

HLMT i-INCOME FUND

May 2022

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

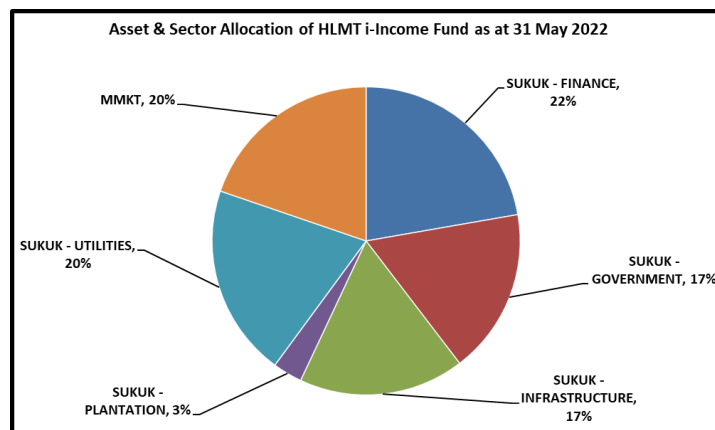
This fund is suitable for investors with low to moderate risk horizon and medium to long term investment horizon.

Fund Details

Unit Price (31/05/2022)	RM 1.6207
Fund Size (31/05/2022)	RM 7.1mil
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 Policy Owner ninety (90) days prior written notice.

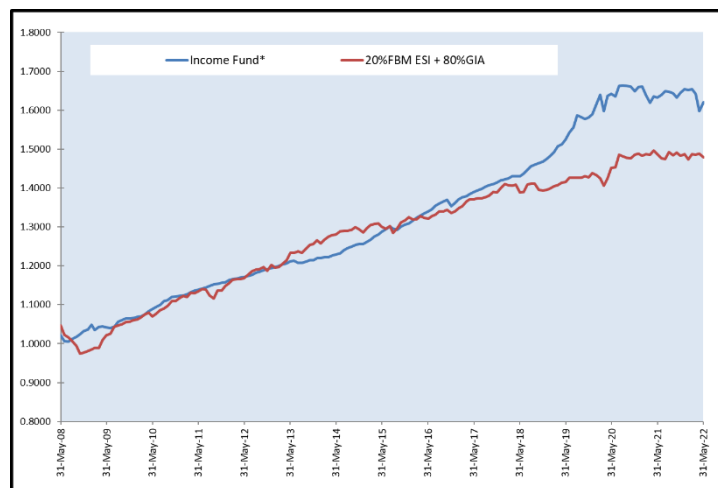
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx



Top 5 Holdings as at 31 May 2022

1	TNB POWER GENERATION SDN BHD	14%
	02.06.2037	
2	RHB ISLAMIC BANK BERHAD	9%
	21.05.2029	
3	MALAYAN BANKING BERHAD	7%
	31.01.2031	
4	AMISLAMIC BANK BERHAD	7%
	18.10.2028	
5	MALAYSIA INVESTMENT ISSUE	7%
	04.08.2037	

Historical Performance



	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
i-Income	1.45%	-2.01%	-0.72%	6.28%	16.63%	62.07%
Benchmark*	-0.63%	-0.56%	-0.55%	4.49%	7.93%	47.91%
Relative	2.08%	-1.45%	-0.17%	1.79%	8.70%	14.16%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

Global risk aversion deepened in the month of May sending US stocks into bear market territory briefly (down 20% from the recent peak) before reversing as some investors saw it as a buying opportunity. Markets continued to trade tumultuously as investors questioned the trajectory of US inflation and the effectiveness of Federal Reserve's monetary policy in reigning in inflation without curtailing growth. Sentiment in China recovered following the State Council executive meeting where policymakers decided to roll out a broad package of measures to stabilise the economy amid intensifying downward pressure on the economy. People's Bank of China also lowered the 5Y LPR by 15bps to 4.45% during the month. Oil price resumed its uptrend touching the US\$115/barrel level as EU agreed to a partial ban on Russian oil imports. The Ringgit continued to weaken against the US\$ during the month from 4.35/US\$ to a low of 4.40/US\$ before recovering to 4.38/US\$ at month end.

Domestically in May we saw the economy return to a stronger footing in 1Q22 with a GDP growth of +5% (4Q21: +3.6% yoy). The latest economic indicators also continued to point towards a sustained economic recovery as Malaysia transitions towards a full reopening of its economic activities. With the domestic economy on a stronger footing, Bank Negara Malaysia surprised the market by announcing the first Overnight Policy Rate hike of 25 bps point after maintaining it at a record low of 1.75% since Jul 20. It was also the first quarter reporting season which we deem as largely neutral with major sectors like banks, plantation and telco coming in largely within expectations.

The average daily trading value in May increased to RM2.4b from April's RM2.1b. Retailers were net buyers with +RM0.5b whilst local institutions stayed net sellers -RM0.6b. Foreign institutions stayed small net buyers with a net buy of +RM0.1b. Retailers and local institutions accounted by 21.6% and 31.2% of value traded. Foreign institutions accounted for 35.9% of value traded. The four indices were down in May. FBM Shariah declined by 4.3% mom underperforming the FBM KLCI's -1.9% mom. FBM Emas was down by 2.7% mom and FBM Small Cap retreated the most with a -7% mom drop.

In June, market will continue to monitor the developments from the upcoming Fed rate hike and its balance sheet reduction plans. As for China, more cities are expected to reopen following the improvement seen in nationwide new cases. This is positive as with production resuming in China, the current widespread supply chain disruptions could ease in coming months. For Malaysia, the reopening will continue to support economic recovery but there are also early signs of corporates facing cost pressure due to ongoing labour shortages and high commodity prices. This trend will likely be more evident in the upcoming quarter results. We maintain our barbell strategy by investing in both the value and growth sectors, but will look to pivot towards increasing weightage in dividend-yielding stocks. We continue to favour selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks).

Sukuk Market

In the month of May, local govies continued to track the movement of U.S Treasury ("UST"). The yields of UST eased in May as growing concerns on recession began to gain traction, inducing some reevaluation on inflation and monetary policy tightening. This was a reversal from levels observed earlier when the Fed raised interest rate by 50bps coupled with expectations of more aggressive hikes to tame inflation. The 10Y UST's yield spiked up to 3.19% when sentiment reversed towards month end due to the release of lacklustre economic data and worries that aggressive interest hike may dent economic activities led to heightened concerns that a recession could be on the horizon. Such worries resulted in some flight to

safe haven assets coupled with receded expectations of an aggressive hike, led to declining yields with the 10Y UST settling at 2.84% as at end May.

During the month, Bank Negara raised interest rates by 25bps. This was a surprise to many but it was deemed pre-emptive on the back of the strong economic momentum in 1Q22 as reflected by a 5% GDP growth coupled with growing concerns on rising food prices stemming from supply chain issues and geopolitical conflict. In the week of the hike, the 10Y MGS was hovering at around 4.45% but has since retracted, taking cue from global concerns of an impending recession should the US fail to deliver a soft landing. The ensuing demand for safe haven assets led to a decline in yields with the 10Y MGS settling at 4.19% as at end May 2022.

In the corporate sukuk/bond segment, some prominent new issuances during the month were Imtiaz Sukuk II Berhad (RM1.5 billion, AA2), Cagamas Berhad (RM725 million, AAA), and Tanjung Bin Energy Sdn Bhd (RM710 million, AA3).

The domestic sukuk yield movement is envisaged to continue to track the movement of UST while the UST will likely be influenced by the Fed's tone on the necessary policy actions to tame inflation while not precipitating a recession. Close attention will be paid to economic data such as job market reports and economic growth indicator to gauge the likelihood of a recession. Besides, we will also monitor relevant economic data which could induce significant risk off sentiments. Strategy wise, we will continue to nibble especially on primary issuances and adopt the dollar averaging strategy.

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

Year	Net Annual Returns
2017	4.25%
2018	3.88%
2019	7.81%
2020	4.43%
2021	-0.37%

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.