

HLMT i-BALANCED FUND

April 2023

Fund Features

1. Investment Objective

The objective of HLMT i-BALANCED FUND ("The Fund") is to achieve regular income as well as medium to long-term capital growth through a diversified investment portfolio containing equity and sukuk.

2. Investment Strategy & Approach

The Fund seeks to maximize total returns by providing investors with a combination of capital appreciation and income distribution while reducing risk through diversified investments in equity and sukuk.

3. Asset Allocation

The indicative asset allocation for The Fund is to invest a minimum of 30% of its net asset value ("NAV") in sukuk, Islamic money market instruments and liquid assets. Generally, The Fund may invest up to 70% of its NAV in equities.

4. Target Market

This fund is suitable for who are looking for a mixture of safety, income and modest capital appreciation with moderate to high risk tolerance and medium to long term investment horizon.

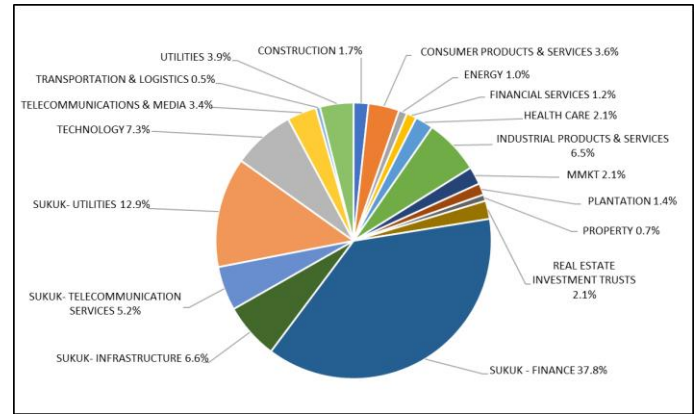
Fund Details

| | |
|-----------------------------|--------------------------------------|
| Unit Price (30/04/2023) | RM 1.4250 |
| Fund Size (30/04/2023) | RM 10.0 mil |
| Fund Management Fee | 1.25% p.a |
| Fund Manager | Hong Leong Assurance Berhad |
| Fund Category | Balanced |
| Fund Inception | April 2007 |
| Benchmark | 50% FBM Emas Shariah Index + 50% GIA |
| 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

Sector Allocation as at 30 April 2023



Top 5 Holdings as at 30 April 2023

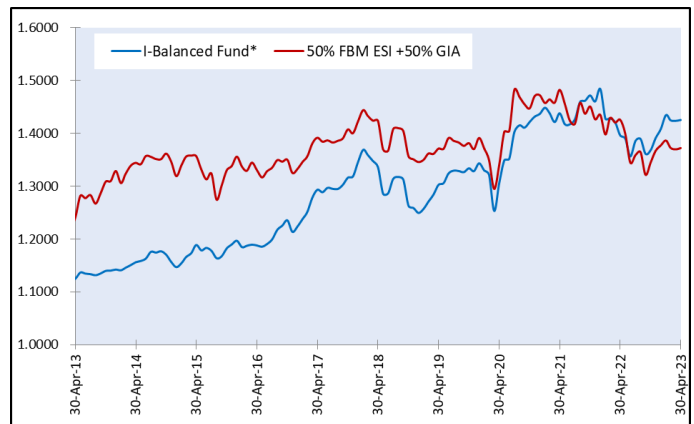
Equity

| Rank | Company Name | Percentage |
|------|-----------------------|------------|
| 1 | TENAGA NASIONAL BHD | 3% |
| 2 | IHH HEALTHCARE BHD | 1% |
| 3 | INARI AMERTRON BERHAD | 1% |
| 4 | TIME DOTCOM BERHAD | 1% |
| 5 | GAMUDA BERHAD | 1% |

Sukuk

| Rank | Company Name | Percentage |
|------|----------------------------|------------|
| 1 | PUBLIC ISLAMIC BANK BERHAD | 10% |
| 2 | MALAYSIA RAIL LINK | 7% |
| 3 | SARAWAK ENERGY BERHAD | 5% |
| 4 | DIGI TELECOMMUNICATIONS | 5% |
| 5 | INFRACAP RESOURCES SDN BHD | 5% |

Historical Performance



| | 1 Month | YTD | 1 Year | 3 Year | 5 Year | Since Inception |
|------------|---------|--------|--------|--------|--------|-----------------|
| i-Balanced | 0.11% | 1.21% | 2.08% | 9.23% | 6.66% | 42.50% |
| Benchmark* | 0.19% | -0.37% | -3.75% | 2.45% | -3.62% | 37.21% |
| Relative | -0.08% | 1.58% | 5.83% | 6.78% | 10.28% | 5.29% |

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

Global equities fared better in April following the release of better-than-feared economic data and stronger corporate earnings from US major banks and technology sector. These were partially mitigated by concerns on the struggling regional banks and a possible recession. While US March CPI slowed to 0.1% mom/5% yoy, it is still much higher than the Fed's 2% target and is unlikely to abate to the target level anytime soon. As for the HK/China markets, the recovery seen in mid-March reversed its course on the back of renewed US-China tensions (potential US FDI restrictions in selected areas to China) and investors' skepticism over the demand recovery following the reopening of its economy as well as the lack of stimulus measures during the China Politburo meeting. Sentiment was further dampened by fund raising activities within selected counters and share disposal by major shareholders. OPEC+ members and Saudi Arabia surprised the market when the coalition announced voluntary cuts to their oil production of around 1.2m barrels a day which led to the recovery in Brent oil prices to above US\$80/barrel. However, Brent failed to hold above the US\$80/barrel following recessionary fears.

Domestically, newsflow was subdued and trading volumes were thin due to the Eid festive period. However, some notable news in April includes Malaysia's plans to introduce a second 5G network from Jan 2024 to challenge DNB's lock on the market and Penang obtained the Environmental Impact Assessment (EIA) approval for the Penang South Island (PSI) reclamation project with a whopping 71 conditions to be fulfilled. On the economic front, Malaysia saw its headline inflation eased to +3.4% yoy in March from Feb's +3.7% yoy dragged by softer growth across most groups.

Average daily trading value decreased further to RM1.7b in April from March's RM2.0b. Foreign investors stayed net sellers at around -RM0.2b. Local institutions turned net sellers at -RM0.3b and local retailers remained as net buyers at +RM0.3b. The best-performing sectoral indices in April 23 were telecommunications, utilities and transportation whilst the worst three performing sectors were technology, healthcare and financials. In April, FBM Shariah's return of +0.2% m-o-m outperformed FBM KLCI's return of -0.5% m-o-m. FBMSC and FBM Emas posted +1.5% m-o-m and -0.2% m-o-m respectively in April.

Globally, investors will continue to monitor US bond yield movements, global monetary policies, potential recessionary risks as well as the prospects of any US corporate debt default. As for HK/China markets, investors will continue to focus on datapoints and corporate guidance on China's consumption recovery and outbound travel as economic activities continue to normalize. Domestically, it will be the 1Q results reporting season which investors will be following closely. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (consumers with pricing power) and 5G/technology (easing of supply chain bottlenecks).

Sukuk Market

In the month of April, similarly to the US Treasury ("UST") movement, local sukuk market rallied with yields tumbled by 10-22bps MoM across the curve. The long-end sukuk outperformed as the curve bull-flattened with news of the MGS maturing 2048 and 2053 being included in the JP Morgan Global Bond Index at month-end. The 3-, 5-, 10- and 30-year GII closed at 3.248% (-12bps), 3.469% (-10bps), 3.836 (-15bps) and 4.297% (-19bps) respectively.

In the corporate sukuk segment, some prominent new issuances during the month were Cagamas Bhd (RM910 million, AAA), YTL Corporation Bhd (RM1.2 billion, AA1) and Pengurusan Air Selangor Sdn Bhd (RM700 million, AAA).

Persistent inflation presents notable macroeconomic risk, which is likely to bolster the Fed's hawkish stance. Meanwhile, ongoing uncertainties concerning troubled banks poised to exert a dominant influence on market dynamics in the near term. Given the potential significance of these developments, it is imperative for us to remain vigilant and monitor the situation closely.

Looking ahead, apart from the upcoming MPC meeting on May 2nd, there are no major domestic risk events on the horizon. The valuation of bonds itself would likely dominate the price action and flow of the local bond. However, with the recent rally, valuations have become stretched and expensive. As a result, we will continue to be cautious and only invest when the valuation is attractive, primarily focusing on the primary market.

Actual Annual Investment Return based on published price for the Past Five (5) Calendar Years

| Year | Net Annual Returns |
|------|--------------------|
| 2018 | -7.16% |
| 2019 | 7.52% |
| 2020 | 6.96% |
| 2021 | 3.28% |
| 2022 | -5.10% |

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

- Actual returns in the past five years on a net basis (net of tax and charges), or since inception if shorter (warning statement: this is strictly the performance of the investment 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 Investment-Linked fund and the formula shall be consistent with that of the benchmark indices.
- Any performance comparison of an Investment-Linked 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 this Investment.

1. Market Risk

Due to price fluctuations of securities invested in by the funds, 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.

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 net asset value 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.

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

Others

HLMT i-Balanced Fund is managed by Hong Leong Assurance Berhad. Any amount invested in this fund is invested by Hong Leong Assurance Berhad on behalf of Participant in shariah compliant equity, sukuk, collective investment scheme and money market instrument/s. If the financial institutions and/or corporations issuing the equity, sukuk, collective investment scheme and money market instruments 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 Assurance 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.