

HLMT i-BALANCED FUND

November 2021

Fund Features

1. Investment Objective

The objective of HLMT i-BALANCED FUND ("The Fund") is to achieve regular income as well as medium to long-term capital growth through a diversified investment portfolio containing equity and sukuk.

2. Investment Strategy & Approach

The Fund seeks to maximize total returns by providing investors with a combination of capital appreciation and income distribution while reducing risk through diversified investments in equity and sukuk.

3. Asset Allocation

The indicative asset allocation for The Fund is to invest a minimum of 30% of its net asset value ("NAV") in sukuk, Islamic money market instruments and liquid assets. Generally, The Fund may invest up to 70% of its NAV in equities.

Asset	Ranges
Shariah-Compliant Equities	0%-70%
Sukuk/cash	30%-100%

4. Target Market

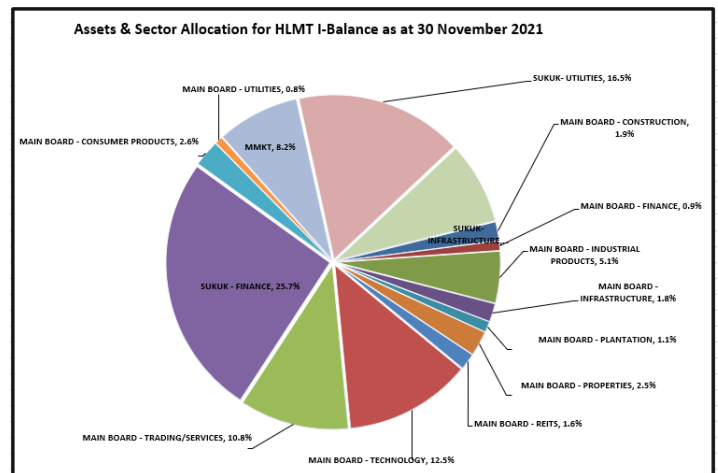
This fund is suitable for who are looking for a mixture of safety, income and modest capital appreciation with moderate to high risk tolerance and medium to long term investment horizon.

Fund Details

Unit Price (30/11/2021)	RM 1.4600
Fund Size (30/11/2021)	RM 8.8mil
Fund Management Fee	1.25% p.a
Fund Manager	Hong Leong Assurance Berhad
Fund Category	Balanced
Fund Inception	April 2007
Benchmark	50% FBM Emas Shariah Index + 50% 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 30 November 2021

1	MALAYSIA RAIL LINK SDN BHD 23.07.2041	7%
2	SARAWAK ENERGY BERHAD 25.04.2036	6%
3	MALAYAN BANKING BERHAD 31.01.2031	6%
4	SARAWAK HIDRO SDN BHD 11.08.2025	6%
5	INFRACAP RESOURCES SDN BHD 15.04.2036	6%

Historical Performance



	1 Month	YTD	1 year	3 years	5 years	since inception
i-Balanced	-0.78%	1.63%	2.01%	16.01%	20.33%	46.00%
Benchmark*	-1.69%	-3.11%	-3.00%	5.60%	7.66%	42.63%
Relative	0.91%	4.74%	5.01%	10.41%	12.67%	3.36%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

In November, global equities erased earlier gains as risk appetite fell sharply on news that the World Health Organisation designated the new Covid strain Omicron as a "variant of concern". Scientists fear Omicron may be more transmissible and could reduce the efficacy of the current vaccines. Commodities were the first to tumble as a result of such macro concerns. Oil price fell by close to 20% mom on worries of demand destruction as several countries immediately imposed travel restrictions on nationals from South Africa. However, the producers of MRNA vaccines subsequently came out to say that updated versions of vaccines could be made available 50-100 days after the sequencing of the new virus variant. Another key focus was the much higher than expected CPI in both the US and China markets which stoked concerns that inflation may be more persistent than expected. Some of the Fed officials have signalled concerns that inflation pressures are broadening and that the Fed may wish to wrap up its asset-purchase program sooner. As for China, sentiment was mixed as various positive news (such as expectations that the crackdown against the property sector may be easing, surge in new mortgage loans in October, Didi's plans to prepare for the relaunch of its apps, Evergrande avoiding default and Biden-Xi virtual meeting) were mitigated by equal amount of negative news (Kaisa and Shimao at risk of default and China government mulling data tax on internet companies).

As for the domestic market, it reversed all the gains in the previous month following the market-unfriendly measures introduced in Budget 2022. Among the measures introduced were: one-off prosperity tax, tax on foreign-sourced income and revision to the stamp duty structure for stock trading. Collectively, the 3 measures are expected to raise around RM5.5b of additional revenue for the government in 2022. Bank Negara Malaysia (BNM) left its policy rate unchanged at 1.75%, which came as no surprise. BNM expects inflation of 2-3% for 2021 and projected to remain moderate in 2022. 3Q21 real GDP contracted by 4.5% yoy amid the strict Covid-19 containment measures in July under Phase 1 of the National Recovery Plan, which weighed on consumption and investment activities.

Average daily trading value declined further to RM2.8b in November from September's RM2.9b. Retailers were net buyers +RM1.1b whilst local institutions stayed net sellers -RM1.5b. Foreigners remained small net buyers +RM0.1b. Retailers and local institutions accounted for 29.6% and 26.4% of value traded. Foreign institutions accounted for 27.7% of value traded. FBM Shariah declined by 3.7% mom, underperforming FBM KLCI's -3.1% mom. Most sectors were broadly lower led by energy, property, transport and construction. Healthcare gained due to the emergence of the Omicron variant at the end of the month. FBM Emas was down by 4.1% mom while FBMSC retraced the most with a decline of 7.7% mom.

Markets are likely to remain volatile in the near term with much focus on the developments of the Omicron variant of Covid-19 given so little is known about this new strain and any new information will likely cause large swings in markets. As for the domestic market, investors will continue to digest the impact of the one-off prosperity tax and the tax on foreign-sourced income as well as the recently completed 3Q results. 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 November, the local govies continued to trade lacklustre towards the year end with thin liquidity, despite the volatile swings in UST markets. Generally, government bonds' curve bull flattened, with 15-year MGS bearing the biggest rally of 20bps MoM, following the strong 15-year MGS re-opening auction

result. On a separate note, Malaysia Q3 GDP came in at -4.50% vs consensus of -2.60%. BNM also highlighted that MPC will be mindful of premature withdrawal of support and monetary policy to stay accommodative to support growth.

In the corporate bonds segment, most of the rated-credit curves shifted slightly lower with relatively thin volume. Some prominent new issuances during the month were Cagamas (RM2.08 billion, AAA), Danainfra Nasional Bhd (RM2.645 billion, GG), UMW Holding Bhd (RM650 million, AA+), Pengurusan Air SPV Sdn Bhd (RM650 million, AAA), Tenaga Nasional Bhd (RM3.0 billion, AAA), Federal Land Development Authority (RM715 million, GG) and Bank Pertanian Malaysia Bhd (RM500 million, AAA).

The policy normalisation theme continues to dominate in Emerging Markets, leading to a sharp flattening of curves. Market continues to factor in greater prospect of rate hikes after the end of tapering being priced into markets especially after Powell noting that it is perhaps time to consider dropping the 'transitory' view on inflation given persistent price pressures. On the flipside, risk sentiment remains rattled by Omicron variant. Markets are expected to trade in range bound while digesting Powell's hawkish comment as well as to await further information on the variant.

On the domestic front, considering that a general election is possibly still several months away, we remain neutral on Malaysia bonds, with an expectation that the long-end of the bond curve should progressively flatten over the course of 2022. Our strategy is to bargain hunt during primary auctions should the level turn more attractive while holding on to the current portfolio duration.

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

Year	Net Annual Returns
2016	2.26%
2017	9.96%
2018	-7.16%
2019	7.52%
2020	6.96%

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-Balanced 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.