

HLMT i-INCOME FUND

May 2021

Fund Features

1. Investment Objective

The objective of HLMT i-INCOME FUND ("The Fund") is to preserve capital while achieving regular income stream through an investment portfolio containing predominantly sukuk and a small proportion in equity securities.

2. Investment Strategy & Approach

Investments are on Shariah-Compliant securities that offer good medium-term earnings growth.

3. Asset Allocation

The indicative asset allocation for The Fund is to invest a minimum of its net asset value ("NAV") in sukuk, Islamic money market instruments and liquid assets. Generally, The Fund may invest up to a maximum of 20% of its NAV in equities.

Asset	Ranges
Shariah-Compliant Equities	0%-20%
Sukuk/Cash	80%-100%

4. Target Market

This fund is suitable for investors with low to moderate risk horizon and medium to long term investment horizon.

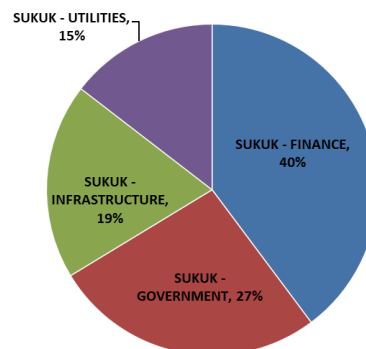
Fund Details

Unit Price (31/05/2021)	RM 1.6325
Fund Size (31/05/2021)	RM 5.5mil
Fund Management Fee	1.00% p.a
Fund Manager	Hong Leong Assurance Berhad
Fund Category	Sukuk
Fund Inception	April 2007
Benchmark	20% FBM Emas Shariah Index + 80% GIA
Frequency of Unit Valuation	Daily

*The company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy 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

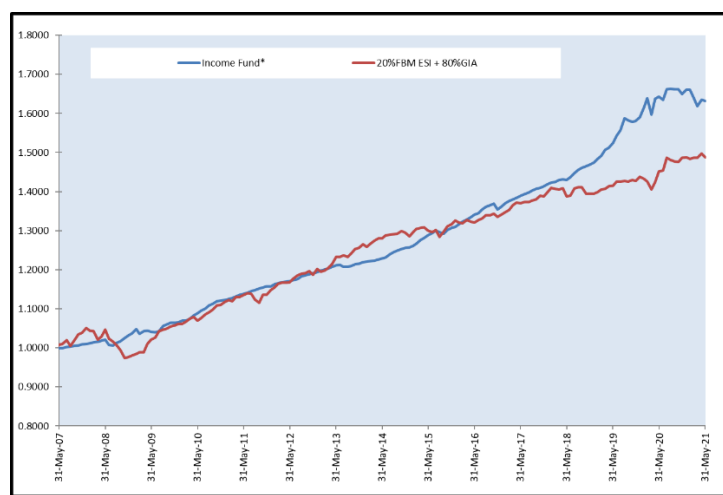
Asset & Sector Allocation of HLMT i-Income as at 31 May 2021



Top 5 Holdings as at 31 May 2021

1	RHB ISLAMIC BANK BERHAD 21.05.2029	11%
2	MALAYSIA INVESTMENT ISSUE 04.08.2037	10%
3	MALAYAN BANKING BERHAD 31.01.2031	10%
4	PROJEK LEBUHRAYA USAHASAMA BERHAD 12.01.2038	9%
5	AMISLAMIC BANK BERHAD 18.10.2028	9%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
i-Income	-0.18%	-1.67%	-0.62%	14.16%	21.80%	63.25%
Benchmark*	-0.62%	-0.04%	2.47%	7.11%	12.64%	48.74%
Relative	0.45%	-1.63%	-3.09%	7.05%	9.15%	14.51%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

During the month, inflation continued to be the front-and-centre of global macro debate with divided views on whether the recent spike is transitory or a persistent trend. This was also evident in the recent Federal Open Market Committee ("FOMC") minutes where a number of participants suggested that it might be appropriate at some point during the upcoming meetings to talk about tapering where market now expects taper talks to potentially begin sometime end 2021. In the West, countries that accelerated its vaccination program has gradually reopened while Asia continued to be inundated by the resurgence of Covid-19 cases. In China, the internet stocks continued to be under pressure on the back of regulatory tightening and uncertainties. Prices of major industrial commodities also took a breather during the month following China's intervention to boost domestic supply and curb speculation.

Domestically, it was the first quarter results reporting season. Most sectors came in stronger year-on-year ("yoy") due to the low base effect and in tandem with the gradual re-opening of the economy. However, sentiment was dampened following the government's decision to reimpose a two-week nationwide total lockdown beginning 1st till 14th June 2021. This is due to the persistently high Covid-19 cases exceeding 5k daily which had strained the healthcare system to a breaking point. As a result of this, the government will also likely revise down its gross domestic product ("GDP") growth forecast for the year and its fiscal deficit. Earlier, the Ministry of Finance ("MOF") projected fiscal deficit to hit 6% by end 2021 and GDP growth of 6% to 7.5%. Other key events that occurred during the month were activist Andy Hall's allegation over forced-labour malpractices at some electronic manufacturer service ("EMS") and glove manufacturers. Serba Dinamik was aggressively sold down when its auditor was unable to verify RM3.5b worth of transaction and contracts which prompted the Securities Commission to investigate the matter.

Retailers were net buyers at +RM0.5b (USD121m) whilst local institutions turned net sellers at -RM0.3b (USD73m); foreign institutions were net sellers at -RM0.2b (USD48m). Retailers and local institutions accounted for 36.0% and 25.8% of value traded with foreign institution the remaining 19.1%. For the month, FBM Shariah underperformance the FBM KLCI performance. Month-on-month ("mom"), the FBM Shariah was down by 3.8% vs FBM KLCI's decline of 1.1%. Both FBM SC and FBM Emas were down by 7% and 2.6% respectively.

Going forward, market will continue to be sensitive to economic data, inflation readings and movement in bond yields. Sustained inflation beyond the near-term transitory increases and / or a sudden spike in bond yields will result in a very volatile market. Investors will continue to follow closely the pace of reopening in the developed markets, particularly in the United States ("US") and United Kingdom ("UK"). In Malaysia, key determinants of market movement would be the Covid-19 infection trend and likelihood of further extension to the full lockdown. As markets will remain volatile, we maintain our barbell strategy by investing in both the value and growth sectors, with focus still on the recovery / reopening theme, reflation beneficiaries and 5G / technology names.

Sukuk Market

In the month of May, the yields of local government bond ("govvies") recorded mixed performance across different tenures with a more pronounced upwards steepening bias. The yields on the 3-, 10-, 15- and 30-year tenors increased by 19, 6, 13 and 4 basis points ("bps") while the 5- and 7-year tenors decreased by 1 and 2 bps. The announcement of MCO 3.0 did induce some immediate risk off sentiments with yield of the 10-year tenor declining to 3.02% in early May 2021 (end-April 2021:

3.18%). Such sentiments however have abated throughout the month with the 10-year tenor settling at 3.23% as at end May 2021. April 2021 inflation reading of a 4.7% increase yoy helped support the general upwards movement of yields in May 2021. Additionally, stronger than expected GDP for 1Q2021 was also supportive of the nation's trajectory towards economic recovery. Malaysia's GDP for 1Q2021 contracted by 0.5% yoy, narrower than consensus expectations of a 0.9% contraction. A pronounced risk-off sentiment arising from continued increase in daily infection rates and the accompanying movement restrictions seems to have yet to take hold in the local bond market.

In the corporate bond segment, investors continued to prefer defensive bonds with strong credit profiles. As such, AAA and GG bonds continued to make up the bulk of daily transactions. Some prominent new issuances during the month are Danainfra Nasional Berhad (RM2.0b, GG) and Cagamas Berhad (RM1.9b, AAA).

The newly announced total lockdown, envisioned to be similar to the first lockdown in March 2020, is taking place in June 2021. The tighter restrictions on business activity are expected to induce risk-off sentiments and drive-up demand for safe haven assets. On the supply side, additional issuance of public debt could arise as result of the latest RM40b aid package dubbed as the 'Pemeriksaan Plus' of which RM5b will constitute direct fiscal injection. Close attention will be directed to daily infection rates and likelihood of extensions in the lockdown period to assess the potential impact of the nation's economic landscape. We are cautiously optimistic on the local bond market and this could potentially provide a good opportunity for the fund to reposition for the second half of the year.

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

Year	Net Annual Returns
2016	4.00%
2017	4.25%
2018	3.88%
2019	7.81%
2020	4.43%

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-Income 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.