

# Portfolio Investment Account-i

Quarterly Fund Performance Report for  
Series 1 (July 2022 – September 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

### Nature of Investment Account

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

### 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%  <i>(Charged by HLISAM at Individual Dana Level)</i>
Upfront Fee	1%  <i>(Charged by the bank upfront upon placement by Investor during SP)</i>
Incentive Fee	0%  <i>(No Incentive Fee was charged by the bank as the performance did not exceed the expected profit rate of 6% p.a.)</i>

### 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 Product Disclosure Sheet (PDS) to achieve the Expected Profit Rate (EPR) while exercising appropriate defensive mechanisms to moderate market volatility.

### 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 PDS available on HLISB’s website.

### Return Performance

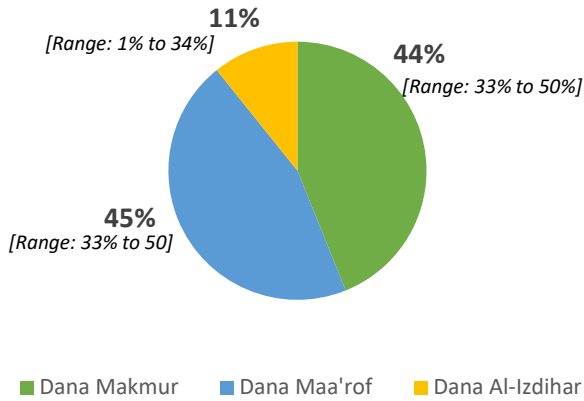
PDP	Period	Total Return since Inception (%)
PDP 1	6 Months (11 January 2022 - 12 July 2022)	-15.30%

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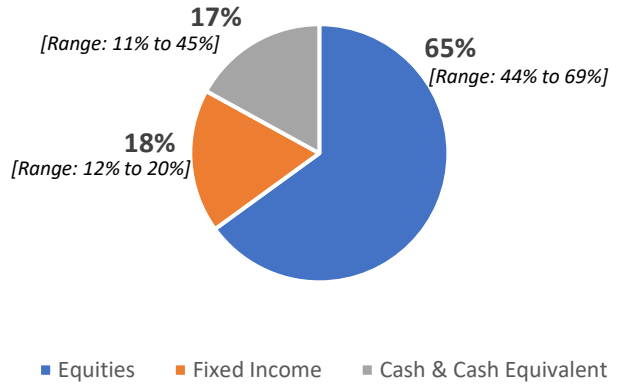
### Investment Dana Allocation

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:**

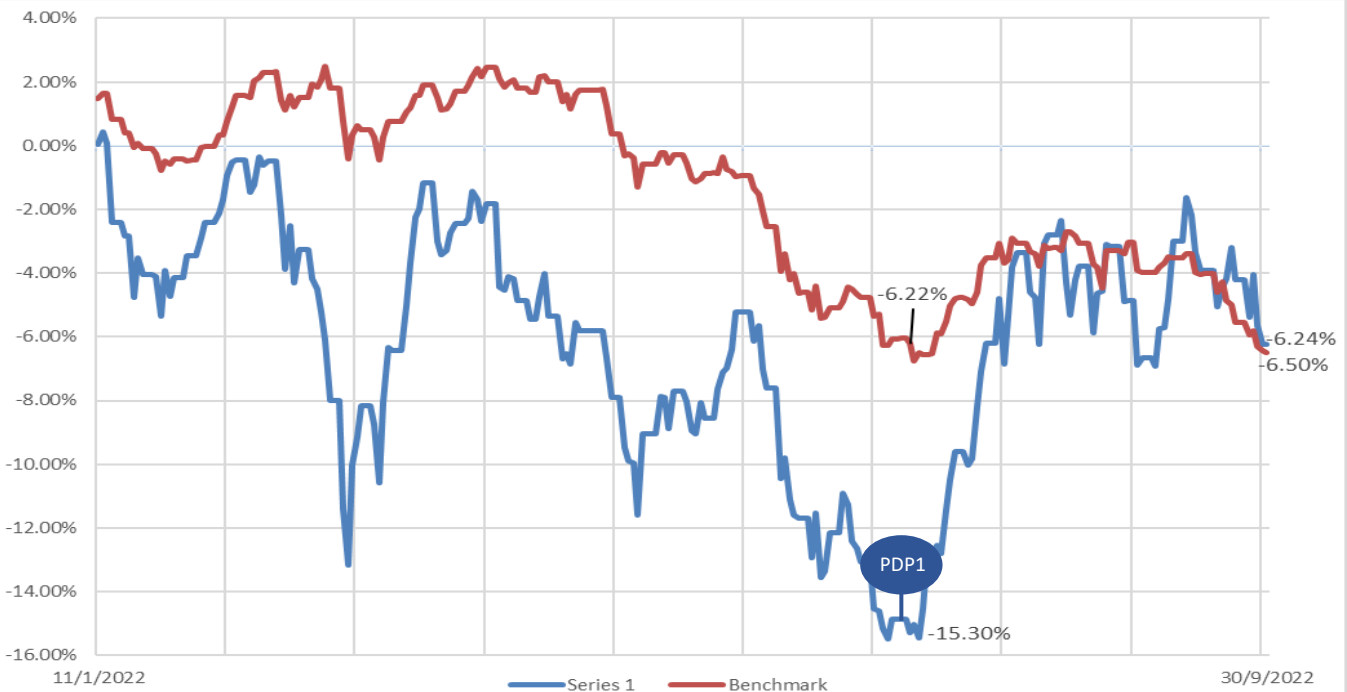
<sup>1</sup> Dana Al-Izdihar assets consist of Islamic deposits and Islamic money market instruments.

<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.
- The PIA-i fund registered a loss of -15.30% in six months during the first PDP on 12<sup>th</sup> July 2022.
- Source: Bloomberg

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### Fund Performance Review

Central banks reiterated their hawkish stance and reaffirmed their commitment towards fighting inflation during the period under review. Consequently, both shares and bonds garnered steep losses as any hopes of interest rate cuts were dashed. Commodities were not spared as well.

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 due to the overweight sector exposure in Technology and Industrial sectors, which were down by 3% and 6% respectively. KLCI and FBMS indexes were also down by 3% and 5% during the period. Regional markets were not spared as well.

Hopes for a Fed pivot gained steam in July as concerns about slowing growth started to surface, reigniting engines for risk-assets as equities advanced. However, during August's Jackson Hole summit of central bankers, asset classes across the board were sent lower following major central bank's reaffirmation to fighting inflation. Prices continued to increase during the period as energy costs climbed on the back of geopolitical tensions.

The US inflation numbers came in at 9.06% in June. Central bankers globally were firm on fighting the inflation and consensus are expecting the interest rates hike will continue in the near to mid term. Supply glut issues has not been resolved as China has not open its border for economic activities in order to achieve its "zero-Covid" policy and war between Russia and Ukraine is still ongoing, prompting that the inflation could stay high in the near term.

**Reference: Hong Leong Islamic Asset Management**

### Market Outlook & Strategy

Sentiment in the equities market were weak in general. While investors were hoping for the Fed to pivot soon, the inflation data from the US, Europe and other countries suggested that interest rate hikes are still in play to contain them.

Commodities prices has retraced quite a bit during the 3-months period. While the market were still in the negative territory, the retracement has somewhat slowed down. This could signal that the market might view that the June 2022 inflation numbers was the peak at 9.06%. While this data might not come down fast, if the market is correct on the peak numbers, we should see a rebound in the equities market despite that the US might still hike its interest rates. However, HLISAM will continue to monitor the global events such as the Russia-Ukraine war, the supply glut issues and other economic factors that might impact the market in general.

**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: