

HLMT MAA'ROF FUND (HLMTDM2)

June 2023

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 (30/06/2023)	RM 0.9677
Fund Size (30/06/2023)	RM 1.2mil
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Islamic Balanced/Growth & Income
Fund Inception	13/04/2021
Benchmark	FBM Emas Shariah Index + KLIBOR 3-months (60:40)
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.

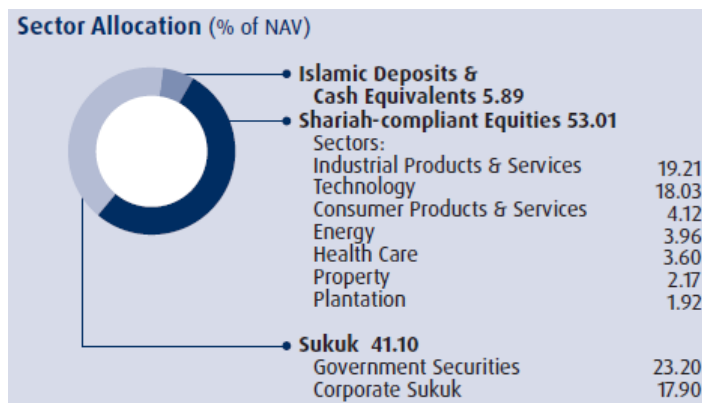
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website

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

Asset Allocation of HLMTDM2 as at 30 June 2023

Hong Leong Dana Maa'rof	99%
Cash	1%
Total	100%

Sector Allocation of Target Fund as at 30 June 2023



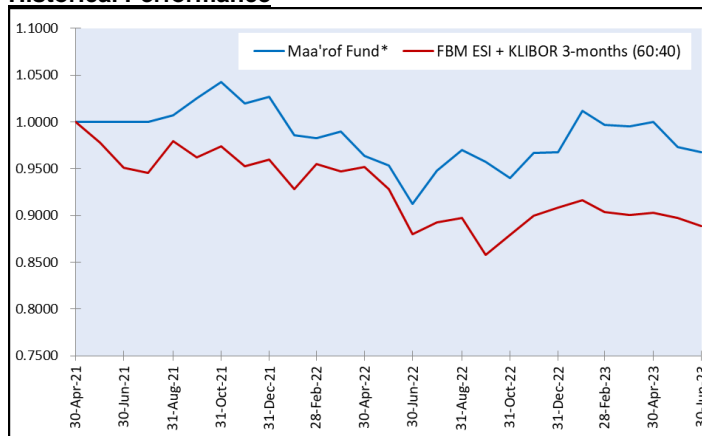
Top 5 Shariah-compliant Holdings of Target Fund as at 30 June 2023

1	YBS International Berhad	3.0%
2	UWC Berhad	2.6%
3	Pentamaster Corporation Berhad	2.6%
4	Malaysian Pacific Industries Berhad	2.5%
5	SKP Resources Berhad	2.5%

Top 5 Sukuk Holdings of Target Fund as at 30 June 2023

1	Government Investment Issue – 2024	9.3%
2	Kimanis Power Sendirian Berhad	6.8%
3	Government Investment Issue - Mar 2026	6.6%
4	Samalaju Industrial Port Sendirian Berhad	5.4%
5	Government Investment Issue - Sep 2026	3.4%

Historical Performance



Maa'rof	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Maa'rof	-0.54%	0.00%	6.07%	-	-	-3.23%
Benchmark*	-0.97%	-2.19%	0.95%	-	-	-11.16%
Relative	0.43%	2.19%	5.12%	-	-	7.93%

*FBM ESI + KLIBOR 3-months (60:40) (Source: Lipper for Investment Management)

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month of June, the FTSE BM KLCI fell by 0.75% to close at 1,377 points. Market in general was rather subdued, due to poor corporate results domestically, coupled with the overhang issues on the state election. The broader market outperformed as the FTSE BM EMAS Shariah Index was down by 1.81% to close at 10,415 points. Small cap outperformed FBMKLCI, up by 0.9% as the FTSE BM Small Cap Index close at 14,851. The top three best-performing sectoral indices in June 23 were the technology, plantation and financial sectors. The top three worst-performing sectors in June 23 were healthcare, telecommunication and energy.

Foreign investors were the largest net sellers in June; they have been net selling Malaysia equities for the tenth consecutive month. Foreign net sell accelerated from RM728 mil in May to RM1.35 bn in June. On a positive note, local institutional investors and retails were net buyers at RM1.03bn and RM31 mil respectively.

On the corporate front, Sime Darby Berhad announced that, together with its partner Ramsay Healthcare Limited, a decision has been made to explore the possibility of realising a sale of its 50:50 joint venture in Ramsay Sime Darby Healthcare Sdn Bhd (RSDH). Bumi Armada announced following the unplanned FPSO Kraken shutdown that the FPSO has restarted with production currently at c.60% of pre shutdown levels. There is still further work, testing and investigations ongoing to stabilise and bring the vessel operational performance back to pre-shutdown level.

Malaysia is scheduled to hold its Monetary Policy Committee (MPC) meeting on 6 July 2023, where investors will be closely watching if Malaysia will raise its OPR rate. The state election (6 states) date announcement will also be monitored closely. In the US, the June FOMC minutes will be released and investors will also be monitoring the initial jobless claim and non-farm payroll numbers.

The Fund will continue to identify companies that are potential winners in growing industries helmed by capable management.

Sukuk Market

The US averted federal debt default with President Biden signing the Fiscal Responsibility Act 2023 ('FRA') that raised the debt limit through January 2025. The FRA provisions include USD1.5 trillion reduction in forecasted deficits over next 10 years and in turn reduces the projected public holdings of federal debt in 2033 by 3% from USD46.3 trillion (119% of GDP) to USD45.2 trillion (115% GDP). US Fed held interest rates unchanged in June's FOMC meeting to assess the cumulative impact of previous tightening and the lags in monetary policy transmission impacting economic activities and inflationary pressures. FOMC however, did not rule out further hikes in upcoming meetings given the Fed's mandate to fully bring down inflation levels to the target 2% average.

Across the Pacific continent, Bank of England ('BoE') unexpectedly raised its policy Bank rate by 0.50% to 5.00% although UK headline CPI rose by 8.7% YoY in April, down from 10.1% YoY in March as services CPI and core goods inflation remained resilient and elevated. Conversely, China's PBOC cuts

its key policy rate by 0.10% to 2.65% for the first time in 10 months in an effort to prop up domestic activities amid a weaker economic environment post Covid reopening.

The local bond market was relatively subdued with yields traded higher although demand for corporate bonds remained strong. The 10Y Malaysian Government Securities ('MGS') benchmark yield ended the month higher at 3.83% from 3.71% at the start of June, while the ultra-long 30Y MGS on-the-run yield settled relatively unchanged at 4.16%. Overall, the yield curve was relatively higher by 8 – 12 bps and flat given the long-end preferred habitat by institutional investors and insurance with long-dated liabilities.

Government guaranteed ('GG') issuers front-loaded their larger-than-expected issuances taking opportunity of relatively flat yield curve with quasi-government names such as Cagamas issuing RM3.5 billion, Danainfra printing RM2.4 bn, PASB GG tapping RM2.3 bn and Malaysia Rail Link printing RM2.1 bn after a brief hiatus in 1H23. Non-GG financials specifically Ambank and Amlslamic took opportunity to issue their RM500 mil of A1 rated subordinated debt after the global AT1 debacle subsided.

Non-bank issuances specifically Gamuda issued close to RM1 bn of sukuk bonds which attracted strong demand from local investors resulting in compression for both GG spreads and AA3 spreads against equivalent maturity government bonds to 18 bps and 75 bps.

We continue to maintain relatively short-to-medium duration strategy in our fixed income portfolios. For portfolio strategy, we will continue to enhance the current fund yields and returns by participating in primary auctions to capture the auction premia and pivoting towards high-quality primary bond issuances to mitigate credit stresses in our portfolio holdings. We also look to take opportunity to trade out from sovereign and government guarantee (GG) space and trade into credit space as sovereign yields appeared to be relatively rich and GG spreads are tight on relative basis. The rebalancing strategy from federal bonds and GGs to corporates also reduces the rate volatility given the additional spread buffers to mute the yield movements from sovereign benchmark bonds.

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	-0.26	-2.19	-	-
1 Month	-0.72	-0.97	-	-
3 Months	-3.26	-1.35	-	-
6 Months	-0.26	-2.19	-	-
1 Year	6.42	0.95	6.42	0.95
3 Years	42.54	-5.01	12.54	-1.70
5 Years	59.69	-2.18	9.81	-0.44
10 Years	85.41	4.35	6.36	0.43

Source: Hong Leong Asset Management Berhad

Calendar Year Returns			
	HLD2 (%)	Benchmark (%)	HLD2 Distribution Yield (%)
2022	-6.60	-5.37	5.20
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

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

Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. As the fund invests mainly into third party collective investment scheme (CIS) and by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and other financial instruments, the concentration risk is mitigated.

6. Target Fund(s) Risk

The fund invests in third party CIS which is being managed by another fund manager. The CIS is carefully selected in order to ensure that the objectives of said CIS are appropriately aligned with the fund. Nevertheless, the Fund Manager does not have control over the management of the CIS and any adverse effect on the CIS will inevitably affect the fund. In such instance, the Fund Manager may replace the CIS with another CIS which the Fund Manager considers to be more appropriate or invest directly in a diversified portfolio in order to meet the objective of the fund. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risk.

7. Shariah Status Reclassification Risk

This risk refers to the risk that the currently held Shariah-compliant securities by the target funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of Securities Commission Malaysia (SACSC) or the Shariah Adviser for the Target Fund. If this occurs, the value of the Target Fund may adversely affect and the fund manager will take the necessary steps to dispose of such securities in accordance with the advice from Shariah Adviser.

If the fund invests in Foreign Assets, it will be exposed to the following risks:

8. Country Risk

The foreign investments made by the fund are subjected to risk specific to the country in which it invests. Such risks include changes in a country's economic fundamentals, social and political stability, currency movement, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any emerging risk.

9. Currency Risk

The risk applies to foreign investment, in which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movements in currencies exchange rates can result in a loss to the investment.

Basis of Unit Valuation

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.

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.

The maximum value of any asset of any fund shall not exceed the following price:

The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or

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.

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.