

## HLMT MAA'ROF FUND

### (HLMTDM2)

April 2022

#### 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.

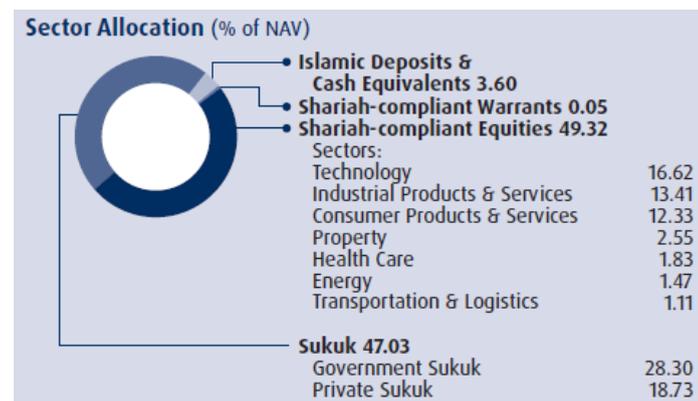
#### Fund Details

Unit Price (30/04/2022)	RM 0.9634
Fund Size (30/04/2022)	RM 507.9k
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 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)

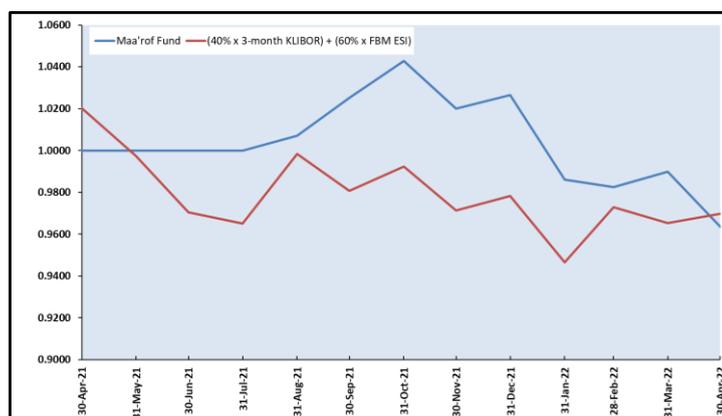
#### Target Fund Sector Allocation as at 30 April 2022



#### Target Fund Top 5 Holdings as at 30 April 2022

1	SAMALAJU INDUSTRIAL PORT SENDIRIAN BERHAD – PRIVATE SUKUK	9.97%
2	GOVERNMENT INVESTMENT ISSUE - 2022	9.59%
3	GOVERNMENT INVESTMENT ISSUE - 2024	9.48%
4	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM - PRIVATE SUKUK	4.73%
5	GOVERNMENT INVESTMENT ISSUE - 2023	4.57%

#### Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
Maa'rof	-2.68%	-6.16%	-3.66%	-	-	-3.66%
Benchmark*	0.45%	-0.88%	-4.95%	-	-	-3.04%
Relative	-3.13%	-5.28%	1.29%	-	-	-0.62%

\*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

During the month, the FTSE BM KLCI rose 0.8% to close at 1,600 points. The broader market underperformed as the FTSE BM EMAS Index rose 0.7% to close at 11,466 points. Small caps outperformed as the FTSE BM Small Cap Index rose 2.9% to close at 16,772 points.

The local market was buoyed by the plantation sector as Indonesia announced measures to ban the export of crude and refined palm oil.

On the corporate front, Gamuda Berhad announced that its four Klang Valley highway concession holding companies have each accepted the respective takeover offer by Amanah Lebuhraya Rakyat Berhad. IHH Healthcare Berhad announced that its unit Fortis Healthcare Limited has received a final order from the Indian regulators to recover 397.12 crore rupees with interest from its former controlling shareholders.

The Fund will continue to invest in Shariah-compliant stocks of companies that would benefit from superior pricing power and efficient cost management.

### Sukuk Market

The Federal Reserve (Fed) continued its borrowing cost hiking cycle in early May as expected, the biggest hike since 2000. The Fed has signalled clearly that more borrowing cost hikes will follow with its focus on reining in inflation. The local government bonds endured a volatile month with yields tracking the movement of US treasuries. The Malaysian Government Securities (MGS) curve rose by 40 to 60 basis points (bps) over the month with the 10-year benchmark yield closing at 4.38%.

In the primary issuance market, the 7-year MGS auction drew a commendable 2.2 times bid-to-cover ratio despite a larger-than-expected RM5 billion size with no private placement. Notwithstanding the weak market sentiment, auction demand was strong due to the higher yields. Notable issuances during the month were Hong Leong Bank Berhad AT1 Green Capital Securities which was priced at 4.45% with books covered at 1.1 times whilst Imtiaz Sukuk Berhad (AA2 rated) issued RM900 million via a 5 and 7-year tranche.

Malaysia's inflation data released last week showed higher core Consumer Price Index (CPI) at 2.0% year-on-year (YoY) in March (February: 1.8%) driven by pent-up and services demand, while headline CPI was unchanged at 2.2% YoY as the effect of higher food prices was offset by a slower increase in transport costs given the fuel subsidy. We maintain our view for the borrowing cost to be raised by 50bps in the second half of the year.

With regards to portfolio positioning, our defensive duration stance remains due to the rising borrowing cost environment and inflationary pressure.

## 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	-7.01	-0.86	-	-
1 Month	-3.10	0.46	-	-
3 Months	-2.66	2.55	-	-
6 Months	-8.83	-2.27	-	-
1 Year	-4.87	-4.84	-4.87	-4.84
3 Years	53.17	4.68	15.26	1.54
5 Years	54.81	2.24	9.13	0.44
10 Years	101.17	23.34	7.24	2.12

Source: Hong Leong Asset Management Berhad

	Calendar Year Returns		
	HLDM2 (%)	Benchmark (%)	HLDM2 Distribution Yield (%)
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
2012	6.44	8.44	6.90

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.

#### 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.

#### 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.