

HLMT i-INCOME FUND

March 2023

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.

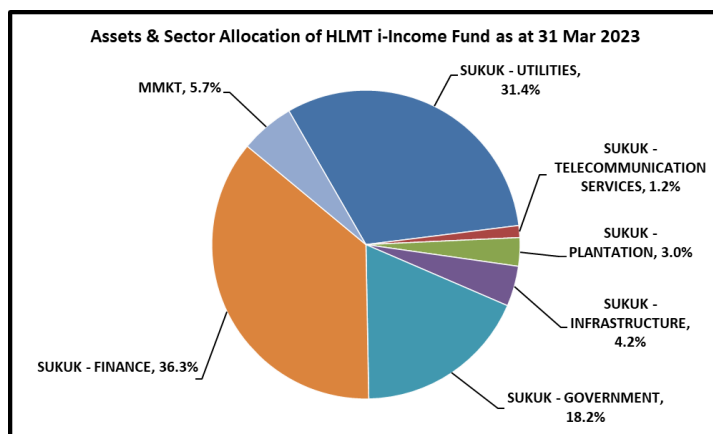
Fund Details

Unit Price (31/03/2023)	RM 1.7091
Fund Size (31/03/2023)	RM 8.4mil
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

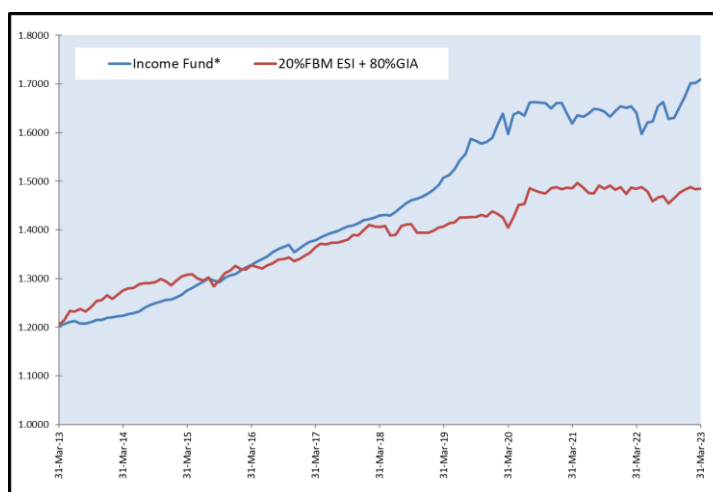
Assets & Sector Allocation as at 31 March 2023



Top 5 Holdings as at 31 March 2023

1	TNB POWER GENERATION SDN BHD 02.06.2037	12%
2	RHB ISLAMIC BANK BHD 21.05.2029	7%
3	MALAYSIA INVESTMENT ISSUE 04.08.2037	6%
4	PROJEK LEBUHRAYA USAHASAMA BHD 12.01.2038	6%
5	MALAYAN BANKING BHD 31.01.2031	6%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since inception
i-Income	0.41%	2.10%	4.12%	6.99%	19.53%	70.91%
Benchmark*	0.05%	0.17%	-0.02%	5.65%	5.61%	48.48%
Relative	0.36%	1.93%	4.14%	1.34%	13.92%	22.43%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

During the month, global financials experienced a crisis of confidence triggered by the collapse of Silicon Valley Bank (“SVB”). The turmoil has led to the seizure of SVB and Signature Bank, the private-sector bailout of the US regional lender First Republic Bank and the takeover of Credit Suisse by its rival, UBS. Following the Federal Deposit Insurance Corporation’s (“FDIC”) guarantee of all deposits at the banks it has taken over, combined with the Fed’s new Bank Term Funding Program – allowing banks to pledge Treasuries at par for funding – should help contain any potential deposit-flight contagion. Despite the ongoing banking turmoil, the Fed continued with its inflation-fighting campaign with a 25bps hike to rates which lifted Fed Funds Target rate to 4.75-5%. Sentiment fared better in the North Asia and China markets thanks to Beijing’s further support to the internet and gaming sectors. While the Gross Domestic Product (“GDP”) growth target of 5% unveiled during the National People’s Congress disappointed investors, SOE reforms surprised investors positively and drove returns in the telco, oil and construction sectors.

Domestically, it was a relatively quiet month in terms of announcements. Bank Negara Malaysia kept the Overnight Policy Rate unchanged at 2.75% and projects GDP growth to moderate to 4-5% y-o-y in 2023 from 2022’s +8.7% y-o-y. Headline and core inflation will continue to average above long-term averages at 2.8-3.8% in 2023. The Prime Minister Anwar Ibrahim’s trip to Beijing has garnered much interest as both the Prime Minister and MITI minister promised “major investment” announcements to follow, despite the lack of further details till date.

Average daily trading value decreased to RM2.0b in March from Feb’s RM2.3b. Foreign investors stayed net sellers at -RM1.4b, while local institutions turned net buyers at +RM1.3b. Local retailers remained as net buyers at +RM0.1b. Foreign, local institutions and retailers accounted for 25.9%, 34.2% and 26.9% respectively of value traded. The best-performing sectoral indices in Mar 23 were healthcare, utilities and property whilst the worst three performing sectors were transportation, industrial products and financials. In March, the FBM Shariah’s return of -0.8% m-o-m was more resilient vs the FBM KLCI’s -2.2% m-o-m. FBM Emas and FBMSC declined by -1.5% m-o-m and -1.1% m-o-m respectively.

Globally, investors will continue to monitor US bond yield movements, where the 10-Year had retraced from 4% to 3.42%, global monetary policies as well as any potential cracks within the developed economies. As for HK/ China markets, investors will focus on datapoints and corporate guidance on China’s consumption recovery and outbound travel as economic activities continue to normalize. Domestically, there could potentially be more political sound bites as 6 state elections are expected to be held by mid-2023. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks).

Sukuk Market

In the month of March, US Treasury (“UST”) yields fell by 27bps to 79bps across the curve. Jittery market sentiment kicked in after investors rushed to safety on fears of SVB failure contagion, while reassessing positions related to the Fed’s policy rate. As a result, 2-year UST yield plunged 61bps to below 4%, the biggest one-day slump in decades. The UST rally was also ignited by the softer than expected wage indicators within the Feb’s labour market report. As expected, the Fed delivered a 25bps hike, setting the range of the federal funds rate at 4.75% to 5.0%. The statement now refers to “some additional policy

firming” as being appropriate. The Committee will monitor incoming information closely, reflecting the Fed’s focus both on the incoming economic data and financial market developments. To close out the month, the 2-, 10- and 30-year UST settled at 4.09% (-79bps), 3.47% (-45bps) and 3.65% (-27bps) respectively.

Local government sukuk/bond (“govvies”) yields also plummeted but with relatively lesser quantum, tracking the rally in the UST market. With Bank Negara Malaysia (“BNM”) holding onto its Overnight Policy Rate (“OPR”) at 2.75%, govvies curve bull steepened with front-end curve lowered by 4-5bps. Yields continued to fall as investors flocked to safety on US and Europe banks’ crisis contagion fears. However, the rally lost steam after American financial regulators took steps to shore up the financial sector with a new lending program in the wake of SVB’s failure. On the economic front, BNM expects moderate real GDP growth of +4.0% to +5.0% range in 2023 (previous forecast: +4.5%; 2022: +8.7%) underpinned by slower global growth and elevated inflation and input costs. To close the month, the 3-, 10- and 30-year GII settled at 3.369% (-12bps), 3.99% (-3bps) and 4.489% (+1.8bps) respectively

In the corporate sukuk/bond segment, some prominent new issuances during the month were Cagamas Bhd (RM1.715 billion, AAA), Point Zone (M) Sdn Bhd (RM555 million, AA-), TNB Power Generation Sdn Bhd (RM2.0 billion, AAA) and YTL Power International Bhd (RM1.715 billion, AAA).

In the near term, market is expecting that both UST and local govvies to trade in range bound within a relatively wider band since market is still uncertain of the Fed’s policy direction. Though bank turmoil eased as data showed that banks reduced borrowing from two Fed backstops, suggesting that liquidity conditions were normalizing and stress on banks was abating, we remain cautious. We are concern that even if the Core PCE deflator is below consensus, it may not be enough to deter the Fed from hiking at the May meeting. Given the economic scenario is still fluid and uncertain, we will continue to monitor the incoming data closely. Meanwhile, we will stay side line and nibble on primary issues should the level is attractive.

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

Year	Net Annual Returns
2018	3.88%
2019	7.81%
2020	4.43%
2021	-0.37%
2022	1.21%

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.