

# HLMT MAA'ROF FUND

## (HLMTDM2)

July 2021

### 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.

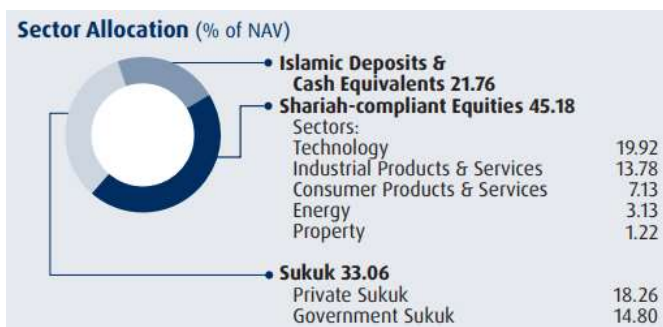
### Fund Details

Unit Price (31/07/2021)	RM 1
Fund Size (31/07/2021)	RM 3.5k
Fund Management Fee	1.50%
Fund Manager	Hong Leong MSIG Takaful Berhad
Fund Category	Balanced
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 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)

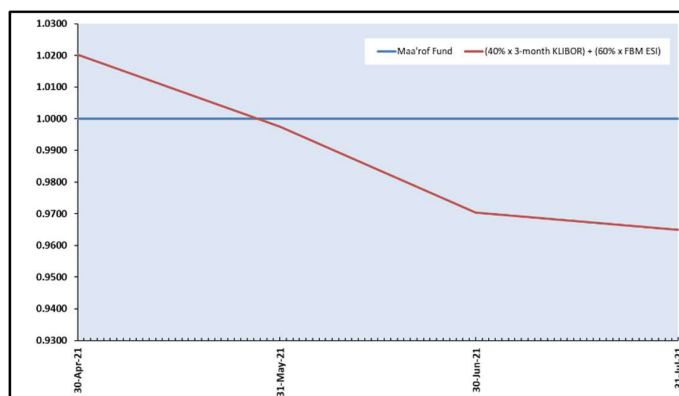
### Target Fund Sector Allocation as at 31 July 2021



### Target Fund Top 5 Holdings as at 31 July 2021

1	D&O GREEN TECHNOLOGIES BERHAD	8.81%
2	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM - PRIVATE SUKUK	7.82%
3	GOVERNMENT INVESTMENT ISSUE - 2023	7.13%
4	PRESS METAL ALUMINIUM HOLDINGS BERHAD	4.40%
5	TNB WESTERN ENERGY BERHAD - PRIVATE SUKUK	4.17%

### Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
Maa'rof	0.00%	0.00%	-	-	-	0.00%
Benchmark*	-0.55%	-3.50%	-	-	-	-3.50%
Relative	0.55%	3.50%	-	-	-	3.50%

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

## **Market Review, Outlook & Strategy by the Target Fund**

### **Equities Market**

For the month of July 2021, the FBMKLCI declined 2.5% to close at 1,495 points. The broader market outperformed as the FBM Emas declined 1.6% to close at 10,973 points. Small caps outperformed as the FBMSC was unchanged at 15,421 points. FBM Emas Shariah was down by 1.06% for the month of July 2021.

The main index and FBM Emas Shariah declined month-on-month ("mom") due to increased concern on high Covid-19 cases, which lead to continuation of economic lockdown to certain sectors. Political uncertainty also contributed to the overall weakness in domestic key indices. Positive index mover for the month was dominated by technology sector with ViTrox Corporation Berhad (+27.7%), Malaysian Pacific Industries Berhad (+14.1%) and D&O Green Technologies Berhad (+13.98%). The laggards for the month were Sime Darby Plantation Berhad (-17.3%), Gamuda Berhad (-10.5%) and Kuala Lumpur Kepong Berhad (-8.28%).

On the corporate front, CTOS Digital Berhad announced the acquisition of a 4.63% stake in credit rating agency RAM Holdings Berhad from CIMB Bank Berhad. IJM Corporation Berhad plans to distribute a potential special cash dividend following the completion of its stake sale in IJM Plantations Berhad to Kuala Lumpur Kepong Berhad.

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

### **Sukuk Market**

United States Treasury ("UST") yield curve flattened in July 2021 in the intermediate segment with 2-year versus 10-year yield differential tightened to 103.8 basis points ("bps") from 120.5 bps while 5-year versus 30-year yield spread widened to 120.2 bps from 116.8 bps underscoring US Federal Reserve's outlook that inflation path is transitory from supply bottlenecks with longer-term inflation anchored at 2% average.

On domestic front, Bank Negara Malaysia ("BNM") maintained its policy rate at 1.75% marking seventh straight Monetary Policy Committee ("MPC") meeting the Overnight Policy Rate ("OPR") was held. Policymakers are cognizant of increased economic downside risks from the impact of containment measures with headline inflation moderating as base effect diminished.

10-year Government Investment Issue ("GII") tightened for the month of July 2021, closing at 3.180%, -198 bps. Longer 20-year GII flattened from 4.29% to 3.976%. Year-to-date ("YTD") returns for the 10-year GII was at -4.09%, a marked a slight improvement from -4.5% in June 2021.

The 10-year GII auction drew an unexpectedly strong demand with 3.4 times bid-to-cover (average 2.5 times), the highest in 2021. However, market softened post auction on heightened political uncertainty as market remained side-lined.

Noteworthy corporate issuances were government guaranteed issuances from SME Development Bank Malaysia Berhad and Malaysia Rail Link Sdn. Bhd., which issued RM 500m and RM2b of sukuk respectively. SME Development Bank Malaysia Berhad sustainability sukuk issuances garnered 1.75 times bid-to-cover with final 5-year yield guidance at 3.10%. Malaysia Rail Link Sdn. Bhd. multi tranche issuances gathered 2.05 times bid-to-cover with final yield ranging 2.88%-4.48%.

For fund strategy, the Fund Manager continues to maintain slight defensiveness to the portfolio as we expect BNM to maintain its OPR at 1.75% until 2021. Nevertheless, we remain comfortable with current portfolio positioning to navigate the current market conditions. The Fund Manager continues to be vigilant for tactical

positioning to reposition the portfolio should opportunities arises.

### **Target Fund Performance**

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

	Percentage Growth		Annualised Compounded Return	
	HLD2M2 (%)	Benchmark (%)	HLD2M2 (%)	Benchmark (%)
Year-to-date	14.44	-4.66	-	-
1 Month	1.50	-0.57	-	-
3 Months	-2.29	-5.41	-	-
6 Months	6.14	-3.45	-	-
1 Year	36.98	-5.52	36.98	-5.52
3 Years	57.02	0.44	16.21	0.14
5 Years	74.21	6.58	11.74	1.28
10 Years	107.47	26.62	7.56	2.39

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		HLD2M2 Distribution Yield (%)
	HLD2M2 (%)	Benchmark (%)	
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
2012	6.44	8.44	6.90
2011	2.83	3.02	-

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

This risk is associated with a Target Fund whereby the investments of such fund are not diversified. A Target Fund invests mainly into another collective investment scheme.

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 feature

### **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