

HLMT i-INCOME FUND

January 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 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.

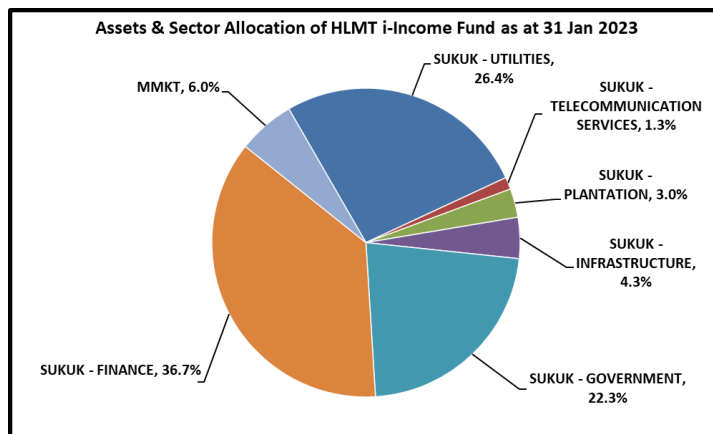
Fund Details

Unit Price (31/01/2023)	RM 1.7020
Fund Size (31/01/2023)	RM 8.3mil
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.aspx

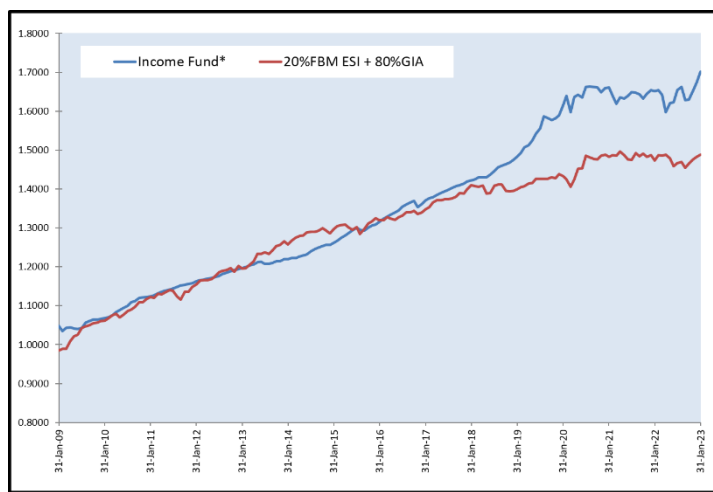
Assets & Sector Allocation as at 31 January 2023



Top 5 Holdings as at 31 January 2023

1	TNB POWER GENERATION SDN BHD	13%
	02.06.2037	
2	RHB ISLAMIC BANK BHD	7%
	21.05.2029	
3	MALAYSIA INVESTMENT ISSUE	6%
	04.08.2037	
4	PROJEK LEBUHRAYA USAHASAMA BHD	6%
	12.01.38	
5	MALAYAN BANKING BHD	6%
	31.01.2031	

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	1.67%	1.67%	3.10%	5.30%	19.65%	70.20%
Benchmark*	0.38%	0.38%	0.96%	3.87%	5.53%	48.80%
Relative	1.29%	1.29%	2.14%	1.43%	14.12%	21.40%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

Global equities continued to advance in January, led by lagging markets of 2022 – China, South Korea and Taiwan. Growth stocks globally outperformed, especially the technology sector, following the release of economic data from the US which indicated that inflation was cooling for a third consecutive month. As for China equities, the strong outperformance continued into January driven by favourable factors such as positive policy shifts over online game approvals and real estate, faster than expected mobility & consumption recovery and resumption of foreign investor inflows.

Domestically, it was a relatively quiet month with a shorter number of trading days given the festive holidays. Bank Negara Malaysia surprised the market with its decision to keep the overnight policy rate (OPR) unchanged at 2.75%. The government also announced that it has eased the conditions for hiring foreign workers in five critical industries – manufacturing, construction, plantations, agriculture and food & beverage, which is a positive as it eases the workers shortage situation. On the political front, we saw UMNO's party president, Zahid Hamidi, performed a large-scale "cleansing" of the party by sacking two members – namely Khairy Jamaluddin and Noh Omar and suspended four members for 6 years – namely Hishammuddin Hussein, Maulizan Bujang, Mohd Salim Sharif and Shahril Sufian Hamdan. The Ringgit strengthened further in January by around 3% to RM4.274/ US\$ following the formation of the unity government which provided political stability.

Average daily trading value increased to RM2.1b in Jan 2023 from Dec 2022's RM1.9b. Foreign investors continued to be net sellers for the fifth consecutive month, but their net sell flow fell 85% mom to RM201m. Local institutional investors were the only and largest net buyer in Jan, but their net buying fell 45% mom to RM916m of local equities. Local retailers stayed net seller for the second month and their net sell rose 3.7x m-o-m to RM485m. The top three best-performing sectoral indices in Jan 23 were energy, transport, and technology whilst the worst three performing sectors were healthcare, plantation and finance. The FBMSC outperformed the broader market with a +8.3% m-o-m return. The FBM Shariah recorded a gain of 1.3% m-o-m, outperforming FBM KLCI's -0.7% m-o-m. FBM Emas recorded 1.1% m-o-m.

Globally, investors will continue to monitor the US bond yield movements, global monetary policies as well as any potential indications of a recession. China's reopening progress should continue to provide support to the North Asia markets as well as spillover positive sentiment to the ASEAN region. Domestically, key upcoming events will include the release of Malaysia's 4Q GDP, re-tabling of Budget 2023, 4Q earnings season and the upcoming Parliament sitting. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks).

Sukuk Market

In the month of January, a relatively similar trend to the US market was observed in the local govies yield. The UST began the calendar year with bullish sentiment as inflation continued to taper along with expectations of a less restrictive monetary policy taking shape. Besides, the local market also reacted positively to BNM's decision to pause its rate tightening cycle earlier this month. The unexpected move by BNM to hold rates resulted in the govies to rally as the market had priced in a 25bps hike. A lower inflation reading of 3.8% in December (November: 4.0%) also aided the rally as this marked the first decline in CPI readings since September 2022. The 10-year MGS settled at 3.80% at the end of the month.

In the corporate sukuk/bond segment, some prominent new issuances during the month were Prasarana (RM1.5 billion, GG), PLUS (RM600 million, AAA), Cagamas Berhad (RM550 million, AAA) and RHB Bank Berhad (RM500 million, AA2).

The UST will continue its dovish trajectory over the near term as economic data releases continue to support it. The recent FOMC decision to hike rates by 25bps came largely within expectations and investors are positioning for a softer monetary policy stance going forward. We think CPI will continue to decline in the coming months as commodity prices have eased and PPI readings which acts as a good indicator for upcoming CPI has also been gradually declining. We will continue to monitor labour market indicators for signs of weaknesses that would further strengthen the recession narrative.

Domestically, the local govies will still observe the movement of its US counterpart. While CPI numbers have declined, food inflation remains a concern and have yet to abate. Additionally, the re-tabling of budget in February may see adjustment to the fuel subsidies which will inevitably result in inflationary pressure. China's reopening could also result in additional inflationary pressure as it is one of Malaysia's largest trading partners. As such, we remain cautious and underweight duration in our portfolio positioning.

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.

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.