

HLMT i-INCOME FUND

May 2023

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 80% 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.

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 (31/05/2023)	RM 1.7354
Fund Size (31/05/2023)	RM 8.6 mil
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.

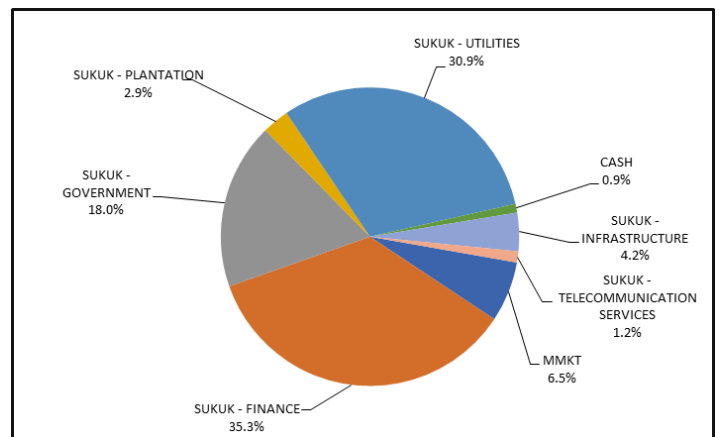
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website

www.hlmtakaful.com.my/Quick-Links/Fund-Prices.asp

Asset Allocation as at 31 May 2023

Sukuk	93%
Islamic Deposit & Cash Equivalents	7%
Total	100%

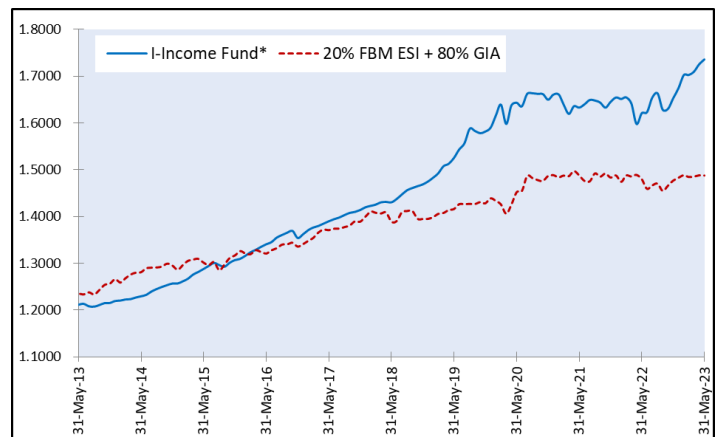
Sector Allocation as at 31 May 2023



Top 5 Sukuk Holdings as at 31 May 2023

Rank	Holder	Percentage
1	TNB Power Generation Sdn Bhd 02.06.2037	13%
2	RHB Islamic Bank Berhad 21.05.2029	7%
3	Malaysia Investment Issue 04.08.2037	6%
4	Projek Lebuhraya Usahama Berhad 12.01.2038	6%
5	Malayan Banking Berhad 31.01.2031	6%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	0.62%	3.67%	7.08%	5.64%	21.36%	73.54%
Benchmark*	-0.03%	0.32%	0.55%	2.44%	7.10%	48.72%
Relative	0.65%	3.35%	6.53%	3.20%	14.26%	24.82%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

In line with the weaker regional Asian markets, FBM Emas Shariah Index fell by 1.2% in May 2023. The weak market was primarily driven by foreign fund outflows and lack of participation from domestic investors. During the month, the FBMKLCI performance was more lacklustre with a decline of 2.0% whilst FBM100 Index fared slightly better with a decline of 1.3%. The Malaysian market saw an outflow of US\$159.2m in May with banks topping the net selling by foreign investors. Healthcare was the best performing sector for the month, spurred on by the performance of the glovemakers. ASEAN markets were generally sold down during the month with the Philippines (PCOMP) and Indonesian (JCI) markets falling by 2.2% and 4.1% respectively.

Focus during the month of May was on corporate earnings releases for 1Q23, which were largely uninspiring. While most banks reported results which were in line with expectations, the guidance for the next few quarters remain tepid due to expected contractions in interest margins. Glove makers continue to report losses with the exception of Hartalega which reported an unexpected profit for its 4QFY23, mainly attributed to sales volume expansion and higher utilisation. Overall, within companies in the KLCI, about 40% reported in-line while 43% were below expectations and only 17% beat expectations. Corporate earnings growth in 2023 is expected to be subdued as a result of the global growth slowdown and rising operating costs.

Bank Negara Malaysia unexpectedly raised the benchmark interest rates (OPR) by 0.25% to 3% on 3rd May as it sought to pre-emptively ward of any risk of future financial imbalance amid lingering price pressures. Meantime, in the U.S., much of the month was spent on US debt ceiling discussions. A bill to lift the \$31.4 trillion U.S. debt ceiling is expected to head to the Senate, as a June 5 deadline looms. While chances of a default are low, turmoil in financial markets could ensue if indeed it happens. This bill passing into law could also embolden the Federal Reserve to continue its rate tightening as inflation remains elevated. Brent Oil closed the month sharply lower after a series of weak PMI releases out of Europe and China. China, the world's largest crude importer, raised fears about demand growth in the second half of the year. Oil is now down >16% this year as China's lacklustre economic recovery and tighter monetary policy from the Federal Reserve weighed on the demand outlook.

Investors will continue to monitor the global macroeconomic conditions with the prospect of another round of rate hikes by the US Fed in June. Geopolitical tensions and the rate of China's economic recovery will continue to influence the HK/ China markets. Domestically, state elections are likely to be round the corner which may cause investors to remain sidelined. All six states are expected to have simultaneous elections and serve as an important barometer to gauge support for Anwar Ibrahim's administration, less than a year after he took power. Our portfolios remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (resilient consumer spending), 5G/technology (easing of supply chain bottlenecks) and selective commodity plays. We are neutral on interest rate hike beneficiaries (banks) given the peak in inflation and net interest margins.

Sukuk Market

In the month of May, the yields of the local sukuk generally moved in tandem with the US Treasury ("UST"). The decline in sukuk prices were driven by a substantial supply of corporate sukuk, as well as the depreciation of Ringgit and the rise in global bond yields. Additionally, the strengthening of USD was driven by positive economic data from the US and the ongoing deadlock in debt ceiling discussions. On the policy front, BNM surprisingly raised its OPR to 3.00% after two consecutive pauses this year, sending yields upwards. At end-May, the 3-, 5-, 10-, 20- and 30-

year GII settled at 3.378% (+13bps), 3.517% (+5bps), 3.81 (-2bps), 4.16% (+12bps) and 4.275% (-2bps) respectively.

In the corporate sukuk/bond segment, some prominent new issuances during the month were Cagamas Bhd (RM2.13 billion, AAA), Genting Capital Bhd (RM500 million, AA1), Digi Telecommunication Sdn Bhd (RM1.0 billion, AA1), Danum Capital Bhd (RM600 million, AAA), RHB Bank Bhd (RM1.5 billion, AA1) and UDA Holdings Bhd (RM500 million, AA-).

The current economic uncertainty and worries about the US debt ceiling are impacting market sentiment and causing investors to be cautious. As a result, yields on the UST may rise as market reevaluates the likelihood of further interest rate hikes by the Federal Reserve ("Fed") and adjusts expectations for the timing of the Fed's policy changes. The upcoming FOMC meeting, preceded by important economic data releases such as the Non-Farm Payrolls (NFP) and Consumer price Index (CPI), will be closely watched.

Domestically, sukuk market is expected to be cautious with limited activity due to absence of significant domestic risk events. Although sukuk yields have recently increased, bond valuations are considered high, indicating that prices may not reflect their fundamental value. Consequently, it is important to be mindful of the potential for further adjustments in bond prices and wait for a more favourable opportunity to re-enter the market.

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

Year	Net Annual Returns
2018	3.88%
2019	7.81%
2020	4.43%
2021	-0.37%
2022	1.21%

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.