

## HLMT MAA'ROF FUND

### (HLMTDM2)

August 2022

#### 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.

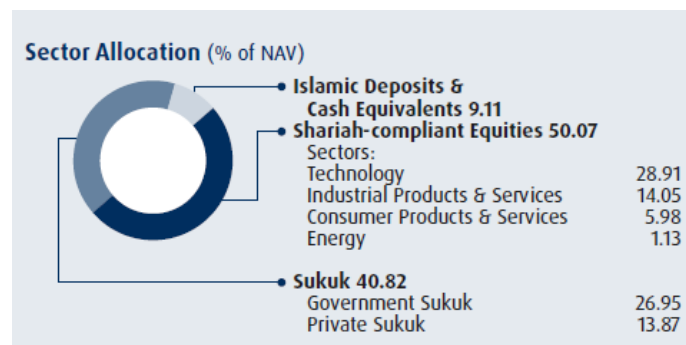
#### Fund Details

Unit Price (31/08/2022)	RM 0.9699
Fund Size (31/08/2022)	RM 673.8k
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Islamic Balanced/Growth & Income
Fund Inception	13/04/2021
Benchmark	(40% x 3-month KLIBOR) + (60% x 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 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](http://www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx)

#### Target Fund Sector Allocation as at 31 August 2022



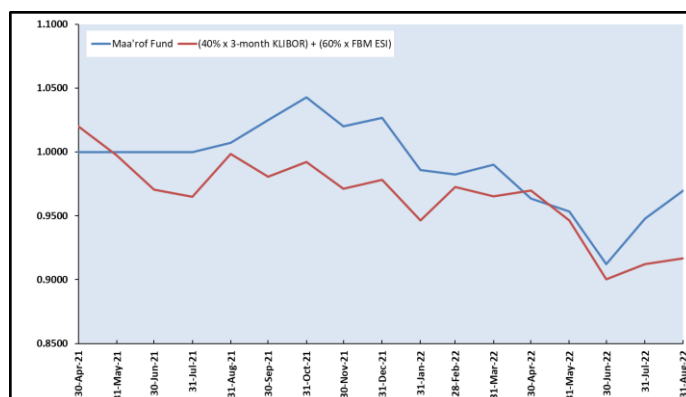
#### Target Fund Top 5 Equity Holdings as at 31 August 2022

1	Genetec Technology Berhad	3.90%
2	D&O Green Technologies Berhad	3.75%
3	Berjaya Food Berhad	3.64%
4	Pentamaster Corporation Berhad	3.41%
5	YBS International Berhad	3.09%

#### Target Fund Top 5 Sukuk Holdings as at 31 August 2022

1	SAMALAJU INDUSTRIAL PORT SENDIRIAN BERHAD	8.85%
2	GOVERNMENT INVESTMENT ISSUE - 2024	8.59%
3	GOVERNMENT INVESTMENT ISSUE - 2023	5.39%
4	GOVERNMENT INVESTMENT ISSUE - 2028	4.38%
	GOVERNMENT INVESTMENT ISSUE - 2024	4.35%

#### Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Maa'rof	2.33%	-5.52%	-3.68%	-	-	-3.01%
Benchmark*	0.51%	-6.30%	-8.19%	-	-	-8.33%
Relative	1.82%	-0.78%	4.50%	-	-	5.32%

\*40% x 3-month KLIBOR (Source: Lipper for Investment Management) + 60% x FBM ESI (Source: Bloomberg)

## Market Review, Outlook & Strategy by the Target Fund

### Equities Market

During the month of August, the FTSE BM EMAS ("FBMS") rose by +0.73% to close at 10,813 points. The gain was partly fuelled by foreign buying and stronger-than-expected 2Q22 GDP. FBMS underperformed broader market as the FTSE BM KLCI ("FBMKLCI") Index climbed by +1.3% to close at 1,512 points. The top three best-performing sectors in Aug were energy (+8.5% mom), utilities (+4% mom), and telecom (+2.9% mom). The top three worst-performing sectors in Aug were healthcare (-9.7%), technology (-3.9%), and REIT (-2.1%).

Foreign investors were the largest net buyer in the month of August as they net bought RM2 bn of Malaysia equities (vs. net buying of RM175 mil of Malaysian equities in July). Local institutional investors were the largest net seller in August, with net sell of RM2.4 bn

The Fund was at 50.07% invested in Shariah-compliant equities, 40.82% invested in Sukuk and the remainder in money market and cash. Stocks that contributed positively during the month include Berjaya Food Bhd, LGMS Berhad and Coraza Integrated Technology. Sentiment in the equity market globally is still dominated by the fear of economic slowdown and tighter monetary policies, given the heightened risk of inflation worldwide. However, going forward, we expect corporate earnings to be better driven by the border re-opening and improvement in earnings across most sectors. Slower-than-expected interest rate hikes also could be a catalyst for the market in the near term.

### Sukuk Market

The 10-year Treasury yield climbed to as high as 3.12%, its highest level since July as medium-term inflation expectations continue to rise after Powell's hawkish comments in the Jackson Hole speech. Powell mentioned that central bank will not back off in its fight against rapid inflation. Powell also mentioned a tough stance against inflation, signalling to investors that a decision on the September rate hike is necessary to return inflation to 2%. However, the decision on September rate hike will hinge upon economic indicators since the July meeting. The 2-year benchmark bond yield rose 16.5bps week on week to 3.400% while the 30-year debt yield dropped 2.1bps week on week to 3.194% month end.

Locally, sovereign bonds enjoyed modest gains in the month with the bulk of support concentrating on the short to medium end of the curve. The 3-year MGS closed the week 13 bps lower to 3.37% as the notable outperformer, while the 10-year MGS benchmark also trended 2 bps lower to close at 3.96% month end. On the flipside, the longer tenured bonds were sold-off by some 4 to 5 bps month end, in line with the steepening of the US treasury curve.

### Target Fund Performance

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

	Percentage Growth		Annualised Compounded Return	
	HLD2 (%)	Benchmark (%)	HLD2 (%)	Benchmark (%)
Year-to-date	-6.40	-6.53	-	-
1 Month	2.54	0.54	-	-
3 Months	1.82	-3.32	-	-
6 Months	-1.64	-6.04	-	-
1 Year	-4.76	-8.42	-4.76	-8.42
3 Years	52.72	-2.15	15.14	-0.72
5 Years	52.65	-3.06	8.82	-0.62
10 Years	93.85	11.72	6.84	1.11

Source: Hong Leong Asset Management Berhad

### Calendar Year Returns

	HLD2 (%)	Benchmark (%)	HLD2 Distribution Yield (%)
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
2012	6.44	8.44	6.90

Source: Lipper For Investment Management, In MYR Terms.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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.

**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.

### **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.