

HLMT MAA'ROF FUND (HLMTDM2)

March 2023

Fund Features

1. Investment Objective

HLMT Maa'rof Fund – HLMTDM2 (“The Fund”) aims to provide a convenient access into a diversified investment portfolio containing a balanced mixture of equities and Sukuk that complies to the Shariah requirements.

2. Investment Strategy & Approach

At inception, this fund will invest by feeding into Hong Leong Dana Maa'rof (“Target Fund”), a shariah-compliant unit trust fund managed by Hong Leong Asset Management Berhad.

Generally, the Target Fund selects undervalued companies that have the potential to offer medium-to-long term (3 to 5 years) capital growth.

3. Asset Allocation

The Fund will be investing a minimum of 90% of the Fund's net asset value (“NAV”) in the Target Fund and a maximum of 10% of the Fund's NAV in money market instruments and/or deposits.

The indicative asset allocation for the Target Fund is to invest a minimum 40% and maximum 60% of its NAV into Shariah-compliant equities. The Target Fund may also invest between 40% to 60% of its NAV into Islamic Money Market Instruments and Sukuk.

4. Target Market

The Fund is suitable for investors who:

- Have conservative to moderate risk-reward temperament.
- Have preference in receiving regular income and returns from capital growth.
- Have medium-to-long term investment horizon.

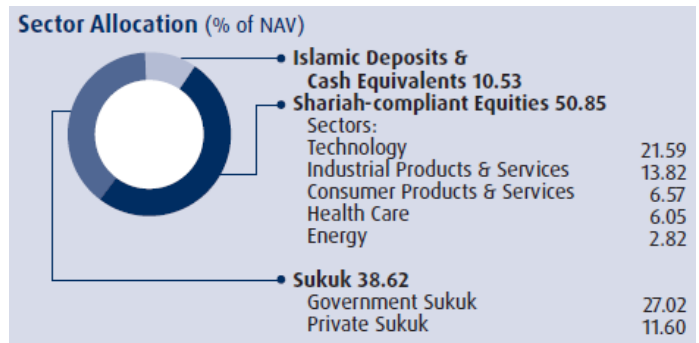
Fund Details

Unit Price (31/03/2023)	RM 0.9953
Fund Size (31/03/2023)	RM 1.1mil
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Islamic Balanced/Growth & Income
Fund Inception	13/04/2021
Benchmark	(40% x 3-month KLIBOR) + (60% x FBM Emas Shariah Index)
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.aspx

Target Fund Sector Allocation as at 31 March 2023



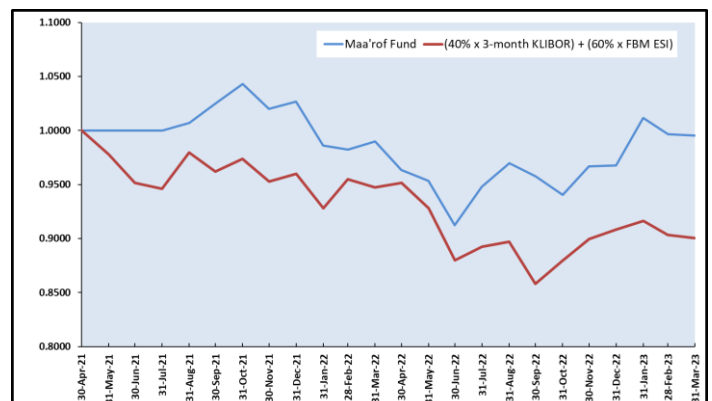
Target Fund Top 5 Equity Holdings as at 31 March 2023

Rank	Equity Holding	Percentage
1	Genetec Technology Berhad	3.50%
2	D&O Green Technologies Berhad	3.47%
3	Pentamaster Corporation Berhad	3.46%
4	Berjaya Food Berhad	3.37%
5	Focus Point Holdings Berhad	3.20%

Target Fund Top 5 Sukuk Holdings as at 31 March 2023

Rank	Sukuk Holding	Percentage
1	Government Investment Issue – Oct 2024	9.03%
2	Government Investment Issue – 2026	8.89%
3	Samalaju Industrial Port Sdn Bhd	7.43%
4	Government Investment Issue – 2028	3.71%
5	Government Investment Issue – May 2024	3.64%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Maa'rof	-0.14%	2.85%	0.55%	-	-	-0.47%
Benchmark*	-0.33%	-0.85%	-4.93%	-	-	-9.95%
Relative	0.19%	3.70%	5.48%			9.48%

*40% x 3-month KLIBOR + 60% x FBM ESI (Source: Lipper for Investment Management)

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month of March, the FTSE BM KLCI fell by 2.3% to close at 1,423 points. The decline in was due to concerns over a global banking crisis — following the collapse of Silicon Valley Bank and Signature Bank and the takeover of Credit Suisse by UBS Bank. The broader market underperformed as the FTSE BM EMAS Index fell by 0.75% to close at 10,716 points. Small cap also outperformed FBMKLCI, down by 1.14% as the FTSE BM Small Cap Index close at 15,259. The top three best-performing sectoral indices in March 2023 were the Health Care, Utilities and Property sectors. The top three worst-performing sectors in March 2023 were Transport, Industrial and Finance.

Foreign investors were the largest net sellers in March; they have been net selling Malaysia equities for the seventh consecutive month. Their net sell flow grew sharply mom — from RM169 mil in February 2023 to RM1.3 bn in March. On a positive note, local institutional investors turned net buyers of RM1.2 bn of equities (against a net sell of RM1.1 bn of equities in February 2023).

On the corporate front, F&N has obtained exclusive rights from Nestle to manufacture, distribute and market Nestle's Bear Brand sterilised milk products directly to end-consumers in Cambodia. The contract, which is an extension of its licence agreements originally granted by Nestle in 2007 and subsequently renewed in 2015, was effective as of March 1, 2023 through to 2037. E.A. Technique Bhd has entered into a memorandum of agreement (MOA) to dispose of a marine vessel, Nautica Muar (NMR) to Alpha Metallum DMCC for US\$5.2mil, or RM23.52mil. In a filing with Bursa Malaysia, E.A Technique said the disposal consideration for NMR was set at a minimum of US\$4.86 mil or RM21.99 mil.

Malaysia is scheduled to release its Industrial Production Index (IPI) for February and Consumer Price Index (CPI) data for March on 11 and 20 April 2023. Also in focus will be the upcoming US Federal Open Market Committee (FOMC) on 2-3 May 2023. Investors will be also tracking the potential dates of upcoming state polls (expected in mid-2023) and MACC's money-laundering probe on opposition party Bersatu.

The Fund will continue to identify companies that are potential winners in growing industries helmed by capable management.

Sukuk Market

The month started off with news of Silicon Valley Bank collapse in the US resulting in US Federal Reserve ("Fed") facing tougher decisions going forward in terms of interest rate trajectory path. In Fed's latest decision, the Fed decided to raise its benchmark lending rate on March 22, as it sought to strike a balance between curbing high inflation and averting further upheaval in the commercial banking sector. The quarter-point increase, which was in line with expectations, lifted the target range to 4.75-5.00 per cent at the end of a two-day policy meeting.

In the domestic fixed income space, sovereign bonds saw an overall risk-off month with thin trading. On a month-to-month basis, the MGS yield closed with the longer tenure MGS moving lower by 5-6 bps. In terms of government bond issuances, there was the opening of the 7-year GII for September 2030. The bid-to-cover ratio was lower than expected at 1.6x with average yield of 3.79%. In the primary market, YTL Power with ratings of AA1 issued RM1.5 billion with four tenures of 3-year, 6-year, 7-year, and 10-year. TNB Power Generation (AAA rated) issued RM2 bn of Sustainability Sukuk Wakalah bonds.

Fed officials now expect economic growth to be slightly slower this year and inflation slightly higher than they predicted in December. They also forecast raising interest rates to 5.1% by the end of 2023, before coming down to 4.3% by the end of 2024. The Fed

is still focused on getting inflation down to its 2% goal.

Locally, CPI inflation eased lower in February with headline inflation edging down to 3.6% YoY from 3.7% in January. The decline in both headline and core consumer-price gains should help rein in inflation expectations. BNM expects GDP growth at a range of 4.0-5.0% in 2023 (CIMB: 4.0%) on the back of resilient domestic demand, supported by ongoing improvement in labour market conditions, implementation of multi-year investment projects and higher inbound tourism especially from China. We expect BNM to continue its pause in May to further take stock of the cumulative impact of the 100bp hikes delivered and another 25bp hike in Jul to 3.00% thereafter to anchor inflation.

In terms of portfolio strategy, we will continue to participate in primary auctions and high investment grade corporate primary bond issuances as well as in the secondary market when opportunity arises as we do see a healthy pipeline on primary issuances.

Target Fund Performance

The actual investment return for the Target Fund was as follows:

	Percentage Growth		Annualised Compounded Return	
	HLDM2 (%)	Benchmark (%)	HLDM2 (%)	Benchmark (%)
Year-to-date	3.10	-0.85	-	-
1 Month	-0.11	-0.33	-	-
3 Months	3.10	-0.85	-	-
6 Months	4.33	4.97	-	-
1 Year	0.34	-4.93	0.34	-4.93
3 Years	76.25	7.40	20.79	2.41
5 Years	59.34	-5.63	9.76	-1.15
10 Years	99.39	11.34	7.14	1.08

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		
	HLDM2 (%)	Benchmark (%)	HLDM2 Distribution Yield (%)
2022	-6.60	-5.37	5.20
2021	19.81	-3.26	5.49
2020	28.51	7.50	7.99
2019	17.82	3.78	7.75
2018	-11.10	-6.77	5.97
2017	13.06	7.80	7.57
2016	-1.20	-2.29	7.13
2015	9.10	3.04	10.64
2014	0.08	-1.08	6.37
2013	7.03	9.28	3.52

Source: Hong Leong Asset Management Berhad

Notice: Past performance is not an indication of its future performance.

- Actual returns of the Target Fund on a net basis (net of tax and charges) or since inception if shorter (warning statement: this is strictly the performance of the Target 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 Target Fund and the formula shall be consistent with that of the benchmark indices.
- Any performance comparison of Target 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 investment in the Target Fund.

1. **Market Risk**

Due to price fluctuations of securities invested in by the Target Fund, 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.

5. **Concentration Risk**

Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. As the fund invests mainly into third party collective investment scheme (CIS) and by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and other financial instruments, the concentration risk is mitigated.

6. **Target Fund(s) Risk**

The fund invests in third party CIS which is being managed by another fund manager. The CIS is carefully selected in order to ensure that the objectives of said CIS are appropriately aligned with the fund. Nevertheless, the Fund Manager does not have control over the management of the CIS and any adverse effect on the CIS will inevitably affect the fund. In such instance, the Fund Manager may replace the CIS with another CIS which the Fund Manager considers to be more appropriate or invest directly in a diversified portfolio in order to meet the objective of the fund. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risk.

7. **Shariah Status Reclassification Risk**

This risk refers to the risk that the currently held Shariah-compliant securities by the target funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of Securities Commission Malaysia (SACSC) or the Shariah Adviser for the Target Fund. If this occurs, the value of the Target Fund may adversely affect and the fund manager will take the necessary steps to dispose of such securities in accordance with the advice from Shariah Adviser.

If the fund invests in Foreign Assets, it will be exposed to the following risks:

8. **Country Risk**

The foreign investments made by the fund are subjected to risk specific to the country in which it invests. Such risks include changes in a country's economic fundamentals, social and political stability, currency movement, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any emerging risk.

9. **Currency Risk**

The risk applies to foreign investment, in which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movements in currencies exchange rates can result in a loss to the investment.

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 NAV 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.

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

For the underlying target fund, past performance is calculated on NAV per unit to NAV per unit basis with gross income (if any) from target fund reinvested, since launch, in MYR terms.

Others

HLMT Maa'rof Fund is managed by Hong Leong MSIG Takaful Berhad. Any amount invested in this fund is invested by Hong Leong MSIG Takaful Berhad on behalf of Participant into the Target Fund which will invest in shariah compliant equity, sukuk and money market instrument/s. If the financial institutions and/or corporations issuing the funds 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 MSIG Takaful 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.