

## HLMT MAA'ROF FUND

### (HLMTDM2)

May 2022

#### 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.

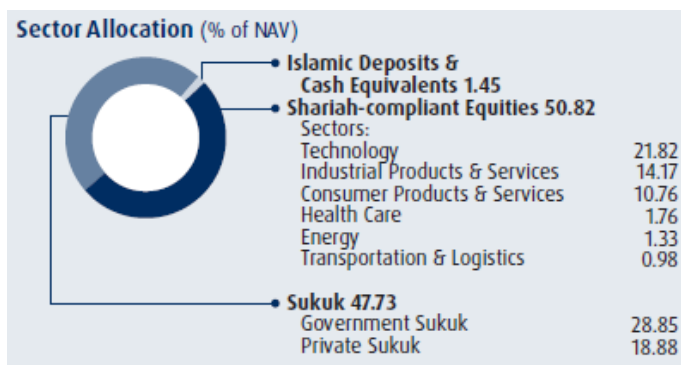
#### Fund Details

Unit Price (31/05/2022)	RM 0.9534
Fund Size (31/05/2022)	RM 516.2k
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Islamic Balanced/Growth & Income
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](http://www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx)

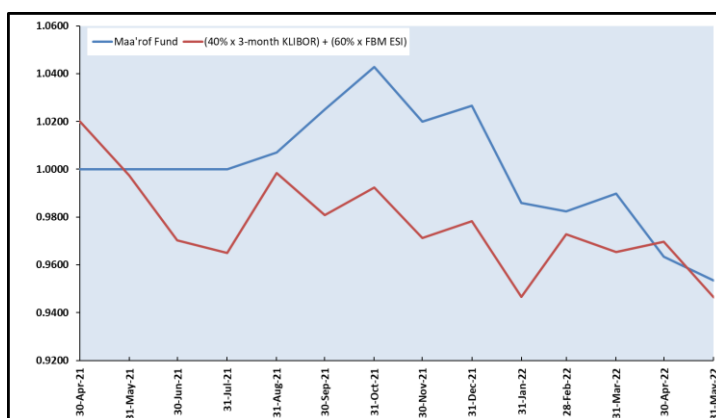
#### Target Fund Sector Allocation as at 31 May 2022



#### Target Fund Top 5 Holdings as at 31 May 2022

Rank	Holdings	Weight (%)
1	SAMALAJU INDUSTRIAL PORT SENDIRIAN BERHAD – PRIVATE SUKUK	10.05%
2	GOVERNMENT INVESTMENT ISSUE - 2022	9.66%
3	GOVERNMENT INVESTMENT ISSUE - 2024	9.60%
4	GOVERNMENT INVESTMENT ISSUE - 2028	4.85%
5	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM - PRIVATE SUKUK	4.77%

#### Historical Performance



	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Maa'rof	-1.04%	-7.13%	-4.66%	-	-	-4.66%
Benchmark*	-2.39%	-3.25%	-5.11%	-	-	-5.35%
Relative	1.35%	-3.88%	0.45%	-	-	0.69%

\*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

During the month, the FTSE BM KLCI rose declined 1.9% to close at 1,570 points. The broader market underperformed as the FTSE BM EMAS Index declined 2.7% to close at 11,152 points. Small caps underperformed as the FTSE BM Small Cap Index declined 7.0% to close at 15,604 points.

Bank Negara Malaysia made a surprise decision to raise borrowing cost in May on the back of stronger than expected economic recovery. First-quarter 2022 GDP growth came ahead of expectations due to strong private consumption.

On the corporate front, Farm Fresh Berhad plans to increase the prices of its chilled ready-to-drink products in July due to rising costs.

The Fund will continue to identify Shariah-compliant stocks of companies that are potential winners in growing industries helmed by capable management.

### Sukuk Market

In the recent Federal Open Market Committee meeting, the Federal Reserve continued its borrowing cost hiking cycle by lifting the borrowing cost by 50 basis points (bps), the biggest hike since 2000 citing price pressures on food and energy caused by Russia-Ukraine conflict. The 10-year US Treasuries yields touched as high as 3.17%, before settling at 2.89% at month end.

Locally, Bank Negara Malaysia's (BNM) surprised the market by hiking the borrowing cost by 25bps to 2% from a record low of 1.75%. The central bank stated its move took into account global inflationary pressures and improvements in the labour markets and global economy. The local sukuk market endured stronger session post borrowing cost hike with yields edging lower, tracking the movement in US Treasuries. Notably, the Malaysian Government Securities (MGS) 10-year benchmark yield closed lower at 4.17% from 4.38% last month.

In the primary issuance market the 10-year MGS reopening drew a healthy bid-to-cover ratio (BTC) of 2.6 times on an expected size of RM4.5 billion, the highest BTC for a 10-year MGS/Government Investment Issue (GII) auction since 2021. The 3-year GII reopening drew an overwhelming demand with a BTC of 3.6 times despite a larger-than-expected size of RM5 billion. In the local bond pipeline, we expect to see Pengurusan Aset Air tapping into the local bond market, followed by TNB Genco, Amanat Lebuhraya Rakyat and Sarawak Petrochemical in the coming weeks.

Malaysia's headline inflation reverted higher to 2.3% year-on-year in April after moderating for its fourth straight month to 2.2% in March largely lifted by costlier food & non-alcoholic beverages, transportation, recreation services & culture, expenditure in restaurant & café, as well as education. We believe that BNM will remain mindful of raising borrowing cost too aggressively in the next Monetary Policy Committee meeting in July.

In terms of portfolio action, we continue to remain defensive due to rising borrowing cost environment and inflationary pressure.

## Target Fund Performance

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

	Percentage Growth		Annualised Compounded Return	
	HLD2 (%)	Benchmark (%)	HLD2 (%)	Benchmark (%)
Year-to-date	-8.07	-3.32	-	-
1 Month	-1.15	-2.48	-	-
3 Months	-3.40	-2.81	-	-
6 Months	-7.52	-2.61	-	-
1 Year	-2.26	-5.12	-2.26	-5.12
3 Years	54.76	2.18	15.65	0.72
5 Years	54.06	0.36	9.02	0.07
10 Years	98.98	20.18	7.12	1.85

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		
	HLD2 (%)	Benchmark (%)	HLD2 Distribution Yield (%)
2021	19.81	-3.26	5.49
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

Source: Lipper For Investment Management, In MYR Terms.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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.