

Portfolio Investment Account-i

Quarterly Fund Performance Report for
Series 2 (May 2023 – July 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 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 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

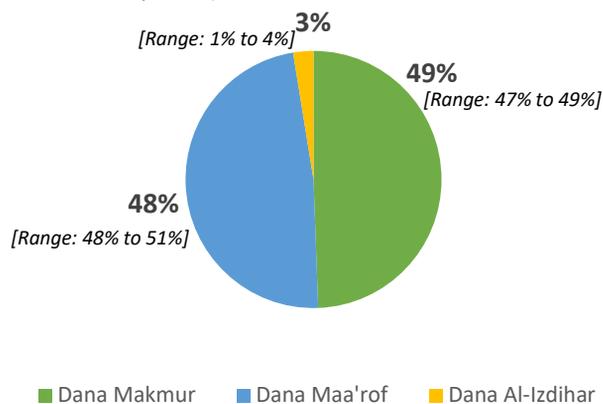
PDP	Period	Total Return since Inception (%)
PDP 2	6 Months (11 Nov 2022 - 11 May 2023)	1.83%

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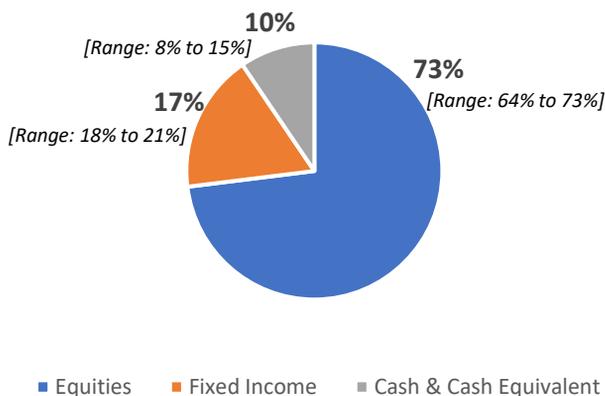
Investment Dana Allocation

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:

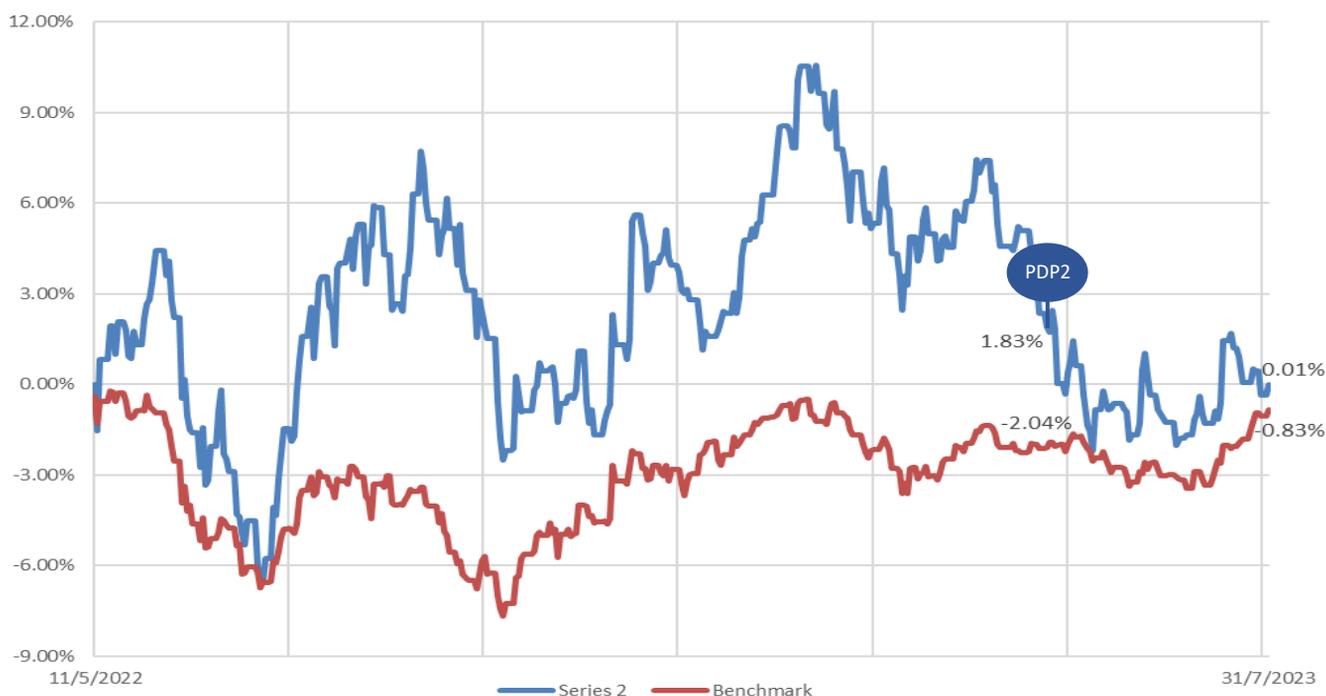
¹ Dana Al-Izdihar assets consist of Islamic deposits and Islamic money market instruments.

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 1.83% in six months during the second PDP on 11th May 2023.
- Source: Bloomberg

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Fund Performance Review

Enthusiasm over Artificial Intelligence took center stage during the period. This had boosted the performance of front-end semiconductor stocks that are predominantly based in developed markets. Consequently, global shares gained during the period with the advance led by developed markets.

Major central banks were seen keeping at it as interest rates had risen further during the period although US Federal Reserve elected to stay on hold during its June meeting. As a result, global bond yields marched higher during the period.

Sticky inflation which had led to tighter monetary policy globally had caused ASEAN currencies to depreciate against USD. This had prompted net foreign outflows from the region, impacting names that had high foreign shareholdings especially those in Financials and Technology sectors.

Series 2 underperformed during the period attributed by the fund's overweight exposure in the Technology sector in our equities and balanced portfolio (Dana Makmur and Dana Maa'rof). This was despite the Malaysia technology sector (KLTEC) was up by 4% and FBMKLCI gained 3% during the period under review.

Overall, markets continued to remain data-driven with central banks reiterated their stances on bringing down inflation towards their targets. Hopes have also risen that central banks may have orchestrated a so-called "soft landing", by cooling growth and taming inflation without triggering a recession.

Reference: Hong Leong Islamic Asset Management

Market Outlook & Strategy

Domestic market in general staged a rebound in the later part of the quarter. This is following the tech sector run-up in the US and possibilities of interest rate cuts going into 2024.

HLISAM still view the domestic market as undervalued, given its discounted price/earnings ratio (PER) compared to its historical average. Corporate results has been good and supply chain issues has somewhat dissipated. Capital reallocation should remain a challenge for our domestic market as long as the interest rate differential and the AI/Tech boom in the US is still the main story. HLISAM would want to remain invested given our confidence that the capital will start to reallocate back into this part of the region towards the later part of 2023.

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: