

HLMT MAA'ROF FUND (HLMTDM2)

April 2023

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.

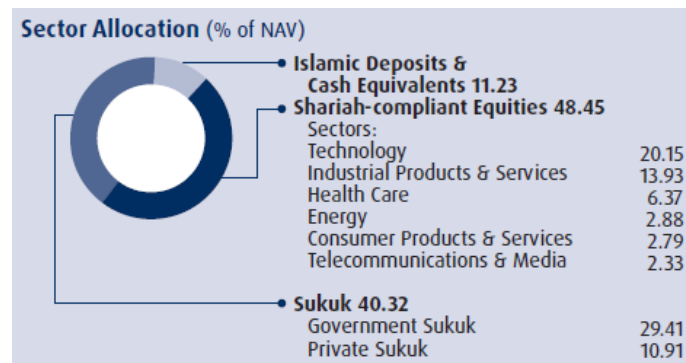
Fund Details

| | |
|-----------------------------|--|
| Unit Price (30/04/2023) | RM 0.9999 |
| Fund Size (30/04/2023) | RM 1.1mil |
| 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 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

Target Fund Sector Allocation as at 30 April 2023



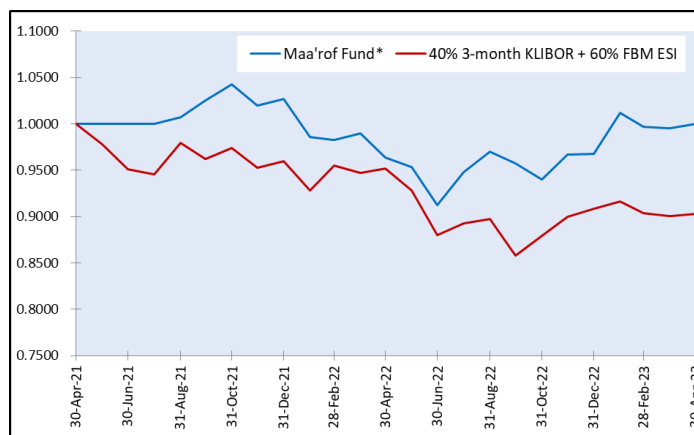
Target Fund Top 5 Equity Holdings as at 30 April 2023

| Rank | Equity Holding | Percentage |
|------|--------------------------------|------------|
| 1 | Genetec Technology Berhad | 3.43% |
| 2 | Pentamaster Corporation Berhad | 3.23% |
| 3 | D&O Green Technologies Berhad | 3.07% |
| 4 | Velesto Energy Berhad | 2.88% |
| 5 | Top Glove Corporation Berhad | 2.83% |

Target Fund Top 5 Sukuk Holdings as at 30 April 2023

| Rank | Sukuk Holding | Percentage |
|------|--|------------|
| 1 | Government Investment Issue – Mar 2026 | 8.37% |
| 2 | Government Investment Issue – 2024 | 8.32% |
| 3 | Samalaju Industrial Port Sdn Bhd | 6.98% |
| 4 | Government Investment Issue – Sep 2026 | 4.23% |
| 5 | Government Investment Issue – 2028 | 3.43% |

Historical Performance



| | 1 Month | YTD | 1 Year | 3 Year | 5 Year | Since Inception |
|------------|---------|--------|--------|--------|--------|-----------------|
| Maa'rof | 0.46% | 3.33% | 3.79% | - | - | -0.01% |
| Benchmark* | 0.22% | -0.63% | -5.16% | - | - | -9.75% |
| Relative | 0.24% | 3.96% | 8.95% | - | - | 9.74% |

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

Market Review, Outlook & Strategy by the Target Fund

Equities Market

During the month of April, the FTSE BM KLCI fell by 0.47% to close at 1,416 points. Market in general was rather subdued, due to concern on the health of US banking sector. The broader market underperformed as the FTSE BM EMAS Index was up by 0.19% to close at 10,737 points. Small cap also outperformed FBMKLCI, rose by 1.14% as the FTSE BM Small Cap Index close at 15,495. The top three best-performing sectoral indices in April 23 were the telecommunication, utilities and transportation sectors. The top three worst-performing sectors in April 23 were financials, healthcare and technology.

Foreign investors were the largest net sellers in April; they have been net selling Malaysia equities for the eighth consecutive month. Foreign net sell moderated from RM1.3 bn in March to RM247 mil in April. On a positive note, local institutional investors and retails were net buyers at RM213 mil and RM37 mil respectively.

On the corporate front, Asia Digital Engineering, subsidiary of Capital A, has secured an investment of USD100 mil (RM446 mil) to expand its maintenance, repair and overhaul business. ATA IMS Bhd said its wholly-owned subsidiary; ATA Industrial is being sued by an industrial products supplier over a RM2.57 mil claim. Careplus Group is teaming up with an individual Woon Howl Chuen to venture into the renewable energy ("RE") and energy efficiency management business.

Malaysia is scheduled to release its Industrial Production Index ("IPI") for March and Bank Negara Malaysia's ("BNM") Monetary Policy Committee ("MPC") meeting is scheduled in early May. Also in focus will be the upcoming US Federal Open Market Committee ("FOMC") on 2-3 May 2023. Investors will be also tracking the potential dates of upcoming state polls (expected in mid-2023).

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

Sukuk Market

The 2-years US Treasury ("UST") yield slipped to 4.0% despite the market expects another Fed tightening of +25 basis points (0.25%) in the next May meeting. US personal consumption expenditures ("PCE") data showed slowing consumer spending momentum in first quarter. The UST yields plunged to its lowest levels amid heightened risk-off sentiment with UST benchmark yield curve bull steepened by 10 – 30 basis points ("bps") with 10-year UST yield dipped to 3.42% from 3.47%. US jobs market showed signs of slowing with 236,000 jobs added in March after upward revision of 326,000 jobs increased in February and 504,000 in January. Unemployment continued to trend downwards to 3.5% in April from 3.6% in prior month.

Domestically, Malaysia headline inflation decelerated to a 9th month low of 3.4% year-on-year ("YoY") in March (Feb: +3.7% YoY) reflecting lower energy prices and miscellaneous goods and services. In its March policy meeting, BNM kept the overnight policy rate ("OPR") unchanged at 2.75% reiterating that monetary policy remains accommodative and future OPR normalisation would be premised on evolving domestic inflation and growth outlook.

Malaysia government securities ("MGS") yield curve shifted lower over the final week of April driven by the rally in 5-year and 30-year MGS. The 5Y MGS benchmark yield tumbled by 9 bps to 3.43% while the ultra-long 30Y MGS benchmark yield plunged more than 20 bps to 4.14%. The recent MGS auction also garnered a strong bid-to-cover ("BTC") ratio with MGS 5Y yielding 2.4x BTC with average yield of 3.52%. Demand for this bond persisted in the secondary market due its new benchmark status

resulting in yields closing lower at 3.48%.

Consensus is gravitating towards a final +25 bps (+0.25%) rate hike from the Fed in the upcoming Fed May meeting. Rising investors' concerns on US debt ceiling and fiscal cliff had triggered a surged in the cost to insure US sovereign risk with 1Y US sovereign credit default swap ("CDS") reaching +177 bps from +94 bps in March. We continue to observe policy normalization amid stubborn core inflation pressures and resilient labour market. We think Fed's terminal rate to remain elevated at 5 – 5.50% in 2023 in contrarian with perceived market views of a rate cut this year.

We expect BNM to maintain OPR in coming MPC meeting after a 25bps hike in early May meeting given Malaysia's strong economic recovery and persistent price pressures.

With expectations of higher rates for longer, we continue to maintain relatively short-to-medium duration in our fixed income portfolios amid the tail-end of the rate hike cycle and slower growth. Notwithstanding end of rate hike cycle, increasing tight financing condition and slowing macro environment may have downside risk on business revenue and earnings growth, imposing higher interest burden and reduced projected cash flow on leveraged entities.

In terms of portfolio strategy, we will continue to enhance the fund yields and enhancing returns by participating in primary auctions to capture the auction premia and pivoting towards high-quality primary bond issuances to mitigate credit stress in the portfolio.

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 | 3.51 | -0.63 | - | - |
| 1 Month | 0.39 | 0.22 | - | - |
| 3 Months | -1.32 | -1.50 | - | - |
| 6 Months | 6.97 | 2.61 | - | - |
| 1 Year | 3.96 | -5.16 | 3.96 | -5.16 |
| 3 Years | 61.86 | 2.76 | 17.41 | 0.91 |
| 5 Years | 59.59 | -5.28 | 9.79 | -1.08 |
| 10 Years | 97.15 | 9.69 | 7.02 | 0.93 |

Source: Hong Leong Asset Management Berhad

| | Calendar Year Returns | | |
|------|-----------------------|---------------|------------------------------|
| | HLDM2 (%) | Benchmark (%) | HLDM2 Distribution Yield (%) |
| 2022 | -6.60 | -5.37 | 5.20 |
| 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 |

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

Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. As the fund invests mainly into third party collective investment scheme (CIS) and by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and other financial instruments, the concentration risk is mitigated.

6. Target Fund(s) Risk

The fund invests in third party CIS which is being managed by another fund manager. The CIS is carefully selected in order to ensure that the objectives of said CIS are appropriately aligned with the fund. Nevertheless, the Fund Manager does not have control over the management of the CIS and any adverse effect on the CIS will inevitably affect the fund. In such instance, the Fund Manager may replace the CIS with another CIS which the Fund Manager considers to be more appropriate or invest directly in a diversified portfolio in order to meet the objective of the fund. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risk.

7. Shariah Status Reclassification Risk

This risk refers to the risk that the currently held Shariah-compliant securities by the target funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of Securities Commission Malaysia (SACSC) or the Shariah Adviser for the Target Fund. If this occurs, the value of the Target Fund may adversely affect and the fund manager will take the necessary steps to dispose of such securities in accordance with the advice from Shariah Adviser.

If the fund invests in Foreign Assets, it will be exposed to the following risks:

8. Country Risk

The foreign investments made by the fund are subjected to risk specific to the country in which it invests. Such risks include changes in a country's economic fundamentals, social and political stability, currency movement, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any emerging risk.

9. Currency Risk

The risk applies to foreign investment, in which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movements in currencies exchange rates can result in a loss to the investment.

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.