

HLMT i-INCOME FUND

August 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.

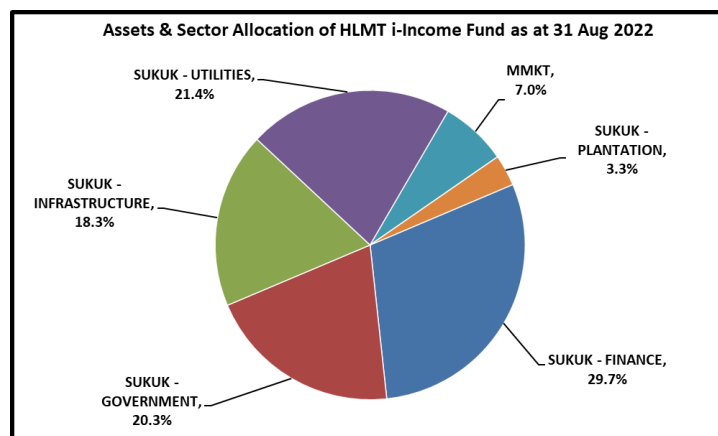
Fund Details

Unit Price (31/08/2022)	RM 1.6629
Fund Size (31/08/2022)	RM 7.5mil
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.aspx

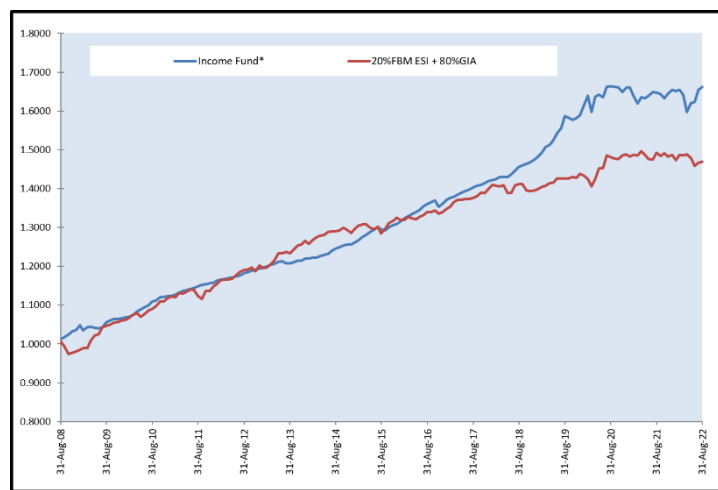
Assets & Sector Allocation as at 31 August 2022



Top 5 Holdings as at 31 August 2022

1	TNB POWER GENERATION SDN BHD	14%
2	RHB ISLAMIC BANK BERHAD	8%
3	MALAYSIA INVESTMENT ISSUE	7%
4	PROJEK LEBUHRAYA USAHASAMA BERHAD	7%
5	MALAYAN BANKING BERHAD	7%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	0.55%	0.54%	0.93%	4.77%	18.53%	66.29%
Benchmark*	0.26%	-1.18%	-1.46%	3.04%	6.75%	46.99%
Relative	0.29%	1.72%	2.39%	1.73%	11.78%	19.30%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

The rebound in global equities and most risk assets fizzled out in August. This was following the Fed Chair's speech at the 2022 Jackson Hole Economic Symposium where he signalled "higher interest rates for longer" and the need for restrictive monetary policy to restore price stability as well as cautioning against any premature loosening of monetary conditions, with important emphasis on the experience of the 1970s and 1980s. The Fed also indicated the willingness to accept negative growth and labour market consequences in order to restore price stability. These reverberated across markets, supporting the US\$ strength and pushing up sovereign bond yields. Rising recession concerns have also overshadowed China's announcement of an additional RMB1 trillion stimulus package to help boost the economy. The stimulus will be targeting investments in new energy projects, high-speed rail and water tunnels. Commodity prices continued to retrace as China's bumpy recovery added to worries that aggressive tightening by central banks to rein in inflation are denting demand. On a positive note, China and the US have reached a landmark audit inspection agreement which will allow the US Public Company Accounting Oversight Board inspectors to travel to Hong Kong or China for inspection of Chinese companies listed in New York.

Domestically, we saw the release of a relatively good set of economic data. A strong 2Q22 GDP print of +8.9% yoy was led by recovery in both the manufacturing and services segments as well as the low base effect from Jun 2021. Unemployment rate also improved further to 3.8%, the lowest since the Covid-19 pandemic outbreak two years ago. However, inflationary pressures are also broadening with July's CPI picking up to +4.4% yoy. The broad trend is reflective in the 2Q22 results where most companies reported results that met expectations; topline growth appeared to be robust on the back of economic reopening activities but bottom line was constrained by higher input costs (materials and wages), supply disruption and labour shortages. Towards month-end, Petronas announced an additional RM25b dividend payment to the government, bringing total dividend paid out to RM50b for 2022.

Average daily trading value increased to RM1.7b in August from RM1.3b in July. Retailers turned net buyers +RM100m while local institutions turned net sellers -RM2.3b. Foreign institutions remained net buyers with +RM2b. Retailers and local institutions accounted for 26% and 37% of the value traded with foreign institutions contributing the balance 24%. The FBM Shariah's +0.7% mom return continued to lag FBM KLCI's +1.3% mom return. FBM Emas and FBMSC came in at +0.7% mom and +0.5% mom respectively in August. The top 3 best-performing sectors in August were energy (+8.5% mom), utilities (+4% mom) and telecom (+2.9% mom).

Macroeconomic risks remain centred on monetary policy trajectory coupled with an evolving geopolitical environment that will affect investors' risk appetite. In the near term, investors are likely to remain cautious as 1) inflation remains elevated despite some relief from the easing of commodity prices and supply chain bottlenecks and 2) the Fed is unlikely to pivot despite signs of deterioration in economic growth. China will also be hosting the 20th Chinese Communist Party (CPC) Central Committee meeting on 16th October and investors may remain sidelined until then for better clarity of the development plans for China over the next 5 years as well as the new leadership. Domestically, Budget 2023 was brought forward to 7th October, potentially paving the way for GE15 by end-2022. Political uncertainty could be a near term overhang for the market. We remain defensive, investing in both value and growth. Sectors that we continue to favour include recovery/reopening names (consumers with pricing power) and 5G/ selected technology names (easing of supply chain bottlenecks).

Sukuk Market

In the month of August, the local govies' yield continued to track the trend in the US albeit to a smaller magnitude. The MGS yields on the 5-, 10-, and 15-year tenors increased by 3, 9, and 3 bps respectively. The MGS yields spiked up due to month end rebalancing by foreign funds as there were more sellers in MGS market. On the other hand, GII managed to hold on to some gains when the market reversed since there were not much activity in the GII market at month end. Thus, the overall GII yields decreased month on month as opposed to MGS. Fundamentally, the economy has displayed concrete signs of growth and recovery which was accompanied by higher inflation readings. GDP in the 2Q came in at a strong 8.9% y-o-y which suggested that a tightening would be warranted to curb price increases given that the economy is now perceived to be on steady footing. As anticipated by most market participants, inflation readings began to creep up with July's CPI increasing by 4.4% y-o-y, higher than June's 3.4%. These factors have contributed to the increase in yield given the relatively ripe macro environment for BNM to implement further rate hikes.

In the corporate sukuk/bonds segment, some prominent new issuances during the month were Lembaga Pembiayaan Perumahan Sektor Awam (RM4.0 billion, GG), Cagamas Berhad (RM1.6 billion, AAA), Danainfra Nasional Berhad (RM1.6 billion, GG) and Prasarana Berhad (RM1.5 billion, GG).

The UST is likely to be influenced by inflation data coupled with comments from Fed officials who are currently headstrong in their attempt to bring inflation down to 2%, a far cry from current levels. The upcoming FOMC in September will likely result in a rate hike and the only thing up for debate is the magnitude of it which in our view will be a function of upcoming inflation related data. We are also cognizant of recessionary risk and will continue monitoring economic data to gauge if a reversal in aggressive tightening is on the cards.

Domestically, local govies will likely track the movement of its US counterpart. Yields would most likely trend higher on account of the Fed's current aggressive trajectory. We will maintain with our dollar cost averaging strategy but will skew towards short tenure primary Islamic debt securities for time being.

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.