

## HLMT i-INCOME FUND

April 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

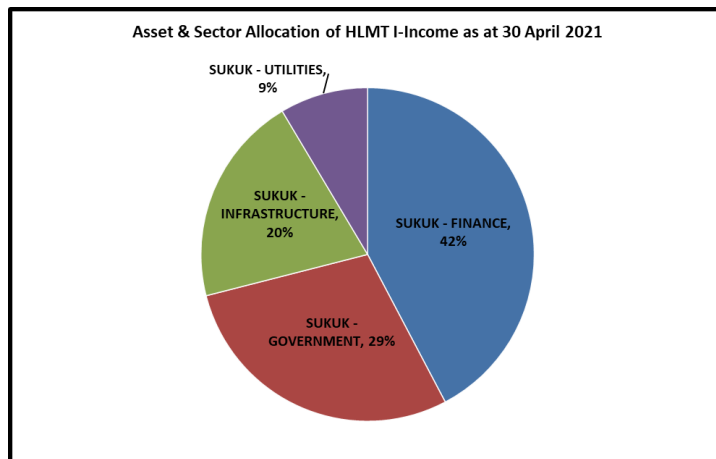
This fund is suitable for investors with low to moderate risk horizon and medium to long term investment horizon.

### Fund Details

Unit Price (30/04/2021)	RM 1.6354
Fund Size (30/04/2021)	RM 5.4mil
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.

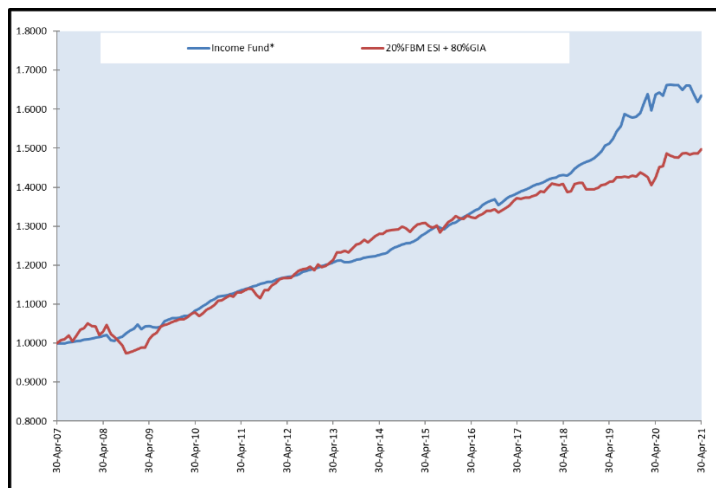
\*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website [www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx](http://www.hlmtakaful.com.my/Quick-Links/Fund-Prices.aspx)



### Top 5 Holdings as at 30 April 2021

1	RHB ISLAMIC BANK BERHAD 21.05.2029	11%
2	MALAYSIA INVESTMENT ISSUE 04.08.2037	10%
3	MALAYAN BANKING BHD 31.01.2031	10%
4	PROJEK LEBUHRAYA USAHASAMA BERHAD 120138	10%
5	AMISLAMIC BANK BERHAD 18.10.2028	9%

### Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
i-Income	1.01%	-1.49%	-0.12%	14.30%	22.53%	63.54%
Benchmark*	0.73%	0.59%	5.72%	6.29%	13.07%	49.67%
Relative	0.28%	-2.08%	-5.84%	8.01%	9.46%	13.87%

\*Source: Bloomberg

## **Market Review, Outlook & Strategy**

### **Equities Market**

During the month, global Covid 19 daily cases again reached record highs following the surge in infections in India with a new strain. Vaccine rollouts in the United States ("US") and United Kingdom ("UK") continued to gain momentum and have seen cases stabilizing. The US led the rise in global equities in April 2021 on the back of strong earning optimism and the release of economic data to indicate that the recovery was on track. The Federal Reserve ("FED") Chair maintained that the committee will maintain its current accommodative policy until substantial progress towards employment and inflation has been made. Rates are likely to be maintained for the whole of 2021 with potential taper discussions happening only in late 2021 or early 2022.

Domestically in April 2021, the reopening plays took a breather while glove stocks enjoyed a revival. The overall market was lackluster as the sharp rise in Covid 19 cases coupled with Malaysia's slow dispensation of vaccines have resulted in the government reverting to a tighter lockdown mode from Conditional Movement Control Order ("CMCO") to Movement Control Order ("MCO"). Top Glove's share price was boosted when it announced that it had resolved its 11 indicators of forced labour which was verified by independent consultant impact. The telco sector also saw interest during the month backed by the Celcom-Digi merger talk. Sentiment for construction was lifted on the back of the approval of the MRT3 project in the Klang Valley.

Retailers were net buyers at +RM0.6b (USD146m) whilst local institutions turned small net buyers at +RM0.1b (USD24m). Foreign institutions were net sellers at -RM1.1b (USD268m). Retailers and local institutions accounted for 36.7% and 27.5% of the value traded while foreign institutions accounted for the remaining 15.1%. For the month, the best performing index was the FBM Shariah Index which appreciated by 3.3% month on month ("mom"). FBM KLCI increased by 1.8% mom to close at 1,601.65 points. FBMSC and FBM Emas were up by 2.7% mom and 1.6% mom respectively.

Domestically, key events to follow in May are the Monetary Policy Committee ("MPC") meeting where rates remained status quo, release of 1Q21 gross domestic product ("GDP") numbers for Malaysia and also January-March quarter's results reporting. Market participants will also be following closely the Covid-19 daily infection curve which has spiked up following the relaxation and reopening of schools. The reimposition of a new round of MCO 3.0 would further delay the return to normalcy and potential economic recovery. As such, markets will remain volatile. 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 April 2021, the yields of local government bond ("govvies") fell relatively in line with the general movement of the US Treasury ("UST") with the 10-, 15- and 30-year Malaysia Government Securities ("MGS") declining by 15, 5 and 10 basis points ("bps") mom respectively. The decline in local yields was also driven by FTSE Russell's affirmation of Malaysia's membership in the World Government Bond Index ("WGBI") which supported buying interest. During the month, the Government of Malaysia successfully issued USD1.3b of sustainability sukuk, the first of its kind, which was well received. The issuance was oversubscribed by 6.4x, reflecting investors' confidence in the nation's economic health and prospects. Some upward pressure on yields in late April 2021 came largely as a result of some supportive economic data. Malaysia's Consumer Price Index ("CPI") in March 2021 came in at 1.7%, above consensus expectations of 1.6%. Additionally, strong export data in March 2021 which increased by 31.0% year on

year ("yoy") compared with February 2021 17.6% also supported prospects of economic recovery on the local front.

In the corporate bond segment, investor's demand preference continued to centre on liquid and strong investment grade bonds with AAA and GG bonds comprising the bulk of daily transactions. Some prominent new issuances during the month are Infracap Resources Sdn Bhd (RM5.75b, AAA), MKD Kencana Sdn Bhd (RM1.0b, GG), Imtiaz Sukuk II Berhad (RM1.0b, AA2) and OSK Rated Bond Sdn Bhd (RM578m, AA).

Over the near term, movement in the UST would likely be influenced by policy measures coupled with relevant economic indicators. Biden's proposed tax bill which aims to double the capital gains tax to 39% for individuals earning north of USD1m could put pressure on the equity market which would induce risk-off sentiments. The president also unveiled his latest stimulus bill of USD1.8 trillion for education and childcare which could result in an increase in public debt issuance to fund said proposal.

On the domestic front, all eyes will be on the MPC in early May 2021. Close attention will also be directed towards daily infection rates which has been spiking past the 3,000 level as of late. This has resulted in a new MCO to arrest the high case numbers. Additionally, progress on the nation's vaccination programme will also be monitored to gauge the feasibility of the December 2021 immunisation target. We expect risk off sentiment to kick in with MCO 3.0 and that would provide good opportunity for the fund to reposition for the second half of the year.

### **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.

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.

## 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