

# Portfolio Investment Account-i

Quarterly Fund Performance Report for  
Series 1 (October 2022 – December 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

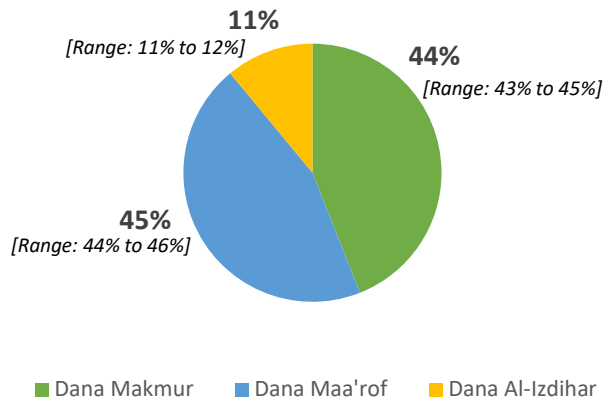
Fee Type	Fee Amount
Management Fee	Dana Al - Izdihar: 0.10% Dana Maa’rof: 1.50% Dana Makmur: 1.50%  <i>(Charged by HLISAM at Individual Dana Level)</i>
Upfront Fee	1%  <i>(Charged by the bank upfront upon placement by Investor during SP)</i>
Incentive Fee	0%  <i>(No Incentive Fee was charged by the bank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

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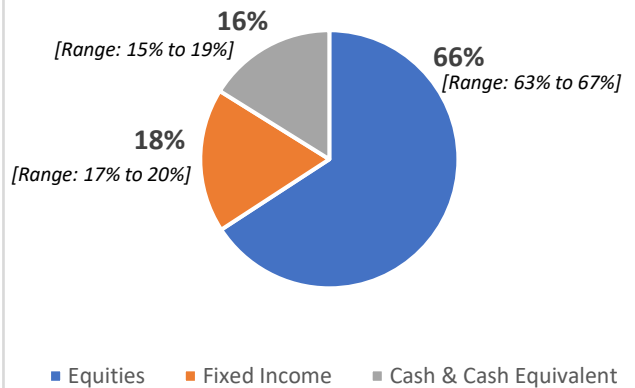
### Investment Dana Allocation

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:**

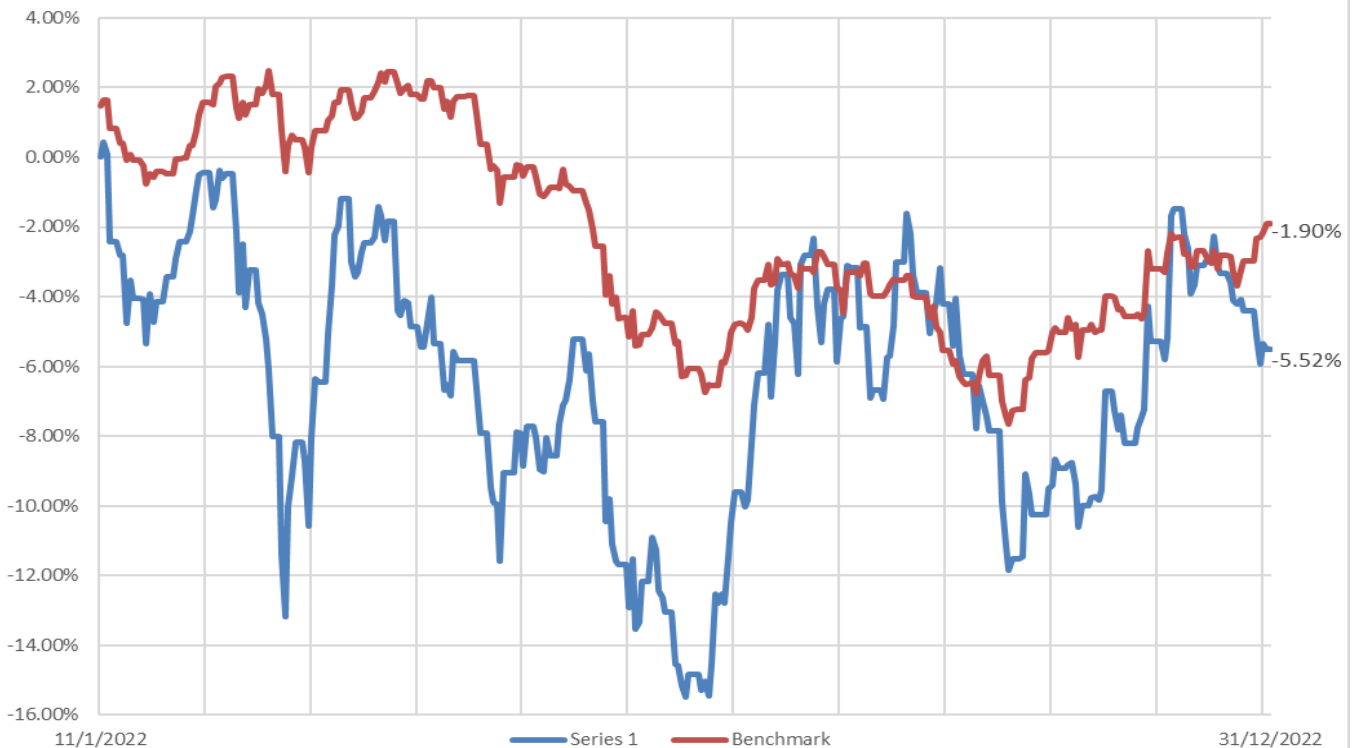
<sup>1</sup> Dana Al-Izdihar assets consist of Islamic deposits and Islamic money market instruments.

<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

Markets closed a volatile year with gains during the 4<sup>th</sup> quarter. Stocks advanced strongly during the period underpinned by optimism surrounding China's relaxation of its zero-Covid policy. Markets balanced this with ongoing caution from the Fed with indications that elevated inflation could be cooling as bond yields rose.

Equity gains were supported by hopes that inflation may be peaking globally. In addition, GDP continued to chart sturdy growths in advanced economies albeit forward-looking indicators such as PMI continued to point towards a contraction. This had raised hopes that central banks could have successfully engineered a soft landing while steering down inflation.

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). Despite Malaysia technology sector (KLTEC) was down by 4% during the period under review, Year-to-Date the index is down by 34% following weakness in US tech sector.

Recovery is especially pronounced in Hong Kong and Chinese share prices after Beijing loosened its pandemic restrictions that have constrained China's economic growth since early 2020. Furthermore, this had also spilled over to emerging market equities, helped by a weaker US Dollar.

Overall, markets ended the quarter with a mixed note as equities rose while bond prices fell. Commodities recorded a positive performance in the 4<sup>th</sup> quarter as well, with higher prices in industrial and precious metals offsetting weaker prices in agriculture.

**Reference: Hong Leong Islamic Asset Management**

### Market Outlook & Strategy

While the market in general was positive in the 4<sup>th</sup> quarter, HLISAM remain cautious in the near-mid term as we think that volatility in the market could persist.

Over the longer-run, HLISAM think that the market could stage a rebound as we are of the view that the inflation has already peaked in June 2022. While the market still expects rate hikes to continue, market should be supported by the better earnings from corporates, expectation of China reopening that could help the supply chain issues and the cheap valuations of the domestic and regional market. HLISAM would want to remain invested as the short term volatility does not change our long term view.

**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: