

HLMT i-INCOME FUND

March 2022

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

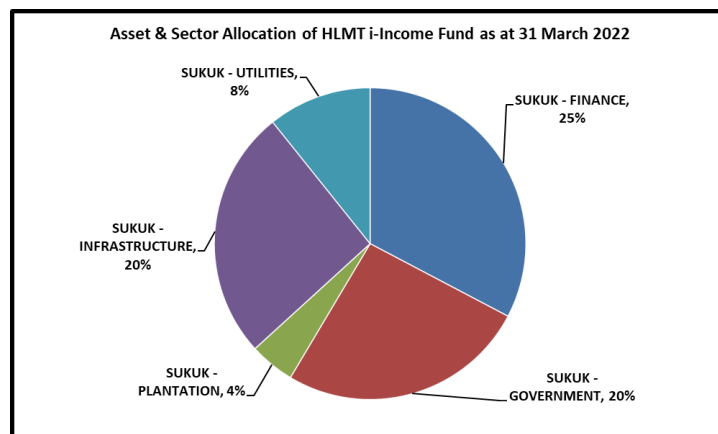
This fund is suitable for investors with low to moderate risk horizon and medium to long term investment horizon.

Fund Details

Unit Price (31/03/2022)	RM 1.6414
Fund Size (31/03/2022)	RM 6.9mil
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.

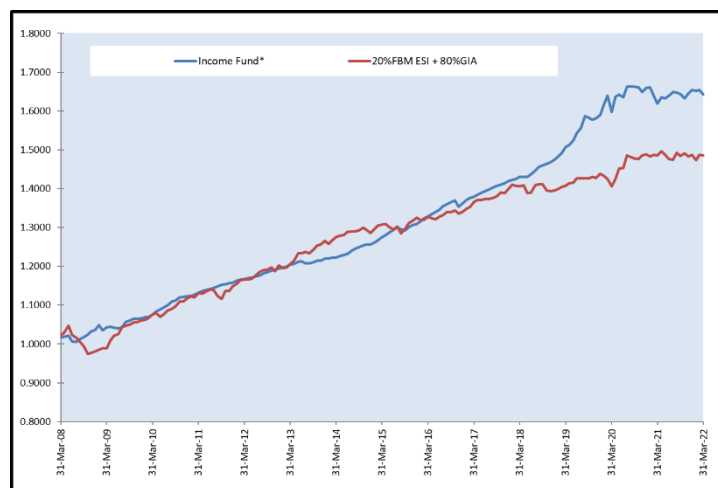
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx



Top 5 Holdings as at 31 March 2022

1	RHB ISLAMIC BANK BERHAD 21.05.2029	9%
2	MALAYSIA INVESTMENT ISSUE 04.08.2037	8%
3	MALAYAN BANKING BERHAD 31.01.2031	8%
4	PROJEK LEBUHRAYA USAHASAMA BERHAD 12.01.2038	7%
5	AMISLAMIC BANK BERHAD 18.10.2028	7%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
i-Income	-0.78%	-0.76 %	1.38%	8.90%	18.99%	64.14%
Benchmark*	-0.15%	-0.15%	-0.04%	5.56%	8.77 %	48.52%
Relative	-0.63%	-0.61%	1.42%	3.34%	10.22%	15.62%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

March was a tumultuous month as the recovery in market stalled when the Russia-Ukraine talks failed to achieve any major breakthrough. Global commodities remain elevated as a result and the steep inflationary environment could force central banks in major developed economies to be more aggressive with interest rate hikes. Elsewhere in China, March saw a resurgence in Covid-19 cases which saw reimposition of lockdowns affecting a number of industrial and financial hubs. These lockdowns are expected to worsen the ongoing supply chain issues (including transport slowdowns and shortage of technology components). Also, renewed fears of demand destruction resulted in oil prices tumbling by 19% from the peak of US\$125/barrel in mid-March. In addition, the Biden administration has also ordered a major release of 180m barrels of oil over the next six months. This is the largest release since the reserve was created in 1974.

In Malaysia, the construction sector finally saw some light at the end of the tunnel when the government finally approved the third Mass Rapid Transit Line (MRT) 3 which would link the existing MRT 1 & 2 lines into one giant loop around the Greater Klang Valley. Prime Minister Ismail Sabri also announced that a special withdrawal facility of RM10,000 will be opened to members below age 55 from 1st Apr until 30th Apr and starting from 1st May, the nationwide minimum wage will be raised from RM1,200 to RM1,500. On politics, Barisan Nasional successfully secured its fourth consecutive state election victory with UMNO's top-five agreeing to continue to honour the MOU signed between the government and opposition. GE 15 is hence only expected to take place from 2H22 onwards.

BNM released its annual report where it expects GDP to strengthen by 5.3-6.3% yoy in 2022 on the back of external demand, lifting of containment measures and reopening of international borders. Inflation is expected to range between 2.2-3.2% yoy in 2022, driven by supply side pressures. However, the much-anticipated award of the 5 digital bank licenses did not materialize but BNM mentioned that the decision will be announced later to successful applicants upon completion of the legal process.

The average daily trading value in March continued its mom uptrend to RM3.1b vs Feb's RM2.8b. Retailers remained net buyers with +RM0.3b whilst local institutions stayed net sellers at -RM3.5b; foreign institutions remained net buyers at +RM3.2b. Retailers and local institutions were 22.1% and 35.5% respectively of the value trade whereas foreign institutions accounted for 28.8%. The FBM Shariah declined by 1.4% mom to close at 11,943.35 pts. FBM KLCI was also down by 1.3% mom, FBM Emas by -0.4% mom and FBM Small Cap by 0.3% mom.

Going forward, we expect markets to remain volatile especially with the recent inversion of the 2-year and 10-year Treasury yields (first time since 2019). Being a closely-watched indicator, this part of the yield curve has been a reliable recession gauge. Investors will also monitor closely the Fed's pace of tightening together with the normalisation of its balance sheet. Ongoing 'peace talks' between Russia and Ukraine will also be attentively followed for any signs of de-escalation. As for China, all eyes will be on the country's ongoing efforts to manage the current resurgence in Covid-19. Notably in Malaysia, the country will be transitioning to the endemic phase for Covid-19 and its borders will be reopened from 1st April. We maintain our barbell strategy by 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 March, the local govies' yield mirrored its US counterpart albeit to a more moderate tune. Domestic yields did not react as strongly as the UST counterpart as the domestic economy has yet to mirror the overheating that is occurring in the US. The MGS yields on the 3-, 5-, 10- and 30- tenors increased by 12, 11, 19 and 14 bps m-o-m while the UST yields increased by 90, 74, 51 and 29 bps m-o-m. Fundamentally, economic activities have continued to resume with little encumbrance and would likely continue to do so as daily infection cases have begun to recede from its peak in February. The recent announcement by EPF of a further RM10,000 withdrawal also raised some concerns on potential over supply in govies which sent rates up further.

Corporate sukuk/bonds outperformed the govies in March with relatively benign yield movements and thin volume. Some prominent new issuances during the month are Kuala Lumpur Kepong Berhad (RM1.5 billion, AA1), Perbadanan Tabung Pendidikan Tinggi Nasional (RM1.5 billion million, GG) and Prasarana Malaysia Berhad (RM1.45 billion, GG).

The fear of recession seems to be on a rise as aggressive Fed rate hikes could harm growth and potentially prevent rates from climbing further. Also, any further escalation to the geopolitical tension between Russia and Ukraine could potentially worsen the commodity supply chain and result in increased global inflation. Should this happen, the present trend of rising UST rates might reverse and eventually result in a worldwide recession if the Fed continues to act more forcefully in containing inflation.

On the domestic front, the MGS will likely continue to track the movement in the UST market. The decline in daily Covid cases bodes well for the prospect of the economy. We will nevertheless be diligent in monitoring the public health landscape and related policy measures which could have an effect on the sukuk market, such as the EPF withdrawal schemes. We will continue to exercise caution and vigilance in our credit selection while waiting for a chance to reinvest in government securities if the market becomes oversold with cheaper valuation.

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

Year	Net Annual Returns
2017	4.25%
2018	3.88%
2019	7.81%
2020	4.43%
2021	-0.37%

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.