

HLMT i-INCOME FUND

September 2022

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.

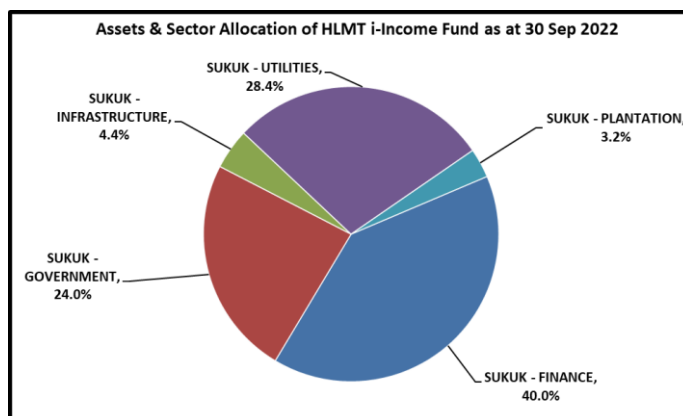
Fund Details

Unit Price (30/09/2022)	RM 1.6280
Fund Size (30/09/2022)	RM 7.4mil
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

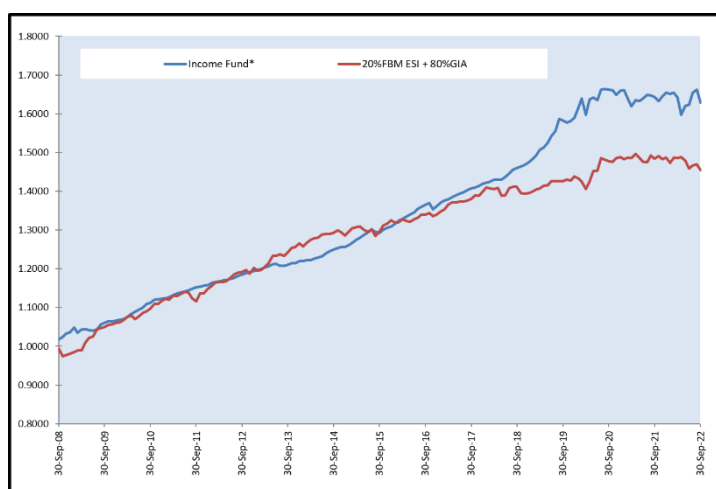
Assets & Sector Allocation as at 30 September 2022



Top 5 Holdings as at 30 September 2022

1	TNB POWER GENERATION SDN BHD 02.06.2037	14%
2	RHB ISLAMIC BANK BERHAD 21.05.2029	8%
3	MALAYSIA INVESTMENT ISSUE 04.08.2037	7%
4	AMISLAMIC BANK BERHAD 18.10.2028	7%
5	MALAYAN BANKING BERHAD 31.01.2031	7%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	-2.10%	-1.57%	-0.93%	2.87%	15.67%	62.80%
Benchmark*	-1.05%	-2.22%	-2.04%	1.98%	5.36%	45.45%
Relative	-1.05%	0.65%	1.11%	0.89%	10.31%	17.35%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

September was a tough month for all risky assets including global equities due to global growth concerns on the back of the rising possibility of central banks overtightening and the ongoing geopolitical tensions between Russia-Ukraine and US-China. US Fed raised rates by another 75 bps and signaled that the Fed remains committed to tighten at the expense of the economy until inflation subsides. The FX markets were volatile as the greenback surged with the DXY Index near a 20-year high.

Back in Malaysia, we saw Bank Negara Malaysia raised the Overnight Policy Rate by 25bps to 2.5% as headline CPI hit the highest in 5.5 years to +4.7% yoy in August (July: +4.4% yoy). There is increasing expectation that Parliament could be dissolved after the tabling of Budget 2023 on 7th October with UMNO leaders confirming to the media that general election would be held this year. The three best-performing sectors in September were construction (-2.1% mom), transport (-2.9% mom) and REIT (-3.4% mom). The top three worst-performing sectors in September were plantation (-10% mom), energy (-8% mom) and telecommunication (-7.1% mom).

Average daily trading value increased to RM1.8b in September from RM1.7b in August. Foreign institutions turned net sellers - RM1.6b while local institutions turned net buyers (+RM1.1b). Local retailers remained net buyers +RM0.5b. Retailers and local institutions accounted for 24% and 36% of value traded. Foreign institutions accounted for 29% of value traded. The 4 major indices were negative in September: FBM Shariah -7.5% mom, FBM KLCI - 7.8% mom, FBM Emas -6.7% mom and FBMSC - 4.6% mom.

The market will remain volatile and investors are likely to remain cautious with the rising likelihood of a global recession. Investors will continue to monitor closely Fed's speak to gauge the interest rates trajectory as well as the ongoing Russia-Ukraine war and its impact on commodity prices. Also in China, the 20th Congress of the Chinese Communist Party on 16th October will be followed closely for any indication of a softer stance to the current zero-Covid strategy as well as the successful reopening of Hong Kong and Macau. Domestically, the upcoming Budget 2023 on 7th October is unlikely to excite the market but potentially an indication of an early 15th General Election. We remain defensive, investing in both value and growth. Sectors that we continue to favour include selected recovery/reopening names (consumers with pricing power and beneficiary of the easing commodity prices) and 5G/ technology (easing of supply chain bottlenecks).

Sukuk Market

In the month of September, relatively similar trends were observed in local govvs yield as it continued to track the trend in the US. The month began with US Treasuries (UST) yield shot up on the back of higher-than-expected August CPI readings of 8.3% y-o-y vs market's forecast of 8.1%. Subsequent to this, the 10Y note rose past the 4.00% level for the first time in 12 years. Closer to the end of the month, the Bank of England announced a massive 65 billion pounds bond buying programme. Such policy dislocation came at a time where central banks worldwide are on the policy-tightening path and the surprise move shocked the market and sent yields plummeting. The 10Y UST fell by more than 26bps to just under 3.70%, on track to the biggest single-day drop since March 2009.

The GII yields on the 5-, 10-, and 30-years tenors increased by 31, 42, 39 bps respectively. The strong economic footing as seen in 2Q GDP provided sufficient headroom for the central bank to raise the OPR by 25bps in its quest to combat the rising price pressures. August's CPI came in at 4.7% yoy, higher than the 4.4% recorded in July, with the increase stemming largely

from food components. The 10Y GII settled at 4.42% at the end of September against 4.001% a month prior.

As for the corporate sukuk/bond segment, some prominent new issuances during the month were CIMB Bank Berhad (RM1.5 billion, AA2), CIMB Group Holdings (RM1.5 billion, AA2), edotco Malaysia Sdn Bhd (RM1.4 billion, AA+) and IGB REIT Capital Sdn Bhd (RM1.2 billion, AAA).

Moving forward, we expect a similar trend to continue in the local market with its US counterpart. Yields would most likely trend higher on account of the Fed's commitment to bring down inflation to 2%. We are of the opinion that the current hawkish environment will persist over the near term as inflation is unlikely to cool off substantially. On the flip side, recessionary indicators and signs of a slowing economy as a result of aggressive tightening have started to emerge particularly in the labour market. We will remain vigilant in observing the relevant data to anticipate if a reversal in current policy tightening is on the horizon.

Besides external factors, the upcoming budget dubbed as the election year budget could be one that is expensive and would necessitate additional government borrowings. In view of the above, we think that this is an opportunity to average up the portfolio's yield by maintaining the dollar cost averaging strategy.

Actual Annual Investment Returns based on published price for the Past Five (5) Calendar Years

Year	Net Annual Returns
2017	4.25%
2018	3.88%
2019	7.81%
2020	4.43%
2021	-0.37%

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.