

HLMT MAA'ROF FUND

(HLMTDM2)

October 2021

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.

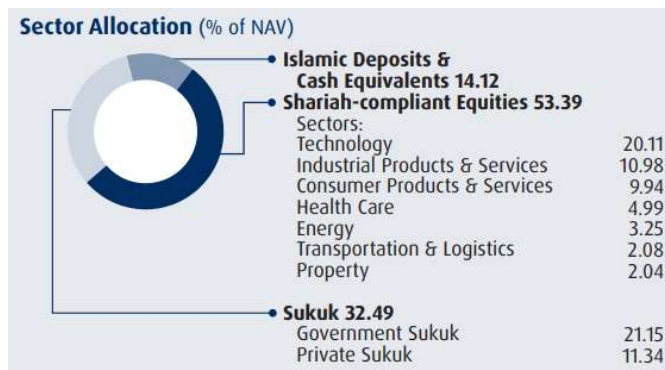
Fund Details

Unit Price (31/10/2021)	RM 1.0429
Fund Size (31/10/2021)	RM 295.7k
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Balanced
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 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

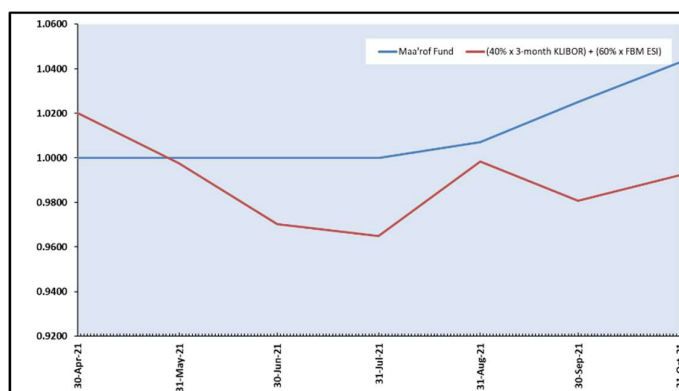
Target Fund Sector Allocation as at 31 October 2021



Target Fund Top 5 Holdings as at 31 October 2021

1	GOVERNMENT INVESTMENT ISSUE - 2024	9.23%
2	D&O GREEN TECHNOLOGIES BERHAD	7.68%
3	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM - PRIVATE SUKUK	6.18%
4	GOVERNMENT INVESTMENT ISSUE - 2023	5.83%
5	PRESS METAL ALUMINIUM HOLDINGS BERHAD	4.16%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
Maa'rof	1.74%	4.29%	-	-	-	4.29%
Benchmark*	1.17%	-0.77%	-	-	-	-0.77%
Relative	0.56%	5.06%	-	-	-	5.06%

*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

For the month of October 2021, the FBM KLCI rose 1.6% to close at 1,562 points. The broader market outperformed as the FBM EMAS rose 2.2% to close at 11,559 points. Small caps outperformed as the FBM SC rose 7.0% to close at 17,196 points. FBM ESI was up by 1.88%. The best performing sectors in October 2021 were property, energy and plantation while the worst performing sectors were healthcare and utilities.

Foreign investors net bought RM1.6b worth of Malaysian equities in October 2021, their third consecutive month of net buying and highest monthly net buy since January 2018. The key negative in October 2021 was that the net selling among local institutional investors remained high at RM1.9b, and retailers' net buying declined 65% month-on-month ("mom") in October 2021 to RM333m. Market was upbeat on the lift of interstate and overseas travel ban early October 2021 and the Budget 2022 announcement on the last week of October 2021.

On the corporate front, CTOS Digital Berhad announced that they received a letter from Bank Negara Malaysia ("BNM") regarding the temporary suspension of access to the Central Credit Reference Information System ("CCRIS"). Lotte Chemical Titan Holdings Berhad decided to proceed with the construction of an integrated petrochemical facility in Indonesia and awarded contracts to Lotte Engineering & Construction Company Limited to start work on the project.

Going forward we expect the overall market to continue holding up, anchored by the reopening of economic activities, a more stable political landscape and higher commodity prices. The Fund will continue to invest in Shariah-compliant stocks of companies that would benefit from superior pricing power and efficient cost management.

Sukuk Market

The United States ("US") Federal Reserve ("Fed") signalled an earlier-than-expected tapering which came as a hawkish surprise to the investors. Fed Chair Jerome Powell indicated that an official tapering decision could happen in November. The 10-year US Treasury ("UST") yields moved 20 basis points ("bps") higher to end the month at 1.49%.

Locally, the government bonds traded weaker following the spike in the UST. On a mom basis, the government bond yield curve trended higher by 6 to 10 bps. The 10-year Malaysian Government Securities ("MGS") benchmark yield closed around 3.62% month end from the previous month of 3.39%.

The 10-year Government Investment Issue ("GII") expanded for the month of October 2021, closing at 3.71% (+22 bps). Longer 20-year GII steepened from 4.186% to 4.312%. The 10-year GII auction drew a decent bid-to-cover ratio of 2.02 times but on a smaller than expected RM4b total size. Noteworthy corporate issuances were Danalnfra Nasional Berhad which raised a total of RM1.5b from 7-30 year bonds for the building and construction of the LRT 3 project.

Key event to monitor going forward in the coming Melaka State Election. Investors will also be focusing on the 3Q21 results season for Malaysian corporates in November 2021, and particularly on how the various new taxes (prosperous tax) will impact their earnings prospects in 2022. Also, in focus will be plans to reopen the Malaysian borders to international travellers.

Finance Minister Tengku Zafrul presented the Budget 2022 on 29 October 2021 which announced a year of heavy fiscal spending for 2022. The Budget maintained an expansionary bias with a budget deficit of RM97.5b or 6% of gross domestic product ("GDP") (RM98.8b or 6.5% of GDP in 2021). The government has indicated it will finance the budget mainly from domestic sources.

In the Budget 2022, the government had forecasted a strong 2022 GDP growth of 5.5%-6.5% versus 3%-4% for 2021 and Consumer Price Index ("CPI") inflation of 2.1% (2021: 2.4%). The estimated gross sovereign bond supply in 2022 at RM160b (maturity: RM69b) is largely similar to 2021. Statutory debt to GDP is expected to rise to 63.4% of GDP by end-2022. The statutory debt ceiling was temporarily raised in October 2021 to 65% of GDP (ending in 2022) from 60% previously. We expect Bank Negara to continue to maintain the Overnight Policy Rate ("OPR") at 1.75% in the near term.

Moving forward, the Fund will continue to de-risk and reduce duration to preserve capital and reduce fund volatility.

Target Fund Performance

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

	Percentage Growth		Annualised Compounded Return	
	HLDM2 (%)	Benchmark (%)	HLDM2 (%)	Benchmark (%)
Year-to-date	22.21	-1.86	-	-
1 Month	1.79	1.19	-	-
3 Months	6.79	2.93	-	-
6 Months	4.35	-2.64	-	-
1 Year	42.79	0.20	42.79	0.20
3 Years	75.19	8.27	20.53	2.68
5 Years	81.38	8.33	12.64	1.61
10 Years	132.75	33.08	8.81	2.90

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		HLDM2 Distribution Yield (%)
	HLDM2 (%)	Benchmark (%)	
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
2011	2.83	3.02	-

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.

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.

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.

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.