

HLMT MAA'ROF FUND (HLMTDM2)

July 2023

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 (31/07/2023)	RM 0.9799
Fund Size (31/07/2023)	RM 1.3mil
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Islamic Balanced/Growth & Income
Fund Inception	13/04/2021
Benchmark	FBM Emas Shariah Index + KLIBOR 3-months (60:40)
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.

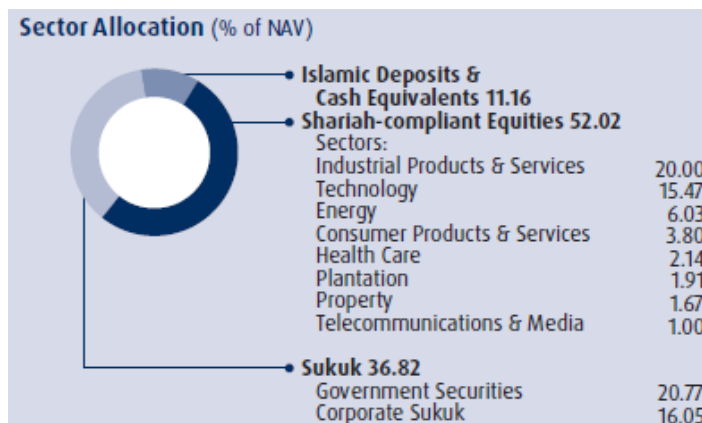
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website

www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx

Asset Allocation of HLMTDM2 as at 31 July 2023

Hong Leong Dana Maa'rof	99.3%
Cash	0.7%
Total	100.0%

Sector Allocation of Target Fund as at 31 July 2023



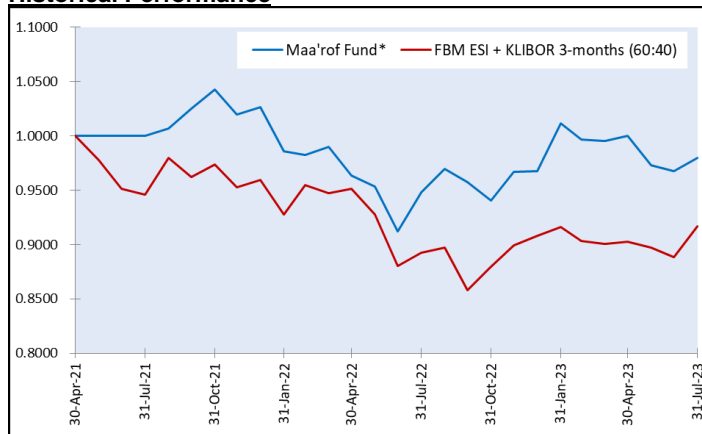
Top 5 Shariah-compliant Holdings of Target Fund as at 31 July 2023

1	YBS International Berhad	2.79%
2	UWC Berhad	2.59%
3	Pentamaster Corporation Berhad	2.44%
4	Malaysian Pacific Industries Berhad	2.39%
5	Frontken Corporation Berhad	2.19%

Top 5 Sukuk Holdings of Target Fund as at 31 July 2023

1	Government Investment Issue – 2024	8.29%
2	Kimanis Power Sendirian Berhad	6.13%
3	Government Investment Issue - Mar 2026	5.93%
4	Samalaju Industrial Port Sendirian Berhad	4.87%
5	Government Investment Issue - Sep 2026	3.00%

Historical Performance



Maa'rof	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Maa'rof	1.26%	1.26%	3.39%	-	-	-2.01%
Benchmark*	3.22%	0.96%	2.76%	-	-	-8.30%
Relative	-1.96%	0.30%	0.63%	-	-	6.29%

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

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month of July, the FTSE BM KLCI rose by 6.01% to close at 1,459 points. Market was generally positive during the month, after 6 consecutive months of negative return. The broader market outperformed as the FTSE BM EMAS Shariah Index rose by 5.16% to close at 10,953 points. Small cap also was positive, up by 4.97% as the FTSE BM Small Cap Index close at 15,588. The top three best performing sectoral indices in Jul 23 were the Property, Industrial Production and Energy sectors. The top three worst performing sectors in Jul 23 were REIT, Transport and Telecom.

Local institutional investors and local retailers however turned net sellers in July. Local institutional investors had a net sell flow of equities of RM 762.6 mil in July compared to net buy flow of RM 632 mil in June. Local retailers saw net sell flow of RM 556.1 mil having previously been net buyers for five months straight, including a net buy flow of RM 315 mil in June. On a positive note, foreign investors turned net buyers in July having previously been net selling Malaysia equities for ten consecutive months. Their net buy flow was at RM 1.4 bn in July compared to a net sell flow of RM 1.3 bn in June.

On the corporate front, IJM Corp Bhd is taking up a 44.83% stake in Pestech International Bhd which marks the group's entry into the energy transmission sector for RM124 mil. Betamek Bhd has bagged a contract to supply various parts for Perodua's new car model worth RM436.5 mil. 7-Eleven Malaysia Holdings Bhd has accepted an offer from BIG Pharmacy Healthcare Sdn Bhd to sell its 75% stake in Caring Pharmacy Group Bhd for RM637.5 mil.

Malaysia is scheduled to release its second quarter GDP numbers in August as well as the inflation figures. The state election (6 states) is set to be on 12th of August and we will be monitoring the outcome to position ourselves in the market. In the US, the July FOMC minutes will be released and investors will also be monitoring the initial jobless claim and non-farm payroll numbers.

The Fund will continue to identify companies that are potential winners in growing industries helmed by capable management.

Sukuk Market

The US Fed raised the Fed Funds Rate by another 25 basis points ('bps') to 5.25 – 5.50% as expected despite easing headline inflationary pressures although non-volatile core inflation remained elevated. Recessionary risk in the US however, could be priced-out reflecting resilient job markets, steady unemployment level and declining jobless claims which had bolstered upward revision in US GDP growth for 2023 from 1.3% to 2.0%. Benchmark yield on 10 years US Treasuries rose +12.2 bps to settle at 3.9588% in June while the short-end 2 years on-the-run edged lower to 4.8766% from 4.8954% a month earlier. The long end of the yield curve bull steepened reflecting expectations that US Fed is likely to ease the pace of policy tightening given the downward trend in inflationary momentum.

Bank of Japan ('BoJ') had also announced to widen its yield curve control ('YCC') corridor through bond purchases by allowing 10 years Japanese Government Bonds ('JGB') to oscillate between ±0.5% to ±1.0%. The increased in BoJ's tolerance towards larger swings was attributable to the reflationary actions that has resulted in Japan's CPI to peak at 4.3% year-on-year ('YoY') in January before easing to 3.3% in June. Both PBOC and BoJ are the only regional central banks that had not resorted to rate hikes year-to-date but we think there is a small likelihood that BoJ could potentially tightening its monetary policy resulting in costlier carry trades and unwinding of riskier debts.

The onshore bond market remained range-bound with 10Y Malaysia Government Securities ('MGS') trading in-between 3.80

– 3.90% range as Bank Negara Malaysia ('BNM') maintained its OPR at 3.00%. Malaysia's headline inflation continued its easing trend in July with June's CPI posted a decline to 2.4% YoY as compared to May's 2.8% YoY. Despite elevated levels, Malaysia core CPI continued its declining trend, easing to 3.1% in June from 3.5% a month's prior. Malaysia's industrial production rebounded by +4.7% YoY as compared to -3.3% YoY in April as the manufacturing sector continues to be uplifted by domestic-oriented demand and exports continue to chart robust growth.

Government guaranteed papers remained relatively tight against its similar maturity MGS, narrowing to +15 – 18 bps while AAA-rated papers were trading at sub 50 bps. Yields are likely to stabilize with tendencies for domestic yields to track UST and our investment preferences is to overweight high-grade credits over local govies for additional yield pick-up and to minimize the correlative volatility with UST yields, a high convexity trade and relatively high coupon could help buffer some gyrations in price returns.

Target Fund Performance

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

	Percentage Growth		Annualised Compounded Return	
	HLDM2 (%)	Benchmark (%)	HLDM2 (%)	Benchmark (%)
Year-to-date	1.02	0.96	-	-
1 Month	1.29	3.22	-	-
3 Months	-2.40	1.60	-	-
6 Months	-3.69	0.07	-	-
1 Year	3.36	2.76	3.36	2.76
3 Years	35.32	-8.41	10.61	-2.89
5 Years	55.11	-2.64	9.17	-0.53
10 Years	88.14	7.17	6.52	0.69

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		
	HLDM2 (%)	Benchmark (%)	HLDM2 Distribution Yield (%)
2022	-6.60	-5.37	5.20
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

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

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 funds 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 will take the necessary steps to dispose of such securities in accordance with the advice from Shariah Adviser.

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.