

HLMT i-INCOME FUND

Aug 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 (31/08/2023)	RM 1.7561
Fund Size (31/08/2023)	RM 9.3 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.

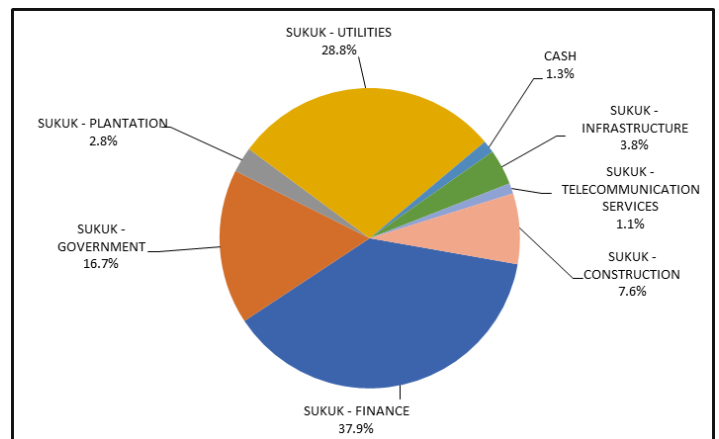
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website

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

Asset Allocation as at 31 Aug 2023

Sukuk	98.7%
Islamic Deposit & Cash Equivalents	1.3%
Total	100.0%

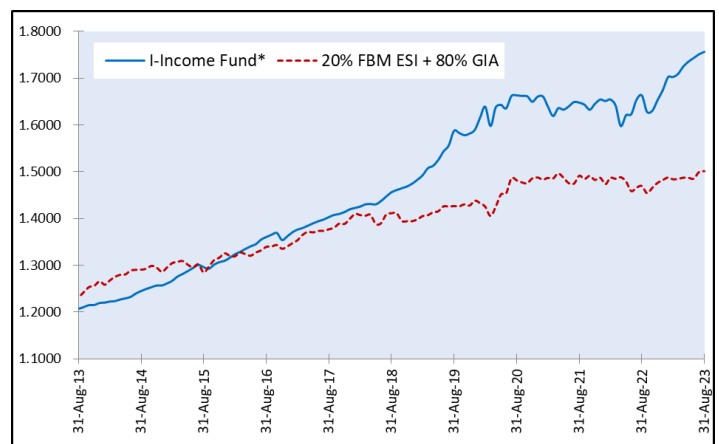
Sector Allocation as at 31 Aug 2023



Top 5 Sukuk Holdings as at 31 Aug 2023

Rank	Holder	Percentage
1	TNB Power Generation Sdn Bhd 02.06.2037	11.7%
2	Gamuda Berhad 20.06.2030	7.6%
3	RHB Islamic Bank Berhad 21.05.2029	6.5%
4	Malaysia Investment Issue 04.08.2037	5.8%
5	Projek Lebuhraya Usahasama Bhd 12.01.2038	5.8%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	0.30%	4.90%	5.60%	5.59%	20.61%	75.61%
Benchmark*	0.12%	1.29%	2.15%	1.33%	6.39%	50.15%
Relative	0.18%	3.61%	3.45%	4.26%	14.22%	25.46%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

During the month, global equities dipped following a rapid increase in the US treasury yields to levels last seen in 2009. This led to fears of either more interest rate hikes or higher-for-longer rates. After declining for 12 straight months, CPI inched up to 3.2% yoy in July 2023 as compared to 3.0% yoy in June 2023. Nonetheless, US August Composite PMI fell to 50.4 as compared to 52.0 in the previous month, dragged mainly by weaker Services PMI. Moving to China, market witnessed a retracement due to weak economic data such as exports and imports, on-going corruption purge on the medical sector, and contagion fear of property sector into trust products in China. Several support measures for the property market as well as the lowering of stamp duty on security transactions did not excite the market. Brent oil gained in August by +1.5% mom to USD86.83/bbl owing to ongoing cuts by OPEC+ and investors' optimism of China's potential stimulus measures.

Domestically, it was a relatively upbeat month in terms of announcements. 2023 six state elections concluded with no change in controls of the respective states. Nonetheless, opposition coalition was able to gain more popularity among voters. With the state elections behind us, expectations are for Malaysia's Prime Minister Anwar Ibrahim to carry out reform agendas and push through initiatives under the 'Madani' economy framework. Pursuant to the first phase of the National Energy Transition Roadmap (NETR), NETR phase 2 was revealed at the end of Aug 2023 with key focus on green initiatives such as carbon capture and hydrogen technologies. Upcoming anticipated initiatives are the New Industrial Master Plan 2030, mid-term review of the 12th Malaysia Plan, Budget 2024, and the Fiscal Responsibility Act.

Average daily trading value rose to RM2.2b in August as compared to RM1.87b a month ago. Foreign investors were net buyers for the second consecutive month at +RM141m in August, narrowing YTD foreign equity outflow to -RM2.67b. Economically, Malaysia's industrial production contracted by 2.2% yoy in June as compared to a growth of +4.7% in May. Malaysia 2Q23 GDP came in below expectations at +2.9% yoy as compared to +5.6% yoy in the previous quarter. In August, the FBM Shariah declined -0.29% m-o-m lesser than the FBM KLCI that registered a negative return of -0.51% m-o-m whilst FBM Emas and FBMS rose by +0.35% m-o-m and +3.1% m-o-m respectively.

Globally, investors will continue to monitor global economic data, narrative from FOMC members, and clues for future interest rate direction. Geopolitically, focus will be on Sino-US relationship as well as developments within Russia. As for HK/ China markets, the China government has been releasing more supportive measures in an attempt to assuage worries in the property sector while minimizing contagion risk to the banks and wider economy. Domestically, attention would be focused on the rollout and execution of government's initiatives post state elections. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (selective commodities), utilities (defensive with yield) and 5G/ technology (trade diversion). We are neutral on interest rate hike beneficiaries (banks) given the peak in inflation.

Sukuk Market

In the month of August, local government sukuk curve experienced a change in its yield curve dynamics. Short term sukuk yields dipped by 1-2bps, while long term yields increased by 1-9bps. These changes were influenced by rising global sukuk yields and the strengthening US dollar. The local government sukuk market saw increased demand following unexpectedly weaker 2Q GDP (2.9% yoy vs 3.3% consensus; 1Q23: 5.6%) and a moderation in July's CPI, which came in 2% versus the consensus 2.1%. This development is influencing expectations for a potential interest rate hike next year. BNM Governor Rasheed indicated that full year 2023 GDP growth is likely to be at the lower end of BNM's forecast (4-

5%) due to declining goods trade and lower commodity output although tourism activities are expected to provide some relief. Headline inflation for 2023 is also projected to remain at the lower bound of its 2.8-3.8% range due to an easing cost environment.

In the corporate sukuk segment, some prominent new issuances during the month were Cagamas Berhad (RM1.625 billion, AAA), Sime Property (RM600 million, AA+), Malaysia Rail Sdn Bhd (RM650 million, GG), ECO World Capital Berhad (RM550 million, AA-) and YTL International Berhad (RM1.4 billion AA1).

Global markets sentiment is expected to tilt slightly risk-off due to concerns about potential spill-over effects from the ongoing China property crisis and softer than expected growth since China's reopening. Tensions are escalating in China's financial markets, particularly in the long-struggling property sector with implications for the banking sector. Concerns that the Fed will maintain interest rates higher for longer to prevent a flare-up in price pressures are somehow keeping yields elevated.

Domestically, we anticipate tight trading with a slight bullish bias for government sukuk in the near term, given weakening local economic momentum and subdued inflationary pressure. China's faltering economic growth as the world's second largest economy is adding to a risk-off sentiment.

Considering the persistently low yields on the long duration government sukuk, even amid recent increases, our focus remains on shorter tenure corporate sukuk, especially from the primary market for yield pick-up.

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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

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.

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.