

# Portfolio Investment Account-i

Quarterly Fund Performance Report for  
Series 1 (January 2022 – March 2022)

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### Fund Information

**Product Name** Portfolio Investment Account-i (“PIA-i”)

**Shariah Contract** *Wakalah bi Al-Istithmar* - An agency contract where the Investor (Muwakkil) authorizes Hong Leong Islamic Bank Berhad (HLISB) as Agent (Wakil) to perform a particular task for the purpose of investment.

**Investment Account Type** **Restricted Investment Account** - Investor(s) provides the Bank with a specific investment mandate such as purpose, asset class, economic sector and/or period of investment.

**Fund Inception** 21 December 2021

### Investment Objective

The fund aims for capital growth and regular income through medium risk investment.

### Investor Profile

- Category of Investor(s):
  - Individual(s)
  - Sole-Proprietorship(s)
- Investor(s) with medium risk tolerance

**Note:**

Investor(s) are advised to understand the risk(s) related to PIA-i before making an investment decision. Further explanation of each risk is in the Product Disclosure Sheet (PDS) available on HLISB’s website.

### Nature of Investment Account

An investment fund with semi-annual Profit Distribution Period (PDP).

### Fund Investment Strategies

The fund will be invested into three (3) Shariah Compliant Unit Trust funds managed by Hong Leong Islamic Asset Management (HLISAM) which are known as Dana Al-Izdihar (Money Market), Dana Maa’rof (Balanced) and Dana Makmur (Equity). The investment into the three (3) Dana mentioned above will be based on respective asset allocations within the allowable threshold as specified in the PDS to achieve the Expected Profit Rate (EPR) while exercising appropriate defensive mechanisms to moderate market volatility.

### Profit Payment Policy

Profit (if any) payment will be credited into Investor’s CASA-i (HLISB)/CASA (HLBB) within four (4) Business Days after PDP.

### Fees & Charges

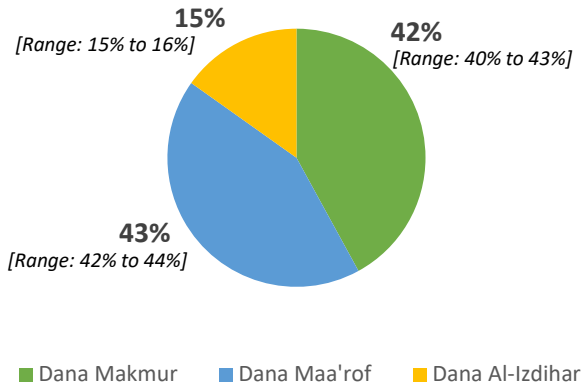
Fee Type	Fee Amount
Management Fee	Dana Al - Izdihar: 0.10% Dana Maa’rof: 1.50% Dana Makmur: 1.50%  (Charged by HLISAM at Individual Dana Level)
Upfront Fee	1%  (Charged by the bank upfront upon placement by Investor during SP)
Incentive Fee	0%  (No Incentive Fee was charged by the bank as the performance did not exceed the expected profit rate of 6% p.a.)

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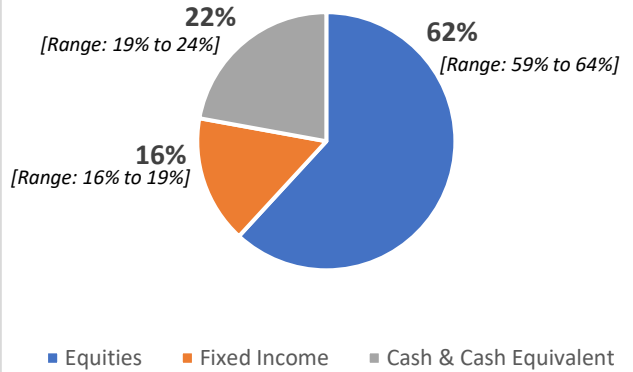
### Investment Dana Allocation

The fund is invested in a portfolio that consist of Dana Al-Izdihar<sup>1</sup>, Dana Maa'rof<sup>2</sup> and Dana Makmur<sup>3</sup> as per chart below (with the allocation range throughout the investment period).



### Investment Asset Class Allocation

Dana Al-Izdihar, Dana Maa'rof and Dana Makmur are invested in a portfolio of Equities, Fixed Income, and Cash & Cash Equivalent as per chart below (with the allocation range throughout the investment period).



**Note:**

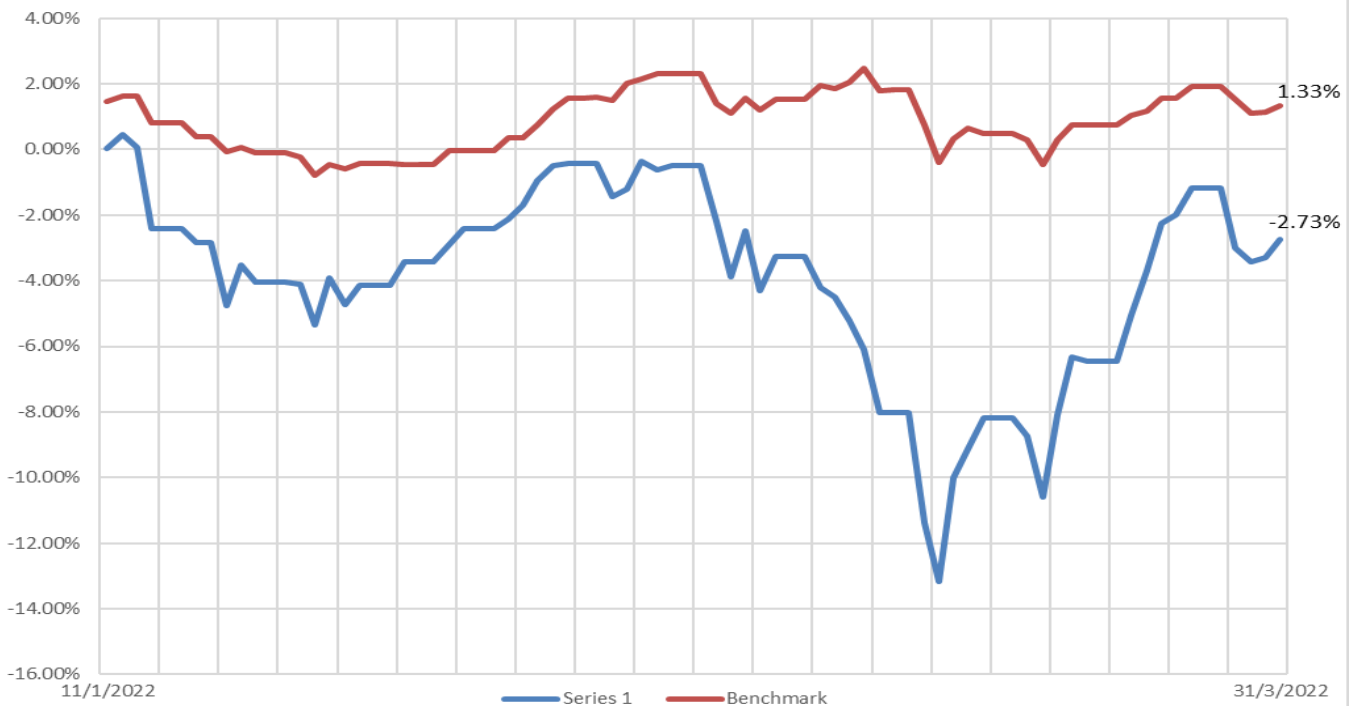
<sup>1</sup> Dana Al-Izdihar assets consist of Islamic deposits and Islamic money market instruments.

<sup>2</sup> Dana Maa'rof assets consist of Shariah-compliant equities, Islamic money market instruments and sukuk.

<sup>3</sup> Dana Makmur assets consist of Shariah-compliant equities, Islamic money market instruments and sukuk.

[Range]: The range mentioned above indicates the percentage of the asset and dana breakdown and movements during the investment period.

### Fund Performance



**Note:**

- Benchmark = 50% FTSE Bursa Malaysia EMAS Sharia return + 30% 3-months KLIBOR + 20% BNM Islamic Interbank Rate.
- Source: Bloomberg

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### Fund Performance Review

Since inception of PIA-i Series 1 in 11<sup>th</sup> January 2022 until March 2022, broad capital market asset allocations especially the equity asset class has experienced a sharp downturn and negative return with the exception of commodities.

Given heightened market volatility arising from runaway inflation and faster pace in monetary policy tightening, the returns were impacted by the volatility from the global market as well.

The underperformance for Series 1 during the period was mainly due to the overweight exposure in the Technology sector in our equities and balanced portfolio (Dana Makmur and Dana Maa'rof). Malaysia technology sector (KLTEC) was down by 19% during the period under review, following weakness in the US technology sector.

Equities market in general slumped during the period as fear of elevated inflation and runaway inflation expectations pressured central banks to raise interest rates at faster pace in order to tame inflationary pressures. However, with faster policy rate hikes and monetary tightening, corporates earnings and consumer spending might dwindle significantly, given consumer shall reduce spending and corporates delaying big ticket investments in an increasing cost of funding environment.

The reasons for the tightening policies globally were mainly due to;

- (i) Russia-Ukraine ongoing war that impacted the commodities price (as Russia and Ukraine are major exporters of commodities); and
- (ii) the supply chain issues caused by China's lockdown that affected the general prices of goods and materials globally.

**Reference: Hong Leong Islamic Asset Management**

### Market Outlook & Strategy

Going forward, HLISAM remain cautious on the market volatility both in the equities and fixed income space. Given the possibilities of more rate hikes coming in globally, HLISAM think that the market would be volatile in the near to mid-term.

However, there are silver linings in the capital market in HLISAM's view. Commodities price, especially crude oil and crude palm oil has somewhat retraced, giving the hope that inflation might have already peaked and central banks could slow or halt its interest rates hike. HLISAM is also monitoring closely on the supply chain issues caused by COVID lockdown and the progress with the Russia-Ukraine war. If both of these issues could be resolved, HLISAM thinks the market would turn to a risk-on mode and equities market could stage a good rebound from the current level.

**Reference: Hong Leong Islamic Asset Management**

### Statement of Any Changes

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

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### IMPORTANT/DISCLAIMER

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Prepared by: