

HLMT i-INCOME FUND

August 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.

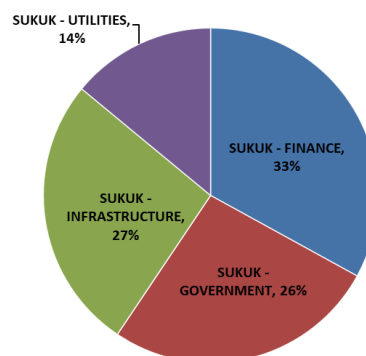
Fund Details

Unit Price (31/08/2021)	RM 1.6475
Fund Size (31/08/2021)	RM 5.9mil
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

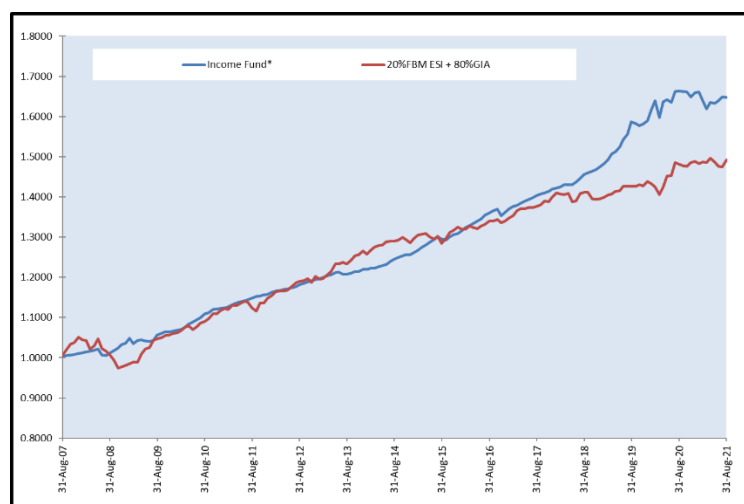
Asset & Sector Allocation of HLMT i-Income as at 31 August 2021



Top 5 Holdings as at 31 August 2021

1	RHB ISLAMIC BANK BERHAD 21.05.2029	10%
2	PROJEK LEBUHRAYA USAHASAMA BERHAD 12.01.2038	9%
3	MALAYSIA INVESTMENT ISSUE 04.08.2037	9%
4	MALAYAN BANKING BERHAD 31.01.2031	9%
5	AMISLAMIC BANK BERHAD 18.10.2028	9%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
i-Income	-0.07%	-0.76%	-0.94%	13.15%	21.11%	64.75%
Benchmark*	1.16%	0.25%	0.68%	5.70%	11.38%	49.17%
Relative	-1.23%	-1.02%	-1.62%	7.45%	9.73%	15.58%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

In August 2021, Asia continued to underperform the developed markets in the United States ("US") and Europe. The sell-off in Chinese stocks continued to deepen with the MSCI China dipping by greater than 7% in mid-August 2021. This was following the Chinese government's new economic agenda to focus on strengthening its regulatory grip over key sectors such as technology and healthcare. President Xi Jinping's rhetoric about "common prosperity" further reinforced the Communist Party's commitment to close the widening wealth gap among the population which soured market sentiment further. Globally, while key economic indicators are still holding, there are now downside risks with the recent surge in the Delta variant. The recent full Food and Drug Administration ("FDA") approval for the Pfizer-BioNTech Covid-19 vaccine raised hopes of the pace of vaccination being increased further. Federal Reserve ("FED") Chair Powell's recent Jackson Hole speech also did not deliver any taper surprises where he acknowledged that tapering conditions (including progress toward full employment) could be met by the end of this year and the pace of any tapering is likely to be slow. He also indicated that if the FED were to reduce asset purchases, it would not necessarily signal short-term interest rate hikes were in the pipeline.

On the domestic front, August 2021 was another eventful month. We saw the resignation of Tan Sri Mahiaddin Yassin and the appointment of Dato' Sri Ismail Sabri as the 9th Prime Minister ("PM") of Malaysia after securing 114 Parliamentary seats with a leaner new cabinet. These developments have alleviated some of the political uncertainties in the near term. The pace of vaccination continued to see positive trajectory with close to 50% of the total population having been fully vaccinated. This brings Malaysia closer to achieving its 80% nationwide herd immunity target by early December 2021. The Health Ministry also announced that Covid-19 will be treated as an endemic and that the country will move away from the current total containment measures, paving the way for more economic sectors to be reopened. Bank Negara Malaysia ("BNM") has revised their 2021 gross domestic product ("GDP") forecast from 6.5%-7.5% to 3%-4% after taking into account the earlier restrictions.

The average daily trading volumes and values continued to fall month-on-month ("mom") to their lowest levels since April 2020. Average daily trading volumes fell 17% mom to 4.2b units while average daily trading values fell 11% mom to RM2.7b in August 2021. Foreign investors turned net buyers of RM1b of Malaysian equities in August 2021 after close to 24 consecutive months of net selling. Local institutional investors, on the other hand, were the largest net sellers in August 2021 to the tune of RM1.5b. The best performing sectors in August 2021 were the plantation and transport sectors, while the worst performing sectors were the healthcare and real estate investment trusts ("REITs"). For the month, FBM Emas Shariah's increased by 5.8% mom underperformed against FBM KLCI's increased by 7.1% mom. The FBM SC appreciated by 3.4% mom and FBM Emas increased by 6% mom in August 2021.

On the regional front, market participants will be monitoring the spread of the Delta variant and the roll-out of the Covid-19 vaccination and distribution programs. Investors will also continue to follow closely the progress of re-opening in the US and Europe as well as the outcome of the US FED's Federal Open Market Committee ("FOMC") meetings on 21st till 22nd September 2021. Domestically, key events taking place include the Monetary Policy Committee ("MPC") meeting on 9th September 2021 (market participants are not expecting any changes to the Overnight Policy Rate), vote of confidence for the PM when Parliament reconvenes on 13th September 2021 and the tabling of the 12th Malaysia Plan on the 27th September 2021. 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 August 2021, local government bond, Malaysia Government Security ("MGS") and Government Investment Issue ("GII") yields have edged up tracking the movement of US Treasury ("UST"). Selling was centred around 3- to 10-year parts of the curve. Yields were generally 3 to 8 basis points ("bps") higher in August 2021 with relatively thin volume. Apart from higher UST yields, sentiment was also fuelled by the confluence of events happening locally, from both the economic and political aspects. On the economic front, Malaysia's 2Q2021 GDP growth came in at 16.1% (1Q: decreased by 0.5%), largely due to favorable base effects. On a quarter-on-quarter ("qoq") basis, the economy contracted by 2% after 1Q's encouraging 2.7% expansion, mainly due to the imposition of mobility restrictions in May 2021 and June 2021.

In the corporate bonds segment, the government guaranteed ("GG") curves were marked higher similar to that of government bonds move. However, movement on rated-credit curves lagged and shifted lower in the month of August 2021. Some prominent new issuances during the month were Prasarana Malaysia Berhad. (RM2.5b, GG), Malayan Banking Berhad. (RM3b, AA1), Cagamas Berhad. (RM610m, AAA) and SME Development Bank Malaysia Berhad. (RM500m, AAA).

Generally, government bond market in Malaysia is expected to react in a cautious mood amidst the political uncertainty coupled with the rise in Covid-19 cases. For time being, fresh elections are ruled out due to the pandemic situation. Furthermore, the next general election is not due until May 2023. So, the next hurdle will be the tabling of motion of confidence in the new PM when Parliament reconvenes on 6th September 2021. Nonetheless, we do not expect the political changes to derail current economic policies, recovery plans, and vaccination progress. Also, most economic and social sectors are expected to reopen gradually. Along with gradual normalization of economic activities and positive spillover from external demand, this will pave the way for a rebound in GDP growth.

As such, we remain cautious on local bond market amid the rise in global yields due to better risk appetite. Nevertheless, we will still cherry pick especially in primary market for yield enhancement.

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.

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.