هوغ ليوغ م.س.أ.ج. تكافل
Hong Leong MSIG Takaful

HLMT GLOBAL SHARIAH ESG FUND (HLMTESG)

Oct 2023

Fund Features

1. Investment Objective
HLMT Global Shariah ESG Fund – HLMTESG ("The Fund") aims to provide medium to long term capital growth by investing in globally diversified Shariah-compliant portfolio of companies with a focus on Environment, Social and Governance criteria in the investment process.

2. Investment Strategic & Approach
HLMTESG will principally feed into third party collective investment schemes that meet the Fund's objective.

At inception, the Fund will invest by feeding into Hong Leong Global Shariah ESG Fund ("Target Fund"), a Shariah-compliant unit trust fund managed by Hong Leong Asset Management Berhad.

The Target Fund will invest in Shariah-compliant component stocks of ESG indices to cater for investors who wish to incorporate sustainability considerations into their investments. The Target Fund will also have the flexibility to invest in ESG Islamic Collective Islamic Schemes with Shariah-compliant equities underlying which are in compliance with principles of the United Nations Global Compact.

Additionally, the Target Fund may allocate its investment into lower-risk assets such as Islamic money market instrument or Islamic deposits.

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 Islamic money market instruments and/or deposits.

The indicative asset allocation for the Target Fund is to invest a minimum 80% of its NAV into Shariah-compliant equities and Shariah-compliant equity related securities. The balance of the fund's NAV invests into Islamic money market instruments and Islamic deposits with financial institution.

4. Target Market
The Fund is suitable for investors who:
a. Have a medium-to-long term investment horizon;
b. Seek for capital growth from Shariah-compliant investment;
c. Seek for foreign exposure; and
d. Are willing to assume a higher risk in their investments to obtain potentially higher returns.

Asset Allocation of HLMTESG as at 31 Oct 2023

Hong Leong Global Shariah ESG Fund	98.2%
Cash	1.8%
Total	**100.0%**

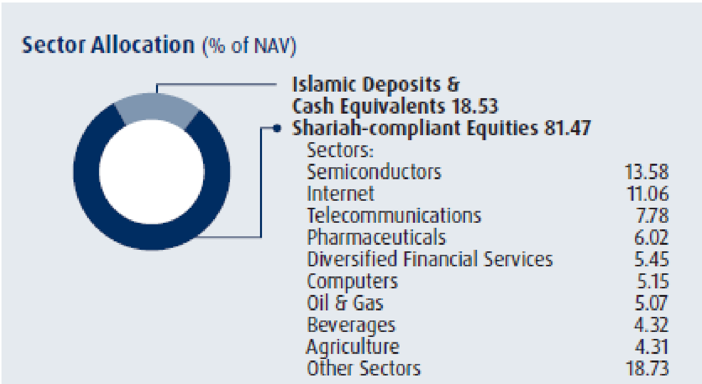
Fund Details

Unit Price (31/10/2023)	**RM 0.9528**
Fund Size (31/10/2023)	**RM 100.6k**
Fund Management Fee	**1.50% p.a**
Fund Manager	**Hong Leong MSIG Takaful Berhad**
Fund Category	**Islamic Equity**
Fund Inception	**16/01/2023**
Benchmark	**S&P Global 1200 ESG Shariah Index**
Frequency of Unit Valuation	**Daily**

**Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Certificate Owner. 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*

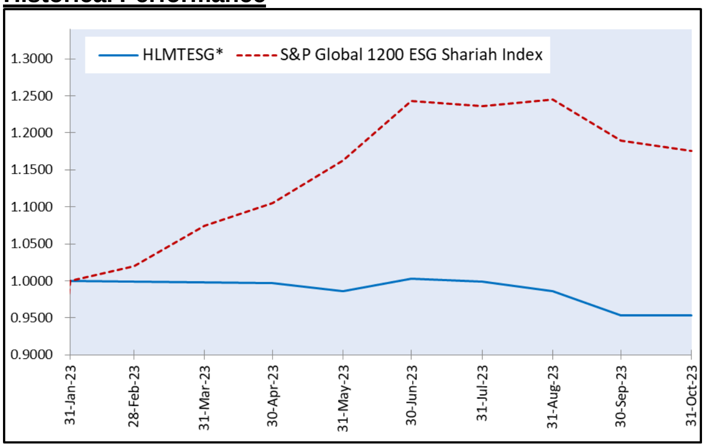
Sector Allocation of Target Fund as at 31 Oct 2023



Top 5 Shariah-compliant Equities Holdings of Target Fund as at 31 Oct 2023

1	**Visa Incorporated**	**5.45%**
2	**Apple Incorporated**	**5.15%**
3	**Chevron Corporation**	**5.07%**
4	**The Coca-Cola Company**	**4.32%**
5	**Amazon.Com Incorporated**	**4.32%**

Historical Performance



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HLMTESG	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
HLMTESG	**0.00%**	**-4.72%**	**-**	**-**	**-**	**-4.72%**
Benchmark*	**-1.14%**	**17.58%**	**-**	**-**	**-**	**17.58%**
Relative	**1.14%**	**-22.30%**	**-**	**-**	**-**	**-22.30%**

*Source: Bloomberg

Market Review, Outlook & Strategy by the Target Fund

Global equity markets exhibited an extension of their previous two months of losses, falling by 3% in October. Both bonds and stocks contracted simultaneously during the month as yields rose, underpinned by heightened geopolitical uncertainty. S&P 500 Index (SPX), Tech-heavy NASDAQ, Hang Seng Index (HSI), were down by 2.1%, 2.7%, 3.9% respectively. Our reference index (S&P 1200 Global Shariah ESG) also closed the month lower by 2.5%.

The US economy continues to surprise on the upside. Third quarter Gross Domestic Product (GDP) grew by a 4.9% on an annualized rate, more than double the 2.1% expansion in the second quarter as consumer spending remains strong. Indeed, retail sales had increased by 0.7% in September on Month-on-Month (MoM) basis, exceeding consensus expectations of 0.3%. Furthermore, Nonfarm payrolls rose by 336,000 in September, almost double consensus forecast of a 170,000 increase, underlining a still robust labour market. However, numerous factors have played pivotal roles in shaping market reactions. Rising interest rates, stretched valuations, a hawkish stance by the Federal Reserve, and a growing fiscal deficit that resulted in substantial bond issuance had caused jitters in the markets. In particular, the yield on the 10-Year UST reached its highest point since 2007, surpassing 5.0%. These developments, coupled with potential growth in term premiums, signifies a pivotal juncture in the Fed's rate hike trajectory. The repercussions of these surging yields are evident in rising borrowing costs for businesses and the highest mortgage rates since 2000.

In Europe, the MSCI Europe ex-United Kingdom (UK) closed the month 3.5% lower. Some forms of stress are starting to emerge in the Eurozone as Bank surveys from the European Central Bank (ECB) showed a contraction in the supply of credit to households and businesses in the third quarter. Meanwhile, the Eurozone composite Purchasing Managers' Index (PMI) contracted by 0.7 points to a preliminary 46.5 in October. Similar narrative was seen in the UK as well as higher interest rates appear to be eroding consumer confidence for the month, as shown by the sizeable nine point drop in consumer confidence in October, followed by a 0.9% MoM fall in retail sales in September. In terms of equity movements, despite energy companies comprising a big part of the UK market, the broad FTSE All-Share fell 4.1% in October.

Equity prices dropped as well in Japan during the month, tracking global movements. The Nikkei 225 declined 998 points during the month, its largest decline this year and marking its first consecutive four-month decline in nine and a half years. Moreover, the Nikkei 225 Volatility Index rose to 24 on 26 October, its highest level since October 2022. This follows after the Bank of Japan's (BoJ) decision to adopt a more flexible approach to its yield curve control policy, which was less drastic than what was expected by the market. As a result, overseas investors highlighted the poor performance of Japanese stocks in Dollar terms after the Yen weakened beyond JPY150 on 26 October, as evidenced by net selling by foreigners to the tune of JPY1.2 trillion in the futures market.

China's economy continued to show some signs of recovery. There were positive surprises in third quarter GDP, which registered a YoY growth of 4.9% against consensus expectations of 4.5%. Additionally, both Industrial production and Retail Sales for September beat estimates at 4.5% and 5.5% respectively, against consensus' 4.4% and 4.9% respectively. Nonetheless, continued weakness in the real estate sector, and reports of new US restrictions on AI chip exports to China had hampered sentiments in the market. These factors, coupled with weak global markets, likely contributed to the feeble performance of Chinese equities during the month, which had fallen by 4.3%.

In summary, as markets navigate the economic landscape, there is a noticeable decline in consumer confidence, coupled with pressures on corporate earnings. Equity valuations for broader markets, slightly better in Europe than in the US, appear inconsistent with the current outlook. Nevertheless, pockets of value persist in the US, Europe, and emerging markets, and our focus remains on identifying such opportunities in the Shariah space through fundamental and ESG analysis.

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**
   This refers to the possibility that the issuer of a security will not be able to make timely payments of interest or principal repayment on the maturity date. The default may lead to a fall in the value of the Fund.

3. **Profit Rate Risk**
   The level of interest rates has an impact on the value of investment. Any increase in rates will lead to a fall in the value of securities, thus affecting the value of the Fund.

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 Fund 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 of Target Fund

will take the necessary steps to dispose of such securities in accordance with the advice from Shariah Adviser.

8. **Currency Risk**
Applied to foreign investment which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movement in currencies exchange rates can result in a loss to the investment.

9. **Country Risk**
This risk investment made by the Fund are subjected to risks specific to the country in which it invests. Such risk includes changes in a country's economic fundamentals, social and political stability, currency movement, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any emerging risk.

10. **Sustainable Investment Risk**
Applied when exclusion or disposal of securities of issuer that do not meet certain ESG criteria from the Fund's investment universe may cause the Fund to perform differently compared to similar indices and Fund that do not have such a Sustainable and Responsible Investment policy or ESG component in their index methodology and that do not apply ESG screening criteria when selecting investments. The selection of assets may rely on a proprietary ESG scoring process (such as the index provider's) that relies partially or totally on third party data. Data provided by third parties maybe incomplete, inaccurate or unavailable and as a result, there is a risk that the Fund Manager of Target Fund may incorrectly assess a security or issuer.

<u>Basis of Unit Valuation</u>

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.

<u>Exceptional Circumstances</u>

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

<u>Basis of Calculation of Past Performance</u>

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

<u>Others</u>

HLMT Global Shariah ESG 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 and money market instrument/s. If the financial institutions and/or corporations issuing the funds defaults or insolvent, theParticipant 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.