

HLMT MAKMUR FUND

(HLMTDM)

June 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:

- Seek to achieve capital growth through a diversified portfolio of investments.
- Have a medium-to-long term investment horizon.

Fund Details

Unit Price (30/06/2021)	RM 0.9610
Fund Size (30/06/2021)	RM 124.3k
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

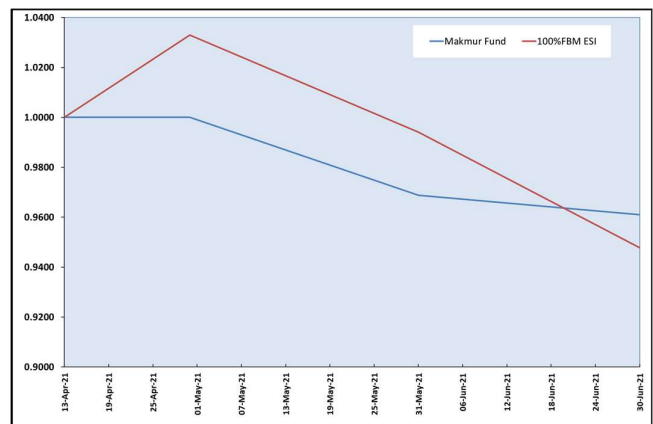
Target Fund Sector Allocation as at 30 June 2021



Target Fund Top 5 Holdings as at 30 June 2021

1	D&O Green Technologies Berhad	9.35%
2	Petronas Chemicals Group Berhad	7.42%
3	Press Metal Aluminium Holdings Berhad	7.02%
4	Malaysian Pacific Industries Berhad	5.36%
5	Freight Management Holdings Berhad	5.02%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
Makmur	-0.81%	-3.90%	-	-	-	-3.90%
Benchmark*	-4.66%	-5.21%	-	-	-	-5.21%
Relative	3.85%	1.31%	-	-	-	1.31%

*Source: Bloomberg

Market Review, Outlook & Strategy by the Target Fund

Equities Market

FBM Shariah index registered a year-to-date ("YTD") return of -7.5%. Among the top gainers for the first half of 2021 includes MMC Corp Berhad (+105.0%), DNEX Berhad (213.3%), D&O Green Technologies Berhad (112.6%) and Pecca Group Berhad (+167.6%). Top losers for the period were Serba Dinamik Holdings Berhad (-81.0%), Euro Holdings Berhad (-67.71%), Supermax Corp Berhad (-42.9%), Hartalega Holdings Berhad (-38.2%) and Genting Plantation Berhad (-26.3%). For the month of June 2021, the FBM Shariah index underperformed the broader market with a -4.7% month-on-month ("mom") return. FBMKLCI was down by 3.2% mom, FBMSC retraced by 3.6% and FBM Emas was lower by 3%.

Retailers were net buyers at +RM1.7b (+USD409m) whilst local institutions were net sellers at -RM1.2b (-USD289m). Foreign institutions were net sellers at -RM1.2b (-USD289m). Retailers and local institutions accounted for 35.7% and 27.5% of value traded with foreigners the remaining 17.4%. Foreign equity outflow from Malaysia continues, totaling RM3.8b as at YTD June 2021.

Investors remained cautious during the month as the number of COVID-19 cases failed to show a meaningful decline despite the imposition of Movement Control Order ("MCO") 3.0.

On the corporate front, Yinson Holdings Berhad agreed to collaborate with Chile-based renewable energy developer Verano Capital Holdings to undertake renewable energy projects in Chile, Colombia and Peru. Axiata Group Berhad and Norway's Telenor ASA have signed a definitive agreement to merge their respective units, Celcom Axiata Berhad and Digi.Com Berhad, valuing the merged entity at close to RM50b. IJM Corp Berhad has agreed to sell its entire 56.2% stake in subsidiary IJM Plantations Berhad to Kuala Lumpur Kepong Berhad for RM1.5b cash, or RM3.10 per share. MMC Corp Berhad's controlling shareholder, Seaport Terminal ("Johore") Sdn Bhd, plans to privatize the group via a selective capital reduction and repayment ("SCR") exercise at RM2 per share.

The Fund will continue to invest in companies that would benefit from superior pricing power and efficient cost management.

Sukuk Market

United States Treasury ("UST") yield curve flattened end-June 2021, with shorter-dated yields ended the month higher following surprise hawkish tone from the Federal Open Market Committee ("FOMC") meeting. 2-year benchmark climbed 10.4 basis points ("bps") to 0.253% while intermediate segment slid 18.4 bps to 1.451%. The long-end plunged to 2.064 % relative to 2.324% at June 2021 onset. Moving into 2H21, there is further scope for UST yields to move higher albeit at deliberate pace given tapering anticipation of Federal Reserve's weekly USD120b asset purchases in 1H22 with projected rate lift-offs in 2H22.

Onshore market was tepid with FBMKLCI slipping 3.2% end-June 2021 to 1,532 as new daily infections recorded all-time high. As a result, Putrajaya introduced additional fiscal stimulus totaling RM150b with direct cash infusion of RM10b for the country to tide over stricter MCO. Key measures include reintroducing opt-in loan moratorium, another Employee Provident Fund ("EPF") withdrawal scheme and repackaged wage subsidy program. Debt-to-GDP is expected to remain stable capped at statutory 60% with deficits expected to be lowered to 5.7% from 5.4%.

Gross domestic product ("GDP") growth forecast is expected to be recalibrated to 4.0% from initial official projection of 6.0 to 7.5%. Inflation prints however came in lower at 4.4% in May 2021 as compared to the 4.7% in the preceding month driven by low base effect and rising commodity prices.

Malaysia Government Investment Issue ("MGII") rates started off at the year with 10-year benchmark rate at 2.70% which is +12

bps or 0.12% higher than equivalent Malaysia government security ("MGS") benchmark. In 1Q21, the MGII 3-year and 10-year yield spreads widened from +72 bps to +122 bps while the MGII 5-year 20-year yield differential marginally steepened to +179 bps from +174.5 bps at the start of the year as US 10-year treasury yields hit a high of 1.75% on reflationary trade and global recovery play. As of 30th June 2021, the intermediate curve had retightened back with MGII 10-year benchmark stabilizing at 3.378% while the long end 20-year bull flattened to 4.29% from 4.45%.

Sovereign bonds were unwound with 10-year MGS benchmark yield ended softer at 3.29% from 3.20% at June 2021 onset due to lingering concerns on nation's pandemic situation and Standard and Poor ("S&P") Global Ratings' negative outlook on Malaysia's credit.

The 20-year benchmark reopening in June 2021 however drew a surprisingly strong 2.65 times bid-to-cover ("BTC") on an expected RM4b auction size. The BTC level is higher earlier auction average of 2.02 to 2.58 times range for 20 to 30 years benchmark, suggesting market demand for duration remained resilient.

In credit space, notable corporates include Bank Muamalat with Tier-2 Subordinated Sukuk Murabahah issuance while SP Setia auctioned RM500m of sukuk from its Sukuk Programme.

We expect a healthy MGII issuance into the market and with much focus of the government to upsize existing issuance we believe total MGII pipeline issuances to be healthy at gross issuance of RM 76b out of projected RM 140b total issuances in 2021. Furthermore, the average MGII spread premia above equivalent MGS tenors is currently favourable at average +12 bps versus historical mean average of +7.5 bps reflecting there are further spread compression for MGII curve. For fund strategy, the fund manager continues to maintain slight defensiveness to the portfolio as we expect Bank Negara Malaysia ("BNM") to maintain its overnight policy rate ("OPR") at 1.75% until 2021. Nevertheless, we remain comfortable with current portfolio positioning to navigate the current market conditions. The fund manager continues to be vigilant for tactical positioning to reposition the portfolio should opportunities arise

Target Fund Performance

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

	Percentage Growth		Annualised Compounded Return	
	HLDM (%)	Benchmark (%)	HLDM (%)	Benchmark (%)
Year-to-date	16.79	-7.45	-	-
1 Month	-0.70	-4.66	-	-
3 Months	-3.64	-5.21	-	-
6 Months	16.79	-7.45	-	-
1 Year	75.16	1.15	75.16	1.15
3 Years	99.44	0.71	25.85	0.24
5 Years	123.78	0.62	17.47	0.12
10 Years	168.70	15.79	10.38	1.48

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		HLDM Distribution Yield (%)
	HLDM (%)	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.