

HLMT MAA'ROF FUND

(HLMTDM2)

September 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.

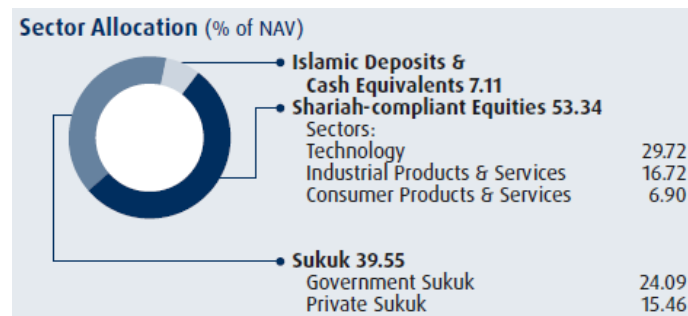
Fund Details

Unit Price (30/09/2022)	RM 0.9575
Fund Size (30/09/2022)	RM 677k
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 30 September 2022



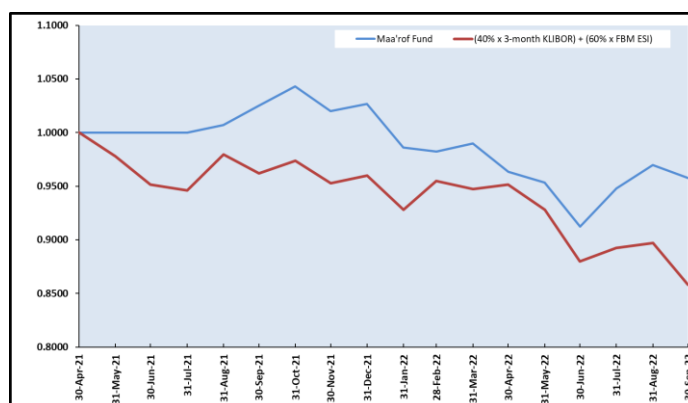
Target Fund Top 5 Equity Holdings as at 30 September 2022

1	D&O Green Technologies Berhad	4.36%
2	Berjaya Food Berhad	4.27%
3	Genetec Technology Berhad	4.13%
4	Pentamaster Corporation Berhad	3.95%
5	YBS International Berhad	3.49%

Target Fund Top 5 Sukuk Holdings as at 30 September 2022

1	Samalaju Industrial Port Sdn Bhd	9.92%
2	Government Investment Issue – Oct 2024	9.68%
3	Government Investment Issue – May 2024	4.89%
4	Government Investment Issue – 2028	4.85%
5	Lembaga Pembiayaan Perumahan Sektor Awam	4.73%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Maa'rof	-1.28%	-6.73%	-6.59%	-	-	-4.25%
Benchmark*	-4.37%	-10.62%	-10.84%	-	-	-14.21%
Relative	3.09%	3.89%	4.25%	-	-	9.96%

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

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month of September, the FTSE BM EMAS SHARIAH ("FBMS") declined by -7.5% to close at 10,008 points due to foreign selling and concerns over more aggressive rate hikes. FBMS outperformed broader market as the FTSE BM KLCI Index declined by -7.8% to close at 1,394 points. The top three best-performing sectors in September were construction (-2.1% mom), transport (-2.9% mom), and REIT (-3.4% mom). The top three worst-performing sectors in September were plantation (-10% mom), energy (-8% mom), and telecom (-7.1% mom).

Foreign investors have turned to largest net seller in September with a net selling of RM1.6 bn of Malaysia equities, vs. net buying RM2 bn in August. Local institutional investors were the largest net buyer in September, with a net buying of RM1.1 bn (vs. net selling of RM2.4bn in August).

The Target Fund was at 93.87% invested in Shariah-compliant equities and 6.13% invested in Islamic money market & cash. Stocks that contributed positively during the month include Sam Engineering, Berjaya Food and D&O. Sentiment in the equity market globally is still dominated by the fear of economic slowdown and tighter monetary policies, given the heightened risk of inflation worldwide. However, going forward, we expect corporate earnings to be better driven by the border re-opening and improvement in earnings across most sectors. Slower-than-expected rate hikes also could be a catalyst for the market in the near term.

Sukuk Market

Central banks globally turned hawkish after Fed hiked rates by 75bps to 3-3.25% in September. The Fed is set to deliver the most forceful tightening since 1980s measured by total rate change, causing unexpectedly sharp bear-flattening in Treasury curve. The 10-year UST climbed nearly 2.5% points this year, the largest increase since 1981 in light of expectations of continued increase in key interest rates in the US.

Local sovereign bonds yields trended 15 to 30 bps higher across the curve, with the bulk of selling concentrated on the 7-year note and below. As of month end, the 3- year MGS yield stood at 3.66% whilst the 10-year stood at 4.31% and the 30-year benchmark closed at 4.80%. The inaugural 15-year sustainability Islamic government sukuk auction drew a strong demand amid the volatile movement in US treasuries. Market was also introduced to the 7-year MGS auction of RM5.0 billion in size. The bid-to-cover ratio was lagged slightly with a bid-to-cover ratio of 1.6x as compared to the YTD average of 2.10x. On the primary issuance front, Amanat Lebuhraya Rakyat (AAA rated) managed to raise RM5.5 billion last week via multiple Sukuk tranches. Its 12- to 15-year tranches were issued with callable features, which were privately placed with an average spread of 110 bps above the sovereign bonds.

Target Fund Performance

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

Performance Records				
	Percentage Growth		Annualised Compounded Return	
	HLDLM2 (%)	Benchmark (%)	HLDLM2 (%)	Benchmark (%)
Year-to-date	-7.70	-10.62	-	-
1 Month	-1.39	-4.37	-	-
3 Months	5.44	-2.51	-	-
6 Months	-3.82	-9.43	-	-
1 Year	-7.90	-10.84	-7.90	-10.84
3 Years	47.25	-5.86	13.75	-1.99
5 Years	51.61	-7.61	8.67	-1.57
10 Years	93.29	6.93	6.81	0.67

Source: Hong Leong Asset Management Berhad

Calendar Year Returns

	HLDLM2 (%)	Benchmark (%)	HLDLM2 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.