

Portfolio Investment Account-i

Quarterly Fund Performance Report for
Series 2 (August 2022 – October 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 20 April 2022

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

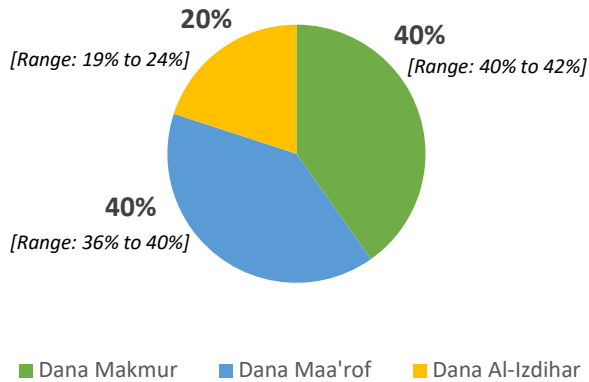
| Fee Type | Fee Amount |
|----------------|----------------------------------------------------------------------------------------------------------------------------|
| Management Fee | Dana Al - Izdihar: 0.10% Dana Maa’rof: 1.50% Dana Makmur: 1.50% (Charged by HLISAM) |
| Upfront Fee | 1% (Charged 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.) |

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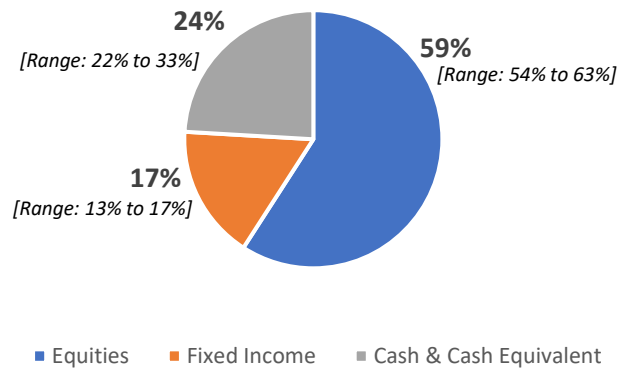
Investment Dana Allocation

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:

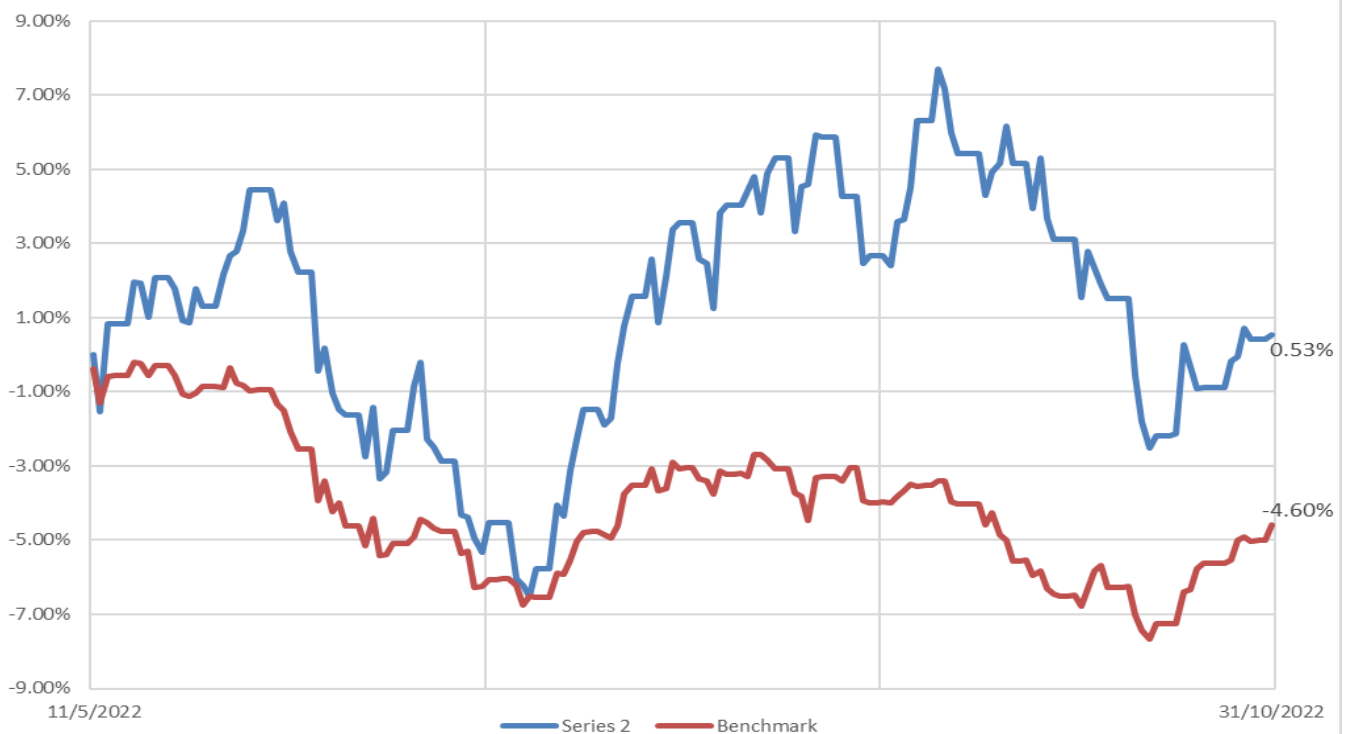
¹ Dana Al-Izdihar assets consist of Islamic deposits and Islamic money market instruments. The investment allocation into Dana Al-Izdihar is a defensive mechanism attempt to moderate market volatility.

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

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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 2 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 12% during the period under review, following weakness in the US technology sector.

Thereafter in October, markets started to recover some lost grounds despite tighter monetary policy. Economic data releases were also mixed but with a downside bias as global PMIs contracted further. Investors may have focused on the ongoing earnings season which were better-than-expected.

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

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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Prepared by: