

HLMT i-INCOME FUND

July 2021

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.

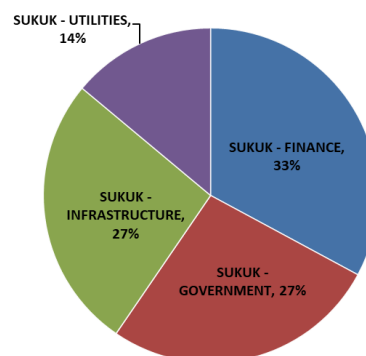
Fund Details

Unit Price (31/07/2021)	RM 1.6487
Fund Size (31/07/2021)	RM 5.8mil
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 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

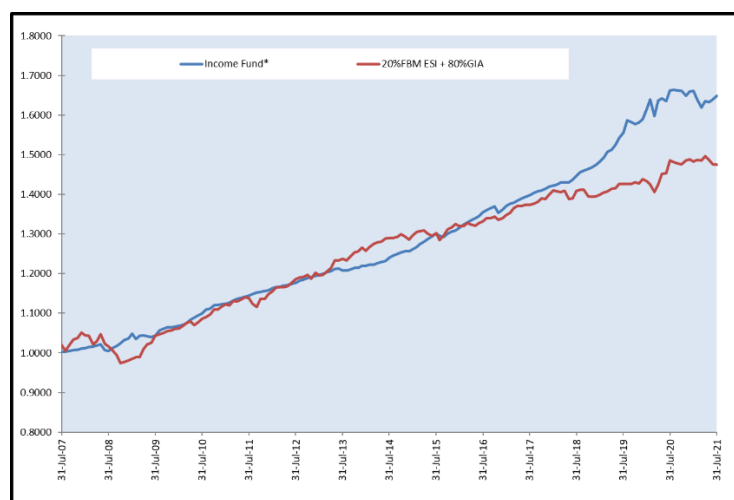
Asset & Sector Allocation of HLMT i-Income as at 31 July 2021



Top 5 Holdings as at 31 July 2021

1	RHB ISLAMIC BANK BERHAD 21.05.2029	11%
2	MALAYSIA INVESTMENT ISSUE 04.08.2037	9%
3	PROJEK LEBUHRAYA USAHASAMA BERHAD 12.01.2038	9%
4	MALAYAN BANKING BERHAD 31.01.2031	9%
5	AMISLAMIC BANK BERHAD 18.10.2028	9%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
i-Income	0.57%	-0.69%	-0.78%	13.96%	21.71%	64.87%
Benchmark*	-0.08%	-0.89%	-0.77%	4.70%	10.74%	47.47%
Relative	0.65%	0.20%	-0.01%	9.26%	10.97%	17.40%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

In July 2021, developed markets in the United States ("US") and Europe continued to outperform Asia which was dragged by China due to the onslaught of regulatory actions which hammered stocks in the education, property and technology sectors. The primary goals of the regulatory actions are to limit the widening of economic and social inequalities and also to slow the falling birth rate by lowering the principal costs associated with having children. China officials reiterated that the ongoing regulatory tightening of the education and internet sectors benefit the long-term development of the country and that China remains committed to opening up its capital markets. Elsewhere, developed markets remained fairly resilient with the pace of reopening as well as optimism over strong earnings. The Federal Open Market Committee ("FOMC") meeting saw the Federal Reserve ("Fed") setting up the tone for a likely tapering end 2021 or early 2022 as it acknowledged that "the economy has made progress toward" its goals and would assess the progress at coming meetings.

Domestically a 5-day special sitting of Parliament commenced but it was abruptly cut short and suspended until further notice on the back of a supposed Delta variant that was being detected within the "Parliament cluster". We also saw a deepening of the political crisis when the Yang di-Pertuan Agong reprimanded the government for not heeding his advice and revoking the Emergency Ordinances ("EO") without a debate in Parliament. However, some positive takeaways from the sessions are where most states are expected to have at least 60% of their adult population inoculated by end September 2021 and can then move on to the final phase of the country's Covid-19 exit strategy as early as October 2021. Some timeline of key events unveiled include the 12th Malaysia Plan (2021-2026) to be tabled on 20th September 2021 while Budget 2022 will be tabled on 29th October 2021. Malaysia's daily new Covid-19 cases numbers continued to surge to a new record high of 17,786 on 31st July 2021 from 6,988 on 1st July 2021.

The average daily value traded on Bursa fell 10% month-on-month ("mom") and 45% year-on-year ("yoy") in July 2021 to RM3.1b. Local retail participants' share of average daily trading value rose 2% mom to 40% in July 2021 but the net buys in July 2021 fell to RM804m (June 2021: +RM1.7b). Local institutional investors turned net buyers of RM120m in July 2021 while foreign institutions' net selling rose to RM1.3b in July 2021. For the month, the FBM Emas Shariah's -1.1% mom outperformed FBMKLCI's -2.5% mom. Whereas the FBM SC was flat mom and FBM Emas was lower by 1.6% mom.

Going forward, market participants will be following closely economic data releases in the US to determine whether growth has peaked in 1H and also the developments regarding the Delta or subsequent variants towards the sustainability of US reopening. Domestically, key events taking place in August 2021 include the 2Q2021 results season, the release of 2Q2021 gross domestic product ("GDP") figures, political developments, the new dates for the resumption of Parliament sitting and the expiry of the short-selling ban on intraday short selling on 29th August 2021. We maintain our barbell strategy of investing in both the value and growth sectors, with focus still on the recovery / reopening theme, reflation beneficiaries and 5G / technology names.

Sukuk Market

In the month of July 2021, Malaysia's government bond market had a bullish run with rally seen in the long tenors across Malaysia Government Security ("MGS") and Government Investment Issue ("GII"). The strong buying flows in 20-year MGS benchmark made the tenor outperform the rest of the curve, with yield down by 21 basis points ("bps") mom to close

the month at 3.98%. On the contrary, the 5-year MGS benchmark yield rose by 8 bps mom. The market reacted briefly towards the dovish implication of Monetary Policy Committee ("MPC") in early July 2021, where BNM kept the Overnight Policy Rate ("OPR") at 1.75%. In the MPC statement, Bank Negara Malaysia ("BNM") cited that the economic outlook remains and is still subject to significant downside risks, mainly due to factors that could lead to a delay in the easing of containment measures or imposition of tighter containment measures and weaker-than-expected global growth recovery.

In the corporate bond segment, risk off sentiment continues to support the yield, especially on those with stronger credit profiles. The AAA-rated and government guaranteed ("GG") bonds continued to make up bulk of the daily transactions. Some prominent new issuances during the month were CIMB Thai Bank Public Company Limited. (RM660m, AA3), Exsim Capital Resources Berhad. (RM323m, AA3), and Malaysia Rail Link Sdn. Bhd. (RM3.0b, GG).

Government bond market in Malaysia is expected to react in a cautious mood amidst the political noises with the ongoing special parliament sittings. The reopening of the Parliament with the unexpected announcement on the emergency proclamation and ordinances being revoked took everyone by surprise. Close attention will be paid on the political development and the Malaysia Budget 2022 which will be unveiled on 29th October 2021. The budget will focus on 3 key areas, namely agenda to drive economic recovery, rebuild country's resilience and catalysing reforms.

With the profound political risks and concerns over future fiscal policy constraints, we are cautious and would stay defensive in near term but will cherry pick when we see value.

Actual Annual Investment Returns based on published price for the Past Five (5) Calendar Years

Year	Net Annual Returns
2016	4.00%
2017	4.25%
2018	3.88%
2019	7.81%
2020	4.43%

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.