

HLMT i-INCOME FUND

Nov 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 (30/11/2023)	RM 1.7636
Fund Size (30/11/2023)	RM 10.0 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

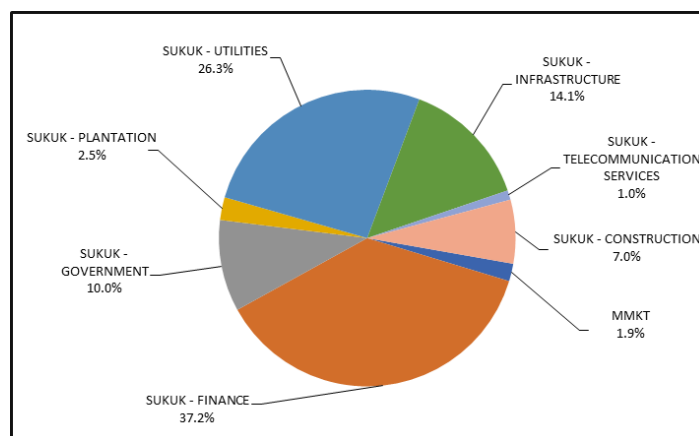
*The company reserves the right to change the Fund Management Fee (% p.a.) by giving the Certificate Owner ninety (90) days prior written notice.

*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 30 Nov 2023

Sukuk	98.1%
Islamic Deposit & Cash Equivalents	1.9%
Total	100.0%

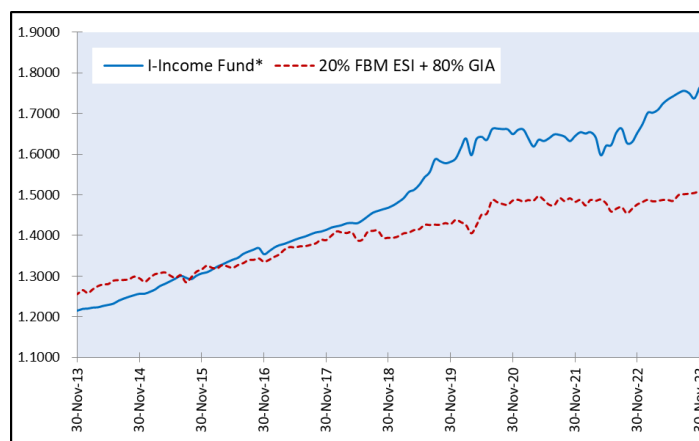
Sector Allocation as at 30 Nov 2023



Top 5 Sukuk Holdings as at 30 Nov 2023

1	TNB Power Generation Sdn Bhd 02.06.2037	10.6%
2	Plus Berhad 12.01.2038	10.6%
3	CIMB Islamic Bank Berhad 29.11.2030	7.4%
4	Gamuda Berhad 20.06.2030	7.0%
5	RHB Islamic Bank Berhad 21.05.2029	6.0%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	1.50%	5.35%	6.73%	6.92%	20.11%	76.36%
Benchmark*	0.29%	1.79%	2.21%	1.54%	8.22%	50.90%
Relative	1.21%	3.56%	4.52%	5.38%	11.89%	25.46%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

During the month, global equities rebounded from a three-month decline as the latest US inflation data somewhat negated the expectations of a higher for longer interest rate environment. In fact, market is now forecasting the first interest rate cut starting mid-2024. US economic data continued to show strength as witnessed by the improvement of its composite PMI to 50.7 in Oct from 50.2 in the previous month, contributed mainly by improvements in services PMI. US Oct CPI dropped to +3.2% yoy as compared to +3.7% yoy in the previous month. As such, expectations are for US FOMC to maintain its target rate range unchanged at 5.25%-5.50% in its upcoming December meeting. On the other hand, China equities market declined for a fourth consecutive month despite news reports on China's plan to inject RMB1.0 trillion into its public property programs via policy banks to support home purchase. There was also the meeting between US President Joe Biden and China President Xi Jinping with the common goal of easing bilateral tensions. China also expanded its visa free travel for 6 new countries namely France, Germany, Italy, the Netherlands, Spain and Malaysia, in a bid to revive its tourism sector. Brent oil continued to drop for a second consecutive month by -5.2% m-o-m in November to USD82.85/bbl as the US Energy Information Administration (EIA) lowered its West Texas Intermediate (WTI) oil price forecast for 2023 and 2024 due to demand fears from global economic headwinds.

Domestically, it was a month of lighter news flow. The Minister of Agriculture and Food Security announced that the government has agreed that subsidies and price controls for chicken will be fully terminated starting 1 Nov 2023, to reduce subsidy leakage. Going forward into 2H2024, the Malaysian government is also planning to roll out a targeted subsidy program for RON95 petrol. This could raise worries of slightly higher inflation going into 2024 but Ministry of Economy believes inflation will range at a manageable level of 2.8-3.8% for 2023-2025. As such, OPR is expected remain stable for 2024. Separately, the deadline for submission of the request for information (RFI) for the KL-SG High Speed Rail project (HSR) has been extended from 15 Nov 2023 to 15 Jan 2024.

Average daily trading value grew to RM2.18b in November as compared to RM1.98b a month ago. Foreign investors turned net buyers for the month of November by +RM1.55b, narrowing YTD foreign equity outflow to -RM2.5b. Economically, Malaysia's September industrial production contracted further by -0.5% yoy as compared to -0.3% yoy in August. October CPI was slightly lower at 1.8% yoy as compared to 1.9% yoy in September. Bank Negara Malaysia (BNM) kept its Overnight Policy Rate (OPR) rate stable at 3.00% in its November meeting. In November, the FBM Shariah gained by +0.81% m-o-m, slightly ahead of FBM KLCI performance of +0.74% m-o-m. The FBM Emas increased by +0.83% m-o-m whilst FBMSC was the best performer amongst the Malaysian benchmarks, climbing +1.62% m-o-m.

Globally, investors will continue to assess the resiliency of economies, inflation data, and FOMC narrative to gauge future interest rate direction. Geopolitically, focus will be on any potential escalation or containment of the Israel-Hamas war as well as new development post meeting of the US and China Presidents. As for HK/ China markets, investors are assessing the impact of the recent RMB1 trillion bond stimulus as well as another RMB1 trillion financing for its property sector. Domestically, attention would be focused on the implementation of announced initiatives by the government and the potential announcement of several key infrastructure projects such as Penang LRT, Phase 1B of Pan Borneo Highway Sabah, and Sabah Sarawak Link Road Phase 2. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we favour going into 2024 include financials (banks), construction, utilities and commodities (Metals/O&G).

Sukuk Market

In November, the upward momentum in US Treasury (UST) yields reversed, leading to a spill-over effect on the local sukuk market. Malaysia Government Investment Issue (GII) yields saw a decline of 12-23bps across tenures. The US market turned bullish due to weaker job data and a surprising decline in Non-Farm Payroll (actual: 150K vs. forecast: 180K), raising doubts about a Fed rate hike. Locally, positive sentiment was fueled by lower-than-expected CPI (actual: 1.8%, forecast: 1.9%). The ringgit showed signs of improvement against the greenback as broad dollar weakness hinted at a potential conclusion to the US rate tightening cycle. By November's end, the 3-, 5-, 10-, and 30-year GII settled at 3.576%, 3.696%, 3.879%, and 4.428%, respectively.

In the corporate bonds segment, notable issuances included AmBank (M) Berhad (RM 500 million, AA2 & RM 500 million, AA3), and RHB Bank Berhad (RM 1.5 billion, AA1).

Following a swift retracement of the UST 10-year yield from its all-time high to below 4.30%, a potential new bullish market cycle is on the horizon. With inflation under control at 3.2%, not far from the 2.00% target, the Fed is not expected to tighten monetary policy unless necessary. Therefore, our bullish stance is reinforced by supportive indicators, increasing the probability of the Fed's pivot in the upcoming year.

Domestically, we anticipate a stable monetary policy from BNM in the next 3 months, given Malaysia's pro-growth targeting approach. Without a clear catalyst, GII movements are expected to mirror UST in a moderate manner. Considering the funds are at their appropriate investible level, we are inclined to seize profit taking opportunities on short term papers. Simultaneously, we will continue to explore primary corporate issuances to capitalize on potential yield pick up opportunities

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.