هوڠ ليوڠ م.س.أ.ج. تكافل
Hong Leong MSIG Takaful

HLMT GLOBAL SHARIAH ESG FUND (HLMTESG)

Sep 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 30 Sep 2023

Hong Leong Global Shariah ESG Fund	97.3%
Cash	2.7%
Total	**100.0%**

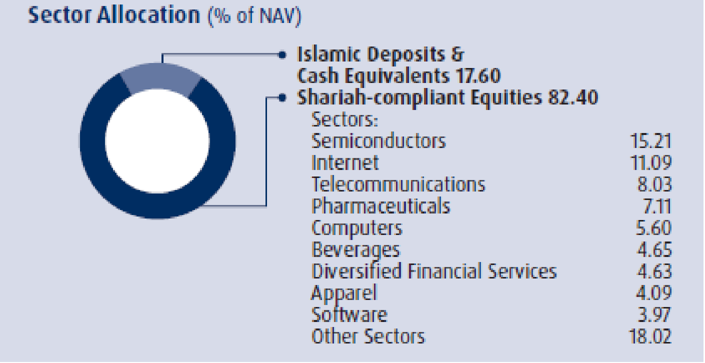
Fund Details

Unit Price (30/09/2023)	**RM 0.9528**
Fund Size (30/09/2023)	**RM 92.0k**
Fund Management Fee	**1.50%**
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*

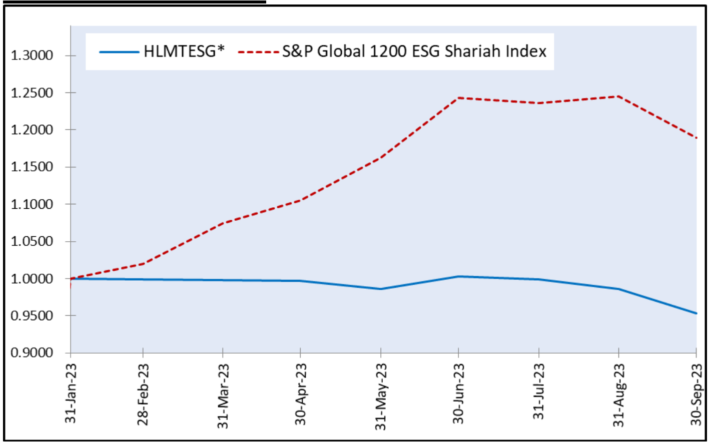
Sector Allocation of Target Fund as at 30 Sep 2023



Top 5 Shariah-compliant Equities Holdings of Target Fund as at 30 Sep 2023

1	**Apple Incorporated**	**5.60%**
2	**Advanced Micro Devices Incorporated**	**4.66%**
3	**The Coca-Cola Company**	**4.65%**
4	**Visa Incorporated**	**4.63%**
5	**Amazon.Com Incorporated**	**4.48%**

Historical Performance



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HLMTESG	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
HLMTESG	-3.36%	-4.72%	-	-	-	-4.72%
Benchmark*	-4.49%	18.94%	-	-	-	18.94%
Relative	1.13%	-23.66%	-	-	-	-23.66%

*Source: Bloomberg

Market Review, Outlook & Strategy by the Target Fund

A continuation of losses in August was seen magnifying throughout September with global equities experienced a decline of 4.1% in United States Dollar (USD) terms, largest monthly pullback in 2023. S&P 500 Index (SPX), Tech-heavy NASDAQ, Hang Seng Index (HSI), were down by 4.7%, 5.7%, and 2.5% respectively. Our reference index (S&P 1200 Global Shariah ESG) also experienced a pullback of 5.5 % for the month.

Broad equity market weakness persisted in September despite supportive economic momentum out of the United States (US). Core retail sales, industrial production and core durable goods orders all displayed positive growth figures in August. Third-quarter Gross Domestic Product (GDP) estimates held steady at a healthy 1.2% quarter-on-quarter (QoQ) rate. Additionally, the ISM Manufacturing Purchasing Managers Index (PMI) exceeded expectations by rising to 49 in September, with the closely-watched New Orders sub-index also indicating an upward trend at 49.2. Inflation data exhibited a mixed picture, with the headline rate climbing to 3.7% year-on-year (YoY) in August, primarily driven by the surge in oil prices. Core inflation, however, registered a decline to 4.3%. Despite these somewhat positive developments, markets reacted negatively as concerns on potential impact on higher interest rates resurfaced following a hawkish Federal Reserve (Fed) projection. This also led to higher global bond yields which resulted to simultaneous drawdown for both global equities and global bonds for the month. Separately, the US narrowly avoided a government shutdown through a last-minute deal, ensuring funding until mid-November.

On the other hand, the Eurozone economic data releases were lukewarm. Business surveys remained subdued in September, with the Composite PMIs remaining below 50 at 47.1 for euro area and 46.8 for United Kingdom (UK). In addition, third quarter GDP for the UK came in at -0.5%, further underscoring weaknesses in the economy. That being said, Eurozone inflation saw slower growth of prices than estimated at 4.3%, while core inflation eased to 4.5%. UK headline inflation edged lower to 6.7% in August and core inflation decreased more sharply at 6.2%. Meanwhile, the European Central Bank (ECB) raised its deposit rate by 25 basis points (bps) to 4%, whereas the Bank of England (BOE) and the Swiss National Bank (SNB) unexpectedly maintained their rates at 5.25% and 1.75%, respectively. Interestingly, the UK equity market returned 1.8% in September, partly due to its large tilt towards the energy sector while Europe ex-UK followed global moves, closing the month at -2.4%.

Japanese equities held up relatively well with the TOPIX gained 0.4% in local currency terms. However, broad weakness in large cap continued in September as the Nikkei 225 was down 1.7% for the month. In addition to recent solid corporate earnings season, foreigners continued to favour Japanese stocks due to the weak Yen coupled with expectations of interest rates peaking in the developed market. In addition, the Jibun Bank Flash Composite PMI was sustained above the 50-mark for ninth straight month at 52.1 as currency effects continued to support Japanese exporters. Meanwhile, the Bank of Japan (BOJ) September meeting was a non-event as BOJ kept policy settings unchanged and forward guidance was unchanged as well.

In China, economic landscape had started to show some signs of improvements in August. Industrial production and retail sales reaccelerated while deflation proved to be short-lived as the headline inflation rate rose 0.1% YoY. Furthermore, manufacturing NBS PMI returned to expansion territory in September at 50.2 while non-manufacturing activity also grew at faster pace at 51.7. That said, both 'A' and 'H'-share indices as well as the MSCI China had marked fresh lows for the year with several attempts to ignite a rally failed. Real estate distress remained in the headlines and Beijing this time provided additional support, this time by easing banks' reserve requirement ratios.

Against the abovementioned backdrop, we remain steadfast with our investment strategy as we continue our focused approach towards identifying Shariah and ESG compliant companies that demonstrates resiliency in the challenging economic conditions and good growth prospects.

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 ornear 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 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.

<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.