

HLMT i-INCOME FUND

July 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 80% 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.

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 (31/07/2023)	RM 1.7509
Fund Size (31/07/2023)	RM 9.1 mil
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.

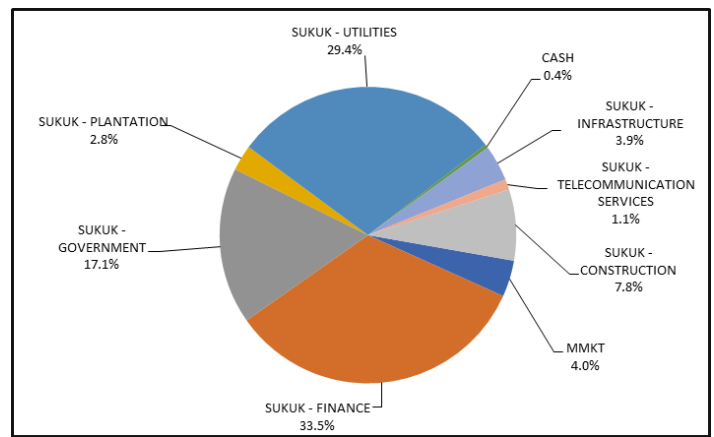
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website

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

Asset Allocation as at 31 July 2023

Sukuk	95.6%
Islamic Deposit & Cash Equivalents	4.4%
Total	100.0%

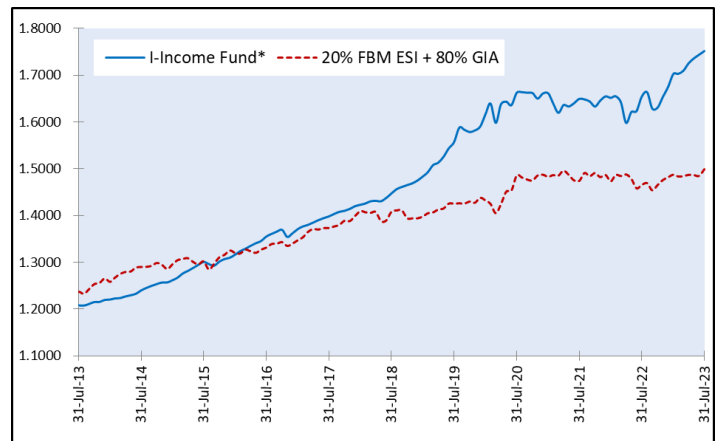
Sector Allocation as at 31 July 2023



Top 5 Sukuk Holdings as at 31 July 2023

Rank	Holder	Percentage
1	TNB Power Generation Sdn Bhd 02.06.2037	12.0%
2	Gamuda Berhad 20.06.2030	7.8%
3	RHB Islamic Bank Berhad 21.05.2029	6.6%
4	Projek Lebuhraya Usahasama Berhad 12.01.2038	6.0%
5	Malaysia Investment Issue 04.08.2037	6.0%

Historical Performance



i-Income	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	0.45%	4.59%	5.87%	5.37%	21.03%	75.09%
Benchmark*	0.96%	1.17%	2.29%	0.91%	6.48%	49.97%
Relative	-0.51%	3.42%	3.58%	4.46%	14.55%	25.12%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

During the month, global equities fared better following a better-than-expected US 2Q23 GDP print of 2.4% (1Q23 GDP: 2.0%). US June unemployment rate also held relatively steady at 3.6% whilst US June CPI further declined to 3.0% yoy. Nonetheless, Fed hiked interest rate by 25 bps to 5.50% in its July meeting, in line with market expectations. Moving to China, market witnessed a second month of uptrend post the Politburo meeting on hopes of stimulus announcements. Stimulus expectation came after the Politburo meeting was brought forward, the first time since 2019 “countercyclical” was mentioned and the phrase “housing is for living not for speculation” was scrapped. All of which signals some sort of urgency and easing from the part of the government. Brent oil gained in July by +14.2% mom to USD85.56/bbl, as Saudi Arabia extended its voluntary crude oil output cuts of 1 million barrels per day (bpd) by another month in August 2023, with further extensions possible. Subsequently, Russia also announced additional cut of 0.5 million bpd for August 2023.

Domestically, it was a relatively upbeat month in terms of announcements. Prime Minister Anwar Ibrahim announced a plan for an economic reset under the Madani Economy Framework. The main focus of the framework is to restructure the country's economy to make Malaysia an economic leader in Asia while addressing issues such as cost of living. Subsequently, our government launched the National Energy Transition Roadmap (NETR) with the lifting of export ban of Renewable Energy (RE), establishment of a central electricity exchange, and targets to increase installed RE capacity to 40% in 2035 and 70% by 2050, with approximately MYR637b of investments throughout 2050. Separately, Malaysia and Singapore are looking to establish a Johor-Singapore Special Economic Zone in Iskandar Malaysia, to drive economic growth and strengthen economic connectivity between the two countries. Upcoming focus in the Malaysian market would be the 6 state elections (Selangor, Kelantan, Terengganu, Negeri Sembilan, Kedah and Penang) on 12 August 2023.

Average daily trading value was relatively unchanged at RM1.87b in July from a month ago. Foreign investors turned net buyers at +RM1.4b in July, the first positive inflow this year, narrowing YTD foreign equity outflow to -RM2.8b. Economically, Malaysia's industrial production grew by +4.7% yoy in May as compared to a contraction of -3.3% in April, driven by higher output in major sectors such as manufacturing, electricity and mining. Bank Negara maintained the Overnight Policy Rate unchanged at 3.00% in its July meeting. In July, the FBM Shariah rose by +5.2% mom to close at 10,952.7 whilst the best performer was FBM KLCI with a positive return of +6.0% m-o-m, closing at 1,459.4 points. The FBM Emas and FBMSC rose by +5.5% m-o-m and +5.0% m-o-m respectively.

Globally, investors will continue to monitor global economic data such as PMIs, inflation rate, unemployment, and narrative from FOMC members after the recent hike in July. Geopolitically, focus will be on Sino-US relationship as well as developments within Russia. As for HK/ China markets, investors will focus on follow through actions by the government after it recently released 20 measures in attempt to restore and expand consumption. Domestically, attention would be focused on the upcoming 6 state elections, 2Q23 earnings as well as further measures by the government such as NETR phase 2, expected to be launched in the second half of 2023. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (travel and selective commodities), utilities (defensive with yield) and 5G/ technology (trade diversion). We are neutral on interest rate hike beneficiaries (banks) given the peak in inflation.

Sukuk Market

In the month of July, the local market sentiment showed a slight improvement after Bank Negara Malaysia (BNM) decided to pause the Overnight Policy Rate (OPR), accompanied by a dovish statement from the Monetary Policy Committee (MPC) meeting on July 6th. This decision eased concerns about another near-term rate hike, resulting in a rally in the 7-year Government Investment Issue (GII), with yields declining from 3.796% to the low 3.73%. However, towards the end of the month, the gains in GII were erased by the upward movement of US Treasury (UST) yields. At the end of July, the 3-, 5-, 10-, and 30-year GII settled at 3.48% (+2bps), 3.65% (-4bps), 3.89% (unchanged), and 4.29% (unchanged), respectively.

In the corporate sukuk/bond segment, notable new issuances during the month included Sarawak Energy Berhad (RM3.5 billion, AAA), Johor Corporation (RM1.5 billion, AAA), RP Hydro Kelantan Sdn Bhd (RM975 million, AA3), and Cagamas Berhad (RM1.6 billion, AAA).

Moving forward, the local market sentiment will still be influenced by its US counterpart. Despite the expectation of subdued rate hike projections in the US for the rest of the year, the market remained data driven and responsive to economic indicators. As a result, any significant data releases or developments in the US can trigger reactions in the local market.

Meanwhile, the upcoming six state elections will be a crucial event to closely monitor on the local front. The potential uncertainty surrounding these elections may lead to temporary fluctuations in local sukuk yields. Additionally, on the policy front, a careful analysis of economic data, particularly inflation prints pending the decision on subsidies, will significantly influence BNM's monetary policy rate setting in the future. Consequently, we will maintain a cautious approach, while selectively considering opportunities, especially in the primary market for yield enhancement.

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.