

Portfolio Investment Account-i

Quarterly Fund Performance Report for
Series 2 (November 2023 – January 2024)

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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

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% (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.)

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

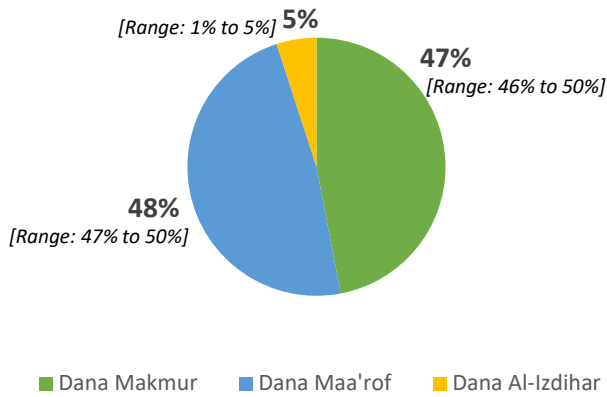
PDP	Period	Total Return since Inception (%)
PDP 3	6 Months (11 May 2023 – 14 Nov 2023)	-2.74%

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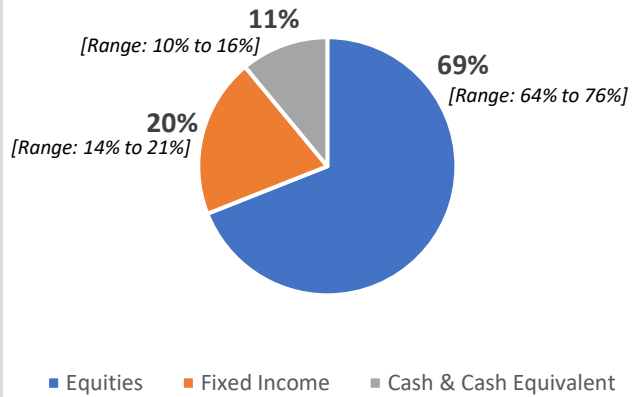
Investment Dana Allocation

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:

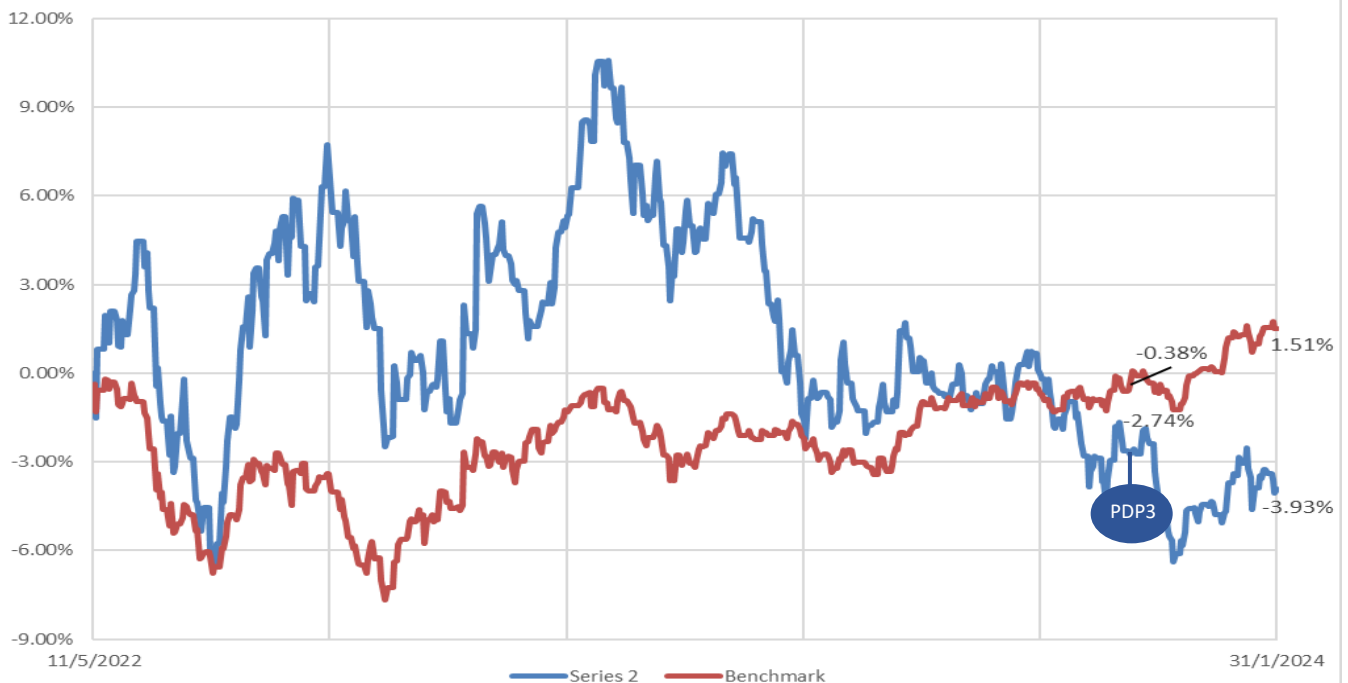
¹ Dana Al-Izdihar assets consist of Islamic deposits and Islamic money market instruments.

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.
- The PIA-i fund registered a profit of -2.74% in six months during the third PDP on 14th November 2023.
- Source: Bloomberg

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Fund Performance Review

US market rallied during the period under review. Both Dow Jones Index and S&P 500 index were up by 15.4% and 15.5% respectively. The concerns on “higher-for-longer” interest rates environment, high inflation and slower economic growth eased especially towards the later part of 2023, and appetite for risky assets was renewed.

Malaysia equity market was also boosted by the sentiment globally. During the period under review, FBMKLCI and FBMS gained 4.9% and 4.0% respectively. Foreign investors started to come back into the domestic market, with a net buy position for three consecutive months.

On the corporate front, Sam Engineering & Equipment (M) Bhd (SAM) has proposed to acquire the entire equity interest in Aviatron (M) Sdn Bhd from Singapore Aerospace Manufacturing Pte Ltd for US\$43.40 million (approximately RM202.24 million) cash. In a Bursa Malaysia filing, the engineering company said it is a “timely opportunity” after taking into consideration Aviatron’s prospects and healthy order book, which is supported by long-term contracts with two major customers - subsidiaries of the world’s largest supplier of aerospace and defense products - as they raise aircraft production and deliveries. Kerjaya Prospek Bhd (KERJAYA) has secured two contracts totaling RM95.1 million from two indirect subsidiaries of Eastern & Oriental Bhd (E&O) for construction projects in Penang.

Series 2 was in a slight positive during the quarter under review, but underperformed as compared to the benchmark. The Malaysia Industrial sector (KLPRO) was up by 0.4%, Technology sector (KLTEC) up by 1.3% and Energy sector (KLENG) gained 3.1%.

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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Prepared by: