

## HLMT MAA'ROF FUND

### (HLMTDM2)

January 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.

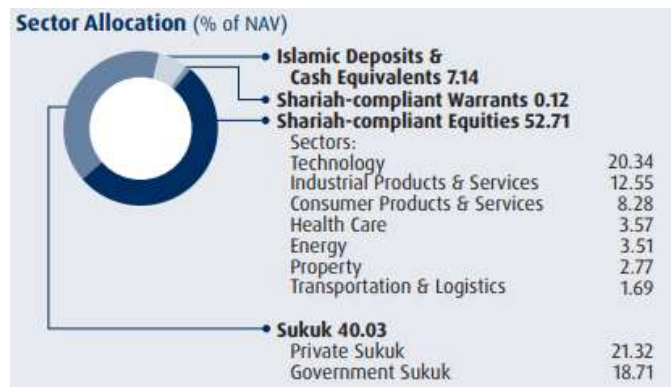
#### Fund Details

Unit Price (31/01/2022)	RM 0.9860
Fund Size (31/01/2022)	RM 436.3k
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)

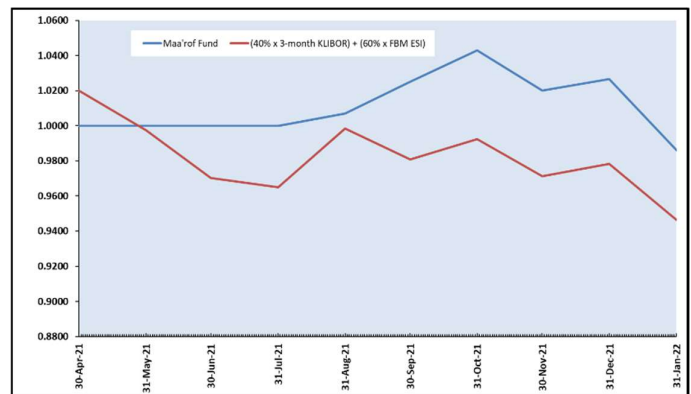
#### Target Fund Sector Allocation as at 31 January 2022



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

Rank	Holder	Allocation (%)
1	SAMALAJU INDUSTRIAL PORT SENDIRIAN BERHAD – PRIVATE SUKUK	11.34%
2	GOVERNMENT INVESTMENT ISSUE - 2024	8.18%
3	D&O GREEN TECHNOLOGIES BERHAD	5.85%
4	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM - PRIVATE SUKUK	5.49%
5	GOVERNMENT INVESTMENT ISSUE - 2023	5.12%

#### Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
Maa'rof	-3.95%	-3.95%	-	-	-	-1.40%
Benchmark*	-3.24%	-3.24%	-	-	-	-5.35%
Relative	-0.71%	-0.71%	-	-	-	3.95%

\*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 declined 3.5% to close at 1,512 points. The broader market underperformed as the FTSE BM EMAS Index declined 3.9% to close at 10,872 points. Small caps outperformed as the FTSE BM Small Cap Index declined 1.6% to close at 15,507 points.

It was a turbulent month for the local market due to investors' concerns about rising global inflation and the likely trajectory of the US Fed borrowing cost. The local technology sector was the worst performing sector and appeared to have hit an air pocket as it declined 15.2% during the month.

On the corporate front, Maybank Berhad has appointed Datuk Khairussaleh Ramli as its new CEO after he has resigned as CEO of RHB Bank Berhad. AirAsia Berhad has been renamed Capital A Berhad to reflect the group's new business strategy and direction as an investment holding group with a portfolio of various travel and lifestyle businesses.

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 final meeting of 2021, the Federal Reserve (Fed) announced it will speed up its bond purchase tapering, thus on course to end the quantitative easing programme a few months earlier than expected. With inflation at a four-decade high, the Fed's hawkish tone signalled at least two borrowing cost hikes in 2022.

Locally, it was a relatively quiet year end for the local government sukuk market due to the seasonal holiday period. Sukuk yields trended slightly higher amid year-end consolidation activities and thin liquidity. The longer maturity benchmarks were relatively resilient, with the 10-year Malaysian Government Securities (MGS) benchmark yield staying unchanged at 3.55%. However, the 3-year MGS and Government Investment Issue (GII) yield trended 9 and 8 basis points higher due to the surprisingly weak 3-year government auction. During the month, Bank Negara Malaysia (BNM) maintained the borrowing cost at 1.75% and guided for monetary policy to remain accommodative to cushion any potential downside risks.

In the primary issuance market, the 3-year MGS reopening drew underwhelming support with a low bid-to-cover ratio of 1.15 times on a size of RM4.5 billion. Notable issuances during the month included Malaysia Airports Holdings Berhad's RM800 million issuance and MCIS Insurance Berhad's RM200 million issuance.

Malaysia's headline inflation sustained an uptrend to a 5-month high of 3.3% year-on-year in November (2.9% in October). November's inflation gains were driven by transport (12.7%); housing, water and electricity, gas and other fuels (3.4%); food and non-alcoholic beverages (2.7%); furnishings, household equipment and routine household maintenance (2.6%); and restaurants and hotel (0.9%). Food prices recorded the highest increase in over 3 years. Despite the downside risks to growth and pandemic uncertainties related to Omicron risks, we believe the borrowing cost may rise by 50 basis points to 2.25% in the second half of 2022, driven by the US borrowing cost path projection.

We maintain our defensive strategy to reduce duration in fund in order to manage fund volatility in a rising borrowing cost environment.

## 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	-4.47	-3.33	-	-
1 Month	-4.47	-3.33	-	-
3 Months	-6.34	-4.70	-	-
6 Months	0.02	-1.91	-	-
1 Year	6.16	-5.29	6.16	-5.29
3 Years	70.01	3.95	19.33	1.30
5 Years	71.46	3.65	11.38	0.72
10 Years	108.58	22.19	7.62	2.02

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		
	HLDM2 (%)	Benchmark (%)	HLDM2 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.

### **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.

### **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.