

HLMT MAA'ROF FUND

(HLMTDM2)

September 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.

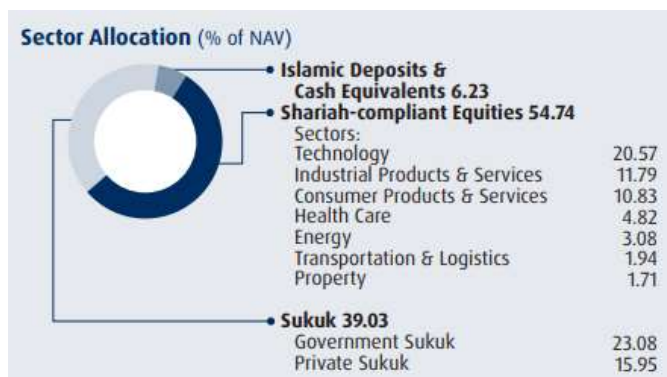
Fund Details

Unit Price (30/09/2021)	RM 1.0251
Fund Size (30/09/2021)	RM 253.1k
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

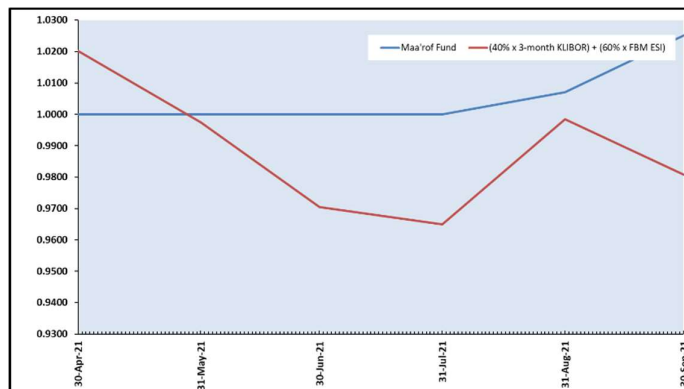
Target Fund Sector Allocation as at 30 September 2021



Target Fund Top 5 Holdings as at 30 September 2021

1	GOVERNMENT INVESTMENT ISSUE - 2024	10.16%
2	D&O GREEN TECHNOLOGIES BERHAD	8.41%
3	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM - PRIVATE SUKUK	6.70%
4	GOVERNMENT INVESTMENT ISSUE - 2023	6.32%
5	PRESS METAL ALUMINIUM HOLDINGS BERHAD	4.64%

Historical Performance



	1 month	YTD	1 year	3 years	5 years	since inception
Maa'rof	1.80%	2.51%	-	-	-	2.51%
Benchmark*	-1.77%	-1.92%	-	-	-	-1.92%
Relative	3.56%	4.43%	-	-	-	4.43%

*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

In September 2021, the FBM KLCI declined 4.0% to close at 1,538 points. The broader market outperformed as the FBM EMAS declined 2.7% to close at 11,311 points. Small caps outperformed as the FBM SC rose 0.8% to close at 16,079 points. FBM ESI was down by 3.07% for the month of September 2021. The best performing sectors in September 2021 were technology and transport while the worst performing sectors were healthcare and plantation. FBM ESI was dragged by big cap stocks, namely Top Glove Corporation Berhad (-28%), Tenaga Nasional Berhad (-5.35%) and Sime Darby Plantation Berhad (-11.17%). The gainers for the month of September 2021 were Press Metal Aluminium Holdings Berhad (+6.48%), Petronas Chemical Group Berhad (+7.89%) and IHH Healthcare Berhad (+4.69%).

While the foreign investors remained net buyers for the month of September 2021 (+RM0.7b), our local funds were net sellers for the month, amounting to RM1.9b. The market weakness for September 2021 was due to selling in glove makers, concerns over potential capital gains tax, plans to waive 3 months of interest for low-income borrowers and Evergrande debt crisis. Market sentiment was hurt by the China Evergrande debt crisis, global gas crisis and widespread power shortage in China.

On the corporate front, Sunway Berhad, through its joint venture with Hoi Hup Realty Private Limited, has won the bid for the en-bloc acquisition of Flynn Park, a condominium project in Singapore. MyEG Services Berhad entered into a partnership with China's Bubi Technologies Company Limited to build super nodes around the world based on blockchain system.

Going forward we expect the overall market to continue holding up, anchored by the reopening of economic activities, a more stable political landscape and higher commodity prices. The Fund will continue to identify Shariah-compliant stocks of companies that are potential winners in growing industries helmed by capable management.

Sukuk Market

United States treasury ("UST") weakened during September 2021 as investors positioned ahead of a potential asset taper announcement at the Federal Open Market Committee ("FOMC") meeting. The Federal Reserve ("Fed") signalled that the US economy was ready for an asset purchase taper and had marginally brought forward borrowing cost hike guidance. Local sovereign yields trended higher following the movement of the UST.

Prime Minister Dato Sri Ismail Sabri tabled the 12th Malaysia Plan in Parliament at the end of the month. Key focus of the plan included increasing gross domestic product ("GDP") growth from 4.5% to 5.5% per annum, increasing labour productivity from 1.1% to 3.6% per annum, and increasing the gross national income ("GNI") per capita from RM42,503 to RM57,882.

As the ratio of the vaccinated adult population increases, more easing of restrictions could be expected as soon November 2021. Headline inflation eased further to a 5-month low of 2% year-on-year ("yoy") in August 2021 (July: +2.2%). Bank Negara Malaysia ("BNM") stressed that its latest GDP and inflation outlook downgrade has been factored into the Monetary Policy Committee's ("MPC") decision to keep existing monetary policy accommodative. We believe BNM will continue to maintain its accommodative monetary stance unchanged till early 2022. Key event to monitor going forward in the month of October 2021 are Budget 2022. Budget 2022 will be tabled in Parliament on 29th October 2021 and we expect to see continued (but gradual) fiscal consolidation. Broadly, we believe existing Covid-19 stimulus measures will continue showcasing in Budget 2022 (e.g., Covid-19 funding, wage subsidy, electricity discounts, auto SST exemptions, etc.).

10-year Government Investment Issue ("GII") expanded for the month of September 2021, closing at 3.49% (+181 basis points). Longer 20-year GII flattened from 4.224% to 4.186%. Year-to-date ("YTD") returns for the 10-year GII was at -5.44% marked a slight deterioration from -4.35% in August 2021.

The 10-year Malaysia Government Security ("MGS") re-opening auction drew a decent 1.6x bid-to-cover on a RM4b issue size as market was generally cautious in light of the additional RM45b Covid-19 fund announcement. Noteworthy corporate issuances were Cagamas Berhad which raised a total of RM1.5b from 1-3-year bonds and government guaranteed ("GG") issuance from Perbadanan PR1MA Malaysia which issued RM500m 5-year notes at 3.05%.

On portfolio positioning, we are maintaining a defensive portfolio duration strategy ahead of the asset purchase taper by the Fed. We expect BNM to continue to maintain the borrowing cost at 1.75% for the rest of 2021 despite concerns over the growth of the economy. We are confident with the portfolio's resiliency to navigate current market conditions in light of Delta variants, softer global growth momentum and government constraints in fiscal expansionary actions. The Fund Manager will be vigilant for tactical positioning to rebalance should opportunities arise.

Target Fund Performance

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

Performance Records			
	Percentage Growth		Annualised Compounded Return
	HLD2 (%)	Benchmark (%)	HLD2 (%) Benchmark (%)
Year-to-date	20.07	-3.02	- -
1 Month	1.97	-1.78	- -
3 Months	6.49	1.14	- -
6 Months	6.75	-1.81	- -
1 Year	42.40	-1.65	42.40 -1.65
3 Years	61.31	2.55	17.26 0.84
5 Years	78.13	7.36	12.23 1.43
10 Years	138.02	38.62	9.05 3.32

Source: Hong Leong Asset Management Berhad

Calendar Year Returns			
	HLD2 (%)	Benchmark (%)	HLD2 Distribution Yield (%)
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.

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 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.