

HLMT i-INCOME FUND

February 2023

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.

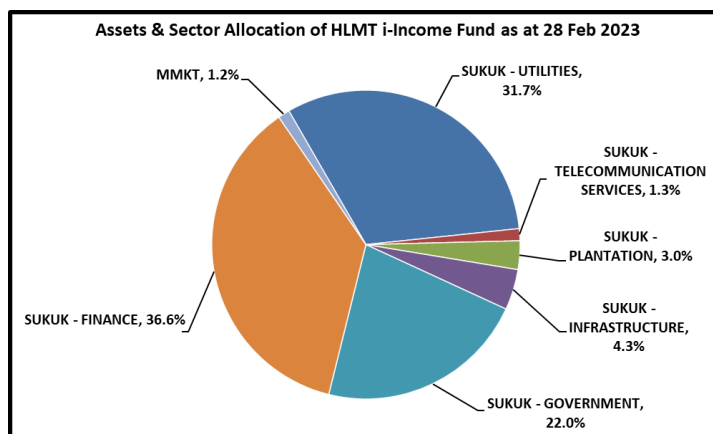
Fund Details

Unit Price (28/02/2023)	RM 1.7021
Fund Size (28/02/2023)	RM 8.3mil
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 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

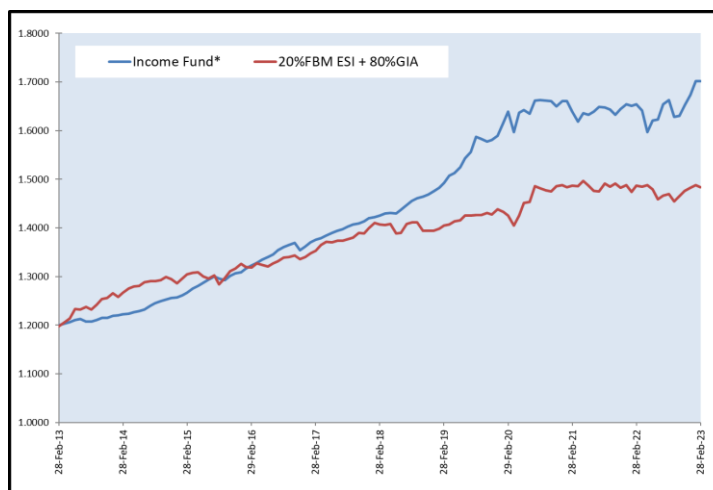
Assets & Sector Allocation as at 28 February 2023



Top 5 Holdings as at 28 February 2023

1	TNB POWER GENERATION SDN BHD 02.06.2037	13%
2	RHB ISLAMIC BANK BHD 21.05.2029	7%
3	PROJEK LEBUHRAYA USAHASAMA BHD 12.01.2038	6%
4	MALAYSIA INVESTMENT ISSUE 04.08.2037	6%
5	MALAYAN BANKING BHD 31.01.2031	6%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since inception
i-Income	0.01%	1.68%	2.89%	3.87%	19.44%	70.21%
Benchmark*	-0.26%	0.12%	-0.22%	4.12%	5.44%	48.41%
Relative	0.27%	1.56%	3.11%	-0.25%	14.00%	21.80%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

Global equities retreated in February from the strong 2023 start following stubbornly-high inflation data which created uncertainties on the Fed rate outlook and the rising geopolitical tensions between the US and China. The recent release of Personal Consumption Expenditures (PCE) price index, which is a key inflation measure for the US Fed, came in higher than market expectations suggesting that inflationary pressures may not be fading anytime soon. The US 4Q corporate results season also underperformed expectations, where more companies were finding it more difficult to maneuver the weak growth, waning price power and increased interest rate. Over to the HK/ China markets, it was equally challenging as investors remained cautious as they await policy signals from the upcoming National People's Congress. The financial industry was rocked by the disappearance of an individual who oversaw the nation's biggest tech deals over the past decade. Sentiment over the big internet players further soured when JD.com announced that it is launching a US\$1.5b (RMB10b) subsidy campaign in March to lower the prices of certain products.

Domestically, the focus for the month was the re-tableting of Budget 2023. The re-tableted Budget 2023 was market neutral with no major immediate taxes announced with the economy and cost of living issues being the main priority. Overall budget expanded to account for higher subsidies funded by direct taxes and the government reaffirmed its plans for targeted subsidies. Government revenue is also expected to be higher from direct taxes and Petronas has committed to declare an extra RM5b of dividend to RM40b. Development expenditures were little changed. The recent results reporting season for 4Q saw most companies coming in within expectations with a more cautious outlook for 2023. The resurgence in US\$ in February saw the Ringgit depreciating by 5% to 4.4873 per US\$.

Average daily trading value increased to RM2.3b in February from Jan's RM2.1b. Foreign investors stayed net sellers at -RM0.1b, while local institutions turned net sellers -RM0.6b. Local retailers turned net buyers +RM0.4b. Foreign, local institutions and retailers accounted for 24.9%, 36.2% and 26.7% respectively of value traded. The best-performing sectoral indices in Feb 23 were construction and property whilst the worst three performing sectors were industrials, technology and energy. In February, the FBMSC fell the most by -4.5% m-o-m. The FBM KLCI, FBM Shariah and FBM Emas reported negative returns of -2.1% m-o-m, -2.5% m-o-m and -2.2% m-o-m respectively.

Globally, investors will continue to monitor US bond yield movements where the 10-Year had recently breached the 4% resistance, global monetary policies as well as any potential indications of a recession. The upcoming FOMC session will also be closely followed to better gauge the Fed Fund rate outlook. China will also be kicking off its annual National People's Congress in March where 2023 economic growth target could be set and more measures aimed at boosting consumption could be unveiled. Domestically, key major event will be the MPC meeting following BNM's decision to pause its rate hike in the previous meeting. On politics, the outcome of UMNO's party polls will also be closely followed. 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 February, the local govies' yield followed a similar trend to US Treasuries (UST), but the increase was less significant. Domestic rates were not immune to the rise in yields in the US despite a slightly tamer inflation reading of 3.7% in January (compared to December's 3.8%). The yields on the 3-, 5-, 10-, and 30-year GII increased by 0.6, 3, 6 and 9 bps respectively, tracking the trend in the UST market. Also, the local market reacted neutrally to the recent budget tabling because there were no unexpected surprises.

In the corporate sukuk/bond segment, some prominent new issuances during the month were Petroleum Sarawak Exploration & Production Sdn Berhad (RM1.5 billion, AAA) and Pengurusan Air SPV Berhad (RM1.5 billion, AAA).

Looking ahead, the direction of the UST will continue to depend on economic data releases and indicators. Given recent inflation data and the strength of the economy as reflected by various relevant indicators, the UST is currently on a bearish trajectory. To reverse the current bearish sentiment, concrete indicators such as a consistent decline in Consumer Price Index (CPI), combine with labor market weakness is required.

Domestically, local govies will continue to be influenced by their US counterparts. While CPI numbers have declined, the interest rate differential with the US will continue to influence domestic rates. On a fundamental level, we do not foresee any significant catalyst that will move rates in the near term. Therefore, we remain neutral at this juncture.

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

Year	Net Annual Returns
2018	3.88%
2019	7.81%
2020	4.43%
2021	-0.37%
2022	1.21%

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.