

HLMT MAA'ROF FUND

(HLMTDM2)

July 2022

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.

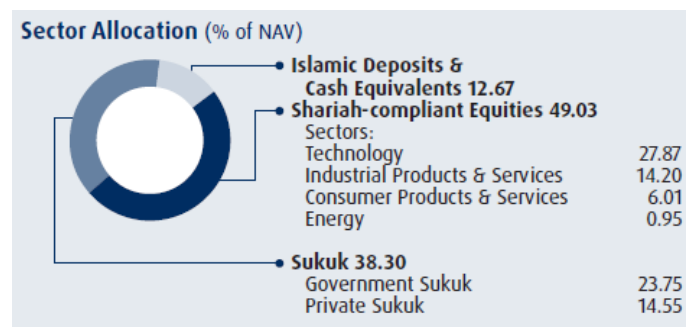
Fund Details

Unit Price (31/07/2022)	RM 0.9478
Fund Size (31/07/2022)	RM 634.2k
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Islamic Balanced/Growth & Income
Fund Inception	13/04/2021
Benchmark	(40% x 3-month KLIBOR) + (60% x FBM Emas Shariah Index)
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

Target Fund Sector Allocation as at 31 July 2022



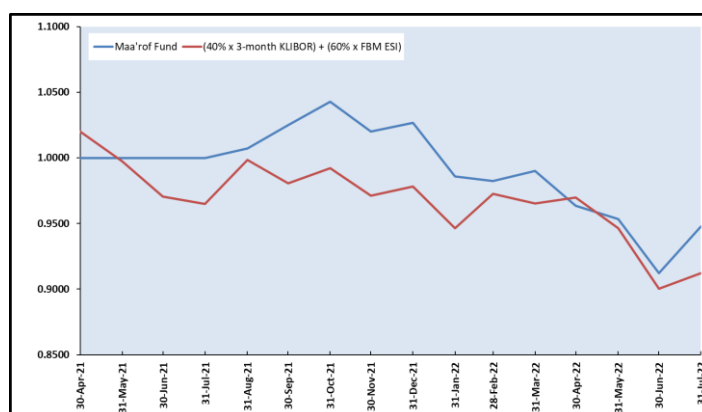
Target Fund Top 5 Equity Holdings as at 31 July 2022

1	D&O Green Technologies Berhad	4.11%
2	Genetec Technology Berhad	3.98%
3	Berjaya Food Berhad	3.63%
4	Pentamaster Corporation Berhad	3.46%
5	UWC Berhad	3.10%

Target Fund Top 5 Sukuk Holdings as at 31 July 2022

1	SAMALAJU INDUSTRIAL PORT SENDIRIAN BERHAD	9.82%
2	GOVERNMENT INVESTMENT ISSUE - 2024	9.03%
3	GOVERNMENT INVESTMENT ISSUE - 2023	5.66%
4	GOVERNMENT INVESTMENT ISSUE - 2028	4.60%
5	Lembaga Pembiayaan Perumahan Sektor Awam	4.52%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Maa'rof	3.89%	-7.68%	-5.22%	-	-	-5.22%
Benchmark*	1.30%	-6.77%	-5.49%	-	-	-8.80%
Relative	2.59%	-0.90%	0.27%	-	-	3.58%

*40% x 3-month KLIBOR (Source: Lipper for Investment Management) + 60% x FBM ESI (Source: Bloomberg)

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month, the FTSE BM KLCI rose 3.3% to close at 1,492 points. The broader market underperformed as the FTSE BM EMAS Index rose 2.9% to close at 10,602 points. Small caps underperformed as the FTSE BM Small Cap Index rose 0.5% to close at 14,307 points.

The local market saw the return of foreign investors during the month as investor sentiment improved. The technology sector led the rebound while the energy sector was the worst performing sector during the month due to recession fears.

On the corporate front, AMMB Holdings Berhad's 51% owned subsidiary, AmGeneral Holdings Berhad entered into a sale and purchase agreement with Liberty Insurance Berhad for the sale of its general insurance business. Gamuda Berhad was awarded a contract from Pengurusan Air Selangor as the main contractor for the Rasau water treatment plant. Affin Bank Berhad received approval from the Securities Commission of Malaysia for the disposal of their stake in Affin Hwang Asset Management Berhad.

The Fund will continue to identify Shariah-compliant stocks of companies that are potential winners in growing industries helmed by capable management.

Sukuk Market

The US Fed hiked borrowing cost by 75 basis points (bps) in its July meeting to fight soaring inflation. It was also the fourth borrowing cost hike this year lifting the borrowing cost to 2.5 percent as US central bankers move aggressively to rein in the strongest jump in inflation in over four decades. Fed Chair Powell did not provide any material forward guidance but signalled for a data-dependent Fed going forward. The Fed is expected to tread more carefully in the future, perhaps slowing the pace of borrowing cost hike to 25bps or 50bps at the remaining three Federal Open Market Committee (FOMC) meetings in September, November and December.

Locally, we saw decent activity in the sovereign bonds market where buying was focused mainly around benchmarks with the 10-year Malaysian Government Securities (MGS) yield falling 12bps to 3.90%. The 7-year Government Investment Issue auction in end-July received decent demand of 2.4 times on an expected size of RM4.5 billion. In the primary issuance space, Perbadanan PRI1MA Malaysia issued RM500 million government-guaranteed Sukuk. We expect to see Amanat Lebuhraya Rakyat Berhad (AAA RAM-rated) tapping into the bond market in the coming month.

US Treasury yields mostly closed lower in end-July due to Jerome Powell's dovish post-FOMC meeting comments and downbeat second-quarter 2022 GDP numbers that confirmed a technical recession in the US. Locally, the sovereign bond yields fell as well, primarily tracking the movement in US Treasuries. The benchmark 3-year MGS yield dropped around 8bps month-on-month to 3.49%, whilst the 10-year note yield declined 29bps month-on-month to 3.90% at month-end.

We think Bank Negara Malaysia remains on track for monetary normalisation with a 25-basis-point borrowing cost hike in the next two Monetary Policy Committee meetings, taking the borrowing cost to 2.75%.

In terms of portfolio action, we continue to remain defensive due to rising borrowing cost environment and inflationary pressure.

Target Fund Performance

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

	Percentage Growth		Annualised Compounded Return	
	HLD2 (%)	Benchmark (%)	HLD2 (%)	Benchmark (%)
Year-to-date	-8.71	-7.03	-	-
1 Month	4.29	1.40	-	-
3 Months	-1.84	-6.23	-	-
6 Months	-4.45	-3.83	-	-
1 Year	-4.43	-5.67	-4.43	-5.67
3 Years	46.99	-3.01	13.69	-1.01
5 Years	50.04	-3.32	8.45	-0.67
10 Years	90.45	11.83	6.65	1.12

Source: Hong Leong Asset Management Berhad

	HLD2 (%)	Benchmark (%)	HLD2 Distribution Yield (%)
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
2012	6.44	8.44	6.90

Source: Lipper For Investment Management, In MYR Terms.
Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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

This risk is associated with a Target Fund whereby the investments of such fund are not diversified. A Target Fund invests mainly into another collective investment scheme.

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.