

Portfolio Investment Account-i

Quarterly Fund Performance Report for
Series 1 (October 2023 – December 2023)

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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

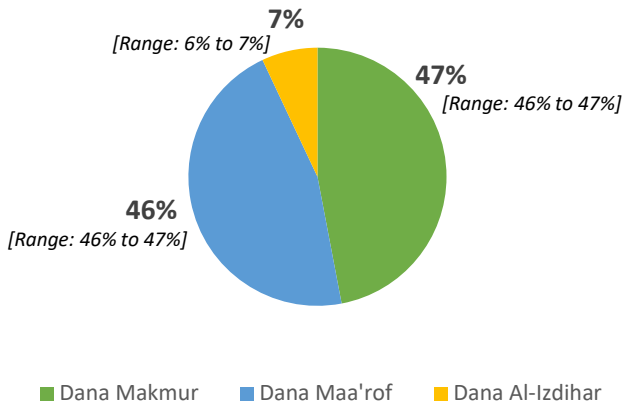
Fee Type	Fee Amount
Management Fee	Dana Al - Izdihar: 0.10% Dana Maa’rof: 1.50% Dana Makmur: 1.50% (Charged by HLISAM)
Upfront Fee	1% (Charged by the bank upfront upon placement by Investor during SP)
Incentive Fee	0% (No Incentive Fee was charged by the bank as the performance did not exceed the expected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

Portfolio Investment Account-i

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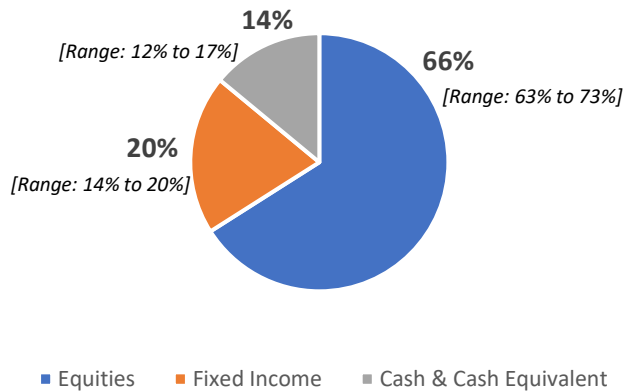
Investment Dana Allocation

The fund is invested in a portfolio that consist of Dana Al-Izdihar¹, Dana Maa’rof² and Dana Makmur³ 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:

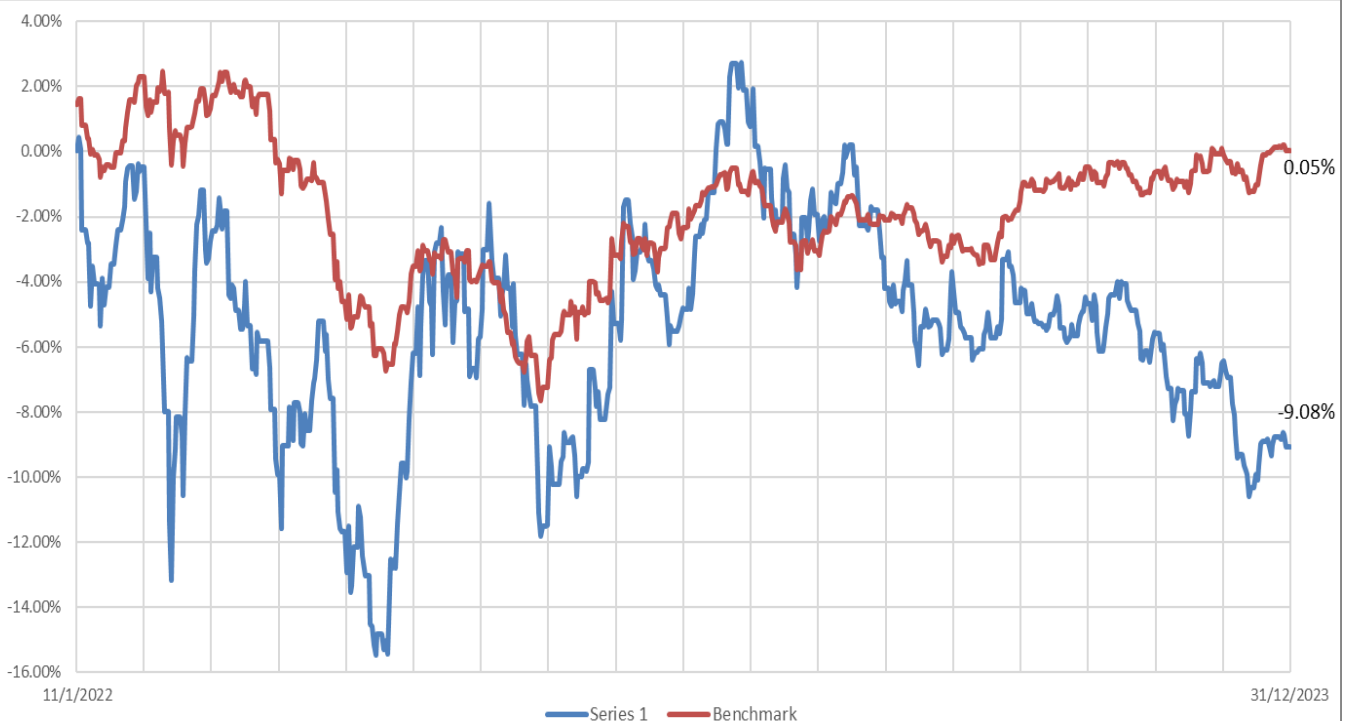
¹ Dana Al-Izdihar assets consist of Islamic deposits and Islamic money market instruments.

² Dana Maa’rof assets consist of Shariah-compliant equities, Islamic money market instruments and sukuk.

³ 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

Portfolio Investment Account-i

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Fund Performance Review

In the last quarter of 2023, the US market rallied on the expectation of a soft-landing and a dovish Fed. The US market was boosted by the FOMC's statement in December 2023, which signaled a possible rate cut as early as the first half of 2024, after raising the interest rate four times in 2023. The US 10-year Treasury bond yield dropped 45bps in December 2023, ending the year at 3.88%.

The Malaysian market, on the other hand was relatively muted, with headwinds from the decline in exports and industrial production. The exports fell by 5.9% YoY in November 2023 mainly due to the lower demand for electrical and electronic products, palm oil, and rubber products. The headline CPI inflation moderated to 1.5% YoY in November 2023, the lowest since February 2021, as the food prices rose at a slower pace.

On the corporate front, Malaysian Pacific Industries Bhd (MPI) said it will cease its leadframes manufacturing operations under Dynacraft Industries Sdn. Bhd. by end-January next year. Dayang Enterprise (Dayang) announced that its wholly-owned subsidiary, Dayang Enterprise Sdn Bhd, has been awarded a scope expansion to cover Sarawak Gas (SK Gas) area for the provision of offshore MCM services for Petronas Carigali. Dagang Nexchange Bhd's (DNeX) subsidiary Dagang Net Technologies Sdn Bhd has accepted a contract valued at RM18.08 mil from the Port Klang Authority for the installation of the Malaysia Maritime Single Window Phase 1 (MMSW) for the Ministry of Transport.

Series 1 underperformed during the period, mainly attributed by the fund's overweight exposure in the Energy sector in our equities and balanced portfolio (Dana Makmur and Dana Maa'rof). The Energy sector was down by 8.5% while FBMKLCI and FBMS were up by 2.1% and 1.1% respectively during the period under review.

Reference: Hong Leong Islamic Asset Management

Market Outlook & Strategy

HLISAM has turned cautiously optimistic going into 2024. We think that the rate hike cycle globally may be coming to an end as inflation seems to have moderated in the last few months. Locally, we have seen some interest from foreign investors towards our equity market. FBMKLCI and FBMS are undervalued as compared to its historical averages, and we are of the view that the market would be supported by domestic corporates earnings' growth, political stability and possible fund flow into our market.

Commodities prices should be stable in the near to mid-term, and this would bode well for our domestic market. HLISAM is of the view that the downside for domestic equity market is rather limited at this juncture. Risks towards the market in the near term would be;

- (i) corporates' earnings disappoints,
- (ii) China economic slowdown, and;
- (iii) weaker commodity prices.

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: