هوڠ ليوڠ م.س.أ.ج. تكافل
HongLeong MSIG Takaful

HLMT i-BALANCED FUND

June 2023

Fund Features

1. **Investment Objective**
The objective of HLMT i-BALANCED FUND ("The Fund") is to achieve regular income as well as medium to long-term capital growth through a diversified investment portfolio containing equity and sukuk.

2. **Investment Strategy & Approach**
The Fund seeks to maximize total returns by providing investors with a combination of capital appreciation and income distribution while reducing risk through diversified investments in equity and sukuk.

3. **Asset Allocation**
The indicative asset allocation for The Fund is to invest a minimum of 30% of its net asset value ("NAV") in sukuk, Islamic money market instruments and liquid assets. Generally, The Fund may invest up to 70% of its NAV in equities.

4. **Target Market**
This fund is suitable for who are looking for a mixture of safety, income and modest capital appreciation with moderate to high risk tolerance and medium to long term investment horizon.

Fund Details

Unit Price (30/06/2023)	**RM 1.4298**
Fund Size (30/06/2023)	**RM 10.2 mil**
Fund Management Fee	**1.25% p.a**
Fund Manager	**Hong Leong Assurance Berhad**
Fund Category	**Balanced**
Fund Inception	**April 2007**
Benchmark	**50% FBM Emas Shariah Index + 50% GIA**
Frequency of Unit Valuation	**Daily**

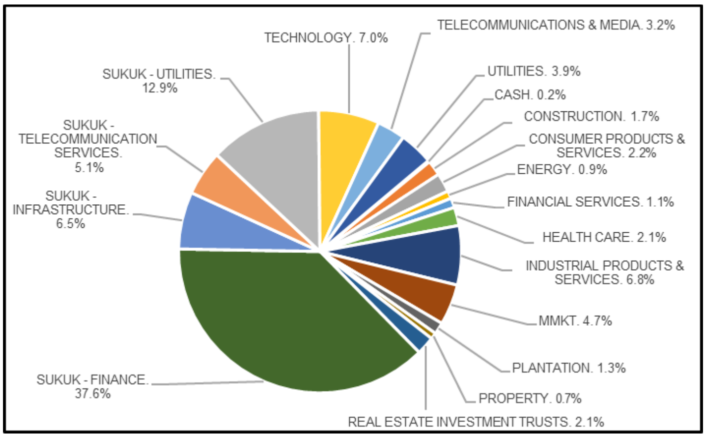
**The company reserves the right to change the Fund Management Fee (% p.a.) by giving the Certificate Owner ninety (90) days prior written notice.*

**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.aspx*

Asset Allocation as at 30 June 2023

Shariah-compliant Equities	33%
Sukuk	62%
Islamic Deposit & Cash Equivalents	5%
Total	**100%**

Sector Allocation as at 30 June 2023



Top 5 Holdings as at 30 June 2023

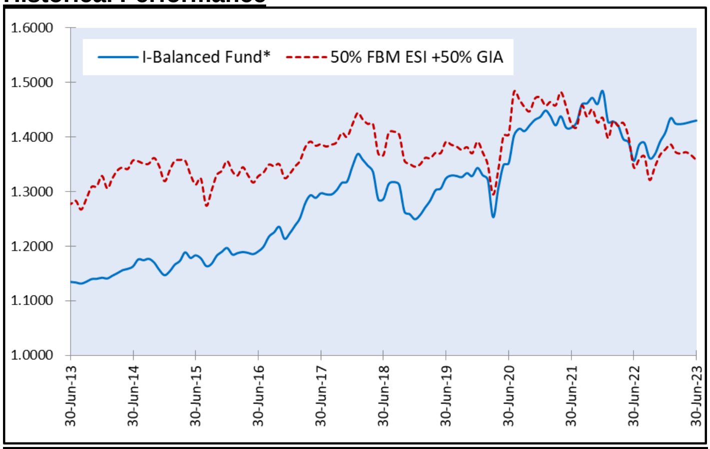
Shariah-compliant Equities

1	**Tenaga Nasional Berhad**	**3.0%**
2	**IHH Healthcare Berhad**	**1.4%**
3	**Inari Amertron Berhad**	**1.2%**
4	**Gamuda Berhad**	**1.2%**
5	**V.S. Industry Berhad**	**1.1%**

Sukuk

1	**Public Islamic Bank Berhad 17.12.2027**	**10.0%**
2	**Malaysia Rail Link Sdn Bhd 23.07.2041**	**6.5%**
3	**Sarawak Energy Berhad 25.04.2036**	**5.3%**
4	**Infracap Resources Sdn Bhd 15.04.2036**	**5.2%**
5	**Digi Telecommunications Sdn Bhd 02.12.2027**	**5.2%**

Historical Performance



i-Balanced	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Balanced	**0.15%**	**1.56%**	**5.43%**	**5.78%**	**11.18%**	**42.98%**
Benchmark*	**-0.66%**	**-1.43%**	**0.96%**	**-3.36%**	**-0.68%**	**35.74%**
Relative	**0.81%**	**2.99%**	**4.47%**	**9.14%**	**11.86%**	**7.24%**

*Source: Bloomberg

Hong Leong MSIG Takaful Berhad 200601018337 (738090-M)
Level 5, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.
Telephone 03-7650 1800 **Facsimile** 03-7620 6730

Market Review, Outlook & Strategy

Equities Market

During the month, global equities fared better following Fed's interest rate pause in June while US 1Q23 GDP print was adjusted higher to 2%, a 0.9 ppt increase from the first reading. Nonetheless, the FOMC raised the median dot plot to 5.6% for 2023, which implies 2 more rate hikes for the year, as the Fed stays firmly committed to bring inflation back down to 2%. US May CPI further declined, albeit still elevated, to 4.0% Y-o-Y as compared to 4.9% Y-o-Y in the previous month. Moving to China, market took a breather in June post two months of sell down in April and May. Blinken's Beijing trip did not yield much for the Sino-US relationship while the same could be expected for the upcoming Treasury Secretary Yellen's trip to China in early July. Market's expectation of large stimulus package from China's government had also fizzled post the June Politburo meeting with no mention of any significant stimulus. Nonetheless, China cut its short-term lending rate (-10bps to 1.90%) and medium-term lending facility (-10bps to 2.65%) for the first time in 10 months. This is in response to worse than expected May economic data following below pre-pandemic Dragon Boat Festival consumption levels, auto, property, PPI, and industrial profits data. Brent oil rebounded in June by +3% M-o-M to USD74.91/bbl, breaking the 5-months decline streak, ahead of Saudi Arabia's voluntary crude oil output cuts of 1 million barrels per day starting from 1 July 2023.

Domestically, it was a relatively quiet month in terms of announcements. Prime Minister Anwar Ibrahim announced a few market friendly measures such as reduction in stamp duty rate for shares traded on Bursa Malaysia Securities, promoting corporate ventures and easing the listing process. The stamp duty rate for shares traded on Bursa Malaysia Securities will be reduced to 0.10% of contract value effective July 2023 from the current 0.15%, subject to a maximum cap of RM1,000 per contract. To promote domestic direct investments, losses by sustainable investments in the group can be used to offset tax for the parent company. The Securities Commission (SC) and Bursa Malaysia is also expected to implement reforms to make it easier and faster to list on the exchange. Starting July, government will impose a higher electricity tariff for high consuming households (>1,500kWh, from 8sen/kWh to 10sen/kWh) but lower industrial tariffs (from 20sen/kWh to 17sen/kWh). Upcoming focus in the Malaysian market would be the 6 state elections to be held tentatively in August. Market is expecting the incumbent government to retain its power with marginal loss of seats.

Average daily trading value decreased to RM1.87b in June from May's RM1.91b. Foreign investors stayed net sellers at -RM1.3b in June, bringing YTD foreign equity outflow to -RM4.2b. Local retailers remained as net buyers at +RM0.3b. Foreign, local institutions and retailers accounted for 33%, 40% and 27% respectively of value traded for the month of June. In June, the FBM Shariah declined by -1.8% M-o-M, the worst performing benchmark compared to FBM KLCI (-0.8% M-o-M), FBM Emas (-1.0% M-o-M) and FBMSC (+0.1% M-o-M). The best-performing sectors for FBM Shariah in June 23 were plantations and renewable energy whilst the worst performing sectors were healthcare and materials.

Globally, investors will continue to monitor global economic data such as PMIs, inflation rate, unemployment, and FOMC's upcoming meeting at the end of July. Geopolitically, focus will be on Sino-US relationship as well as developments within Russia. As for HK/ China markets, investors will focus on consumption datapoints, developments in its property sector, and stimulus, if any. Domestically, there could potentially be more political sound bites as we move closer towards the 6 state elections tentatively in August and OPR decision. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (consumers with pricing power), utilities (defensive with yield) and 5G/ technology (easing of supply chain bottlenecks). We are neutral on interest rate hike beneficiaries (banks) given the peak in inflation.

Sukuk Market

In June, the local government sukuk market witnessed sell-offs, primarily driven by the front end of the curve, tracking the higher UST and global bond yields. The weaker bond prices were influenced by lower-than-expected Y-o-Y CPI, with actual results of 2.8%, falling short of the forecasted 3.0%. Notably, the USDMYR exchange rate closed the month at 4.6665, indicating 1.16% M-o-M weakening. Recognizing the significance of these currency movements, BNM expressed its commitment to intervene in the FX market to counter excessive fluctuations. While, the value of the MYR remains market-determined, BNM expects ongoing government measures such as structural reform and fiscal consolidation, to provide support to the currency. Towards end of the month, price movement in the local bond and MYR markets may have stabilised as a result of S&P Global Ratings' affirmation of Malaysia's sovereign credit ratings with a stable outlook. At end-June, the 3-, 5-, 10-, and 30-year GII settled at 3.48% (+9bps), 3.695% (+18bps), 3.891 (+8bps), and 4.291% (+2bps), respectively.

In the corporate sukuks/bonds segment, some prominent new issuances during the month were Pengurusan Air SPV Bhd (RM1.81 billion, GG), SP Setia Bhd (RM1.0 billion, AA), Ambank (M) Bhd (RM500 million, A1), Am Islamic Bhd (RM500 million, A1), Hong Leong Bank Bhd (RM500 million, AA1), Gamuda Bhd (RM900 million, AA3), Affin Bank Bhd (RM500 million. A3), Danainfra Nasional Bhd (RM2.38 billion, GG) and Malaysia Rail Link Sdn Bhd (RM2.1 billion, GG).

Although rates remained unchanged in June, the hawkish message conveyed in the most recent FOMC meeting, along with the Fed's Implied Rate dot plot indicating an expectation of two more rate hikes totaling 50 bps by end, implies a likelihood of further tightening measures ahead. Fed's Chair, Jerome Powell has consistently emphasized the goal of achieving a 2% inflation rate. Consequently, uncertainty surrounding the Fed's action is expected until clear indications of inflation containment emerge. From our perspective, the overall trajectory of UST yields remains upward.

On the domestic front, the local govvies will still subject to the movements of its US counterpart. Despite the decline in US CPI figures, the interest rate differential between Malaysia and US, as well as the current state of the USDMYR exchange rate, will continue to impact domestic rates. Furthermore, market participants eagerly await Bank Negara Malaysia's ("BNM") interest rate decision in July. Given the Fed's pause with guidance suggesting potential further rate hikes, rather than "pause-to-pivot" approach, BNM's next move will be crucial in ensuring that its monetary policy appropriately accommodative, minimizing the risk of future "financial imbalances" between the US and Malaysia. Hence, our view on the local bond market is cautiously bearish at this juncture, pending clearer signals from BNM. For time being, we will adopt a cautious approach and selectively participate in primary market, focusing on high-quality sukuk that offer favorable pricing.

Actual Annual Investment Return based on Published Price for the Past Five (5) Calendar Years

Year	Net Annual Returns
2018	-7.16%
2019	7.52%
2020	6.96%
2021	3.28%
2022	-5.10%

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-Balanced 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.