

HLMT MAA'ROF FUND (HLMTDM2)

Nov 2023

Fund Features

1. Investment Objective

HLMT Maa'rof Fund – HLMTDM2 (“The Fund”) aims to provide a convenient access into a diversified investment portfolio containing a balanced mixture of equities and Sukuk that complies to the Shariah requirements.

2. Investment Strategy & Approach

At inception, this fund will invest by feeding into Hong Leong Dana Maa'rof (“Target Fund”), a shariah-compliant unit trust fund managed by Hong Leong Asset Management Berhad.

Generally, the Target Fund selects undervalued companies that have the potential to offer medium-to-long term (3 to 5 years) capital growth.

3. Asset Allocation

The Fund will be investing a minimum of 90% of the Fund's net asset value (“NAV”) in the Target Fund and a maximum of 10% of the Fund's NAV in money market instruments and/or deposits.

The indicative asset allocation for the Target Fund is to invest a minimum 40% and maximum 60% of its NAV into Shariah-compliant equities. The Target Fund may also invest between 40% to 60% of its NAV into Islamic Money Market Instruments and Sukuk.

4. Target Market

The Fund is suitable for investors who:

- Have conservative to moderate risk-reward temperament.
- Have preference in receiving regular income and returns from capital growth.
- Have medium-to-long term investment horizon.

Fund Details

| | |
|-----------------------------|---|
| Unit Price (30/11/2023) | RM 0.9418 |
| Fund Size (30/11/2023) | RM 1.7mil |
| Fund Management Fee | 1.50% p.a |
| Fund Manager | Hong Leong MSIG Takaful Berhad |
| Fund Category | Islamic Balanced/Growth & Income |
| Fund Inception | 13/04/2021 |
| Benchmark | FBM Emas Shariah Index + KLIBOR 3-months (60:40) |
| Frequency of Unit Valuation | Daily |

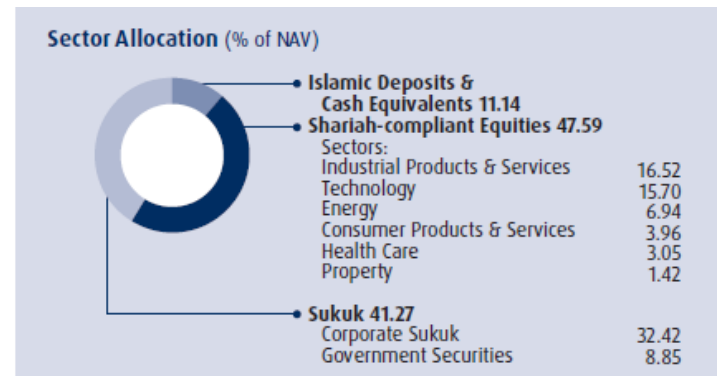
*The company reserves the right to change the Fund Management Fee (% p.a.) by giving the Certificate Owner ninety (90) days prior written notice.

*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx

Asset Allocation of HLMTDM2 as at 30 Nov 2023

| | |
|-------------------------|---------------|
| Hong Leong Dana Maa'rof | 98.7% |
| Cash | 1.3% |
| Total | 100.0% |

Sector Allocation of Target Fund as at 30 Nov 2023



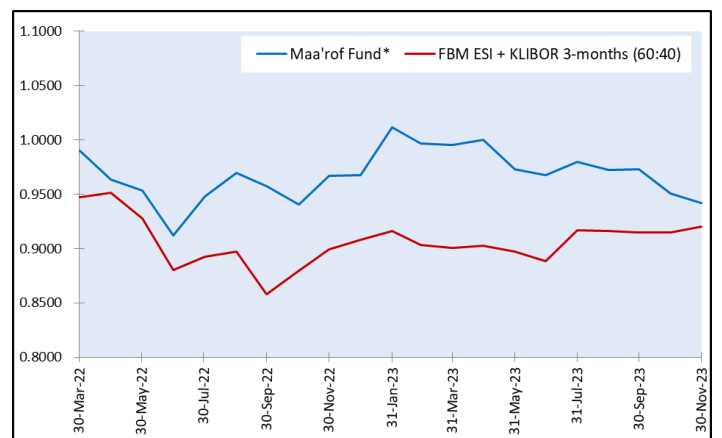
Top 5 Shariah-compliant Holdings of Target Fund as at 30 Nov 2023

| | | |
|---|---|--------------|
| 1 | Frontken Corporation Berhad | 2.38% |
| 2 | UWC Berhad | 2.33% |
| 3 | P.I.E. Industrial Berhad | 2.32% |
| 4 | Dufu Technology Corporation Berhad | 2.29% |
| 5 | Focus Point Holdings Berhad | 2.13% |

Top 5 Sukuk Holdings of Target Fund as at 30 Nov 2023

| | | |
|---|---|--------------|
| 1 | CIMB Bank Berhad | 4.39% |
| 2 | Sepangar Bay Power Corporation Sdn Bhd | 4.37% |
| 3 | Kimanis Power Sdn Bhd | 4.33% |
| 4 | Government Investment Issue – 2026 | 4.21% |
| 5 | Infracap Resources Sdn Bhd | 4.20% |

Historical Performance



| | 1 Month | YTD | 1 Year | 3 Year | 5 Year | Since Inception |
|-------------------|---------------|---------------|---------------|--------|--------|-----------------|
| Maa'rof | -0.90% | -2.68% | -2.58% | - | - | -5.82% |
| Benchmark* | 0.61% | 1.31% | 2.31% | - | - | -7.98% |
| Relative | -1.51% | -3.99% | -4.89% | - | - | 2.16% |

*FBM ESI + KLIBOR 3-months (60:40) (Source: Lipper for Investment Management)

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month of November, The KLCI climbed 0.7% MoM to 1,453 points, the second consecutive month of gains following the 1.3% gain in October 23. The broader market slightly underperformed as the FTSE BM EMAS Shariah Index was up by 0.81% to close at 10,929 points. Small cap outperformed as well with a gain of 1.62% as FTSE BM Small Cap Index close at 16,119. The three best-performing sectorial indices in November 23 on a MoM basis were Utilities (+10.2%, led by YTL Power), Healthcare (+6.6%, driven by Gloves) and Technology (+2.1%), while the three worst-performing sectors were Energy (-4.5%), Telecom (-1.1%), and Transport (-0.8%).

Foreign investors returned to being net buyers in November 23 after sizeable net selling in October 23. Foreign net buy flows were RM1.6 bn in November as compared to net sell flows of RM2.2 bn in October. Local institutional investors, on the other hand, turned net sellers for the month, with a net sell flow of RM1.5 bn compared to a net buy flow of RM2.3 bn in the previous month. This marked the sixth consecutive month that local institutional investors switched between net buying and net selling every month. Local retail investors saw net sell flows widen by 22.6% MoM to RM140.9m in November.

On the corporate front, Sime Darby Bhd announced the sale of its 50% stake in Ramsay Sime Darby Health Care (RSDH) for RM2.8 bn. This translates to an EV/Ebitda multiple of 20.1x, which is roughly in line with the average of past transactions at 22.9x. The funds will be used to partly fund its acquisition of UMW, bringing net gearing to a healthier 0.3x (from 0.5x without disposal). Samaiden secures 43.32MWac solar power capacity from Energy Commission under CGPP in November.

Locally, investors are on the lookout for the unemployment rate that is scheduled to be released in early December as well as the inflation numbers towards the end of the month. Corporate results also will be monitored as some of the corporates will announced their 3Q results in December.

The Fund will continue to identify companies that are potential winners in growing industries helmed by capable management.

Sukuk Market

Bond markets repriced a rate pause at the Fed's upcoming November FOMC meeting with upcoming US 3Q23 GDP and September CPI slated to be released which could provide clues to the Fed's monetary policy trajectory. Economic releases indicated U.S. economy had ploughed ahead despite the Fed pushing borrowing costs to their highest level in 22 year with 3Q GDP surging by 4.9% YoY supported by private consumption while core inflation rose 0.3% MoM (4.1% YoY) reflecting price levels remained elevated above Fed's average target inflation rate of 2% YoY.

Regionally, Bank Indonesia surprised the market in October by raising 25 bps for its 7-days reverse repo rate to 6.00% to bolster the currency against US dollar strength and as pre-emptive measure to mitigate the impact of imported inflation to within .30%±1% target corridor in 2023 and 2.5%±1% in 2024. Central bank of Philippines also unexpectedly took an off-cycle action to raise its target reverse repurchase rate ('policy rate') by 25 bps to 6.50% to mitigate supply-side price pressures and imbalances in inflationary risks toward the upside. Current focus will be on Bank of Japan monetary stance on yield curve control and its messaging on the relaxation of Japanese Government Bond ('JGB') intervention in tandem with domestic reflationary environment

which may pose liquidity shocks to pension funds on mark-to-market losses realization from JGB holdings.

Locally, Malaysia tabled its 2023 budget deficit which is expected to come in line with official target of RM 93.2b/5.0% of GDP. For 2024, the government planned to reduce deficits further to RM 85.4b/4.3% of GDP. Malaysia's sovereign bond yields inched higher led by the 5-year Malaysian Government Securities (MGS) and 7-year which settle at 3.863% and 4.066% respectively, while longer tenured MGS continued to see domestic support with 15-years MGS eased by around 2 bps to 4.228%. The 10-year Malaysian Government Islamic Securities (MGII) re-opening (MGII 8/33) replacing MGII 10/32 as the new 10-years benchmark saw strong auction demand garnering bid-to-cover ratio of 2.7x and an average yield of 4.085%. October also witnessed local banks took opportunities to seasonally refinance their maturing debts and raising year-end bank's capital and improving their liquidity profile. Notable banks re-tapped the market includes Hong Leong Bank and Hong Leong Islamic Bank Bhd, CIMB Group Holdings Bhd, AmBank Bhd and RHB Bank Bhd.

We opine US Treasuries ("UST") to rebound after major selloffs in 3Q23 on curve repricing risks. While prevailing bearish momentum poses upside risk to UST yields from overshooting, we think it would present buying opportunity. Macro slowdown is expected to reduce labour demand, thereby recalibrating the labour market and ease wage pressures. Core inflation is expected to soften towards Fed's 2% target on global headwinds with ongoing trade deglobalisation, heightened geopolitical tensions and climate change.

Malaysia inflation eased further to 1.9% YoY in September, from 2.00% YoY in prior month, driven by fresh food prices, whose momentum trended lower during the month at 1.6% YoY, versus 2.00% YoY in August. Core inflation remained steady at 2.50% YoY, growing at similar with local factors remain supportive of sovereign bond issuances given slower GDP growth, moderate inflation, stable interest rate and a neutral supply profile. We maintain OPR be kept unchanged at 3% for the remaining of 2023.

With stable OPR, we will gradually recalibrate our fund strategy to increase duration incrementally towards the year end. Recent bear steepening of yield curve at the intermediate segment may see levels turning attractive especially if BNM is expected not to raise rates further in November. We continue to overweight corporate bonds for additional yield pickup over comparable government and government guaranteed bonds despite credit spreads had compressed across the ratings curve. Our preference are tilted towards papers with high coupon clips to minimize volatility should rates react adversely

Target Fund Performance

The actual investment return for the Target Fund was as follows:

| | Percentage Growth | | Annualised Compounded Return | |
|--------------|-------------------|---------------|------------------------------|---------------|
| | HLDM2 (%) | Benchmark (%) | HLDM2 (%) | Benchmark (%) |
| Year-to-date | -3.24 | 1.31 | - | - |
| 1 Month | -1.00 | 0.61 | - | - |
| 3 Months | -3.59 | 0.41 | - | - |
| 6 Months | -3.69 | 2.57 | - | - |
| 1 Year | -3.13 | 2.31 | -3.13 | 2.31 |
| 3 Years | 17.68 | -7.14 | 5.58 | -2.44 |
| 5 Years | 56.70 | 2.93 | 9.39 | 0.58 |
| 10 Years | 79.77 | 5.23 | 6.04 | 0.51 |

Source: Hong Leong Asset Management Berhad

| Calendar Year Returns | | | |
|------------------------------|------------|---------------|-------------------------------|
| | HLD M2 (%) | Benchmark (%) | HLD M2 Distribution Yield (%) |
| 2022 | -6.60 | -5.37 | 5.20 |
| 2021 | 19.81 | -3.26 | 5.49 |
| 2020 | 28.51 | 7.50 | 7.99 |
| 2019 | 17.82 | 3.78 | 7.75 |
| 2018 | -11.10 | -6.77 | 5.97 |
| 2017 | 13.06 | 7.80 | 7.57 |
| 2016 | -1.20 | -2.29 | 7.13 |
| 2015 | 9.10 | 3.04 | 10.64 |
| 2014 | 0.08 | -1.08 | 6.37 |
| 2013 | 7.03 | 9.28 | 3.52 |

Source: Hong Leong Asset Management Berhad

Notice: Past performance is not an indication of its future performance.

- Actual returns of the Target Fund on a net basis (net of tax and charges) or since inception if shorter (warning statement: this is strictly the performance of the Target Fund, and not the returns earned on the actual contributions paid of the Investment-Linked product).
- The investment returns shall be calculated based on the unit price of the Target Fund and the formula shall be consistent with that of the benchmark indices.
- Any performance comparison of Target Fund must be with that of a similar fund, in terms of investment objectives and focus and based on similar time frame of at least 12 months.

Investment Risks

All investments carry risks. Investors must be prepared to accept a certain degree of risk when investing in this Fund. The following are some but not an exhaustive list of all the potential risks associated with investment in the Target Fund.

1. Market Risk

Due to price fluctuations of securities invested in by the Target Fund, the value of the investment may go up as well as down. The movement in securities prices is influenced by a number of factors, which include changes in economic, political and social environment.

2. Credit Risk

Applies to debt-type investments such as debentures and sukuk. The institution invested in may not be able to make the required profit payments or repayment of principal.

3. Profit Rate Risk

Applied to sukuk, security prices move in the opposite direction of profit rates. If profit rates rise and the security prices fall, this will lower the value of your investment and vice versa.

4. Liquidity Risk

Defined as the ease with which a security can be sold at or near its fair value. This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such securities, such action itself may significantly depress the selling price.

5. Concentration Risk

Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. As the fund invests mainly into third party collective investment scheme (CIS) and by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and other financial instruments, the concentration risk is mitigated.

6. Target Fund(s) Risk

The fund invests in third party CIS which is being managed by another fund manager. The CIS is carefully selected in order to ensure that the objectives of said CIS are appropriately aligned with the fund. Nevertheless, the Fund Manager does not have control over the management of the CIS and any adverse effect on the CIS will inevitably affect the fund. In such instance, the Fund Manager may replace the CIS with another CIS which the Fund Manager considers to be more appropriate or invest directly in a diversified portfolio in order to meet the objective of the fund. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risk.

7. Shariah Status Reclassification Risk

This risk refers to the risk that the currently held Shariah-compliant securities by the target funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of Securities Commission Malaysia (SACSC) or the Shariah Adviser for the Target Fund. If this occurs, the value of the Target Fund may adversely affect and the fund manager will take the necessary steps to dispose of such securities in accordance with the advice from Shariah Adviser.

Basis of Unit Valuation

1. The assets of every fund are to be valued to determine the value at which units of a particular fund can be liquidated or purchased for investment purposes.
2. The unit price of a unit of a fund shall be determined by the company but in any event shall not be less than the value of fund of the relevant fund (as defined below), divided by the number of units of the given fund in issue on the business day before the valuation date, and the result adjusted to the nearest one hundredth of a cent.
3. The maximum value of any asset of any fund shall not exceed the following price:
 - a. The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
 - b. In the case of securities for which market values are not readily available, the price at which, in our Investment Manager's opinion, the asset may have been purchased on the business day before the valuation date; plus any expenses which would have been incurred in its acquisition.
4. To ensure fair treatment to all unit holders, the cost of acquiring and disposing of assets is recouped by making a transaction cost adjustment to the NAV per unit.

Exceptional Circumstances

The Takaful Operator reserves the right to defer the payment of benefits (other than death benefit) under this Certificate for a period not exceeding six (6) months from the date the payment would have been normally effected if not for intervening events such as temporary closure of any Stock Exchange in which the fund is invested which the Takaful Operator, in its discretion, may consider exceptional.

Basis of Calculation of Past Performance

The historical performance of the fund is calculated based on the price difference over the period in consideration compared to the older price of the period in consideration.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

For the underlying target fund, past performance is calculated on NAV per unit to NAV per unit basis with gross income (if any) from target fund reinvested, since launch, in MYR terms.

Others

HLMT Maa'rof Fund is managed by Hong Leong MSIG Takaful Berhad. Any amount invested in this fund is invested by Hong Leong MSIG Takaful Berhad on behalf of Participant into the Target Fund which will invest in shariah compliant equity, sukuk and money market instrument/s. If the financial institutions and/or corporations issuing the funds defaults or insolvent, the Participant risks losing part or all of his/her amount that were invested into the instruments on his/her behalf by Hong Leong MSIG Takaful Berhad.

THIS IS A TAKAFUL PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE UNDERLYING ASSETS, AND IS NOT A PURE INVESTMENT PRODUCT SUCH AS UNIT TRUSTS.

Disclaimer:

You must evaluate your options carefully and satisfy yourself that the investment-linked fund chosen meets your risk appetite. Past performance of the fund is not an indication of its future performance. The intention of this document is to enable Participant to better understand the fund features.