



HongLeong MSIG Takaful

هونغ ليونغ م.س.أ.ج. تكافل

INVESTMENT-LINKED FUNDS
Fund Performance Report
for the financial year ended 30 June 2016



Contents

	Pages
Chief Operating Officer's Message	1
Fund Objectives	2
Investment Review	
HLMT i-Balanced Fund	3 - 5
HLMT i-Income Fund	6 - 8
My Steady 10 Plan	9 - 10
HLMT i-Equity Fund	11 - 13
Equities and Fixed Income Market	14 - 16
Investment Outlook	17
Financial Information	
Statement of Assets and Liabilities	18 - 21
Statement of Income and Expenditure	22 - 23
Statement of Changes in Net Asset Value	24 - 25
Notes to the Financial Information	26 - 34
Statement by Manager	35
Independent Auditors' Report	36 - 37



CHIEF OPERATING OFFICER'S MESSAGE

Dear Valued Certificate Holders,

We are pleased to present to you Hong Leong MSIG Takaful Berhad fund performance report for the financial year ended 30 June 2016. We hope you find this report informative and helpful to assist you in your investment decisions to suit your financial goals in the future.

Malaysian market has been challenging during the financial year ending 30 June 2016, with FBM Shariah Index declined by 106 points.

Despite the performance of the stock market, we are delighted to share with you that for the financial year ended 30 June 2016, three of our Investment Linked Funds, namely HLMT i-Income Fund, HLMT i-Balanced Fund, and MY Steady 10 Plan, have registered a consistent higher growth in the net asset value per unit as well as average annual return against benchmark for 1 year, 3 years and 5 years performance. As for HLMT i-Equity Fund, notwithstanding its lower growth in average annual return for 1 year performance against benchmark, it has outperformed its 3 years benchmark performance. You may find the detailed report in the investment review section in pages 3 to 13.

Nik Norishky Thani Bin Nik Hassan Thani
Chief Operating Officer



FUND OBJECTIVES

HLMT i-Balanced Fund aims to achieve regular income as well as medium to long-term capital growth through a diversified investment portfolio containing equity and fixed income securities.

HLMT i-Income Fund aims to preserve capital while achieving regular income stream through an investment portfolio containing predominantly fixed income securities and a small proportion in equity securities.

My Steady 10 Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and is principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

HLMT i-Equity Fund aims to achieve long term capital growth through investment in Shariah-compliant securities of listed companies.



INVESTMENT REVIEW

HLMT i-BALANCED FUND

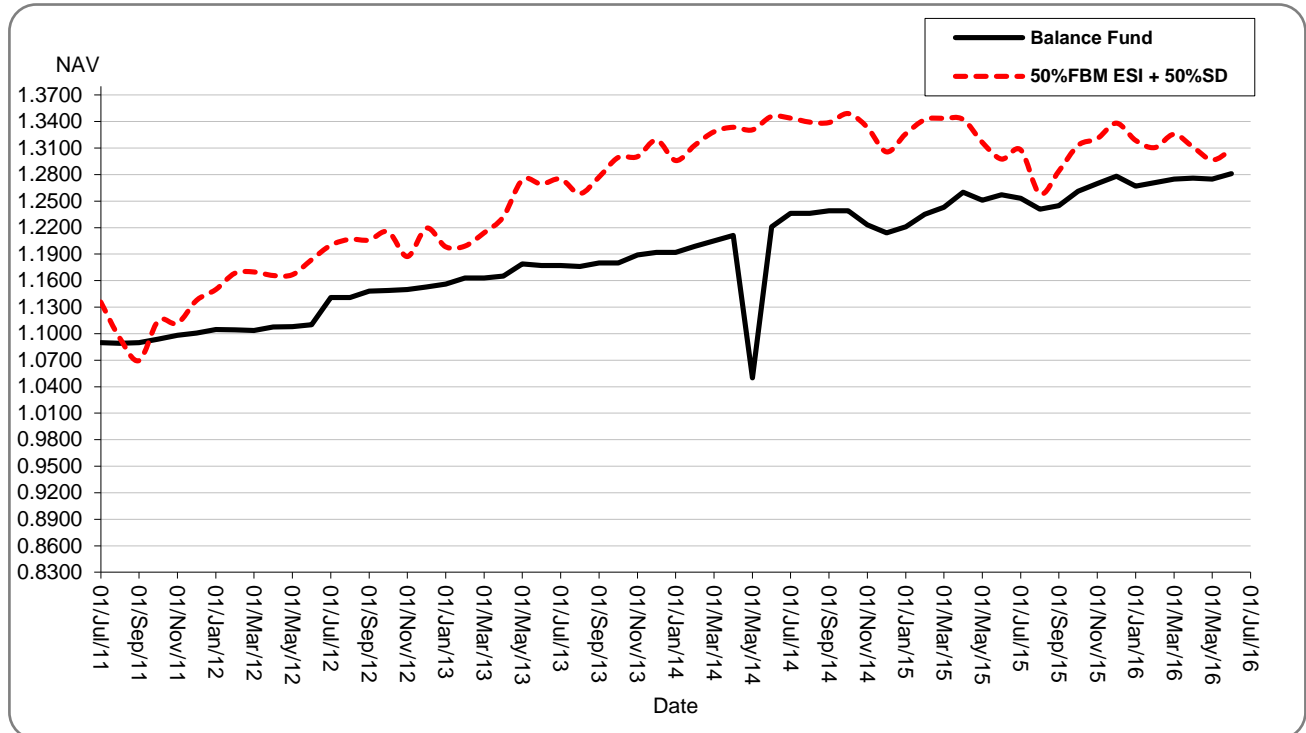
For the financial period under review, the Fund achieved a return of 1.91%, higher than benchmark return by 1.12%. This was due to the conservative investment approach taken considering the small size of the fund and need to protect capital with the more bearish view of equity markets. As at end of the financial year, 62.30% of the net asset value was invested in Islamic bonds and 22.94% in Shariah compliant equities. The fund will continue to increase its equity weightage with preference for stocks with earnings visibility and dividend support that are trading at palatable valuations.

Fund management fee of 1.25% and administrative charge of RM5 per month were charged to the Fund during the year.

There were no changes in the investment objectives, strategies, restrictions and limitation to the fund during the year. There was no distribution made and proposed during the year.

As at 30 June 2016

Price Movement, Calculation indexed





INVESTMENT REVIEW

HLMT i-BALANCED FUND (CONT'D)

Performance of the fund					
	2016	2015	2014	2013	2012
Total NAV (RM)	6,249,085	6,023,480	5,886,028	5,654,806	5,901,259
Number of units	4,876,708	4,791,451	4,820,202	4,802,939	5,174,837
NAV per unit (RM)	1.2814	1.2571	1.2211	1.1774	1.1404
Highest NAV per unit during financial year (RM)	1.2814	1.2598	1.1923	1.1795	1.1459
Lowest NAV per unit during financial year (RM)	1.2410	1.2144	1.1557	1.1414	1.1258
Total annual return of the fund - Capital growth	1.91%	2.95%	2.51%	2.20%	1.98%
Average annual return – Fund					
- 1 year	1.91%	2.95%	2.51%	2.20%	1.98%
- 3 year	2.86%	4.23%	2.23%	2.65%	2.99%
- 5 year	3.31%	3.69%	3.50%	3.74%	3.68%
Average annual return - Benchmark (50% FBM ESI + 50% SD)					
- 1 year	0.79%	-3.58%	6.03%	7.23%	3.62%
- 3 year	1.00%	3.11%	5.61%	7.14%	7.71%
- 5 year	2.74%	4.69%	9.25%	10.25%	6.02%

Portfolio composition by category of investment					
	Weighting %				
	2016	2015	2014	2013	2012
Equity securities quoted in Malaysia	22.94	24.22	20.99	4.33	3.99
Unquoted Islamic bonds	62.30	63.75	64.68	58.46	62.93
Deposits with financial institutions	14.76	12.03	14.33	37.21	33.08
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-BALANCED FUND (CONT'D)

Equities and unit trusts composition by sector					
	Weighting %				
	2016	2015	2014	2013	2012
Trading/Services	54.61	45.88	44.5	69.19	49.42
Industrial Products	9.92	22.18	17.31	4.26	7.54
Plantation	5.63	2.89	3.96	-	-
Construction	2.48	6.28	19.06	-	-
Properties	6.14	11.20	15.17	26.55	43.04
Consumer Products	12.96	11.57	-	-	-
Technology	1.47	-	-	-	-
Infrastructure	6.79	-	-	-	-
	100.00	100.00	100.00	100.00	100.00

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2016	2015	2014	2013	2012
Government	-	-	-	15.16	44.08
Government Agency	-	-	-	-	12.82
Finance	92.13	92.11	92.16	75.74	43.10
Construction	7.87	7.89	7.84	9.10	-
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-INCOME FUND

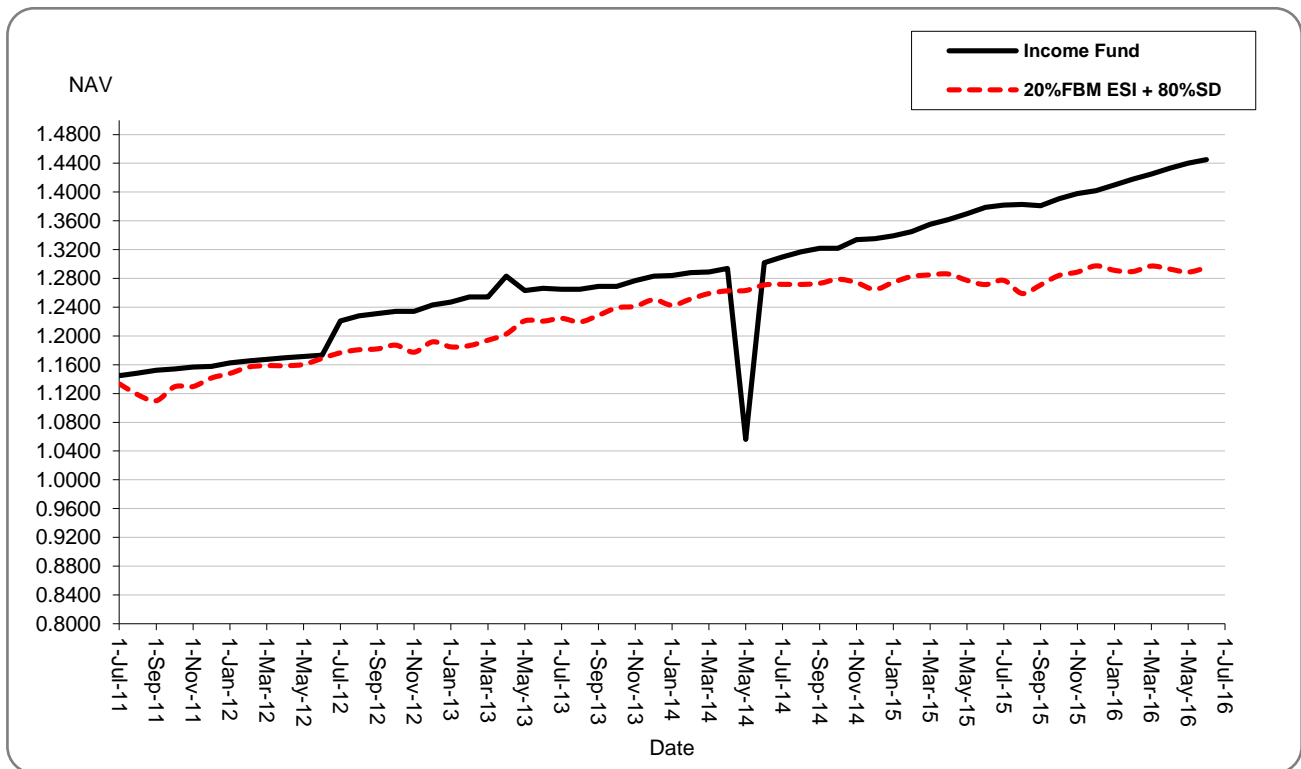
For the financial period under review, the Fund achieved a return of 4.79%, higher than the benchmark return of 1.85%. This was mainly because the fund had no exposure in equities which has been a drag on returns. As at end of the financial year, the fund was 88.28% invested in Islamic bonds.

Fund management fee of 1% and administrative charge of RM5 per month were charged to the Fund during the year.

There were no changes in the investment objectives, strategies, restrictions and limitation to the fund during the year. There was no distribution made and proposed during the year.

As at 30 June 2016

Price Movement, Calculation indexed





INVESTMENT REVIEW

HLMT i-INCOME FUND (CONT'D)

Performance of the fund					
	2016	2015	2014	2013	2012
Total NAV (RM)	3,267,648	3,119,674	2,958,923	2,959,334	2,941,932
Number of units	2,260,723	2,263,055	2,273,146	2,335,896	2,419,754
NAV per unit (RM)	1.4454	1.3785	1.3017	1.2669	1.2158
Highest NAV per unit during financial year (RM)	1.4454	1.3785	2.5717	1.2826	1.2171
Lowest NAV per unit during financial year (RM)	1.3810	1.3103	1.2465	1.2208	1.1861
Total annual return of the fund - Capital growth	4.79%	5.91%	1.59%	3.38%	2.78%
Average annual return – Fund					
- 1 year	4.79%	5.91%	1.59%	3.38%	2.78%
- 3 year	4.51%	5.53%	2.58%	3.47%	4.09%
- 5 year	4.83%	4.72%	4.02%	5.24%	5.22%
Average annual return - Benchmark (20% FBM ESI + 80% SD)					
- 1 year	1.85%	0.04%	4.13%	4.43%	3.01%
- 3 year	1.99%	2.85%	3.85%	4.37%	4.48%
- 5 year	2.68%	3.44%	5.79%	6.00%	4.53%

Portfolio composition by category of investment					
	Weighting %				
	2016	2015	2014	2013	2012
Unquoted Islamic bonds	88.28	100.00	100.00	85.05	72.18
Deposits with financial institutions	11.72	-	-	14.95	27.82
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-INCOME FUND (CONT'D)

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2016	2015	2014	2013	2012
Government	-	-	-	-	25.73
Government Agency	16.28	14.98	16.93	-	4.91
Telecommunication	-	-	9.02	36.25	49.48
Infrastructure	-	-	-	21.65	-
Finance	70.27	72.68	74.05	42.10	19.88
Transportation	13.45	12.34	-	-	-
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

MY STEADY 10 PLAN

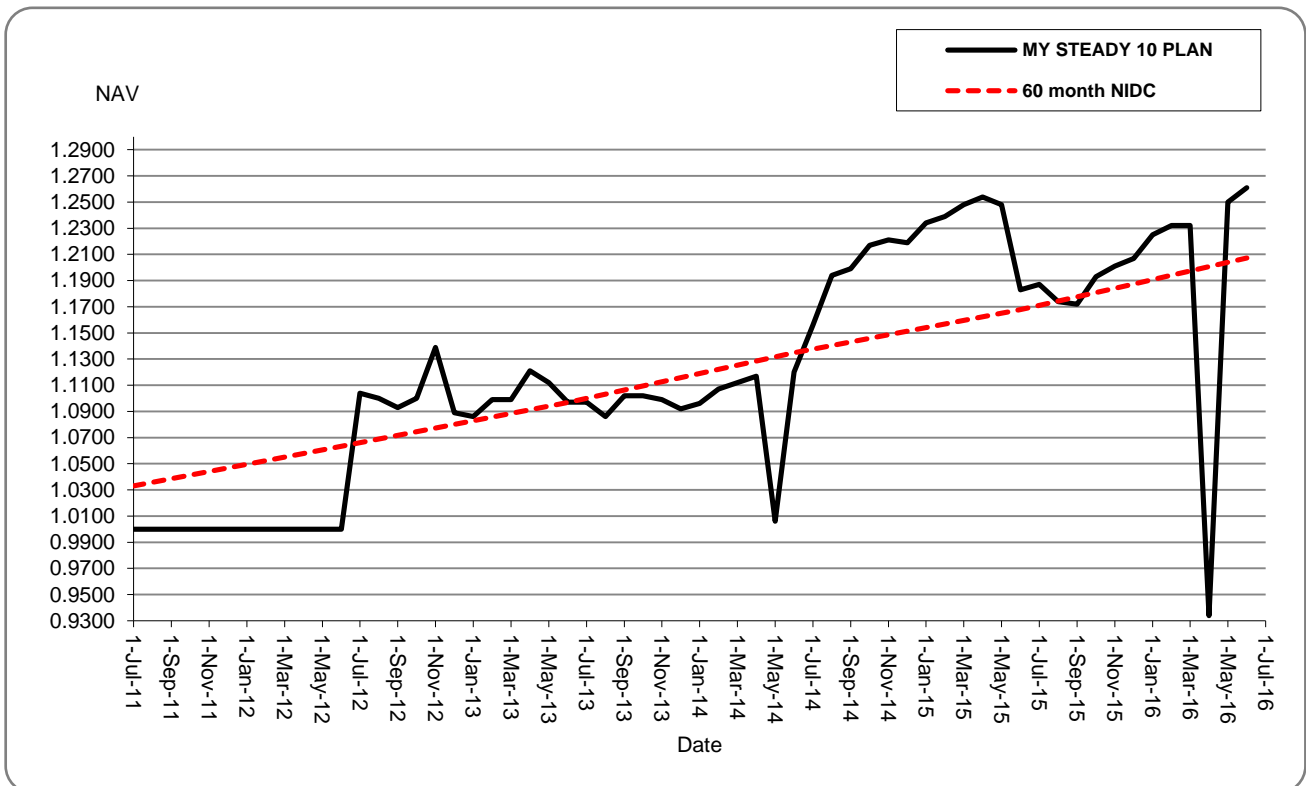
My Steady 10 Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and is principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

There were no charges levied against the fund during the year.

There were no changes in the investment objectives, strategies, restrictions and limitation to the fund during the year. There was no distribution made and proposed during the year.

As at 30 June 2016

Price Movement, Calculation indexed





INVESTMENT REVIEW

MY STEADY 10 PLAN (CONT'D)

Performance of the fund					
	2016	2015	2014	2013	2012
Total NAV (RM)	3,676,508	3,565,052	3,607,499	3,553,868	3,643,228
Number of units	2,914,576	3,012,776	3,220,960	3,240,600	3,338,800
NAV per unit (RM)	1.2614	1.1833	1.1200	1.0967	1.0912
Highest NAV per unit during financial year (RM)	1.2614	1.2541	1.1210	1.1390	1.0912
Lowest NAV per unit during financial year (RM)	0.9340	1.1556	1.0858	1.0864	1.0032
Total annual return of the fund - Capital growth	6.59%	5.62%	2.07%	9.08%	0.00%
Average annual return – Fund					
- 1 year	6.59%	5.62%	2.07%	9.08%	0.00%
- 3 year	4.75%	5.76%	3.65%	n/a	n/a
- 5 year	4.75%	n/a	n/a	n/a	n/a
Average annual return - Benchmark (60 month NIDC)					
- 1 year	3.38%	2.91%	3.46%	3.15%	3.20%
- 3 year	3.25%	3.17%	3.27%	n/a	n/a
- 5 year	3.22%	n/a	n/a	n/a	n/a

Portfolio composition by category of investment					
	Weighting %				
	2016	2015	2014	2013	2012
Structured Investment	100.00	100.00	100.00	100.00	100.00
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-EQUITY FUND

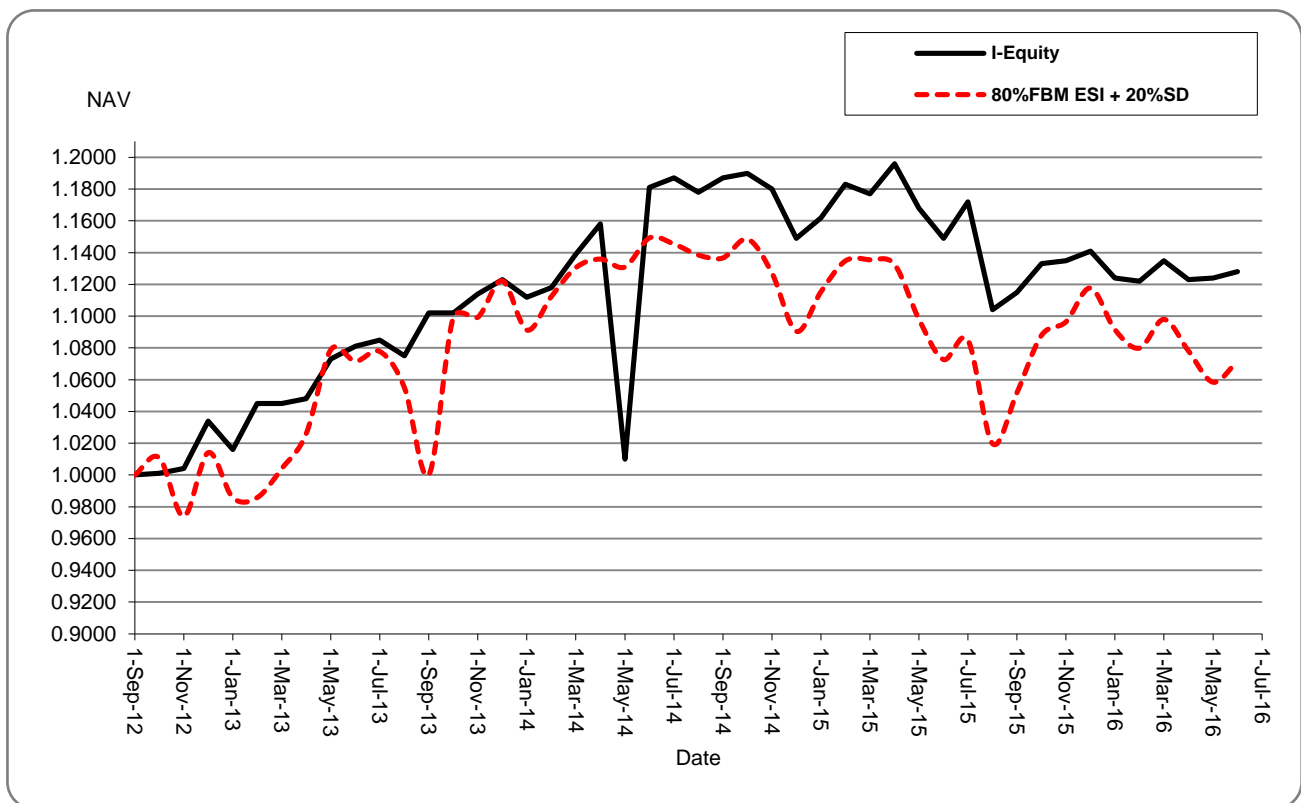
For the financial period under review, the Fund achieved a return of -1.83%, underperforming the benchmark's drop of 0.10%. This was partly due to the realignment in strategy of the portfolio. As at end of the financial year, 50.3% of the net asset value was invested in Shariah compliant equities with the more bearish view on equities. Going forward, the fund will continue to increase its equity exposure with preference for Shariah-compliant high-yield stocks and large-cap stocks that are trading at palatable valuations.

Fund management fee of 1.50% was charged to the Fund during the year.

There were no changes in the investment objectives, strategies, restrictions and limitation to the fund during the year. There was no distribution made and proposed during the year.

As at 30 June 2016

Price Movement, Calculation indexed





INVESTMENT REVIEW

HLMT i-EQUITY FUND (CONT'D)

Performance of the fund				
	2016	2015	2014	2013 10 months
Total NAV (RM)	12,763,056	2,807,926	1,934,272	1,303,459
Number of units	11,314,819	2,443,388	1,638,151	1,205,476
NAV per unit (RM)	1.1280	1.1492	1.1808	1.0813
Highest NAV per unit during financial year (RM)	1.1280	1.1960	1.1232	1.0813
Lowest NAV per unit during financial year (RM)	1.1040	1.1488	1.0156	1.0004
Total annual/10 months return of the fund - Capital growth	-1.83%	-2.71%	8.09%	7.97%
Average annual return – Fund				
- 1 year/10 months	-1.83%	-2.71%	8.09%	7.97%
- 3 year	1.43%	n/a	n/a	n/a
- 5 year	n/a	n/a	n/a	n/a
Average annual return - Benchmark (80% FBM ESI + 20% SD)				
- 1 year/10 months	-0.10%	-6.66%	7.24%	7.16%
- 3 year	0.00%	n/a	n/a	n/a
- 5 year	n/a	n/a	n/a	n/a

Portfolio composition by category of investment				
	Weighting %			
	2016	2015	2014	2013
Equity securities quoted in Malaysia	50.27	62.53	61.91	69.02
Deposits with financial institutions	49.73	37.47	38.09	30.98
	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-EQUITY FUND (CONT'D)

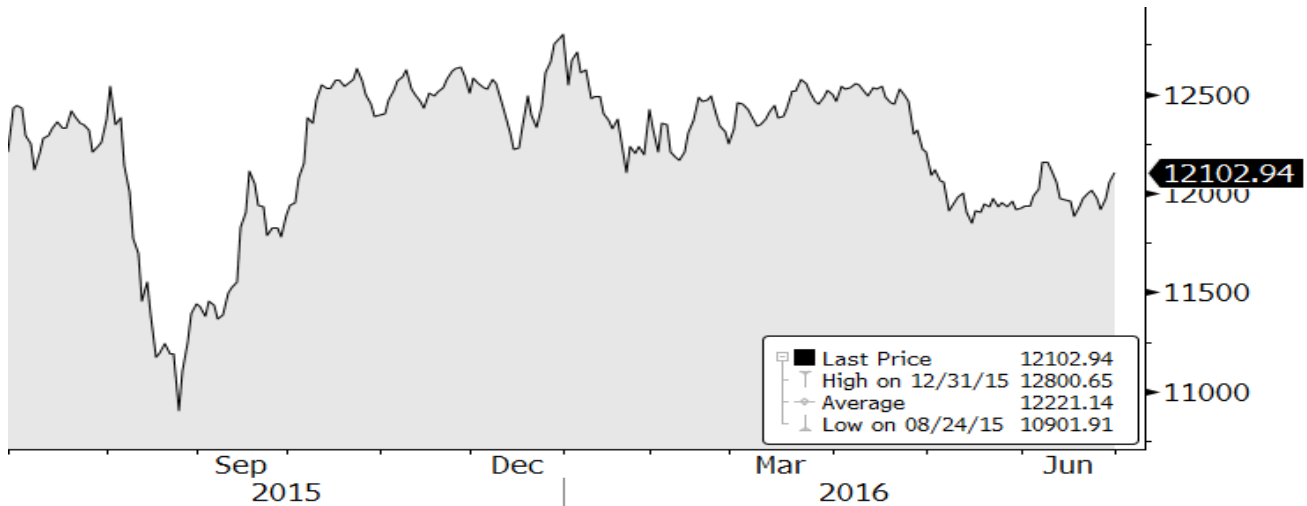
Equities and unit trusts composition by sector				
	Weighting %			
	2016	2015	2014	2013
Trading/Services	53.65	66.99	65.42	82.35
Properties	4.00	11.49	10.84	-
Construction	2.31	7.33	8.37	-
Infrastructure	11.46	4.21	5.09	6.09
Plantation	13.79	4.76	10.28	11.56
Consumer products	3.03	5.22	-	-
Finance	0.38	-	-	-
Technology	3.86	-	-	-
Industrial products	7.52	-	-	-
	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

Equities Market

FTSE Malaysia Emas Shariah Index (1 July 2015 – 30 June 2016)



Source: Bloomberg

For the period under review, the movement of global equity markets was dictated by divergent monetary policies of central banks although the focus still remained on the Federal Reserve (Fed) rate direction. Compounding the issue was the currency war sparked by the devaluation of the Chinese Yuan, while economic data suggested that the economic recovery was uneven. Finally, the unexpected outcome of Brexit made markets even more uncertain and for Malaysia specifically, corporate results continued to disappoint.

The FBMS ended the period under review with a 1% decline, closing at 12,103 points, which is the 2nd consecutive year of negative returns. However, for this financial year, the FBMS fared better than other regional markets like Hong Kong, Japan and Singapore on the back of our more defensive qualities as investors became more risk averse. The FBMS also outperformed the FBM KLCI mainly due to the absence of financial stocks in the index.

Equity markets started the period under review on a difficult note, having faced a slew of unexpected external events. Investor sentiment was first hit when Greece became the first developed nation to miss an IMF debt payment. The release of poorer-than-expected economic data from China and Eurozone, the surprise devaluation of the Yuan as well as a Goldman Sachs Group report which suggested that crude oil prices could fall to as low as US\$20/barrel on the back of excess global supply did not help the already frail sentiment. In tandem, the FBMS plunged to a low of 10,902 points in August 2015.



INVESTMENT REVIEW

Equities Market (cont'd)

Fortunately, investor sentiment saw some improvement in the second quarter of the financial period on expectations that the Fed will delay raising interest rates while the European Central Bank (ECB) continued its quantitative easing programme. The Fed did eventually raise rates in mid-December 2015 on the back of the recovery in the US economy but the impact was rather muted. This was because the hikes were already anticipated by the market. On the local front, while the tabling of Budget 2016 failed to excite the local market, investor sentiment did improve on news of 1MDB selling its power assets to China General Nuclear Power Corp, putting to rest some of the concerns which had arisen when this debacle first arose.

Moving into the third quarter of the financial period, emerging markets enjoyed strong foreign inflows on the back of a risk-on mode which was prompted by Fed Chair Janet Yellen's dovish statement, hinting that the interest rate normalization process will see a more gradual path of hikes. This era of low interest rates and abundant monetary supply was also precipitated by ECB's aggressive easing with deeper negative rates and the Bank of Japan (BOJ) announced an interest rate of -0.1% on the excess reserves of financial institutions held at the BOJ. Meanwhile policymakers in China reiterated their focus on restoring market confidence while curbing outflows which also reassured global equity markets.

By the fourth quarter of the financial period, there was a divergence between the developed and the emerging markets. While developed markets like the US saw gains in anticipation of improved economic data, emerging markets fared poorly over concerns of a persistent slowdown in the Chinese economy. Global sentiment worsened when the UK unexpectedly voted in favour of leaving the European Union. However, Malaysia was seen as less impacted by Brexit and as a result, the market has benefited from foreign inflows, leading to an uptick in the FBMS.



INVESTMENT REVIEW

Fixed Income Market

The fixed income market during the financial year under review moved very much in tandem with equity markets in terms of volatility and performance. The domestic bond market began the financial year on a bearish tone, contrary to the US Treasury (UST) market since risk-off sentiment dominated the local market. The demand for Malaysian Government Securities (MGS) was weak as investors sought safe haven assets in response to China's surprise devaluation of the Yuan. Selling pressure continued with the sharp weakening of the Ringgit (MYR) while domestic political uncertainties along with the plunge in oil prices weakened sentiment further.

Following the selloff, MGS yields rose while foreign holdings declined continuously for three months to 45.6% from 48.5% as at 30 June 2015. The quarter also saw the USD/MYR climbing to above 4.45 before settling at 4.39 as at end of September. The risk-off sentiment also spilled over to the corporate bond market, which saw yield curves shift upwards across all tenures.

Moving into the second quarter of the period under review, MGS yields started to reverse as the sentiment turned favourable towards MYR assets on the back of positive developments on 1MDB, better economic data and China's plan to invest CNY50 billion in the domestic bond and equity market. Besides that, monetary easing measures by regional central banks also boosted buying interest among foreign investors. Nevertheless, the market remained volatile due to fluctuations in oil price, anticipation of a Fed interest rate hike as well as the elevation of geopolitical risks.

Meanwhile, MGS continued to rally in the third quarter of the financial year under review when BNM announced a 50 basis points cut in the Statutory Reserve Requirement which spurred fresh buying. Subsequently, the revision of Budget 2016 accompanied by the dovish sentiment by the Fed as well as the mild recovery of oil prices at around USD40/bbl level also added to the strong demand. With this, the total inflows reached RM11.5bn as at end March 2016, the highest since May 2014. Consequently, foreign ownership levels for MGS was at 48.7% in terms of outstanding amounts while Sovereign Islamic Papers was at 7%. Following the rally in MGS, demand also spilled over into the bonds space, primarily dominated by Government Guaranteed (GG) and AAA rated issues. In fact, there was bargain hunting interest since credit spreads became even more appealing with the steep fall in MGS yield.

The bond market continued to remain volatile in the last quarter of the financial year as the strengthening of USD against the Ringgit alongside the higher probability of a sooner-than-expected rate hike by the Fed started a selloff again. However, the fixed income market rebounded due to an unexpected rate cut by the Bank of Korea, which triggered fund reallocation into other Asian countries. Again, yields reversed as the UK's EU referendum drew closer when Brexit fears increased while the weaker Ringgit and retreating oil prices boosted foreign buying. With that, the fixed income market ended the year under review on a more positive note.



INVESTMENT OUTLOOK

Going forward, we remain cautiously optimistic despite the new uncertainties brought on by Brexit, in addition to the existing concerns of: 1) faltering global growth, 2) China's slowdown and credit risks and 3) outcome of the US Presidential Election. This is because policymakers in major world economies are cognizant of the need to implement both monetary and fiscal policies to encourage growth including introducing "helicopter money" which means central bank funding of even larger fiscal deficits. However, the introduction of Shariah Savings Accounts to all the members of the Employees Provident Fund (EPF) beginning Jan 17 where demand was particularly strong from contributors should continue to provide support to the Shariah Compliant securities.

Global macro developments will continue to be a major influence on the direction and trend of equity markets in the absence of significant domestic catalysts. This is as we expect Malaysian corporate earnings to remain muted. A key event to watch for is the 2017 National Budget which will be tabled in October 2016. The Budget should be 'people-friendly' and with increased development spending to support domestic macroeconomic growth. The government is also expected to step up pump priming which could have a positive effect on the domestic market.

As such, we adopt a defensive stance, viewing any significant pullback as an opportunity to position our portfolio for the longer term. We like high dividend yielding stocks like selected Shariah compliant REITS and consumer names amid the current volatility, low interest rate environment and slowing global growth. However, in light of accelerated development spending, we are also looking to add more construction companies as the sector should also benefit from the roll out of major infrastructure projects like MRT2, LRT extension, DASH and SUKE.

As for the fixed Income outlook, with the recent political and economic events, we expect continued headwinds since data points are key influencing factors in market direction. Prospects for global economy are now looking increasingly bleak as the trend of slow growth is increasing even in previously strong economies like the US. Furthermore, the uncertainty caused by Brexit will also affect productivity and growth of the EU which may have a spiral effect on the rest of the world aside from the political risk of European Union disintegration. Against this backdrop, US presidential elections in November coupled with accommodative monetary policies around the world would limit the upside of UST yields although an unexpected Fed rate hike may put a spanner in the works.

Nevertheless, we are still optimistic on the fixed income market despite pockets of uncertainties and potential volatility as this may create investment opportunities should the general risk-off mode dissipate. Moreover, with negative yields offered in some developed markets, we see a relocation of funds into emerging markets as investors seek higher returns. In terms of investment strategy, the fund will position to take advantage of any irrational price movements while focus on primary issuances for yield pick-up.



FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2016

	Note	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
ASSETS					
Investments:					
Equity securities quoted in Malaysia	3	1,408,663	-	-	6,155,866
Unquoted Islamic bonds	3	3,807,516	3,143,422	-	-
Structured Investment	3	-	-	4,486,179	-
Accrued profit		18,219	18,879	-	-
Deposits with financial institutions		906,078	420,107	-	6,089,291
Total investments		6,140,476	3,582,408	4,486,179	12,245,157
Other assets:					
Tax recoverable		-	-	-	2,400
Investment receivables		3,695	-	-	15,540
Other receivables		28,706	-	-	413,016
Cash and cash equivalents		310,111	-	-	284,107
Total other assets		342,512	-	-	715,063
TOTAL ASSETS		6,482,988	3,582,408	4,486,179	12,960,220



STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2016 (CONT'D)

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
LIABILITIES				
Deferred tax liabilities	8,943	3,213	69,774	2,501
Provision for taxation	5,391	12,000	-	-
Other payables	219,569	299,547	739,897	194,663
TOTAL LIABILITIES	233,903	314,760	809,671	197,164
NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS	6,249,085	3,267,648	3,676,508	12,763,056
REPRESENTED BY				
Value of unit	8,129,820	2,336,802	2,818,087	13,173,306
Undistributed (loss)/income carried forward	(1,880,735)	930,846	858,421	(410,250)
	6,249,085	3,267,648	3,676,508	12,763,056
Net asset value attributable to certificate holders per unit	1.2814	1.4454	1.2614	1.1280

The accompanying notes form an integral part of the financial statements



STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2015

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
ASSETS				
Investments:				
Equity securities quoted in Malaysia	1,451,590	-	-	1,273,613
Unquoted Islamic bonds	3,803,181	3,400,457	-	-
Structured Investment	-	-	4,233,627	-
Accrued profit	18,219	19,002	-	-
Deposits with financial institutions	721,122	-	-	763,130
Total investments	5,994,112	3,419,459	4,233,627	2,036,743
Other assets:				
Investment receivables	6,024	-	-	800
Other receivables	-	-	-	526,613
Cash and cash equivalents	363,919	-	-	252,430
Total other assets	369,943	-	-	779,843
TOTAL ASSETS	6,364,055	3,419,459	4,233,627	2,816,586



STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2015 (CONT'D)

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
LIABILITIES				
Deferred tax liabilities	7,812	2,321	49,571	4,060
Provision for taxation	16,391	12,000	-	4,600
Other payables	316,372	285,464	619,003	-
TOTAL LIABILITIES	340,575	299,785	668,574	8,660
NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS	6,023,480	3,119,674	3,565,052	2,807,926
REPRESENTED BY				
Value of unit	7,621,410	2,330,444	2,938,979	2,992,734
Undistributed (loss)/income carried forward	(1,597,930)	789,230	626,073	(184,808)
	6,023,480	3,119,674	3,565,052	2,807,926
Net asset value attributable to certificate holders per unit	1.2571	1.3785	1.1833	1.1492

The accompanying notes form an integral part of the financial statements



STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Investment income:				
Investment profits	188,799	158,300	-	60,822
Dividend income	47,727	-	-	65,438
Unrealised capital gain on investments	14,131	11,149	252,552	-
Other income	5,525	-	-	17,392
Total income	256,182	169,449	252,552	143,652
Net realised loss on sale of investments	(131,627)	(7,254)	-	(86,120)
Unrealised capital loss on investments	-	-	-	(19,489)
Investment management fees	(397,517)	(6,509)	-	(214,845)
Other outgo	(8,712)	(1,466)	-	(48,640)
Total outgo	(537,856)	(15,229)	-	(369,094)
Excess of (outgo over income)/ income over outgo before taxation	(281,674)	154,220	252,552	(225,442)
Tax expense	(1,131)	(12,604)	(20,204)	-
Excess of (outgo over income)/ income over outgo after taxation	(282,805)	141,616	232,348	(225,442)
Undistributed (loss)/income brought forward	(1,597,930)	789,230	626,073	(184,808)
Undistributed (loss)/income carried forward	(1,880,735)	930,846	858,421	(410,250)

The accompanying notes form an integral part of the financial statements



**STATEMENT OF INCOME AND EXPENDITURE
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Investment income:				
Investment profits	184,812	149,544	-	18,096
Dividend income	43,985	-	-	42,246
Unrealised capital gain on investments	-	39,036	209,974	-
Other income	1,704	-	-	9,447
Total income	230,501	188,580	209,974	69,789
Net realised loss on sale of investments	(25,040)	-	-	-
Unrealised capital loss on investments	(21,293)	-	-	(118,090)
Investment management fees	(648,717)	(10,302)	-	(186,156)
Other outgo	(1,565)	(434)	-	(15,024)
Total outgo	(696,615)	(10,736)	-	(319,270)
Excess of (outgo over income)/ income over outgo before taxation	(466,114)	177,844	209,974	(249,481)
Tax expense	(15,271)	(16,255)	(16,799)	(2,568)
Excess of (outgo over income)/ income over outgo after taxation	(481,385)	161,589	193,175	(252,049)
Undistributed (loss)/income brought forward	(1,116,545)	627,641	432,898	67,241
Undistributed (loss)/income carried forward	(1,597,930)	789,230	626,073	(184,808)

The accompanying notes form an integral part of the financial statements



STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Net asset value attributable to certificate holders at the beginning of the financial year	6,023,480	3,119,674	3,565,052	2,807,926
Amount received from certificate holders for the creation of units	946,828	38,513	-	10,282,200
Amount paid to certificate holders for cancellation of units	(438,418)	(32,155)	(120,894)	(101,630)
	<u>6,531,890</u>	<u>3,126,032</u>	<u>3,444,158</u>	<u>12,988,496</u>
Net (expense)/income for the period, net of tax	(295,806)	131,359	-	(207,510)
Net unrealised gain/(loss), net of tax	13,001	10,257	232,350	(17,930)
	<u>6,249,085</u>	<u>3,267,648</u>	<u>3,676,508</u>	<u>12,763,056</u>

The accompanying notes form an integral part of the financial statements



**STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Net asset value attributable to certificate holders at the beginning of the financial year	5,886,028	2,958,923	3,607,499	1,934,272
Amount received from certificate holders for the creation of units	1,023,351	18,062	-	1,199,318
Amount paid to certificate holders for cancellation of units	(404,514)	(18,900)	(235,622)	(73,615)
	6,504,865	2,958,085	3,371,877	3,059,975
Net (expense)/income for the period, net of tax	(461,796)	125,675	-	(143,406)
Net unrealised (loss)/gain, net of tax	(19,589)	35,914	193,175	(108,643)
Net asset value attributable to certificate holders at the end of the financial year	6,023,480	3,119,674	3,565,052	2,807,926

The accompanying notes form an integral part of the financial statements



NOTES TO THE FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of HLMT i-Balanced Fund, HLMT i-Income Fund, My Steady 10 Plan and HLMT i-Equity Fund (hereinafter referred to collectively as "the Funds") are to invest in authorised investments.

The Manager of the Funds is Hong Leong MSIG Takaful Berhad, a company incorporated in Malaysia, whose principal activity is to manage Family Takaful including investment-linked business and all classes of General Takaful businesses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial information of the Funds have been prepared in accordance with the accounting policies described in Note 2 to the financial information and the Guidelines on the Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia ("BNM").

The preparation of financial information requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information, and the reported amounts of income and expenses during the reported financial year. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Funds' accounting policies. Although these estimates are based on the Directors of the Manager's best knowledge of current events and actions, actual results may differ from those estimates.

However, the Directors of the Manager are of the opinion that there are currently no areas where assumptions and estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year and no accounting policies which requires significant judgement to be exercised.



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Fair value through profit or loss financial assets (“FVTPL”)

The Funds designate their investment portfolio into fair value through profit or loss financial assets at inception to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

Financial assets classified as FVTPL are initially recorded at fair value. Subsequent to initial recognition, the financial assets are remeasured at fair values with fair value adjustments and realised gains and losses recognised in statement of income and expenditure.

(c) Fair value of financial assets

The fair values of Malaysian Government Securities, Government Investment Issues and unquoted corporate securities are based on indicative fair market prices/index by reference to the quotations provided by banks and brokers.

The fair values of quoted securities are based on current market prices. If the market for a financial asset is not active, the Manager establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Structured investments are investments where part of the fund is invested in the fixed income instruments issued by financial institutions while the remaining fund are invested in instruments which linked to the performance of one or more prices, rates, indices, securities and other financial instruments. Structured investments are carried at fair values, determined by reference to quotations provided by the issuing financial institutions.

Cash at bank and deposits with licensed financial institutions are stated at approximately their carrying amount as at the date of statement of assets and liabilities.



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currencies

(i) Functional and presentation currency

The financial information are presented in Ringgit Malaysia (RM), which is the Funds' functional and presentation currency.

(ii) Foreign currency transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenditure.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash balances and deposits held at call with Islamic financial institutions with original maturities of three month or less.

(f) Income recognition

Dividend income is recognised when the right to receive the dividend has been established.

Investment profit is recognised on a time proportion basis taking into account the effective yield of the asset.

Gains or losses arising from the disposal of investments are credited or charged to the statement of income and expenditure.

(g) Investment management fees

Investment management fees are calculated in accordance with the provisions of the investment-linked certificate document and are charged to the statement of income and expenditure when incurred.



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Taxation

Taxation on the statement of income and expenditure comprises of current and deferred tax. Current tax is the expected amount of tax payable in respect of the taxable income for the financial year, using tax rates enacted or substantially enacted at the statement of assets and liabilities date, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is recognised in full using the liability method, on temporary differences at the statement of assets and liabilities date between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. Deferred tax is recognised in the statement of income and expenditure.

(i) Net creation of units

Net creation of units represents contribution paid by certificate holders as payment for new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

(j) Net cancellation of units

Net cancellation of units represents cancellation of units arising from surrenders and withdrawals from certificate holders. Cancellation is recognised upon surrendering of the related takaful contract.



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3. INVESTMENTS

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2016 (RM)	% of net asset value
HLMT i-BALANCED FUND				
<u>Unquoted Islamic bonds:</u>				
Malaysian Government Securities & Cagamas:				
- Cagamas MBS Berhad	1,000,000	922,700	1,000,090	16.00%
Islamic bonds:				
- CIMB Islamic Bank Berhad	500,000	500,000	498,795	7.98%
- Imtiaz Sukuk Berhad	1,000,000	1,000,000	998,840	15.98%
- Gamuda Berhad	300,000	300,930	299,514	4.79%
- BGSM Management Sdn Bhd	500,000	503,870	508,767	8.14%
- Hong Leong Islamic Bank	500,000	500,025	501,510	8.03%
	2,800,000	2,804,825	2,807,426	44.92%
Total unquoted Islamic bonds	3,800,000	3,727,525	3,807,516	60.92%
<u>Equity securities quoted in Malaysia:</u>				
Trading/Services:				
- Axiata Group Berhad	15,369	89,837	86,527	1.38%
- Dialog Group Bhd	57,576	34,927	88,667	1.42%
- Media Chinese International	31,900	34,895	22,809	0.36%
- Pharmaniaga Bhd	35,000	153,405	192,500	3.08%
- Prestariang Berhad	9,000	26,866	17,820	0.29%
- Seg International Berhad	20,000	27,100	24,000	0.38%
- Tenaga Nasional Berhad	9,000	116,946	126,900	2.03%
- Westports Holdings Bhd	50,000	126,250	210,000	3.36%
	227,845	610,226	769,223	12.30%
Industrial products:				
- CB Industrial Product Holding Quoted	40,000	93,480	81,600	1.31%
- DRB-HICOM BHD	50,000	125,188	45,000	0.72%
- Petronas Chemicals Group Berhad	2,000	12,817	13,220	0.21%
	92,000	231,485	139,820	2.24%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2016 (RM)	% of net asset value
HLMT i-BALANCED FUND (CONT'D)				
<u>Equity securities quoted in Malaysia: (cont'd)</u>				
Plantation:				
- Boustead Plantations Bhd	30,000	48,480	44,400	0.71%
- Kuala Lumpur Kepong Berhad	1,500	36,115	34,890	0.56%
	31,500	84,595	79,290	1.27%
Construction:				
- IJM Corporation Berhad	10,000	34,126	34,900	0.56%
Consumer Products:				
- Apollo Food Holdings Berhad	4,800	27,674	27,600	0.44%
- Fraser & Neave Holdings Bhd	2,000	39,865	50,240	0.80%
- Padini Holdings Bhd	20,000	29,183	47,400	0.76%
- UMW Holdings Bhd	10,000	108,183	57,300	0.92%
	36,800	204,905	182,540	2.92%
Technology:				
- Inari Amertron Berhad	7,000	21,220	20,790	0.33%
Infrastructure:				
- Digi.Com Bhd	20,000	98,506	95,600	1.53%
Properties:				
- SP Setia Bhd	5,000	16,060	14,500	0.23%
- Titijaya Land Berhad	50,000	75,750	72,000	1.15%
	55,000	91,810	86,500	1.38%
Total equity securities quoted in Malaysia	480,145	1,376,873	1,408,663	22.53%
Grand total	4,280,145	5,104,398	5,216,179	83.45%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2016 (RM)	% of net asset value
HLMT i-INCOME FUND				
<u>Unquoted Islamic bonds:</u>				
Islamic bonds:				
- CIMB Islamic Bank Berhad	500,000	500,000	498,795	15.26%
- RHB Islamic Bank Berhad	500,000	500,000	504,955	15.45%
- Imtiaz Sukuk Berhad	500,000	500,000	499,420	15.28%
- BGSM Management Sdn Bhd	200,000	201,740	204,374	6.25%
- P. Tabung Pendidikan Tinggi	500,000	501,490	511,760	15.66%
- Hong Leong Islamic Bank	500,000	500,025	501,510	15.35%
- Malaysia Airports Holdings	400,000	400,000	422,608	12.93%
	<u>3,100,000</u>	<u>3,103,255</u>	<u>3,143,422</u>	<u>96.18%</u>
Grand total	3,100,000	3,103,255	3,143,422	96.18%
MY STEADY 10 PLAN				
<u>Structured Investment:</u>				
- Standard Chartered Saadiq	<u>3,614,000</u>	<u>3,614,000</u>	<u>4,486,179</u>	<u>122.02%</u>



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2016 (RM)	% of net asset value
HLMT i-EQUITY FUND				
<u>Equity securities quoted in Malaysia:</u>				
Trading/Services:				
- Axiata Group Berhad	60,739	346,330	341,961	2.68%
- IHH Healthcare Berhad	65,000	425,735	429,000	3.36%
- Media Chinese International	257,000	225,261	183,755	1.44%
- Pharmaniaga Bhd	33,000	123,638	181,500	1.42%
- Prestariang Berhad	24,000	63,201	47,520	0.37%
- Seg International Berhad	150,000	186,289	180,000	1.41%
- Sime Darby Bhd	48,000	382,650	364,320	2.85%
- Sapurakencana Petroleum Berhad	140,000	218,563	205,800	1.61%
- Tenaga Nasional Bhd	87,000	1,157,833	1,226,700	9.61%
- Telekom Malaysia Bhd	20,950	114,884	141,832	1.11%
	885,689	3,244,384	3,302,388	25.86%
Properties:				
- SP Setia Bhd	60,000	193,163	174,000	1.36%
- Titijaya Land Berhad	50,000	75,750	72,000	0.56%
	110,000	268,913	246,000	1.92%
Construction:				
- Gamuda Bhd	20,000	88,734	97,200	0.76%
- IJM Corporation Berhad	13,000	41,624	45,370	0.36%
	33,000	130,358	142,570	1.12%
Infrastructure:				
- Digi.Com Bhd	100,000	471,470	478,000	3.75%
- Lingkaran Trans Kota Holdings Berhad	40,000	232,779	227,600	1.78%
	140,000	704,249	705,600	5.53%
Industrial products:				
- Petronas Chemicals Group Berhad	70,000	449,144	462,700	3.63%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2016 (RM)	% of net asset value
HLMT i-EQUITY FUND (CONT'D)				
<u>Equity securities quoted in Malaysia: (cont'd)</u>				
Consumer Products:				
- Apollo Food Holdings Berhad	7,000	40,358	40,250	0.32%
- Fraser & Neave Holdings Bhd	3,000	59,797	75,360	0.59%
- Padini Holdings Bhd	30,000	43,775	71,100	0.56%
	40,000	143,930	186,710	1.47%
Plantation :				
- Boustead Plantations Bhd	20,000	32,320	29,600	0.23%
- Felda Global Ventures	167,000	320,626	252,170	1.98%
- Kuala Lumpur Kepong Berhad	3,500	84,138	81,410	0.64%
- Tanah Makmur Berhad	290,000	485,718	485,718	3.81%
	480,500	922,802	848,898	6.66%
Finance:				
- BIMB Holdings Berhad	6,000	22,283	23,400	0.18%
Technology:				
- Inari Amertron Berhad	80,000	238,544	237,600	1.86%
Grand total	1,845,189	6,124,607	6,155,866	48.23%

4. PERFORMANCE TABLE

The performance tables of the Funds are set out on pages 3 to 13 of the fund performance report.



STATEMENT BY MANAGER

INVESTMENT-LINKED FUNDS, comprising
HLMT i-Balanced Fund
HLMT i-Income Fund
My Steady 10 Plan
HLMT i-Equity Fund

(thereinafter referred to collectively as "the Funds")

I, Nik Norishky Thani Bin Nik Hassan Thani, being the Chief Operating Officer of Hong Leong MSIG Takaful Berhad ("the Manager"), states that to the best knowledge and belief of the Manager, accompanying financial information set on pages 18 to 34 have been properly drawn up in accordance with the accounting policies prescribed in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia.

On behalf of the Manager,

Nik Norishky Thani Bin Nik Hassan Thani
Chief Operating Officer

Petaling Jaya
15 September 2016



REPORT OF THE AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF
HONG LEONG MSIG TAKAFUL BERHAD INVESTMENT-LINKED FUNDS CONSISTING OF
HLMT i-BALANCED FUND
HLMT i-INCOME FUND
MY STEADY 10 PLAN
HLMT i-EQUITY FUND

(hereinafter referred to collectively as "the Funds")

REPORT ON THE FINANCIAL INFORMATION

We have audited the financial information of the Funds, which comprise the statements of assets and liabilities as at 30 June 2016, statements of income and expenditure and the statements of changes in net asset value of the Funds for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 34.

Manager's Responsibility for the Financial Information

Hong Leong MSIG Takaful Berhad ("the Manager of the Funds") is responsible for the preparation of financial information in accordance with the accounting policies prescribed in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia ("BNM"), and for such internal control as the Manager of the Funds determines are necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial information based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Funds' preparation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial information.



REPORT OF THE AUDITORS (CONT'D)

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF
HONG LEONG MSIG TAKAFUL BERHAD INVESTMENT-LINKED FUNDS CONSISTING OF
HLMT i-BALANCED FUND
HLMT i-INCOME FUND
MY STEADY 10 PLAN
HLMT i-EQUITY FUND

(hereinafter referred to collectively as "the Funds")

REPORT ON THE FINANCIAL INFORMATION (CONT'D)

Auditors' Responsibility (cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information of the Funds have been properly prepared in accordance with the accounting policies prescribed in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by BNM.

OTHER MATTERS

This report is made solely to the certificate holders of the Funds, as a body in accordance with Guidelines on Investment-linked Insurance/Takaful Business issued by BNM and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF:1146)
Chartered Accountants

Kuala Lumpur
15 September 2016

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