

HLMT MAKMUR FUND

(HLMTDM)

May 2021

Fund Features

1. Investment Objective

HLMT Makmur Fund - HLMTDM ("The Fund") aims to achieve a consistent capital growth over a medium-to-long term investment horizon by investing in compliance with the Shariah requirements.

2. Investment Strategy & Approach

At inception, the Fund will invest by feeding into Hong Leong Dana Makmur ("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 good 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 70% of its NAV into Shariah-compliant equities and a maximum 30% of its NAV into Islamic money market instruments and Sukuk.

4. Target Market

The Fund is suitable for investors who:

- want to participate in a diversified vehicle that comply with Shariah requirements
- are sensitive to Shariah requirements and seek to achieve capital growth through a portfolio of investments that adhere to Shariah requirement
- have a medium-to-long term investment horizon.

Fund Details

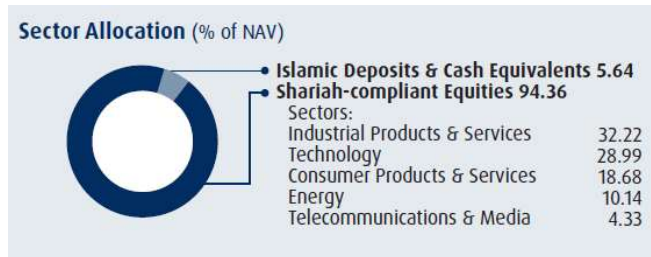
Unit Price (31/05/2021)	RM 0.9688
Fund Size (31/05/2021)	RM 96.0k
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Islamic Equity/Growth
Fund Inception	13/04/2021
Benchmark	FBM EMAS Shariah Index
Frequency of Unit Valuation	Daily

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

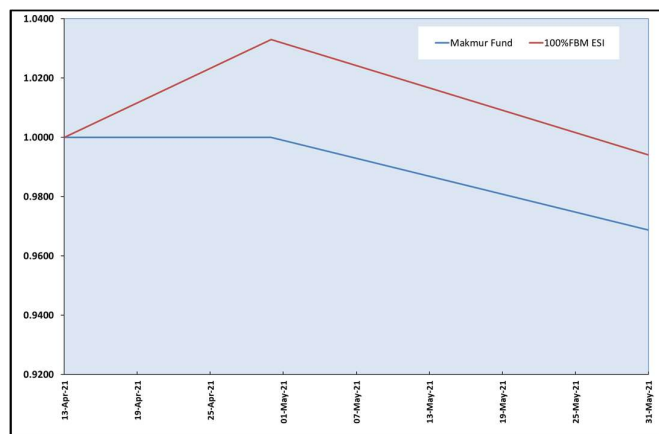
Target Fund Sector Allocation as at 31 May 2021



Target Fund Top 5 Holdings as at 31 May 2021

1	D&O Green Technologies Berhad	9.11%
2	Press Metal Aluminium Holdings Berhad	8.18%
3	Petronas Chemicals Group Berhad	7.94%
4	Freight Management Holdings Berhad	5.10%
5	Guan Chong Berhad	4.90%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
Makmur	-3.12%	-3.12%	-	-	-	-3.12%
Benchmark*	-3.76%	-0.59%	-	-	-	-0.59%
Relative	0.64%	-2.53%	-	-	-	-2.53%

*Source: Bloomberg

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month, the FBM KLCI declined 1.1% to close at 1,584 points. The broader market underperformed as the FBM EMAS Index declined 2.6% to close at 11,496 points. Small caps underperformed as the FBM Small Cap Index declined 7.0% to close at 15,992 points.

Sentiment in the local market was weighed down by the rising number of Covid-19 cases and the imposition of Movement Control Order ("MCO") 3.0.

On the corporate front, the board of Cahya Mata Sarawak Berhad. suspended its group Chief Financial Officer ("CFO") as part of the investigations into alleged financial mismanagement. MyEG Services Berhad. signed a memorandum of understanding with Singapore-based Breathonix Private Limited to bring in real-time breath test system for Covid-19 to Malaysia.

The Target Fund will continue to identify Shariah-compliant stocks of companies that are potential winners in growing industries helmed by capable management.

Sukuk Market

On the sukuk front, onshore borrowing costs continue to climb higher prior to the full lockdown imposed on 1 June. The Malaysia Government Securities ("MGS") sovereign yield curve shifted upwards with yield spread between 10 years and 3 years benchmark widened from 80.5 basis point ("bps") to 90 bps while the long-end benchmark yield differential between 30 years and 5 years gapped to 185.5 bps from 173.5 bps. The Government Investment Issuances ("GII"), the Islamic sovereign equivalent also bears steepened in tandem with MGS curve with GII 3 years and 10 years on-the-run yield differential widened to 125 bps from 108.7 bps. Strong external settings continue to drive Malaysia's trade resiliency which had charted the fastest exports growth since March 1998. Exports accelerated by 63% year-on-year ("yoy") while imports surged 24.4% yoy thereby lifting April 2021 trade surplus to RM20.5b relative to RM24.1b in prior month. Inflation as measured by the Consumer Price Index ("CPI") surged 4.7% in April 2021 versus 1.7% in previous month with March 2021 unemployment rate fell by 4.7%, the lowest since last year's October 2020. This adds an additional 59,000 jobs in the labor market, the highest since December 2020.

The MGS 15 years benchmark auction printed a healthy bid-to-cover at 2.445 times with an auction size of RM2.5b in size and an additional RM2.0b in private placements. Demand for long-dated government bonds remains healthy, but market remained cautious post-auction from observable defensive bids. The average yield garnered at 3.956%. Another reopening on the shorter-dated maturity drew bid-to-cover of 2.0 times for the GII 5 years on-the-run with an auction size of RM4.5b. The average yield settled at 2.728% which is on the upper side of when-issued yield reflecting market retesting the yield upside and this is observable post-auction when bond action suggested cautious tone. In the corporate space, strong market interest in government guaranteed papers continued with bids specifically on shorter-dated maturity with selective interest on Sarawak Electric, Tenaga and Telekom. During the month, Bank Muamalat (Ratings: A3) 10 years callable at 5 years book auction garnered close to RM600m of bids versus RM500m at final yield of 4.50%. Corporate bids are still healthy reflecting the market appetite for yields while selectively managing their duration risk.

For fund strategy, the fund manager continues to maintain slight defensiveness to the portfolio as we expect Bank Negara Malaysia ("BNM") to continue to maintain its borrowing costs of 1.75% throughout financial year 2021. Nevertheless, we continue to balance our fund duration with the intermediate segment of the curve where we see favourable value given the divergence in market risk and preference between the short- and mid-curve with possible bullish steepening as the market shifts towards longer-

dated sukuk.

Target Fund Performance

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

	Percentage Growth		Annualised Compounded Return	
	HLDLM (%)	Benchmark (%)	HLDLM (%)	Benchmark (%)
Year-to-date	17.60	-2.94	-	-
1 Month	-8.31	-3.76	-	-
3 Months	-4.27	-1.59	-	-
6 Months	34.03	-2.85	-	-
1 Year	75.87	6.22	75.87	6.22
3 Years	102.78	4.90	26.55	1.61
5 Years	124.62	7.13	17.56	1.39
10 Years	169.02	22.81	10.39	2.07

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		HLDLM Distribution Yield (%)
	HLDLM (%)	Benchmark (%)	
2020	47.16	10.14	11.92
2019	29.14	3.85	11.10
2018	-18.43	-13.52	6.70
2017	20.43	10.72	17.68
2016	-2.13	-6.14	5.99
2015	13.09	2.35	6.47
2014	-0.82	-4.17	5.56
2013	10.63	13.29	6.62
2012	7.92	11.85	5.69
2011	2.11	2.41	-

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 Makmur 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.