هوغ ليوغ م.س.أ.ج. تكافل
HongLeong MSIG Takaful

HLMT i-BALANCED FUND

March 2021

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.

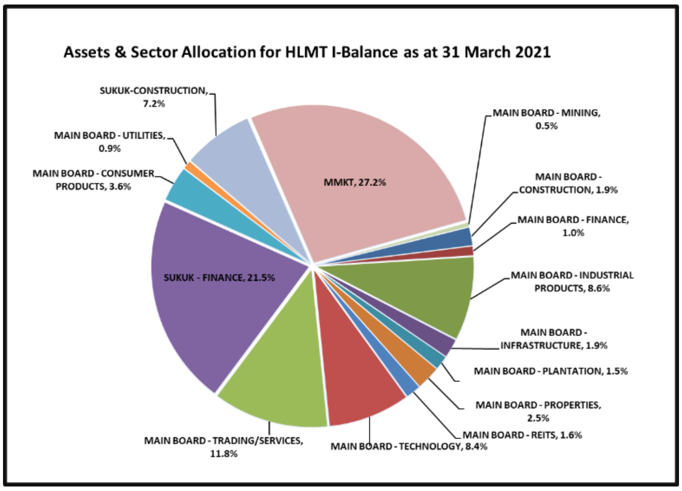
Asset	Ranges
Shariah-Compliant Equities	0%-70%
Sukuk/cash	30%-100%

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 (31/03/2021)	**RM 1.4210**
Fund Size (31/03/2021)	**RM 8.0mil**
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**

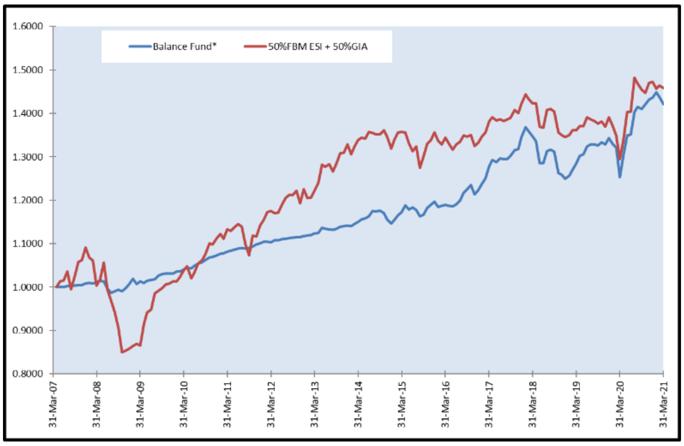
**Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx*



Top 5 Holdings as at 31 March 2021

1	**MALAYAN BANKING BHD 31.01.2031**	**7%**
2	**SARAWAK HIDRO SDN BHD 11.08.2025**	**7%**
3	**RHB ISLAMIC BANK BERHAD 21.05.2029**	**6%**
4	**AMISLAMIC BANK BERHAD 18.10.2028**	**6%**
5	**UWC BERHAD**	**2%**

Historical Performance



	1 Month	YTD	1 Year	3 years	5 years	since inception
i-Balanced	**-1.18%**	**-1.08%**	**13.41%**	**5.47%**	**19.50%**	**42.10%**
Benchmark*	**-0.42%**	**-0.96%**	**12.61%**	**2.40%**	**8.44%**	**45.79%**
Relative	**-0.76%**	**-0.12%**	**0.80%**	**3.08%**	**11.06%**	**-3.69%**

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

Global equities in March 2021 posted mixed returns with United States ("US"), Europe and Japan seeing strong returns as hopes of economic traction rose (aided by US President Biden's stimulus package and the rapid rollout of Covid-19 vaccination) while China underperformed as the technology sector took a hit following a confluence of negative factors such as the US Securities and Exchange Commission ("SEC") kicking off the implementation of the Holding Foreign Companies Accountable Act ("HFCAA"), causing concerns about potential American Depository Receipt ("ADR") delistings, Chinese regulators coming out with new rules and regulations and also the implosion of block trades initiated by Goldman Sachs. The expected recovery in developed markets led to the rotation trade from growth into value stocks in March 2021. Policymakers reiterated their accommodative policies until "substantial further progress has been made" toward its employment and inflation goals. Elsewhere, oil prices surged from their intra month lows to USD65 per barrel as the difficulties in refloating the huge Ever Given ship which was blocking the Suez Canal continued until recently, raised fears of supply tightness in oil markets.

In Malaysia, the Prime Minister unveiled a RM20b stimulus package (~1.3% of gross domestic product); dubbed the PEMERKASA package, which focuses on extending subsidies, cash assistance and to expedite the Covid-19 immunization program. The RM20b consists of a RM11b direct fiscal injection and this will widen the 2021 deficit to 6% from the previous estimate of -5.4%. An additional RM2b was allocated for the Covid-19 vaccination program and the government now expects herd immunity to be achieved by end 2021 from 1Q22. The Government has also given the commitment that they will avoid another blanket Movement Control Order ("MCO') which augurs well for the recovery and reopening theme. Bank Negara Malaysia ("BNM") had also decided to maintain the Overnight Policy Rate ("OPR") at 1.75%. The reimposition of MCO will affect growth in 1Q21 but will be less severe than 2Q20. BNM expects growth to improve from 2Q21 and headline inflation in 2021 is projected to trend higher on the back of higher oil prices.

Retailers were once again net buyers at +RM1.6b (USD386m) whilst local institutions were net sellers at -RM1.6b (USD386m). Foreign institutions were neutral with buy / sell flows evenly balanced. Retailers and local institutions accounted for 36.9% and 26.3% of total value traded while foreign institutions contributed 16.7% of the value traded. For the month, the best performing index was the Small Cap Index with a +2.3% return. The FBM Shariah was -1% month on month ("mom") in March 2021 vs KLCI and Emas which were -0.3% mom and flat mom respectively.

The biggest issue dominating the market now is the normalization of yields in the US and the market is also pricing in a persistent inflationary spike. However, it looks more likely that the inflation would be transitory. Investors will continue to be following closely the fluctuations in Treasury yields and the normalization back to pre-Covid levels on the back of economic recovery that is not necessarily negative for equities. In any event, sectors that benefit from a rising interest rate regime would be the banks and insurers. Markets will remain volatile and as such we will continue to maintain our barbell strategy by investing in both the value and growth sectors, with focus on the recovery / reopening theme, reflation beneficiaries and 5G / technology players.

Sukuk Market

The yield curve of the US Treasury ("UST") continued to steepen in the month of March 2021, driven largely by expectations of inflation and economic growth. Tenors of the 5-, 10- and 30-years increased by 18, 34 and 26 basis points ("bps") mom respectively as a result of such expectations. The optimism on economic recovery was driven chiefly by the USD1.9 trillion which passed the voting on both houses and was signed in by the President coupled with the promising vaccine progress currently underway. Additionally, some positive economic data which include the Purchasing Managers' Index ("PMI") increasing to 58.6, above the Bloomberg consensus of 58.5 and the non-farm payroll increasing by 379,000, higher than January's 2021 increase of 166,000 and Bloomberg's estimate of 200,000 partly fuelled the bets on economic recovery. The Federal Reserve ("FED") chairman's assurance that low interest rates will be maintained even if inflation reaches above 2.0% this year seemed to have little impact on market sentiment as the 10-year UST yield rose above the 1.75% level, its highest since January 2020. President Biden will also propose a USD2 trillion package to invest in traditional projects like roads and bridges alongside tackling climate change and boosting human services such as elder care. The tab is expected to grow to a combined USD4 trillion once he rolls out the second part of his economic plan in April 2021. Additional economic growth prospects helped push yields higher.

On the local front, the government bond ("govvies") yield continued to mirror the general movement of the UST with the 10-,15- and 30-year Government Investment Issue ("GII") increasing by 14, 3 and 41bps mom respectively. Apart from the UST influence, some fundamental local dynamics have also contributed to the steepening of the local yield curve. The removal of the conditions for the i-sinar Employee Provident Fund ("EPF") withdrawals has led to speculations that some selloff in EPF's govvies holdings could arise in anticipation of said withdrawals. Moreover, the new PEMERKASA package which will provide RM11b in direct fiscal support is anticipated to increase the supply of govvies as the Ministry of Finance ("MOF") has indicated that part of direct fiscal support will be funded by way of borrowings. A key part of the new package is to fund the acceleration of the Covid-19 immunisation programme. The acceleration could bring forward the herd immunity target date from 1Q2022 to December 2021, further fuelling the prospect of economic recovery. Some support in local govvies was seen towards the end of the month after FTSE Russel announced that Malaysia will retain its membership in the World Government Bond Index ("WGBI").

The corporate bond segment saw the AAA spread against the Malaysia Government Securities (MGS) increasing mom with the 3-, 5-, 10-, and 15-year AAA tenor increasing by 22, 19, 32 and 30 bps mom respectively. Investor's demand preference continued to centre on liquid and strong investment grades bonds with AAA and GG bonds comprising the bulk of daily transactions. Some prominent new issuances during the month were LPPSA (RM4b, GG), Tanjung Bin Energy (RM2.97b, AA1), Petroleum Sarawak Exploration and Production Sdn. Bhd. (RM1.5b, AAA), PTPTN (RM1b, GG), FELDA (RM2.005b, GG) and Cellco Capital Bhd. (RM500m, AA).

In the near future, the current momentum behind expectations for economic growth and inflation is unlikely to significantly abate. Such view is underpinned by the progress of vaccine immunisation programmes in the US and Malaysia coupled with the introduction of new economic packages. Market will closely monitor the progress of the vaccine immunisation program in the US and Malaysia to gauge the likely pace and magnitude of the economic recovery. Correspondingly, the UST yield curve could steepen as a result of the anticipated increase in debt supply to fund the proposed USD2 trillion packages. Close attention will also be directed to the progress of the US's proposed infrastructure bills and the funding plans for it. The rise in UST yield could potentially spill over to the local bond yields. With this, we remain defensive and will focus on primary short to medium tenure Islamic Private Debt Securities ("PDS") for yield enhancement.

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

Year	Net Annual Returns
2016	2.26%
2017	9.96%
2018	-7.16%
2019	7.52%
2020	6.96%

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 & 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.