf assets will be channeled to three important sectors, namely:

Education sector - to manage, provide or fund educational and research efforts such as infrastructure facilities, research equipment, learning, and scholarship training.

Health sector - to manage, provide or fund health-related efforts such as in medical infrastructure, medical equipment, treatment, and medical services.

Community Empowerment - to manage, provide or finance economic empowerment efforts as in business start - ups and existing businesses.

- **Fifthly,** Dana Makmur myWakaf is available on BIMB Investment's robo-intelligence app, *BEST Invest,* and is the first wakaf fund that provides investment through a digital application in Malaysia.

How do you start investing?

The Fund is now available for subscription to investors with an initial investment amount of only RM200.

- You may visit any nearest Bank Islam branches;
- Invest through our official Unit Trust Consultants; and

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Kelantan	PT 433 & 434, Level 2, Jalan Padang Garong, 15000 Kota Bharu, Kelantan.	Tel : 09 - 7406118 / 012 - 908 7785
Qfalah Agency, Melaka	Level 1, Taman Masjid Tanah Ria Utama, 78300 Masjid Tanah, Melaka.	Tel : 06 - 385 1076

- You may also invest in the fund by downloading BIMB Investment's BEST Invest app ON Apple AppStore or Google PlayStore. With the app, you can invest from as low as RM10.

As investors, you will also receive the half-yearly Wakaf Asset Report detailing the distribution of the Wakaf Asset which will be featured in the Fund's interim and annual reports, from which you will be informed with regards to the distribution of the Wakaf Asset.

Makmur myWakaf fund was created to strengthen and diversify efforts related to wakaf in line with the changes of the times and current technology to ensure that the benefits can be channeled to deserved communities.

With the Makmur myWakaf Fund, all Malaysians have access to wakaf instruments in the form of investments and at the same time contribute to social, educational, welfare and community development throughout the country.

Watch the Fund's video here.

If you have any questions or feedback on future topics that you would like us to cover, do email us at marketing.bimbinvest@bankislam.com.my

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About BIMB Investment Management Berhad

BIMB Investment Management Berhad ("BIMB Investment") is a leading Shariah-ESG investment management company in Malaysia. A wholly-owned subsidiary of Bank Islam Malaysia Berhad, BIMB Investment is a licensed Islamic fund management company registered with Securities Commission Malaysia. Incorporated on 14 September 1993 and commenced its operations on 20 June 1994, BIMB Investment is headquartered in Malaysia.

BIMB Investment has been awarded Best Islamic Asset and Fund Manager in Malaysia 2017, 2018, 2019, & 2020 by Alpha South East Asia, a regional investment and finance publication, and ESG Asset Manager of the year 2019 & 2020 by The Asset Triple A Islamic Finance.

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