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## CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Valued Certificate Holders,

We are pleased to present you Hong Leong MSIG Takaful Berhad's fund performance report for the financial year ended 30 June 2018. Our Investment Linked Funds are namely HLMT i-Income Fund, HLMT i-Balanced Fund, HLMT i-Equity Fund and MY Steady 10 Plan.

For the financial year gone by, domestic market trading was unfortunately largely muted. This was despite the country's strong underlying economic performance as corporate earnings continued to come in below expectations. The situation was not helped by the then pending 14th General Elections as investors adopted a wait and see attitude. Regional markets, on the other hand, offered more compelling growth prospects at attractive valuations, especially the traditional technology-related markets such as Taiwan and South Korea. As a result, during the first half of the financial period, the local market saw persistent foreign liquidation where the estimated equity outflow was close to RM0.2b. The local fixed income markets, on the other hand, were more in favour with an inflow of RM12.9b as foreign investors rushed into Malaysian Government Securities as a proxy play on the undervalued Ringgit. The Ringgit was also supported by the rally in Brent crude price from US\$46.33/ barrel to US\$74.25/ barrel at the end of the financial period on the back of global supply pressures.

As we headed towards the end of 2017, the Malaysian equity markets reversed direction and started to trend upwards on the back of year-end window dressing activities, as well as stronger corporate earnings expectations in line with the GDP growth forecast of 5.4% for 2018. Financial markets throughout the world were also buoyed by the success of US passing the tax reform bill that added fuel to the rally, and technology stocks as a whole benefited with expectations of the rising adoption of tech into IOT. However, the results of the 14th General Elections threw a spanner in the works with the resultant swift change in government policies. This was unfortunately compounded by rising trade tensions between the US and China, causing major indices including the Shariah Index to correct. The local market saw strong foreign outflows to the tune of RM7b YTD. The FBM Shariah Index for the period under review declined by 5.7% to close at 12,092.55 points. Sentiment in the local bond market also turned cautious with the yield of the 10-year MGS breaching 4.2% and the Ringgit weakened to a low of RM4.0385/US\$ by the end of the period under review. Rest assured we will use opportunities generated by any market volatility to continue building solid portfolios for your funds for the future.

In closing, we will remain committed to work towards delivering the best products and services to enrich your life protection. The financial year 2018/2019 will be an advancing period for HLM Takaful as we implement various initiatives and strategies in our effort to expand our business. We truly express our earnest appreciation to have your continued patronage with HLMT and thank you for choosing HLM Takaful as your preferred Takaful provider. We look forward to build greater success together in 2018/2019.

**Mohd Asri Omar**  
Chief Executive 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 Shariah-compliant 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 Shariah compliant 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

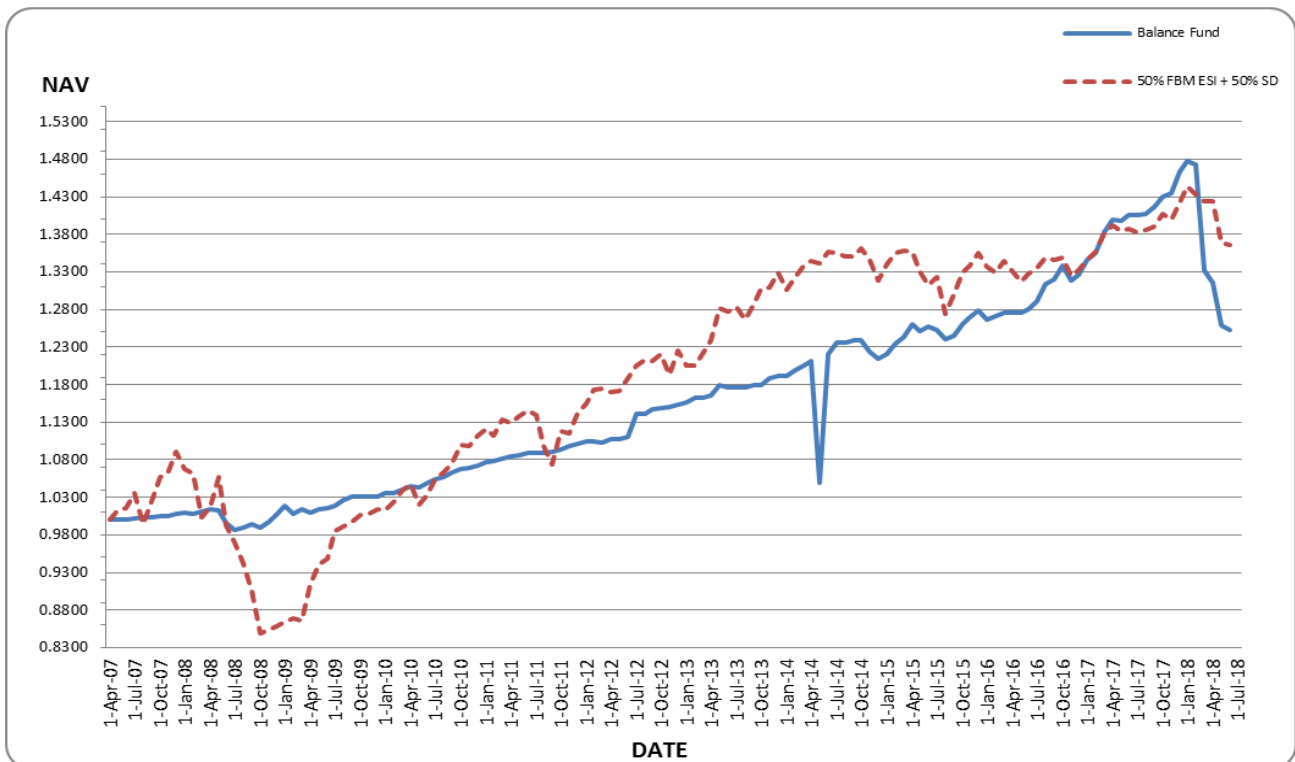
For the financial year under review, the fund was close to 47% invested in Shariah-compliant securities and 53% invested in Islamic bonds. We will progressively reduce the equity weighting component but for the remaining holdings of the stocks, we will not deviate from the Shariah Index components. Stocks that dragged the overall performance of the fund were mainly telco, construction and toll concessionaire (Litrak).

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 2018

Price Movement, Calculation indexed



## INVESTMENT REVIEW

### HLMT i-BALANCED FUND (CONT'D)

Performance of the fund					
	2018	2017	2016	2015	2014
Total NAV (RM)	5,929,538	6,628,808	6,249,085	6,023,480	5,886,028
Number of units	4,733,540	4,715,020	4,876,708	4,791,451	4,820,202
NAV per unit (RM)	1.2527	1.4059	1.2814	1.2571	1.2211
Highest NAV per unit during financial year (RM)	1.4772	1.4059	1.2814	1.2598	1.1923
Lowest NAV per unit during financial year (RM)	1.2523	1.2916	1.241	1.2144	1.1557
Total annual return of the fund - Capital growth (Note 1)	-10.93%	9.75%	1.91%	2.95%	2.51%
Average annual return – Fund					
- 1 year	-10.93%	9.75%	1.91%	2.95%	2.51%
- 3 year	-0.13%	4.81%	2.86%	4.23%	2.23%
- 5 year	1.25%	4.84%	3.31%	3.69%	3.50%
Average annual return - Benchmark (50% FBM ESI + 50% SD)					
- 1 year	-1.44%	4.41%	0.79%	-3.58%	6.03%
- 3 year	1.35%	0.72%	1.00%	3.11%	5.61%
- 5 year	1.37%	3.12%	2.74%	4.69%	9.25%

Performance of the fund	
	2018
Total annual return of the fund - Capital growth (Note 2)	-0.82%
Average annual return – Fund	
- 1 year	-0.82%
- 3 year	2.82%
- 5 year	2.54%
Average annual return - Benchmark (50% FBM ESI + 50% SD)	
- 1 year	-1.44%
- 3 year	1.35%
- 5 year	1.37%

**Notes:**

Adjustments arising from timing differences in recognition of fees expenses were accounted for in FY 2017/18 resulting in an unfavourable return on the Fund performance as reflected in Note 1 above. However, these adjustments do not impact the actual performance of the Fund used in published prices for unit allocation. The mentioned adjustments were merely book reporting to rectify the timing differences of such entries. In a normalised comparison, the actual Fund performances based on published price were as per Note 2.

## INVESTMENT REVIEW

### HLMT i-BALANCED FUND (CONT'D)

Portfolio composition by category of investment					
	Weighting %				
	2018	2017	2016	2015	2014
Islamic Equity securities quoted in Malaysia	52.66	43.41	22.94	24.22	20.99
Unquoted Islamic bonds	47.34	40.21	62.30	63.75	64.68
Deposits with Islamic financial institutions	-	16.38	14.76	12.03	14.33
	100.00	100.00	100.00	100.00	100.00

Islamic Equities and unit trusts composition by sector					
	Weighting %				
	2018	2017	2016	2015	2014
Trading/Services	51.92	41.36	54.61	45.88	44.5
Industrial Products	13.23	18.88	9.92	22.18	17.31
Plantation	0.91	6.53	5.63	2.89	3.96
Construction	3.42	5.78	2.48	6.28	19.06
Properties	6.86	9.25	6.14	11.20	15.17
Consumer Products	7.69	1.97	12.96	11.57	-
Technology	1.43	-	-	-	-
Infrastructure	9.57	10.48	6.79	-	-
REITS	3.12	3.43	1.47	-	-
Finance	1.85	2.32	-	-	-
	100.00	100.00	100.00	100.00	100.00

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2018	2017	2016	2015	2014
Government	33.42	-	-	-	-
Government Agency	-	-	-	-	-
Consumer Products	-	-	-	-	-
Finance	33.61	89.32	92.13	92.11	92.16
Construction	32.97	10.68	7.87	7.89	7.84
	100.00	100.00	100.00	100.00	100.00

## INVESTMENT REVIEW

### HLMT i-INCOME FUND

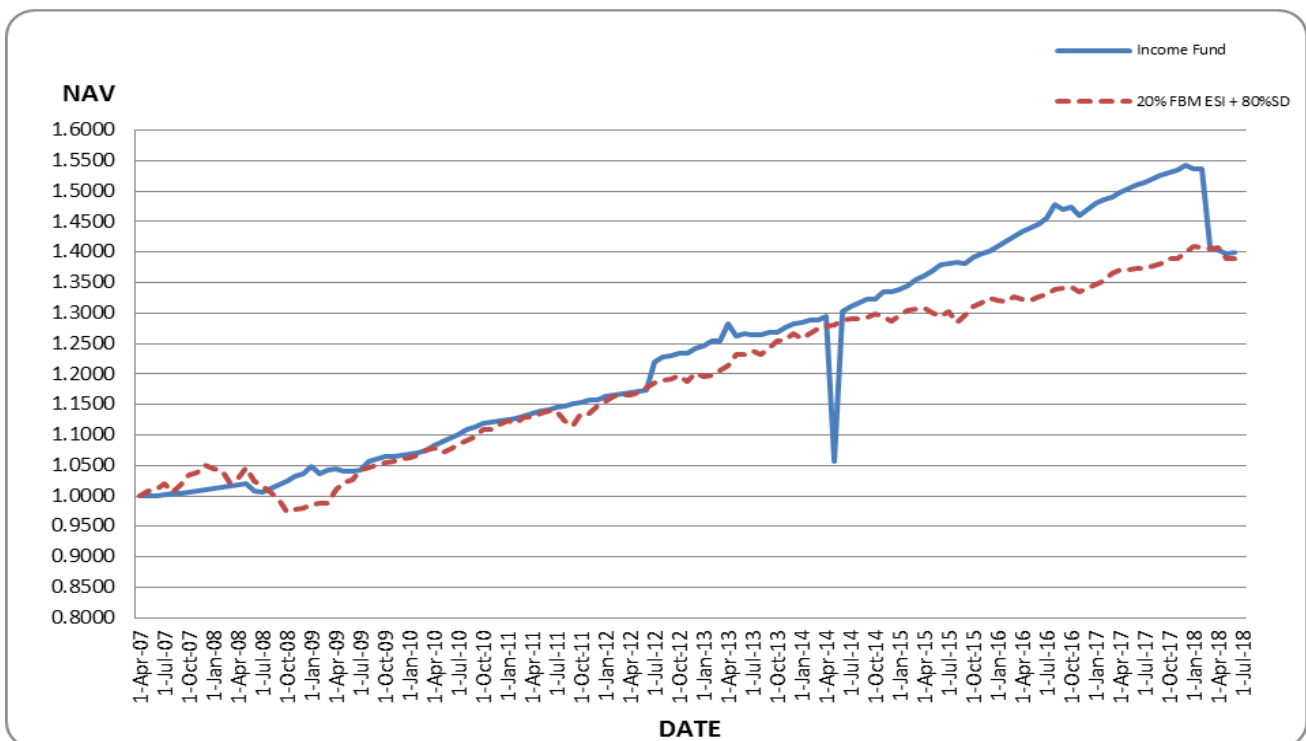
For the financial period under review, the Fund was fully invested into Islamic bonds which attracts higher yield compared to Fixed Deposit. The Fund was 51.16% invested into Corporate Islamic Bonds while 48.84% invested into Low Risk Asset.

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 2018

Price Movement, Calculation indexed





## INVESTMENT REVIEW

### HLMT i-INCOME FUND (CONT'D)

Performance of the fund					
	2018	2017	2016	2015	2014
Total NAV (RM)	3,270,064	3,406,915	3,267,648	3,119,674	2,958,923
Number of units	2,338,075	2,256,800	2,260,723	2,263,055	2,273,146
NAV per unit (RM)	1.3986	1.5096	1.4454	1.3785	1.3017
Highest NAV per unit during financial year (RM)	1.5420	1.5099	1.4454	1.3785	2.5717
Lowest NAV per unit during financial year (RM)	1.3983	1.4566	1.381	1.3103	1.2465
Total annual return of the fund - Capital growth (Note 1)	-7.35%	4.47%	4.79%	5.91%	1.59%
Average annual return – Fund					
- 1 year	-7.35%	4.47%	4.79%	5.91%	1.59%
- 3 year	0.47%	5.06%	4.51%	5.53%	2.58%
- 5 year	2.01%	5.17%	4.83%	4.72%	4.02%
Average annual return - Benchmark (20% FBM ESI + 80% SD)					
- 1 year	1.17%	3.48%	1.85%	0.04%	4.13%
- 3 year	2.36%	2.15%	1.99%	2.85%	3.85%
- 5 year	2.42%	3.13%	2.68%	3.44%	5.79%

Performance of the fund	
	2018
Total annual return of the fund - Capital growth (Note 2)	3.08%
Average annual return – Fund	
- 1 year	3.08%
- 3 year	3.55%
- 5 year	3.45%
Average annual return - Benchmark (20% FBM ESI + 80% SD)	
- 1 year	1.17%
- 3 year	2.36%
- 5 year	2.42%

**Notes:**

Adjustments arising from timing differences in recognition of fees expenses were accounted for in FY 2017/18 resulting in an unfavourable return on the Fund performance as reflected in Note 1 above. However, these adjustments do not impact the actual performance of the Fund used in published prices for unit allocation. The mentioned adjustments were merely book reporting to rectify the timing differences of such entries. In a normalised comparison, the actual Fund performances based on published price were as per Note 2.

## INVESTMENT REVIEW

### HLMT i-INCOME FUND (CONT'D)

Portfolio composition by category of investment					
	Weighting %				
	2018	2017	2016	2015	2014
Unquoted Islamic bonds	100.00	100.00	88.28	100.00	100.00
Deposits with Islamic financial institutions	-	-	11.72	-	-
	100.00	100.00	100.00	100.00	100.00

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2018	2017	2016	2015	2014
Government	21.85	13.99	-	-	-
Government Agency	13.73	-	16.28	14.98	16.93
Telecommunication	-	-	-	-	9.02
Infrastructure	24.59	25.11	-	-	-
Finance	39.83	60.9	70.27	72.68	74.05
Transportation	-	-	13.45	12.34	-
	100.00	100.00	100.00	100.00	100.00

## INVESTMENT REVIEW

### MY STEADY 10 PLAN

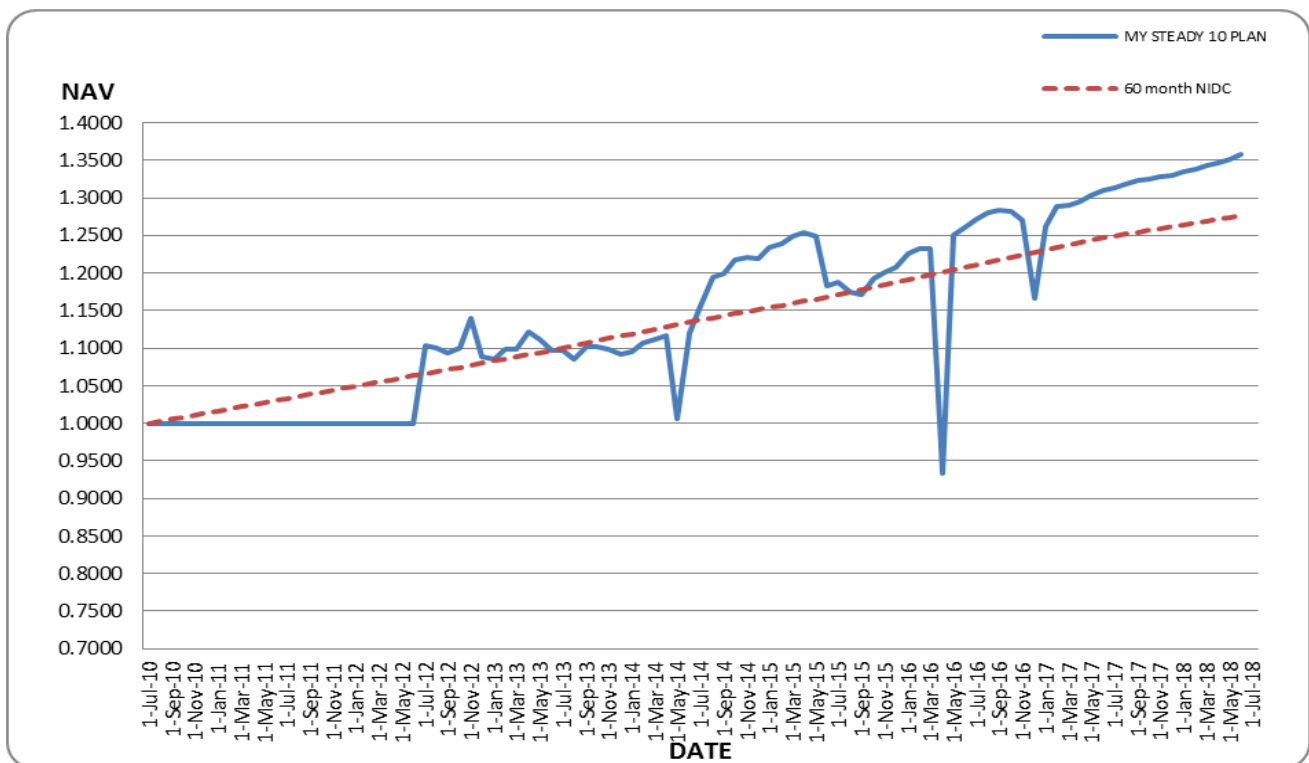
My Steady 10 Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and is principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

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 2018

Price Movement, Calculation indexed



## INVESTMENT REVIEW

### MY STEADY 10 PLAN (CONT'D)

Performance of the fund					
	2018	2017	2016	2015	2014
Total NAV (RM)	3,958,591	3,816,123	3,676,508	3,565,052	3,607,499
Number of units	2,914,576	2,914,576	2,914,576	3,012,776	3,220,960
NAV per unit (RM)	1.3582	1.3093	1.2614	1.1833	1.1200
Highest NAV per unit during financial year (RM)	1.3582	1.3093	1.2614	1.2541	1.121
Lowest NAV per unit during financial year (RM)	1.3126	1.1662	0.934	1.1556	1.0858
Total annual return of the fund - Capital growth (Note 1)	3.74%	3.83%	6.59%	5.62%	2.07%
Average annual return – Fund					
- 1 year	3.74%	3.83%	6.59%	5.62%	2.07%
- 3 year	4.71%	5.34%	4.75%	5.76%	3.65%
- 5 year	4.36%	5.54%	4.75%	n/a	n/a
Average annual return - Benchmark (60 month NIDC)					
- 1 year	2.43%	3.27%	3.38%	2.91%	4.13%
- 3 year	3.02%	3.19%	3.25%	3.17%	3.85%
- 5 year	3.09%	3.23%	3.22%	n/a	n/a

Performance of the fund	
	2018
Total annual return of the fund - Capital growth (Note 2)	3.34%
Average annual return – Fund	
- 1 year	3.34%
- 3 year	4.22%
- 5 year	3.99%
Average annual return - Benchmark (60 month NIDC)	
- 1 year	2.43%
- 3 year	3.02%
- 5 year	3.09%

**Notes:**

Adjustments arising from timing differences in recognition of fees expenses were accounted for in FY 2017/18 resulting in an unfavourable return on the Fund performance as reflected in Note 1 above. However, these adjustments do not impact the actual performance of the Fund used in published prices for unit allocation. The mentioned adjustments were merely book reporting to rectify the timing differences of such entries. In a normalised comparison, the actual Fund performances based on published price were as per Note 2.

## INVESTMENT REVIEW

### MY STEADY 10 PLAN (CONT'D)

Portfolio composition by category of investment					
	Weighting %				
	2018	2017	2016	2015	2014
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

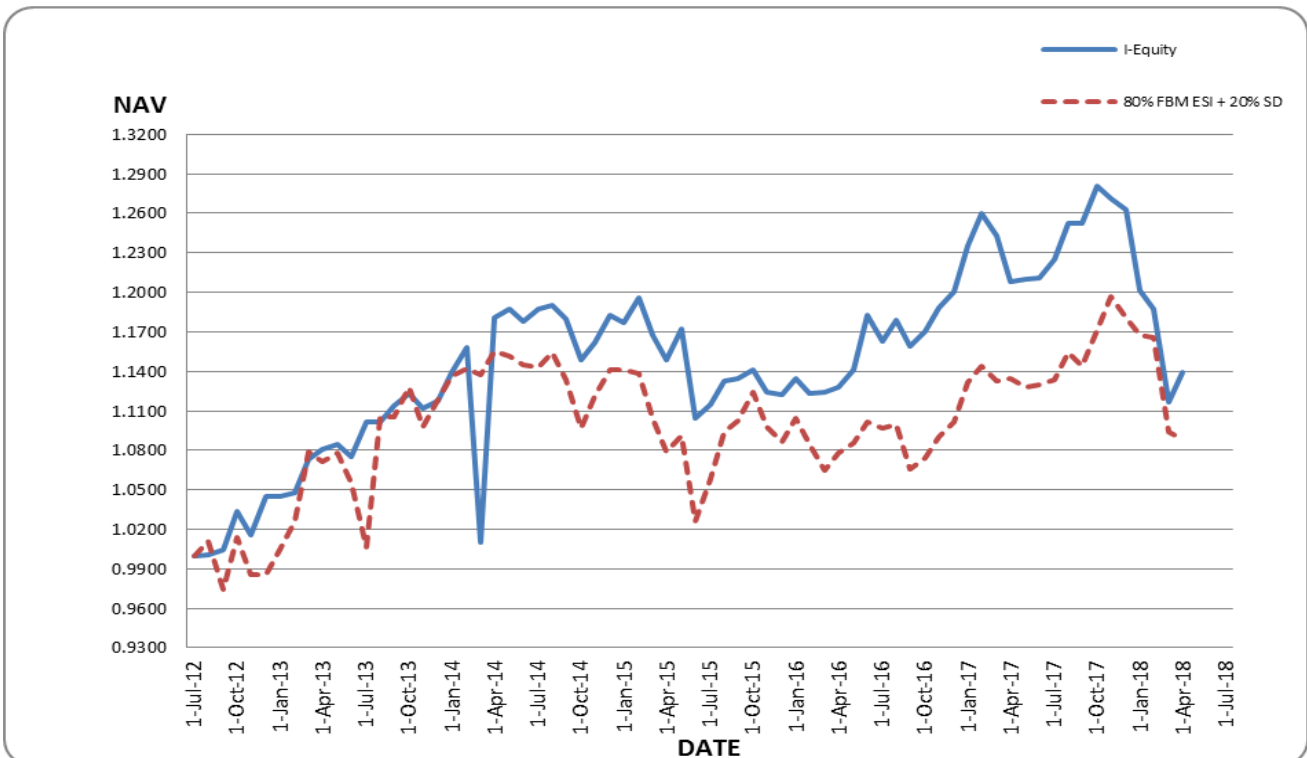
On average during the period under review, the Fund was close to 80% invested, before progressively trimming equity exposure to raise the cash level towards the end of the financial period as we monitor the ongoing reforms and developments by the new administration. The fund remains heavily skewed towards the components of the Shariah Index as we believe this would best serve the interest of unitholders in view of the macro uncertainties going forward. Stocks that dragged the overall performance of the fund were mainly telco, construction and toll concessionaire (Littrak).

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 2018

Price Movement, Calculation indexed



## INVESTMENT REVIEW

### HLMT i-EQUITY FUND (CONT'D)

Performance of the fund					
	2018	2017	2016	2015	2014
Total NAV (RM)	16,062,298	15,264,156	12,763,056	2,807,926	1,934,272
Number of units	14,095,914	12,631,470	11,314,819	2,443,388	1,638,151
NAV per unit (RM)	1.1395	1.2084	1.1280	1.1492	1.1808
Highest NAV per unit during financial year (RM)	1.2805	1.2596	1.1280	1.1960	1.1232
Lowest NAV per unit during financial year (RM)	1.1166	1.1414	1.104	1.1488	1.0156
Total annual return of the fund - Capital growth (Note 1)	-5.70%	7.13%	-1.83%	-2.71%	8.09%
Average annual return – Fund					
- 1 year	-5.70%	7.13%	-1.83%	-2.71%	1.59%
- 3 year	-0.28%	0.77%	1.43%	n/a	n/a
- 5 year	1.06%	n/a	n/a	n/a	n/a
Average annual return - Benchmark (80% FBM ESI + 20% SD)					
- 1 year	-4.02%	5.24%	-0.10%	-6.66%	7.24%
- 3 year	0.31%	-0.61%	0.00%	n/a	n/a
- 5 year	0.32%	n/a	n/a	n/a	n/a

Performance of the fund	
	2018
Total annual return of the fund - Capital growth (Note 2)	-5.43%
Average annual return – Fund	
- 1 year	-5.43%
- 3 year	0.96%
- 5 year	1.48%
Average annual return - Benchmark (80% FBM ESI + 20% SD)	
- 1 year	-4.02%
- 3 year	0.31%
- 5 year	0.32%

**Notes:**

Adjustments arising from timing differences in recognition of fees expenses were accounted for in FY 2017/18 resulting in an unfavourable return on the Fund performance as reflected in Note 1 above. However, these adjustments do not impact the actual performance of the Fund used in published prices for unit allocation. The mentioned adjustments were merely book reporting to rectify the timing differences of such entries. In a normalised comparison, the actual Fund performances based on published price were as per Note 2.

## INVESTMENT REVIEW

### HLMT i-EQUITY FUND (CONT'D)

Portfolio composition by category of investment					
	Weighting %				
	2018	2017	2016	2015	2014
Islamic Equity securities quoted in Malaysia	75.97	82.05	50.27	62.53	61.91
Deposits with Islamic financial institutions	24.03	17.95	49.73	37.47	38.09
	100.00	100.00	100.00	100.00	100.00

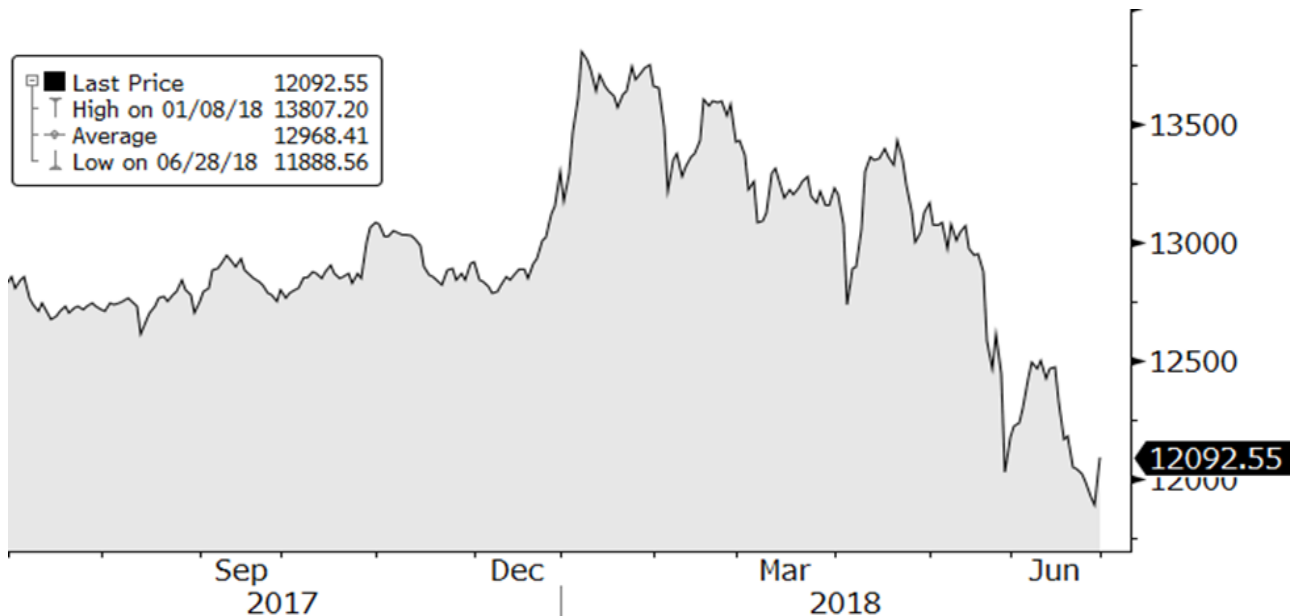
Islamic Equities and unit trusts composition by sector					
	Weighting %				
	2018	2017	2016	2015	2014
Trading/Services	50.30	47.73	53.65	66.99	65.42
Properties	7.84	7.19	4.00	11.49	10.84
Construction	4.09	8.80	2.31	7.33	8.37
Infrastructure	9.47	6.08	11.46	4.21	5.09
Plantation	2.38	2.53	13.79	4.76	10.28
Consumer products	5.74	1.11	3.03	5.22	-
Finance	2.67	2.33	0.38	-	-
Technology	2.99	5.25	3.86	-	-
Industrial products	11.77	16.87	7.52	-	-
REITS	2.75	2.11	-	-	-
	100.00	100.00	100.00	100.00	100.00



## INVESTMENT REVIEW

### Equities Market

**FTSE Malaysia Emas Shariah Index (1 July 2017 – 30 June 2018)**



Source: Bloomberg

For the first half of the period under review, the Malaysian equity market was lackluster despite many positive underlying drivers such as strong domestic and more positive macroeconomic growth trends; benign global monetary policy outlook, oil price recovery and stabilization at higher levels, a strong Ringgit and recovery in corporate earnings. The domestic equity markets only started to break out of its narrow trading range towards the end of 2017 when the Ringgit appreciated to RM4.0465/ US\$ on the back of the recovery in Brent crude prices to US\$66/ barrel, a level not seen since 2015. The FBM Shariah Index outperformed the broader market at the end of 2017 when selected big caps like Tenaga, Digi, Petronas Chemical and Dialog closed up strongly.

After a good start to 2018, global investors turned cautious over fears of a more rapid pace of tightening of monetary conditions as Jerome Powell, the new chair of the US Federal Reserve (FED) appeared to be more hawkish than markets initially expected. Furthermore, the prospects of a trade war which started off as mere noise became a reality after the Trump administration announced plans to impose tariffs on imported steel and aluminum products. The list of items has now been extended to USD\$200 billion of Chinese imports. Emerging markets were the worst affected on the back of the escalating trade war and tightening liquidity in global markets as the European Central Bank was also signaling a close to its quantitative easing.

## INVESTMENT REVIEW

### Equities Market (cont'd)

Closer to home, markets actually staged a mini rally after the Election Commission finally announced the general election was to be held on 9 May 2018. However, the unexpected win of Pakatan Harapan caused markets to correct sharply. There was large foreign outflows of USD\$2.6bn in the months of May and June on the back of policy uncertainties as the new government cut large infrastructure projects and went to work to implement its other election pledges most notably the zero rating of GST and cheaper internet access. This in turn had a knock on effect on the construction, building materials and telecommunication sectors while on the flip side, consumer stocks rallied due to the tax holiday till the implementation of Sales and Service Tax in September 2018.

The Shariah index was not spared, declining by 5.7% during the period under review to close at 12,092.55 points. This decline was also on the back of outflows from all emerging markets to developed markets due to the appreciation of the USD with the escalation of trade war tensions and rising global macro risk.

## INVESTMENT REVIEW

### Fixed Income Market

The fixed income market had a bumpy ride throughout the financial year under review as markets had to adjust to tighter monetary conditions and a slew of unprecedented geopolitical events. At the beginning of the financial year, both the foreign and local bond markets had a good start, buoyed by geopolitical tensions from North Korea as well as Hurricane Irma which delayed the Fed's rate hike plans. Low-risk assets rallied as a result of safe haven flows as investors became risk averse. However, as soon as the hurricane subsided, the bond market reversed on the back of better-than expected economic numbers which paved the way for further rate hikes.

By the 2nd quarter of the period under review, global markets saw the beginning of a roller-coaster ride in tandem with US Treasuries (UST) which saw whipsaw movements due to risk aversion. This was attributable to expectation of potential Fed rate hikes, uncertainty over the next Fed chair replacement; US tax reforms as well as continued geopolitical tension and the suspension of the Independence Referendum by Catalonia in Spain where the future of the political Eurozone was called into question again.

The market continued to be volatile moving into the 3rd quarter of the period under review with the local bond market setting the tone with a short moment of divergence from UST's. UST yields were on an uptrend with the prediction of the Fed raising rates at a faster pace while local government bond yields declined as there was buying interest. However, it was short lived as Malaysian bond yields eventually moved upwards in tandem with global yields on stronger than expected inflationary expectations in the US.

Surprisingly, post the March 2018 Federal Open Market Committee (FOMC) meeting, UST rallied despite a hike of 25 bps. This was due to the Fed maintaining its projection of three rate hikes instead of four in 2018. The fixed income market also benefited from "safe haven" inflows after a sharp drop in U.S. equity markets.

However, by the last quarter under review, sentiment reversed and saw UST peaking at just below 3.03%, breaching the 3.0% mark for the first time in 4 years. Taking the cue from UST, yields of local government bonds spiked up. Furthermore, the local bond market also turned cautious over the outcome of the 14th General Elections; the results of which subsequently led to a net outflow in foreign holdings of Malaysian bonds across the entire maturity spectrum. The yield of the 10-year MGS breached 4.20% while the ringgit continued to weaken breaching the USD/MYR4 psychological level by mid-June and touching a low of USD/MYR4.0385 by the end of the period under review. In fact, the month of May 2018 saw the highest selloff in Malaysian bonds totaling RM12.9bil, the quantum of which is comparable to the heavy foreign selloff that occurred during the taper tantrum in 2013.

Nonetheless, this bearish sentiment was also seen across all EMs on the back of increased trade war tensions between US and China whilst US dollar strength against all EM currencies caused outflows back to developed markets. Closer to home, domestic worries over the weakening Ringgit, lingering uncertainties in domestic policies and lack of fresh catalysts also kept fixed income investors on a downbeat note by the end of the period under review.

## INVESTMENT OUTLOOK

### Equity

For the remainder of 2018, we expect global equity markets to be volatile as economic growth is expected to peak yet simultaneously there will be synchronized global tightening as leading central banks have indicated that the era of extremely low rates is coming to an end. Meanwhile, a worsening trade situation as more trading blocs became involved in the US - China trade war may result in the delay of investor and business spending. US dollar strength will also continue to attract outflows from emerging markets although we do not expect continued appreciation as US has its twin deficits to contend with whilst facing its own political issues with the midterm elections in November.

As for Malaysia, the review and curtailment of large scale public sector projects will mean downside risk to GDP growth in 2019. There will be policy uncertainty as this new government will take some time to unveil its own growth policies and the tabling of the 2019 Budget in November will be keenly awaited to see where the growth areas would be. However, we remain positive in the longer term as this recent correction has meant that valuations of selected sectors have become more reasonable. Private consumption should also remain strong due to the 3 month "tax holiday" from June to September 2018. Furthermore, we are hopeful on the reforms which will spur investor interest as history has shown that it can be positive drivers of equity market rallies as in the case of India and Indonesia in 2014-2015 when they had their respective change of governments.

### Fixed Income

The outlook for the fixed income market is expected to be volatile with continued worries over tightening global liquidity and heightened trade tensions which will threaten growth prospects although on the flipside, this may potentially moderate the pace of the Fed's planned rate hikes. Nonetheless, should the Fed stand firm on its stance for 4 rate hikes in 2018 despite weaknesses that are expected to prevail, we are of the view that more funds will be flowing out of emerging markets into higher-yielding safe haven UST's.

Similarly, the local bond market will be volatile as economic data in the US continues to be one of the major determinants of local bond sentiment. However, there may be moments of divergence as potential slower domestic growth and contained headline inflation numbers may derail local interest rate direction. Nevertheless, the local bond market will still face challenges should the USD extend its gains given the substantial foreign holding of Malaysian Government Securities making it susceptible to foreign fund outflows. On a more micro level, the ongoing review of the mega infrastructure projects may result in short-term volatility especially on corporate papers in the toll-road and construction sectors. However, weaknesses in both the domestic and global fixed income markets present an opportunity to deploy cash to lock in higher yields especially during periods when markets behave irrationally.

## FINANCIAL INFORMATION

### STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2018

	Note	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
<b>ASSETS</b>					
Investments:					
Islamic Equity securities quoted in Malaysia	4	3,334,612	-	-	10,767,014
Unquoted Islamic bonds	4	2,997,886	3,668,810	-	-
Structured Investment	4	-	-	4,792,793	-
Accrued profit		26,483	32,937	-	597
Deposits with Islamic financial institutions		-	-	-	3,405,588
<b>Total investments</b>		<b>6,358,981</b>	<b>3,701,747</b>	<b>4,792,793</b>	<b>14,173,199</b>
Other assets:					
Tax recoverable		69,343	51,111	-	45,184
Deferred tax assets		4,672	-	-	-
Investment receivables		4,539	-	-	18,131
Other receivables		51,324	250	-	2,128,057
Cash and cash equivalents		144,934	2,889	-	348,390
<b>Total other assets</b>		<b>274,812</b>	<b>54,250</b>	<b>-</b>	<b>2,539,762</b>
<b>TOTAL ASSETS</b>		<b>6,633,793</b>	<b>3,755,997</b>	<b>4,792,793</b>	<b>16,712,961</b>

**STATEMENT OF ASSETS AND LIABILITIES**  
AS AT 30 JUNE 2018 (CONT'D)

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
<b>LIABILITIES</b>				
Amount due to the Manager	704,255	351,391	-	616,336
Deferred tax liabilities	-	1,352	94,304	-
Provision for taxation	-	-	-	34,327
Other payables	-	133,190	739,898	-
<b>TOTAL LIABILITIES</b>	<b>704,255</b>	<b>485,933</b>	<b>834,202</b>	<b>650,663</b>
<b>NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS</b>	<b>5,929,538</b>	<b>3,270,064</b>	<b>3,958,591</b>	<b>16,062,298</b>
<b>REPRESENTED BY</b>				
Value of unit	8,252,454	2,482,549	3,074,015	17,056,018
Undistributed (loss)/income carried forward	(2,322,916)	787,515	884,576	(993,720)
	<b>5,929,538</b>	<b>3,270,064</b>	<b>3,958,591</b>	<b>16,062,298</b>
<b>Net asset value attributable to certificate holders per unit</b>	<b>1.2527</b>	<b>1.3986</b>	<b>1.3582</b>	<b>1.1395</b>

The accompanying notes form an integral part of the financial statements

**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30 JUNE 2017**

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
<b>ASSETS</b>				
Investments:				
Islamic Equity securities quoted in Malaysia	3,033,822	-	-	12,101,756
Unquoted Islamic bonds	2,810,284	3,629,282	-	-
Structured Investment	-	-	4,637,937	-
Accrued profit	14,984	30,197	-	1,206
Deposits with Islamic financial institutions	1,144,477	-	-	2,648,265
<b>Total investments</b>	<b>7,003,567</b>	<b>3,659,479</b>	<b>4,637,937</b>	<b>14,751,227</b>
Other assets:				
Deferred tax assets	-	-	-	-
Investment receivables	7,854	-	-	29,564
Other receivables	-	-	-	355,734
Cash and cash equivalents	96,530	18,934	-	252,800
<b>Total other assets</b>	<b>104,384</b>	<b>18,934</b>	<b>-</b>	<b>638,098</b>
<b>TOTAL ASSETS</b>	<b>7,107,951</b>	<b>3,678,413</b>	<b>4,637,937</b>	<b>15,389,325</b>

**STATEMENT OF ASSETS AND LIABILITIES**  
AS AT 30 JUNE 2017 (CONT'D)

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
<b>LIABILITIES</b>				
Deferred tax liabilities	12,736	2,822	81,915	57,569
Provision for taxation	51,391	25,000	-	67,600
Other payables	415,016	243,676	739,899	-
<b>TOTAL LIABILITIES</b>	<b>479,143</b>	<b>271,498</b>	<b>821,814</b>	<b>125,169</b>
<b>NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS</b>	<b>6,628,808</b>	<b>3,406,915</b>	<b>3,816,123</b>	<b>15,264,156</b>
<b>REPRESENTED BY</b>				
Value of unit	8,070,184	2,344,691	2,818,087	14,522,048
Undistributed (loss)/income carried forward	(1,441,376)	1,062,224	998,036	742,108
	<b>6,628,808</b>	<b>3,406,915</b>	<b>3,816,123</b>	<b>15,264,156</b>
<b>Net asset value attributable to certificate holders per unit</b>	<b>1.4059</b>	<b>1.5096</b>	<b>1.3093</b>	<b>1.2084</b>

The accompanying notes form an integral part of the financial statements



**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Investment income:				
Investment profits	152,793	167,551	92,060	-
Dividend income	97,577	-	356,704	-
Net realised gain on sale of investments	5,498	150	35,550	-
Unrealised capital gain on investments	130	-	4,187	154,856
<b>Total income</b>	<b>255,998</b>	<b>167,701</b>	<b>488,501</b>	<b>154,856</b>
Net realised loss on sale of investments	(930)	-	-	-
Unrealised capital loss on investments	(217,712)	(18,383)	(1,330,885)	-
Investment management fees	(911,935)	(406,892)	(1,145,341)	-
Other outgo	(12,128)	(5,189)	(90,461)	-
<b>Total outgo</b>	<b>(1,142,705)</b>	<b>(430,464)</b>	<b>(2,566,687)</b>	<b>-</b>
Excess of (outgo over income)/ income over outgo before taxation	(886,707)	(262,763)	(2,078,186)	154,856
Tax expense	5,167	(11,946)	86,428	(12,388)
Excess of (outgo over income)/ income over outgo after taxation	(881,540)	(274,709)	(1,991,758)	142,468
Undistributed (loss)/income brought forward	(1,441,376)	1,062,224	998,037	742,108
Undistributed (loss)/income carried forward	(2,322,916)	787,515	(993,721)	884,576

The accompanying notes form an integral part of the financial statements

**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Investment income:				
Investment profits	166,064	160,566	-	121,260
Dividend income	88,886	-	-	280,626
Net realised gain on sale of investments	322,447	1,000	-	468,846
Unrealised capital gain on investments	121,933	-	151,758	730,635
Other income	-	-	-	-
<b>Total income</b>	<b>699,330</b>	<b>161,566</b>	<b>151,758</b>	<b>1,601,367</b>
Net realised loss on sale of investments	-	-	-	-
Unrealised capital loss on investments	(74,532)	(4,890)	-	-
Investment management fees	(125,413)	(10,187)	-	(252,510)
Other outgo	(10,234)	(2,142)	-	(71,433)
<b>Total outgo</b>	<b>(210,179)</b>	<b>(17,219)</b>	<b>-</b>	<b>(323,943)</b>
Excess of (outgo over income)/ income over outgo before taxation	489,151	144,347	151,758	1,277,424
Tax expense	(49,792)	(12,609)	(12,143)	(125,066)
Excess of (outgo over income)/ income over outgo after taxation	439,359	131,738	139,615	1,152,358
Undistributed (loss)/income brought forward	(1,880,735)	930,486	858,421	(410,250)
Undistributed (loss)/income carried forward	(1,441,376)	1,062,224	998,036	742,108

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 2018**

	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	6,628,808	3,406,915	3,816,123	15,264,156
Amount received from certificate holders for the creation of units	1,163,915	271,163	-	5,909,943
Amount paid to certificate holders for cancellation of units	(981,645)	(133,305)	-	(3,120,044)
	<u>6,811,078</u>	<u>3,544,773</u>	<u>3,816,123</u>	<u>18,054,055</u>
Net (expense)/income for the period, net of tax	(681,365)	(257,797)	-	(767,811)
Net unrealised gain/(loss), net of tax	(200,175)	(16,912)	142,468	(1,223,946)
	<u>5,929,538</u>	<u>3,270,064</u>	<u>3,958,591</u>	<u>16,062,298</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 2017**

	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	6,249,085	3,267,648	3,676,508	12,763,056
Amount received from certificate holders for the creation of units	1,342,501	127,556	-	4,461,658
Amount paid to certificate holders for cancellation of units	(1,402,137)	(120,027)	-	(3,112,916)
	<u>6,189,449</u>	<u>3,275,177</u>	<u>3,676,508</u>	<u>14,111,798</u>
Net (expense)/income for the period, net of tax	507,928	136,237	-	476,789
Net unrealised (loss)/gain, net of tax	(68,569)	(4,499)	139,615	675,569
	<u>(68,569)</u>	<u>(4,499)</u>	<u>139,615</u>	<u>675,569</u>
Net asset value attributable to certificate holders at the end of the financial year	<u><u>6,628,808</u></u>	<u><u>3,406,915</u></u>	<u><u>3,816,123</u></u>	<u><u>15,264,156</u></u>

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 Shariah compliant 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 General Takaful businesses. There has been no significant change in the nature of the principal activity during the financial year.

### 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 (BNM/RH/GL 010-15) 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 Islamic 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 Islamic financial instruments. Structured investments are carried at fair values, determined by reference to quotations provided by the issuing Islamic financial institutions.

Cash at bank and deposits with licensed Islamic 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.

### 3 . PERFORMANCE TABLE

The performance tables of the Funds are set out on pages 3 to 14 of the fund performance report.



## NOTES TO THE FINANCIAL INFORMATION (CONT'D)

### 4. INVESTMENTS

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2018 (RM)	% of net asset value
<b>HLMT i-BALANCED FUND</b>				
<u>Unquoted Islamic bonds:</u>				
Malaysian Government Securities & Cagamas:				
- Malaysia Investment Issue	1,000,000	1,004,920	1,002,000	16.90%
Islamic bonds:				
- BGSM Management Sdn Bhd	200,000	201,260	200,646	3.38%
- BGSM Management Sdn Bhd	300,000	302,610	305,145	5.15%
- Hong Leong Islamic Bank	500,000	500,025	501,685	8.46%
- Sarawak Hidro Sdn Bhd	1,000,000	990,200	988,410	16.67%
	2,000,000	1,994,095	1,995,886	33.66%
Total unquoted Islamic bonds	3,000,000	2,999,015	2,997,886	50.56%
<u>Islamic Equity securities quoted in Malaysia:</u>				
Trading/Services:				
- AEON Co. (M) Bhd	45,000	108,831	102,150	1.72%
- Axiata Group Berhad	25,794	148,411	98,017	1.65%
- Berjaya Auto Berhad	45,000	96,340	99,000	1.67%
- Dialog Group Bhd	57,576	34,927	177,910	3.00%
- IHH Healthcare Bhd	10,000	66,009	61,000	1.03%
- Maxis Berhad	25,000	145,061	136,500	2.30%
- Sunway Berhad	48,333	74,445	74,916	1.26%
- SIME Darby Bhd	80,459	176,350	197,125	3.32%
- Telekom Malaysia Bhd	18,000	72,381	55,980	0.94%
- Tenaga Nasional Bhd	35,000	490,050	512,400	8.64%
- Westports Holdings Bhd	30,000	100,623	101,700	1.72%
- Yinson Holdings Bhd	25,000	104,317	114,500	1.93%
	445,162	1,617,745	1,731,198	29.18%
REITS:				
- KLCC Property Holdings Bhd	13,000	98,465	104,000	1.75%

## NOTES TO THE FINANCIAL INFORMATION (CONT'D)

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2018 (RM)	% of net asset value
<b>HLMT i-BALANCED FUND (CONT'D)</b>				
<u>Islamic Equity securities quoted in Malaysia: (cont'd)</u>				
Plantation:				
- Felda Global Ventures	20,000	38,308	30,200	0.51%
Construction:				
- Gamuda Bhd	13,000	61,284	42,510	0.72%
- IJM Corporation Bhd	40,000	126,203	71,600	1.21%
	53,000	187,487	114,110	1.93%
Consumer Products:				
-Fraser & Neave Holdings Bhd	4,000	142,997	156,080	2.63%
-Lay Hong Bhd	108,600	100,538	100,455	1.69%
	112,600	243,535	256,535	4.32%
Finance:				
- BIMB Holdings Bhd	16,000	63,957	61,600	1.04%
Infrastructure:				
- DIGI.com Bhd	40,000	197,843	166,000	2.80%
- Lingkaran Trans Kota Holdings	20,000	117,039	84,600	1.43%
- TIME Dotcom Bhd	9,000	73,340	68,760	1.16%
	69,000	388,222	319,360	5.39%
Properties:				
- IOI Properties Group Bhd	15,000	32,220	24,000	0.40%
- SP Setia Bhd	38,529	116,148	119,440	2.01%
- SP Setia Bhd - RCPS-I	80,205	83,064	77,574	1.31%
- Titijaya Land Bhd	120,000	9,900	7,800	0.13%
	253,734	241,332	228,814	3.85%
Technology:				
- Inari Amertron Bhd	21,000	21,220	47,460	0.80%

## NOTES TO THE FINANCIAL INFORMATION (CONT'D)

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2018 (RM)	% of net asset value
<b>HLMT i-BALANCED FUND (CONT'D)</b>				
<u>Islamic Equity securities quoted in Malaysia: (cont'd)</u>				
Industrial products:				
- Cahya Mata Sarawak Bhd	15,000	54,491	35,250	0.59%
- DRB-Hicom Bhd	50,000	125,188	98,000	1.65%
- Top Glove Corporation Bhd	10,000	102,730	121,400	2.05%
- Petronas Chemical Group Bhd	15,000	110,029	126,150	2.13%
- Scientex Incorporated Bhd	5,000	39,000	36,050	0.61%
- Success Transformer Corp Bhd	29,500	60,175	24,485	0.41%
	124,500	491,613	441,335	7.44%
Total equity securities quoted in Malaysia	1,127,996	3,391,884	3,334,612	56.21%
Grand total	4,127,996	6,390,899	6,332,498	106.77%

## NOTES TO THE FINANCIAL INFORMATION (CONT'D)

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2018 (RM)	% of net asset value
<b>HLMT i-INCOME FUND</b>				
<u>Unquoted Islamic bonds:</u>				
Malaysian Government Securities & Cagamas:				
- Malaysia Investment Issue	800,000	803,936	801,600	24.51%
Islamic bonds:				
- CIMB Islamic Bank Berhad	250,000	253,975	254,230	7.77%
- BGSM Management Sdn Bhd	200,000	201,740	203,430	6.22%
- P. Tabung Pendidikan Tinggi	500,000	501,490	503,845	15.41%
- Hong Leong Islamic Bank	500,000	500,025	501,685	15.34%
- Malaysia Airports Holdings	400,000	400,000	415,720	12.71%
- RHB Islamic Bhd	500,000	500,000	501,775	15.34%
- Projek Lebuhraya Usahasama Bhd	500,000	490,750	486,525	14.88%
	<b>2,850,000</b>	<b>2,847,980</b>	<b>2,867,210</b>	<b>87.67%</b>
Grand total	<b>3,650,000</b>	<b>3,651,916</b>	<b>3,668,810</b>	<b>112.18%</b>
<b>MY STEADY 10 PLAN</b>				
<u>Structured Investment:</u>				
- Standard Chartered Saadiq	3,614,000	3,614,000	4,792,793	121.07%

## NOTES TO THE FINANCIAL INFORMATION (CONT'D)

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2018 (RM)	% of net asset value
<b>HLMT i-EQUITY FUND</b>				
<u>Islamic Equity securities quoted in Malaysia:</u>				
Trading/Services:				
- AEON Co. (M) Bhd	135,000	326,366	306,450	1.91%
- Axiata Group Berhad	126,338	709,903	480,084	2.99%
- Berjaya Auto Berhad	135,000	295,567	297,000	1.85%
- Dialog Group Bhd	155,000	357,557	478,950	2.98%
- IHH Healthcare Bhd	81,000	525,329	494,100	3.08%
- Maxis Berhad	53,000	307,421	289,380	1.80%
- Sime Darby Bhd	174,398	348,573	427,275	2.66%
- Sunway Berhad	216,666	332,573	335,832	2.09%
- Tenaga Nasional Bhd	84,000	1,183,495	1,229,760	7.66%
- Telekom Malaysia Bhd	55,000	221,141	171,050	1.06%
- Westports Holdings Bhd	105,000	355,693	355,950	2.22%
- Yinson Holdings Bhd	120,000	413,406	549,600	3.42%
	1,440,402	5,377,024	5,415,431	33.72%
Properties:				
- IOI Properties Group Bhd	100,000	214,778	160,000	1.00%
- Malaysian Resources Corporation Bhd	234,000	234,642	140,400	0.87%
- Titijaya Land Berhad	300,000	24,750	19,500	0.12%
- SP Setia Bhd	100,406	315,655	311,259	1.94%
- SP Setia Bhd - RCPS-I	219,759	232,198	212,796	1.32%
	954,165	1,022,023	843,955	5.25%
Construction:				
- Gamuda Bhd	69,000	336,208	225,630	1.40%
- IJM Corporation Berhad	120,000	369,253	214,800	1.34%
	189,000	705,461	440,430	2.74%
REITS:				
- KLCC Property Holdings Berhad	37,000	280,676	296,000	1.84%
Plantation :				
- Felda Global Ventures	170,000	315,132	256,700	1.60%

## NOTES TO THE FINANCIAL INFORMATION (CONT'D)

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2018 (RM)	% of net asset value
<b>HLMT i-EQUITY FUND (CONT'D)</b>				
<u>Islamic Equity securities quoted in Malaysia: (cont'd)</u>				
Consumer Products:				
-Fraser & Neave Holdings Bhd	8,000	285,908	312,160	1.94%
-Lay Hong Bhd	330,000	305,283	305,250	1.90%
	338,000	591,191	617,410	3.84%
Finance:				
- BIMB Holdings Berhad	74,700	305,657	287,595	1.79%
Infrastructure:				
- Digi.Com Bhd	135,000	632,512	560,250	3.49%
- Lingkaran Trans Kota Holdings Berhad	40,000	232,779	169,200	1.05%
- TIME Dotcom Bhd	38,000	309,547	290,320	1.81%
	213,000	1,174,838	1,019,770	6.35%
Industrial Products:				
- Cahya Mata Sarawak Bhd	82,000	321,294	192,700	1.20%
- Denko Industrial Corporation Bhd	100,000	155,370	143,000	0.89%
- Top Glove Corporation Bhd	30,000	308,080	364,200	2.27%
- Petronas Chemical Group Bhd	35,000	275,934	294,350	1.83%
- Scientex Incorporated Bhd	25,300	197,340	182,413	1.14%
- Success Transformer Corp Bhd	109,650	220,920	91,010	0.57%
	381,950	1,478,938	1,267,673	7.90%
Technology:				
- Inari Amertron Bhd	142,500	150,788	322,050	2.01%
Grand total	3,940,717	11,401,728	10,767,014	67.04%

## STATEMENT BY MANAGER

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

(hereinafter referred to collectively as "the Funds")

I, Mohd Asri Omar, being the Chief Executive 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 19 to 36 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,

**Mohd Asri Omar**  
Chief Executive Officer

Petaling Jaya  
13 September, 2018

## 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 2018, 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 19 to 36.

In our opinion, the accompanying financial information of the Funds for the financial year ended 30 June 2018 are prepared, in all material respects, in accordance with the accounting policies set out in Note 2 to the financial information and the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial information" section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial information in Malaysia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matters – basis of accounting

We draw attention to Note 2 to the financial information, which describes the basis of accounting. The financial information is prepared to assist the Funds to meet the requirements of the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the policyholders of the Funds and should not be distributed to or used by parties other than the policyholders of the Funds. Our opinion is not modified in respect of this matter.



## 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)

#### Responsibilities of the Manager of the Funds and those charged with governance for the financial information

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

The Manager of the Funds is responsible for the preparation of the financial information of the Funds 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 and for such internal control as the Manager determines is necessary to enable the preparation of financial information of the Funds that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Funds, the Manager is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### Auditors' responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

REPORT OF THE AUDITORS (CONTINUED)

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS 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 (CONTINUED)

Auditors' responsibilities for the audit of the financial information (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

REPORT OF THE AUDITORS (CONTINUED)

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF  
HLMT i-Balanced Fund  
HLMT i-Income Fund  
My Steady 10 Plan  
HLMT i-Equity Fund  
(thereinafter referred to collectively as "the Funds")

REPORT ON THE FINANCIAL INFORMATION (CONTINUED)

Auditors' responsibilities for the audit of the financial information (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
13 September 2018

**Hong Leong MSIG Takaful Berhad** (738090-M)

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