



**HLMT INVESTMENT-LINKED FUNDS**

Fund Performance Report

for the financial year ended 30 June 2020

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## CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Valued Certificate Holders,

Once again, it is our pleasure to present to you the HLMT Investment Link Funds Annual Report for the financial year ended 30 June 2020. It was a turbulent year for the local market which saw headwinds stemming from both the external and domestic fronts.

Globally, we saw a U-turn in central bankers' policy stance where the gradual path to normalisation in rates became one that was more "dovish". The relationship between US-China remained strained with each side threatening to impose more tariffs on selected goods that led markets to gyrate up and down. Investors were also spooked by recession fears when the US treasury yield curve inverted and there was huge social unrest in Hong Kong. Just when the outlook was expected to improve following US' decision to suspend the December 15 tariff hike and to reduce September's tariff by half, markets succumbed to a sharp sell-off following the outbreak of Covid-19 globally. Investors were fearful of the immeasurable economic impact to global growth with many countries entering into lock-down. However, we witnessed governments and central banks worldwide springing into action to unleash aggressive stimulus packages that averaged more than 10% of GDP. Liquidity became abundant globally and with this, the Malaysian retail participation for the first time in many years took the forefront in bottom-fishing the market before institutional investors joined the bandwagon to take the market higher for a V-shaped recovery, for the capital markets at least.

On the domestic front, among the key negatives experienced during the current financial period include poor business sentiment, unexciting corporate earnings prospects, unattractive market valuations and increasing domestic political risks. The Pakatan Harapan coalition government split leading to the formation of a new government – Perikatan Nasional which resulted in the appointment of Yang Amat Berhormat Tan Sri Muhyiddin Yassin as the 8th Prime Minister of Malaysia. Amidst the weak economic environment, Bank Negara Malaysia cut the overnight policy rate by a total of 100 bps during the financial period under review, bringing it to 2%, the lowest level since 2009.

Despite all this turbulence, our approach in HLM Takaful has always been to take advantage of any challenging periods and market dips to enhance and structure our portfolios for the longer term. This strategy has ensured outperformance over the long run and supports our commitment to help you achieve your financial goals.

Finally, we at HLM Takaful would like to thank you for your continuous support and trust which has motivated us to continuous pursuit of excellence in developing innovative Shariah-compliant products and serving our customers with utmost dedication. Achieving all the awards, namely Excellence in Insurance & Takaful at the Global Halal Excellence Awards (GHEA) 2020, Malaysia Excellence Business Awards (MEBA) 2019 for Excellence in Takaful Services, BestBrands in Takaful Solutions at The BrandLaureate World Halal Best Brands Awards 2018, Anugerah Mesra Pengguna (Kategori Insurans) 2017 by the Malaysian Consumer Protection and Welfare Board (LPKPM), and Most Outstanding Takaful Product (i-Care Hasanah) 2016 at the Kuala Lumpur Islamic Finance Forum (KLIFF) stand as testimonies to our commitment to you but this would not been possible without your support.

In addition, HLMT has initiated a series of Covid-19 Relief Support Programmes, including the Complimentary Dual Special Benefit that offers hospitalisation income and compassionate allowance to our individual medical certificate holders and Participants of SSPNi-plus at no extra cost. On top of that, we also offer Contribution Payment Relief Programme to affected participants to help and ease their financial difficulties and at the same time still being protected under our takaful plan during this trying time. This is our way of assuring you of our commitment to your wellbeing during this Covid-19.

In conclusion, I would like to once again convey my heartfelt appreciation to you for continuously trusting HLM Takaful and choosing us as your preferred takaful operator. We will constantly strive to elevate our standards of excellence and commitment in delivering the best products and services to enrich your life.

**Mohd Asri Omar**

Chief Executive Officer

Hong Leong MSIG Takaful Berhad

## **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

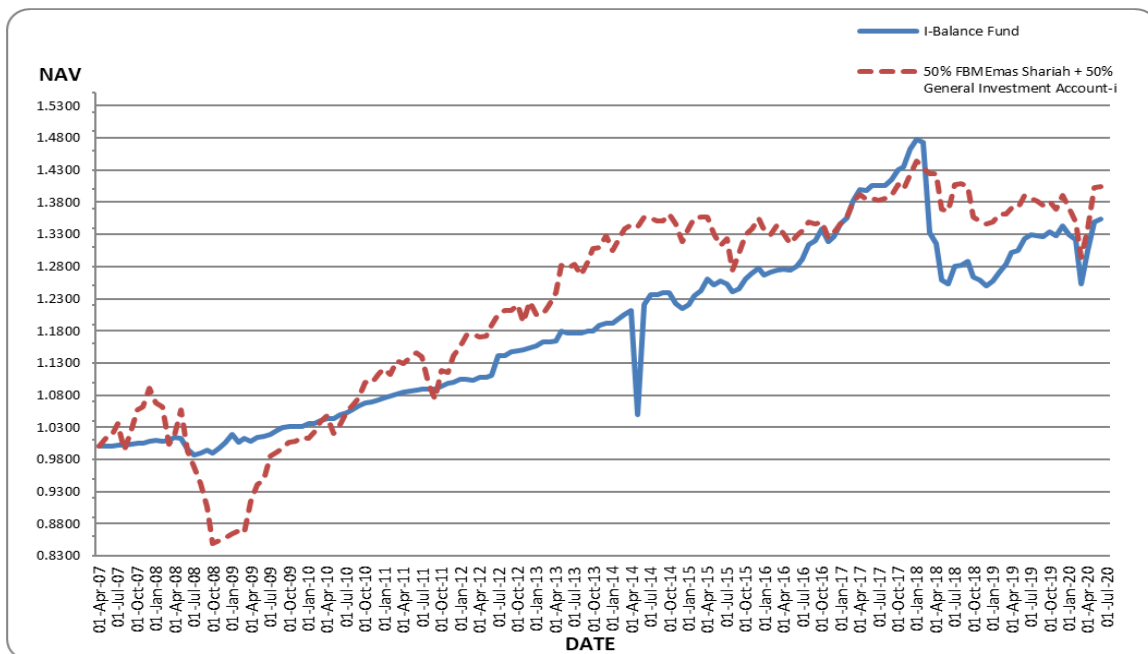
For the financial year under review, the fund was close to 43.80% invested in Shariah-compliant equities and 47.31% invested in Islamic bonds. Stocks that contributed to the outperformance during the financial year include Top Glove, Axis Reit and Time Dotcom. Sentiment in the equity market continued to be dominated by the US-China trade relation newsflow as well as the development of Covid-19. The economic recovery is expected to be uneven and domestically, investors will continue to monitor closely on the severity of the second wave of Covid-19 as well as the success of the vaccines development.

Fund management fee of 1.25% was charged to the Fund during the financial year.

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

As at 30 June 2020

Price Movement, Calculation indexed



## INVESTMENT REVIEW (CONT'D)

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

Performance of the fund					
	2020	2019	2018	2017	2016
Total NAV (RM'000)	16,952	16,004	5,930	6,629	6,249
Number of units	12,525	12,078	4,734	4,715	4,877
NAV per unit (RM)	1.3535	1.3251	1.2527	1.4059	1.2814
Highest NAV per unit during financial year (RM)	1.3704	1.3251	1.4772	1.4059	1.2814
Lowest NAV per unit during financial year (RM)	1.2092	1.2494	1.2523	1.2916	1.2410
Total annual return of the fund					
- Capital growth (Note 1)	2.14%	5.82%	-10.93%	9.75%	1.91%
Average annual return – Fund					
- 1 year	2.14%	5.82%	-10.93%	9.75%	1.91%
- 3 year	-1.26%	1.14%	-0.13%	4.81%	2.86%
- 5 year	1.49%	1.65%	1.25%	4.84%	3.31%
Average annual return					
- Benchmark (50% FBM ESI + 50% SD)					
- 1 year	0.96%	1.77%	-1.44%	4.41%	0.79%
- 3 year	0.42%	1.55%	1.35%	0.72%	1.00%
- 5 year	1.36%	0.49%	1.37%	3.12%	2.74%

#### Note 2

Performance of the fund			
Additional notes	2020	2019	2018
Total annual return of the fund			
- Capital growth	2.10%	2.95%	-0.82%
Average annual return – Fund			
- 1 year	2.10%	2.95%	-0.82%
- 3 year	1.40%	3.61%	2.82%
- 5 year	2.70%	2.63%	2.54%

#### 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 (CONT'D)

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

Portfolio composition by category of investment					
	Weighting %				
	2020	2019	2018	2017	2016
Deposits with Islamic financial institutions	8.89	29.89	-	16.38	14.76
Islamic Equity securities quoted in Malaysia	43.80	34.79	52.66	43.41	22.94
Unquoted Islamic bonds	47.31	35.32	47.34	40.21	62.30
Total	100.00	100.00	100.00	100.00	100.00

Islamic equities composition by sector					
	Weighting %				
	2020	2019	2018	2017	2016
Construction	5.20	4.71	3.42	5.78	2.48
Consumer Products	4.39	0.96	7.69	1.97	12.96
Finance	3.40	5.52	1.85	2.32	-
Industrial Products	23.40	19.56	13.23	18.88	9.92
Infrastructure	5.22	9.72	9.57	10.48	6.79
Plantation	4.19	1.94	0.91	6.53	5.63
Properties	5.24	5.08	6.86	9.25	6.14
REITS	6.05	8.59	3.12	3.43	1.47
Technology	10.17	1.62	1.43	-	-
Trading/Services	31.58	42.30	51.92	41.36	54.61
Utilities	1.16	-	-	-	-
Total	100.00	100.00	100.00	100.00	100.00

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2020	2019	2018	2017	2016
Construction	27.67	43.89	32.97	10.68	7.87
Finance	72.33	56.11	33.61	89.32	92.13
Government	-	-	33.42	-	-
Total	100.00	100.00	100.00	100.00	100.00



## INVESTMENT REVIEW (CONT'D)

### HLMT i-INCOME FUND

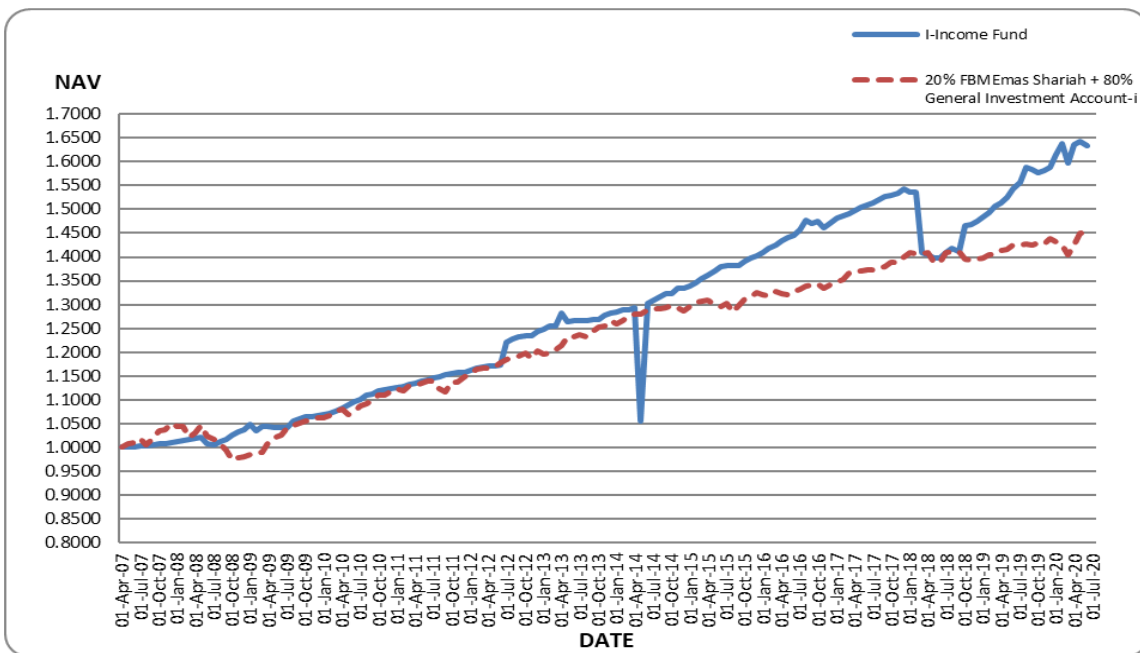
For the financial year under review, the Fund was fully invested into Islamic bonds which attracts higher yield compared to Fixed Deposit. The Fund was 72.62% invested into Corporate Islamic bonds while 27.38% invested into Low Risk Asset.

Fund management fee of 1% was charged to the Fund during the financial year.

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

As at 30 June 2020

Price Movement, Calculation indexed



## INVESTMENT REVIEW (CONT'D)

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

Performance of the fund					
	2020	2019	2018	2017	2016
Total NAV (RM'000)	4,593	3,842	3,270	3,407	3,268
Number of units	2,810	2,479	2,338	2,257	2,261
NAV per unit (RM)	1.6347	1.5499	1.3986	1.5096	1.4454
Highest NAV per unit during financial year (RM)	1.6466	1.5499	1.5420	1.5099	1.4454
Lowest NAV per unit during financial year (RM)	1.5433	1.4091	1.3983	1.4566	1.3810
Total annual return of the fund					
- Capital growth (Note 1)	5.47%	10.62%	-7.35%	4.47%	4.79%
Average annual return – Fund					
- 1 year	5.47%	10.62%	-7.35%	4.47%	4.79%
- 3 year	2.69%	2.30%	0.47%	5.06%	4.51%
- 5 year	3.46%	3.51%	2.01%	5.17%	4.83%
Average annual return					
- Benchmark (20% FBM ESI + 80% SD)					
- 1 year	1.94%	2.59%	1.17%	3.48%	1.85%
- 3 year	1.90%	2.41%	2.36%	2.15%	1.99%
- 5 year	2.32%	2.04%	2.42%	3.13%	2.68%

#### Note 2

Performance of the fund			
Additional notes	2020	2019	2018
Total annual return of the fund			
- Capital growth	5.99%	7.37%	3.08%
Average annual return – Fund			
- 1 year	5.99%	7.37%	3.08%
- 3 year	5.47%	4.68%	3.55%
- 5 year	4.79%	4.60%	3.45%

#### 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 (CONT'D)

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

Portfolio composition by category of investment					
	Weighting %				
	2020	2019	2018	2017	2016
Deposits with Islamic financial institutions	-	-	-	-	11.72
Unquoted Islamic sukuk	100.00	100.00	100.00	100.00	88.28
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2020	2019	2018	2017	2016
Finance	40.38	38.62	39.83	60.9	70.27
Government	13.69	16.46	21.85	13.99	-
Government Agency	13.68	16.53	13.73	-	16.28
Infrastructure	17.75	22.22	24.59	25.11	-
Telecommunication	4.86	6.17	-	-	-
Transportation	-	-	-	-	13.45
Utilities	9.64	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## INVESTMENT REVIEW (CONT'D)

### HLMT i-EQUITY FUND

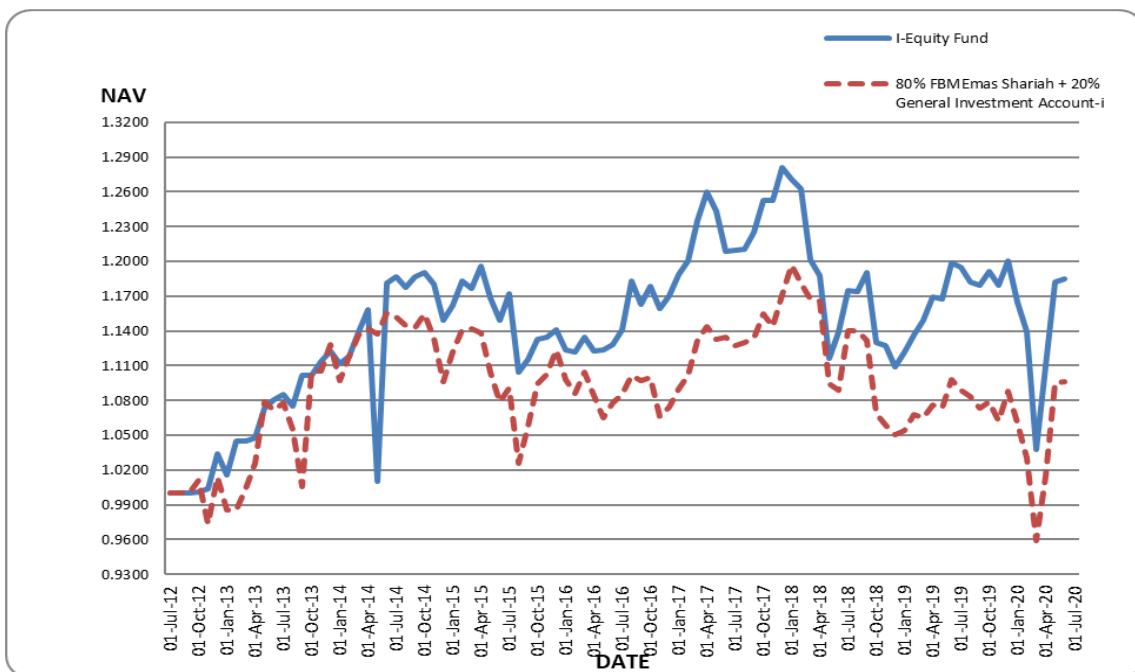
During the financial year under review, the Fund took opportunity of the sell-down in March to increase equity weighting from around 70.41% to 86.18%. The fund remains heavily skewed to the Shariah index with core stocks in the portfolio such as Axis Reit, Top Glove and Time Dotcom. We continue to favour dividend yielding stocks (in the current low profit rate environment) as well as stocks offering resilient earnings prospects in the current challenging economic environment. We have also populated some structural stocks that provide earnings certainty as we look forward to a world post-Covid-19 pandemic.

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

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

As at 30 June 2020

Price Movement, Calculation indexed



## INVESTMENT REVIEW (CONT'D)

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

Performance of the fund					
	2020	2019	2018	2017	2016
Total NAV (RM'000)	28,930	27,895	16,062	15,264	12,763
Number of units	24,420	23,260	14,096	12,631	11,315
NAV per unit (RM)	1.1847	1.1993	1.1395	1.2084	1.1280
Highest NAV per unit during financial year (RM)	1.2183	1.1993	1.2805	1.2596	1.1280
Lowest NAV per unit during financial year (RM)	0.9675	1.1090	1.1166	1.1414	1.1040
Total annual return of the fund					
- Capital growth (Note 1)	-1.22%	2.96%	-5.70%	7.13%	-1.83%
Average annual return – Fund					
- 1 year	-1.22%	2.96%	-5.70%	7.13%	-1.83%
- 3 year	-0.66%	2.25%	-0.28%	0.77%	1.43%
- 5 year	0.61%	0.50%	1.06%	n/a	n/a
Average annual return					
- Benchmark (80% FBM ESI + 20% SD)					
- 1 year	-0.13%	-1.43%	-4.02%	5.24%	-0.10%
- 3 year	-1.12%	-0.15%	0.31%	-0.61%	0.00%
- 5 year	0.33%	-1.46%	0.32%	n/a	n/a

#### Note 2

Performance of the fund			
Additional notes	2020	2019	2018
Total annual return of the fund			
- Capital growth	-1.02%	2.96%	-5.43%
Average annual return – Fund			
- 1 year	-1.02%	2.96%	-5.43%
- 3 year	-1.22%	2.25%	0.96%
- 5 year	0.96%	0.50%	1.48%

#### 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 (CONT'D)

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

Portfolio composition by category of investment					
	Weighting %				
	2020	2019	2018	2017	2016
Deposits with Islamic financial institutions	13.82	29.59	24.03	17.95	49.73
Islamic equity securities quoted in Malaysia	86.18	70.41	75.97	82.05	50.27
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Islamic Equities composition by sector					
	Weighting %				
	2020	2019	2018	2017	2016
Construction	5.47	5.63	4.09	8.80	2.31
Consumer products	4.30	1.46	5.74	1.11	3.03
Finance	3.36	6.18	2.67	2.33	0.38
Industrial products	22.73	16.55	11.77	16.87	7.52
Infrastructure	5.52	10.02	9.47	6.08	11.46
Plantation	3.98	2.16	2.38	2.53	13.79
Properties	5.18	4.95	7.84	7.19	4.00
REITS	6.22	7.90	2.75	2.11	-
Technology	10.40	2.75	2.99	5.25	3.86
Trading/Services	31.70	42.40	50.30	47.73	53.65
Utilities	1.14	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## INVESTMENT REVIEW (CONT'D)

### MY STEADY 10 PLAN

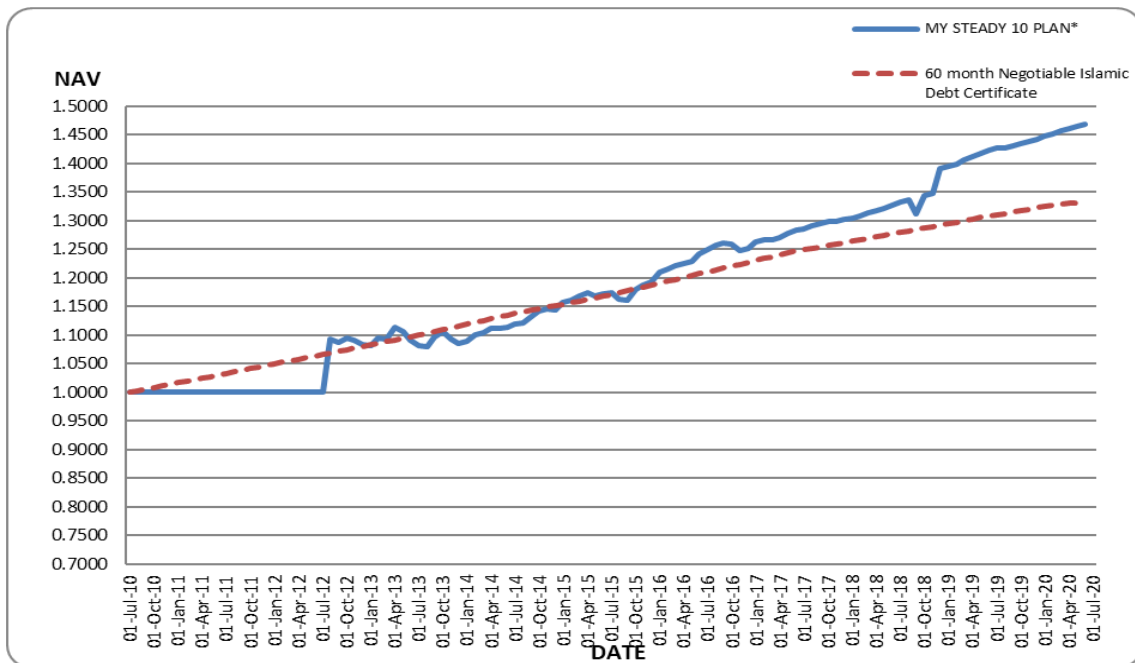
My Steady 10 Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and is principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

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

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

As at 30 June 2020

Price Movement, Calculation indexed



## INVESTMENT REVIEW (CONT'D)

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

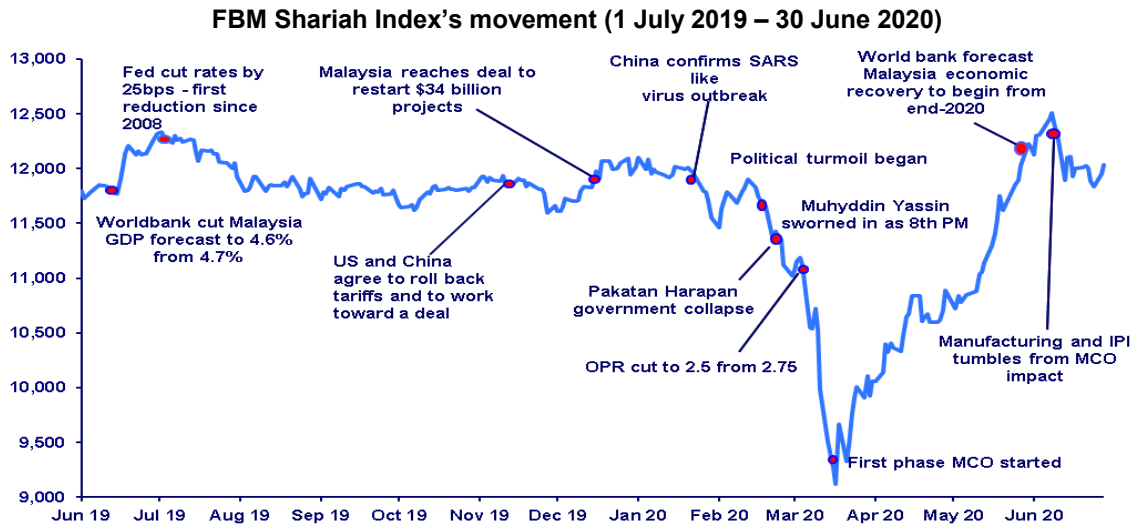
Performance of the fund					
	2020	2019	2018	2017	2016
Total NAV (RM'000)	4,278	4,133	3,959	3,816	3,677
Number of units	2,915	2,915	2,915	2,915	2,915
NAV per unit (RM)	1.4677	1.4179	1.3582	1.3093	1.2614
Highest NAV per unit during financial year (RM)	1.4683	1.4179	1.3582	1.3093	1.2614
Lowest NAV per unit during financial year (RM)	1.4227	1.3638	1.3126	1.1662	0.9340
Total annual return of the fund - Capital growth	3.16%	4.75%	3.74%	3.83%	6.59%
Average annual return – Fund					
- 1 year	3.16%	4.75%	3.74%	3.83%	6.59%
- 3 year	3.88%	4.10%	4.71%	5.34%	4.75%
- 5 year	4.41%	4.90%	4.36%	5.54%	4.75%
Average annual return - Benchmark (60 month NIDC)					
- 1 year	1.74%	2.43%	2.43%	3.27%	3.38%
- 3 year	2.20%	2.71%	3.02%	3.19%	3.25%
- 5 year	2.65%	2.88%	3.09%	3.23%	3.22%

Portfolio composition by category of investment					
	Weighting %				
	2020	2019	2018	2017	2016
Structured Investment	100.00	100.00	100.00	100.00	100.00



## INVESTMENT REVIEW (CONT'D)

### Equities Market



The local market for the financial year under review (Jul 19 to Jun 20) was affected by the slower global growth partly due to US-China tensions, weak corporate earnings domestically stemming from the ongoing changes in policies by the Pakatan Harapan government, the Covid-19 pandemic and political turmoil which led to a change in the government end-Feb 20. The above reasons have contributed to continuous foreign outflows (cumulative Jan-Jun 20 net outflows of RM16.4b) with foreign ownership reaching a low of 21% as at end-Jun 20.

However, FBM Shariah made a strong rebound in Apr 20 as a result of bargain hunting by domestic investors. This was driven by stimulus measures both locally and globally as well as cuts in the overnight policy rate (OPR) to an all-time low that drove investors to higher yielding assets from the equity market. The robustness of the market was further supported when SC and Bursa jointly announced the suspension of restricted short-selling for investors to find further solace in a potentially less volatile market. All these helped Bursa to record a staggering average daily value traded of RM3.6b per day since the start of the lockdown. Retail participation also increased to 37% in Jun 20 vs 24-25% in Jun 19.

Malaysia's glove makers rose to the occasion when both average selling prices and volume continued to achieve new highs. The homegrown glove manufacturers which collectively accounted for 65% of global market share extended their world-beating rally by becoming among the largest companies in terms of market capitalisation on Bursa Malaysia. On the FBM Shariah Index, the gloves sector weight is now 15% as at end-Jun 20. The technology-centric names also saw similar re-rating with working from home and online learning becoming new norms, increased demand for online shopping/food deliveries as well as increased usage or promotion of digital and contactless payments.

The Shariah index was down by 0.77% during the period under review to close at 13,439.53 points.

## INVESTMENT REVIEW (CONT'D)

### Fixed Income Market

For the financial year under review, the bond market went through another year of volatility and surprises. Central banks globally, led by the US, were increasingly accommodative and markets were evidently volatile in the lead up to statements made by major central banks. Just when the markets thought it could take a breather following the announcement of a much-anticipated Phase 1 trade deal, the world landed on a coronavirus pandemic which spared no economy free from a full-blown economic crisis leaving central banks around the world scrambling for unprecedented magnitude of rate cuts and quantitative easing programmes. The month of February and mid-March 2020 marked one of the most volatile periods in history as the coronavirus outbreak found its way into paralysing liquidity in almost all asset classes with the exception of US Treasuries. Nonetheless, the said effects were relatively short-lived as authorities around the world lent massive support by offering unprecedented amount of monetary and fiscal support to cushion the devastating economic impact of the coronavirus-induced economic crisis in a timely manner to their respective countries. Contrary to monetary support extended in past crisis, the Fed shocked the market by its whatever-it-takes pledge to calm the panic in financial markets. The said pledge went beyond the investment grade papers into the high-yield market.

The financial year ended with an unexpectedly doomed quarter as the world was battling with the signs of a second wave of the pandemic's impact on the broader economy globally. Large movements in fixed income markets globally was due to news of surging cases in major economies, the subsequent vaccine trials as well as mandatory economic closures to contain the spread of the virus. All in all, the world has started to realise that the low rate environment is no longer a temporary one but perhaps a new normal that the investment community has to live with.

Market dynamics on the local front were centred around the likelihood of the Malaysian Government Securities ("MGS") being excluded from the widely followed FTSE Russell's World Government Bond Index as well as dilution of Malaysia's weight in the JP Morgan Government Bond Index-Emerging Market in addition to the aforementioned external developments. Relative to its regional peers, the country had additional curve balls brought about by the depressed crude oil prices and political uncertainties domestically. During the financial year under review, BNM cut the OPR by 100 bps to 2% to provide the necessary support to Malaysia's economic growth amid the global Covid-19 outbreak which necessitated economic lockdowns. On the fiscal front, we have also seen the government rolling out stimulus packages to aid businesses and its people to navigate the rough waters brought about by the Covid-19 outbreak. As we approached the end of the financial year, S&P Global Ratings revised its outlook on the Malaysian sovereign to negative to reflect the additional downside risk to the government's fiscal metrics amid the weak global economic climate and heightened policy uncertainty.

## INVESTMENT OUTLOOK

### Equity

We expect global equity markets to remain volatile into the second half of 2020 due to uncertainties on the pace of global economic recovery, with stricter social distancing measures in place and selected re-imposition of lockdowns for fear of the second wave of Covid-19. The US-China trade (and now tech) tensions will continue to be the focal point ahead of the US Presidential elections come Nov 2020. Markets will continue to focus on the ability of corporate earnings recovery back to pre-Covid 19 levels, which is expected only in 2021. The actual strength of the underlying economy will be seen towards 4QCY20 when subsidies such as the loan moratorium and salary support schemes come to an end.

For the upcoming financial period, the healthcare/hygiene related names and technology centric names could continue its momentum supported by continuous demand from the Covid-19 outbreak as well as 5G infrastructure rollout and adoption. Among the other key trading themes that we potentially see into the new financial year will also include - 1) 15th General Election (GE15) which must take place on or before 16 Sep 23; but the sitting Prime Minister (PM) can ask for a dissolution of Parliament at any time before the current five-year period expires and call for a snap election. Typically, the construction sector tends to do well pre-election on anticipation of government's pump priming efforts, 2) dividend yielding stocks in the current environment of low interest rates (once earnings base has been recalibrated to the new base) and 3) value stocks could gain traction should valuation for growth stocks remain elevated as well as them being attractive for potential M&A activities.

### Fixed Income

With the latest developments surrounding the Covid-19 pandemic, we expect to see persistent economic weakness as the global pandemic necessitated further delays in the reopening of major economies. Across the board globally, we will start to see one of the worst economic numbers and wave of corporate earnings in decades. Any negative surprises are expected to send volatility back into the markets. Nonetheless, positive surprises may drive flows out of safe heavens into riskier assets.

On the local front, since the current interest rate framework was introduced in 2004, the OPR is now at historical lows after the recent cut in July 2020 by 25bps to 1.75%, exceeding the trough of 2% recorded during the global financial crisis in 2009. Subsequently, BNM will likely normalize its policy in FY2021. This is with the assumption that there would be no second wave of Covid-19 outbreak in Malaysia. Nevertheless, we expect that the market will remain volatile since it is very much event and data driven. There will be 2 major events to watch out for this financial year, FTSE Russell's annual review and the US presidential elections. With this outlook, we prefer to invest into primary short tenure PDS and trade on govies for yield enhancement.

## FINANCIAL INFORMATION

### STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2020

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
<b>ASSETS</b>					
Investments:					
Islamic equity securities quoted in Malaysia	4	7,050,780	-	24,241,815	-
Unquoted Islamic bonds	4	7,614,295	4,166,978	-	-
Structured Investment	4	-	-	-	4,466,139
Accrued profit		68,375	44,470	-	-
<b>Total investments</b>		<b>14,733,450</b>	<b>4,211,448</b>	<b>24,241,815</b>	<b>4,466,139</b>
Other assets:					
Deferred tax assets		-	-	69,865	-
Investment receivables		10,176	-	35,619	-
Other receivables		85,610	250	218,466	-
Cash and cash equivalents		2,177,659	434,399	4,473,470	-
<b>Total other assets</b>		<b>2,273,445</b>	<b>434,649</b>	<b>4,797,420</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>17,006,895</b>	<b>4,646,097</b>	<b>29,039,235</b>	<b>4,466,139</b>

**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30 JUNE 2020 (CONT'D)**

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
<b>LIABILITIES</b>					
Amount due to the manager		18,536	4,015	38,190	-
Deferred tax liabilities		6,968	20,282	-	108,171
Provision for taxation		29,097	24,286	38,846	13,854
Other payables		-	4,305	31,849	66,535
<b>TOTAL LIABILITIES</b>		<b>54,601</b>	<b>52,888</b>	<b>108,885</b>	<b>188,560</b>
<b>NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS</b>					
		<b>16,952,294</b>	<b>4,593,209</b>	<b>28,930,350</b>	<b>4,277,579</b>
<b>REPRESENTED BY</b>					
Value of unit		18,631,379	3,346,952	30,203,307	3,074,015
Undistributed (loss)/income carried forward		(1,679,085)	1,246,257	(1,272,957)	1,203,564
		<b>16,952,294</b>	<b>4,593,209</b>	<b>28,930,350</b>	<b>4,277,579</b>
Number of units in calculation		12,524,779	2,809,748	24,419,859	2,914,576
Net asset value attributable to certificate holders per unit		1.3535	1.6347	1.1847	1.4677

The accompanying notes form an integral part of the financial statements

**STATEMENT OF ASSETS AND LIABILITIES**  
AS AT 30 JUNE 2019

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
<b>ASSETS</b>					
Investments:					
Islamic equity securities quoted in Malaysia		5,298,697	-	19,123,297	-
Unquoted Islamic bonds		5,379,676	3,301,306	-	-
Structured Investment		-	-	-	4,308,593
Accrued profit		55,639	49,534	2,182	-
Deposits with Islamic financial institutions		4,552,015	-	8,035,188	-
<b>Total investments</b>		<b>15,286,027</b>	<b>3,350,840</b>	<b>27,160,667</b>	<b>4,308,593</b>
Other assets:					
Tax recoverable		-	-	26,582	-
Amount due from the Manager		10,996	341	57,280	-
Investment receivables		8,162	-	30,692	-
Other receivables		514	250	3,066	-
Cash and cash equivalents		740,556	513,071	688,951	-
<b>Total other assets</b>		<b>760,228</b>	<b>513,662</b>	<b>806,571</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>16,046,255</b>	<b>3,864,502</b>	<b>27,967,238</b>	<b>4,308,593</b>

**STATEMENT OF ASSETS AND LIABILITIES**

AS AT 30 JUNE 2019 (CONT'D)

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
<b>LIABILITIES</b>					
Amount due to the Manager		15,180	2,912	31,404	-
Deferred tax liabilities		16,564	12,390	41,311	95,568
Provision for taxation		10,199	7,568	-	13,869
Other payables		-	-	-	66,534
<b>TOTAL LIABILITIES</b>		<b>41,943</b>	<b>22,870</b>	<b>72,715</b>	<b>175,971</b>
<b>NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS</b>					
		<b>16,004,312</b>	<b>3,841,632</b>	<b>27,894,523</b>	<b>4,132,622</b>
<b>REPRESENTED BY</b>					
Value of unit		17,921,598	2,736,158	28,256,269	3,074,015
Undistributed (loss)/income carried forward		(1,917,286)	1,105,474	(361,746)	1,058,607
		<b>16,004,312</b>	<b>3,841,632</b>	<b>27,894,523</b>	<b>4,132,622</b>
Number of units in calculation		12,077,512	2,478,596	23,259,533	2,914,576
Net asset value attributable to certificate holders per unit		1.3251	1.5499	1.1993	1.4179

The accompanying notes form an integral part of the financial statements

**STATEMENT OF INCOME AND EXPENDITURE**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
Investment income:					
Investment profits		368,025	170,237	156,747	-
Dividend income		200,653	-	699,493	-
Net realised gain on sale of investments		364,384	22,500	1,451,073	-
Unrealised capital gain on investments		223,452	98,648	108,237	157,546
<b>Total income</b>		<b>1,156,514</b>	<b>291,385</b>	<b>2,415,550</b>	<b>157,546</b>
Net realised loss on sale of investments		(226,202)	(3,975)	(769,663)	-
Unrealised capital loss on investments		(343,398)	-	(1,497,939)	-
Investment management fees		(202,194)	(42,480)	(412,925)	-
Other outgo		(137,217)	(79,538)	(691,981)	-
<b>Total outgo</b>		<b>(909,011)</b>	<b>(125,993)</b>	<b>(3,372,508)</b>	<b>-</b>
Excess of income over outgo/ (outgo over income) before taxation		247,503	165,392	(956,958)	157,546
Tax expense		(9,302)	(24,609)	45,747	(12,589)
Excess of income over outgo/ (outgo over income) after taxation		238,201	140,783	(911,211)	144,957
Undistributed (loss)/profit brought forward		(1,917,286)	1,105,474	(361,746)	1,058,607
Undistributed (loss)/profit carried forward		(1,679,085)	1,246,257	(1,272,957)	1,203,564

The accompanying notes form an integral part of the financial statements



**STATEMENT OF INCOME AND EXPENDITURE**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
Investment income:					
Investment profits		186,288	167,892	197,158	-
Dividend income		94,312	-	343,363	-
Net realised gain on sale of investments		119,786	10,664	154,349	173,364
Unrealised capital gain on investments		265,840	137,982	1,081,192	15,800
Other income		115,182	118,867	-	-
<b>Total income</b>		<b>781,408</b>	<b>435,405</b>	<b>1,776,062</b>	<b>189,164</b>
Net realised loss on sale of investments		(177,606)	-	(705,521)	-
Unrealised capital loss on investments		(389)	-	-	-
Investment management fees		(99,149)	(26,464)	(310,320)	-
Other outgo		(7,354)	(8,110)	(118,730)	-
<b>Total outgo</b>		<b>(284,498)</b>	<b>(34,574)</b>	<b>(1,134,571)</b>	<b>-</b>
Excess of income over outgo before taxation		496,910	400,831	641,491	189,164
Tax expense		(91,280)	(82,872)	(9,516)	(15,133)
Excess of income over outgo after taxation		405,630	317,959	631,975	174,031
Undistributed (loss)/profit brought forward		(2,322,916)	787,515	(993,721)	884,576
Undistributed (loss)/profit carried forward		(1,917,286)	1,105,474	(361,746)	1,058,607

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 2020

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
Net asset value attributable to certificate holders at the beginning of the financial year		16,004,312	3,841,632	27,894,523	4,132,622
Amount received from certificate holders for the creation of units		2,210,998	1,377,678	10,721,110	-
Amount paid to certificate holders for cancellation of units		(1,501,217)	(766,884)	(8,774,072)	-
		16,714,093	4,452,426	29,841,561	4,132,622
Net income for the year, net of tax		367,449	66,744	432,744	-
Net unrealised (loss)/gain, net of tax		(129,248)	74,039	(1,343,955)	144,957
Net asset value attributable to certificate holders at the end of the financial year		16,952,294	4,593,209	28,930,350	4,277,579

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 2019

	Note	HLMT i-Balanced RM	HLMT i-Income RM	HLMT i-Equity RM	My Steady 10 Plan RM
Net asset value attributable to certificate holders at the beginning of the financial year		5,929,538	3,270,064	16,062,298	3,958,591
Amount received from certificate holders for the creation of units		10,808,217	731,153	15,758,940	-
Amount paid to certificate holders for cancellation of units		(1,139,073)	(477,544)	(4,558,690)	-
		15,598,682	3,523,673	27,262,548	3,958,591
Net income/(expense) for the period, net of tax		106,075	136,413	(413,121)	187,233
Net unrealised gain/(loss), net of tax		299,555	181,546	1,045,096	(13,202)
Net asset value attributable to certificate holders at the end of the financial year		16,004,312	3,841,632	27,894,523	4,132,622

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. 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 Business (BNM/RH/PD 029-36) 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.

(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.

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

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

(c) Fair value of financial assets

The fair values of 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.

(d) Functional and presentation currency

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

(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.

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

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

(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.

(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 receipt of surrender and withdrawal form from certificate holders.

### 3. PERFORMANCE TABLE

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

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

### 4. INVESTMENTS

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2020 (RM)	% of net asset value
<b>HLMT i-BALANCED FUND</b>				
<u>Unquoted Islamic bonds:</u>				
Islamic bonds:				
- AMISLAMIC Bank Berhad	500,000	502,750	525,380	3.10%
- BGSM Management Sdn Bhd	300,000	302,610	303,585	1.79%
- CIMB Group Holdings Bhd	1,000,000	1,003,400	1,019,040	6.01%
- Malayan Banking Bhd	1,000,000	1,041,800	1,071,150	6.32%
- Putrajaya Bina Sdn Bhd	1,000,000	998,100	1,042,640	6.15%
- RHB Islamic Bank Berhad	2,500,000	2,500,000	2,588,000	15.27%
- Sarawak Hidro Sdn Bhd	1,000,000	990,200	1,064,500	6.28%
Total unquoted Islamic bonds	7,300,000	7,338,860	7,614,295	44.92%
<u>Islamic Equity securities quoted in Malaysia:</u>				
Construction:				
- AME Elite Consortium Bhd	50,000	86,754	87,500	0.52%
- Gabungan AQRS Bhd	122,000	160,169	103,700	0.61%
- IJM Corporation Bhd	84,000	203,425	152,040	0.90%
- Malaysia Resources Corporation Bhd	51,000	39,815	23,970	0.14%
	307,000	490,163	367,210	2.17%
Consumer Products:				
- Duopharma Biotech Bhd	88,580	119,833	143,500	0.85%
- PPB Group Bhd	5,000	89,257	88,900	0.52%
- QL Resources Bhd	8,000	62,308	76,800	0.45%
	101,580	271,398	309,200	1.82%
Finance:				
- BIMB Holdings Bhd	70,100	287,295	239,742	1.41%

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

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2020 (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:				
- ATA IMS Berhad	147,000	216,419	183,750	1.08%
- Cahaya Mata Sarawak Bhd	55,000	106,510	85,800	0.51%
- DRB-Hicom Bhd	50,000	125,188	85,500	0.50%
- Petronas Chemical Group Bhd	54,000	340,111	334,800	1.97%
- Sarawak Consolidated Industries Bhd	35,000	63,700	74,550	0.44%
- Scientex Incorporated Bhd	18,000	149,591	160,200	0.95%
- Thong Guan Industries Bhd	42,000	162,152	160,020	0.94%
- Top Glove Corporation Bhd	26,000	237,699	418,600	2.47%
- UEM Edgenta Bhd	76,000	184,255	147,440	0.87%
	503,000	1,585,625	1,650,660	9.73%
Infrastructure:				
- DIGI.com Bhd	50,000	243,754	215,500	1.27%
- TIME Dotcom Bhd	14,000	124,037	152,320	0.90%
	64,000	367,791	367,820	2.17%
Plantation:				
- Sime Darby Plantation Bhd	60,000	299,682	295,200	1.74%
Properties:				
- Sime Darby Property Bhd	126,000	103,563	85,680	0.51%
- SP Setia Bhd	83,414	200,200	70,485	0.42%
- SP Setia Bhd - RCPS-I	67,143	71,570	52,372	0.31%
- SP Setia Bhd - RCPS-I B 29.12.2022	13,062	11,495	9,078	0.05%
- Sunway Bhd	110,724	169,593	151,692	0.89%
	400,343	556,421	369,307	2.18%
REITS:				
- AXIS Real Estate Investment Trust	95,053	170,315	195,809	1.16%
- KLCC Property Holdings Bhd	29,000	223,725	230,840	1.36%
	124,053	394,040	426,649	2.52%



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

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2020 (RM)	% of net asset value
<b>HLMT i-BALANCED FUND (CONT'D)</b>				
<u>Islamic equity securities quoted in Malaysia: (cont'd)</u>				
Technology:				
- Dufu Technology Corp Bhd	32,000	103,166	155,200	0.92%
- Globetronics Technology Bhd	111,000	207,385	237,540	1.40%
- Inari Amertron Bhd	144,000	194,504	243,360	1.44%
- UWC Bhd	22,000	81,608	80,740	0.48%
	309,000	586,663	716,840	4.24%
Trading/Services:				
- Axiata Group Bhd	67,405	303,693	239,288	1.41%
- Bermaz Auto Bhd	109,600	224,844	162,208	0.96%
- Dialog Group Bhd	47,576	79,291	171,749	1.01%
- IHH Healthcare Bhd	54,000	310,693	297,000	1.75%
- Petronas Dagangan Bhd	11,000	254,322	226,600	1.34%
- Sime Darby Bhd	109,459	248,024	235,337	1.39%
- Tenaga Nasional Bhd	50,000	636,382	581,000	3.43%
- Telekom Malaysia Bhd	37,000	139,478	153,550	0.91%
- Westports Holdings Bhd	20,000	67,604	76,000	0.45%
- Yinson Holdings Bhd	14,200	70,261	83,780	0.49%
	520,240	2,334,592	2,226,512	13.14%
Utilities:				
- Mega First Corporation Bhd	13,000	52,723	81,640	0.48%
Total equity securities quoted in Malaysia	2,472,316	7,226,393	7,050,780	41.60%
Grand total	9,772,316	14,565,253	14,665,075	86.52%

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

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2020 (RM)	% of net asset value
<b>HLMT i-INCOME FUND</b>				
<u>Unquoted Islamic bonds:</u>				
Government Investment Issues & Cagamas:				
- Malaysia Investment Issue	500,000	497,785	570,635	12.42%
- Projek Lebuhraya Usahasama Bhd	500,000	490,750	570,210	12.41%
	1,000,000	988,535	1,140,845	24.83%
Islamic bonds:				
- AMISLAMIC Bank Bhd	500,000	502,750	525,380	11.44%
- BGSM Management Sdn Bhd	200,000	201,740	202,390	4.41%
- Malayan Banking Bhd	500,000	500,000	535,575	11.66%
- Malaysia Airports Holdings	400,000	400,000	426,984	9.30%
- Pengurusan Air SPV Bhd	400,000	400,000	401,892	8.75%
- Putrajaya Bina Sdn Bhd	300,000	299,430	312,792	6.81%
- RHB Islamic Bhd	600,000	621,000	621,120	13.52%
	2,900,000	2,924,920	3,026,133	65.89%
<b>Grand total</b>	<b>3,900,000</b>	<b>3,913,455</b>	<b>4,166,978</b>	<b>90.72%</b>

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

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2020 (RM)	% of net asset value
<b>HLMT i-EQUITY FUND</b>				
<u>Islamic equity securities quoted in Malaysia:</u>				
Construction:				
- AME Elite Consortium Bhd	167,000	290,101	292,250	1.01%
- Gabungan AQRS Bhd	430,000	567,241	365,500	1.26%
- IJM Corporation Bhd	286,000	690,689	517,660	1.79%
- Malaysia Resources Corporation Bhd	321,000	298,331	150,870	0.52%
	1,204,000	1,846,362	1,326,280	4.58%
Consumer Products:				
- Duopharma Biotech Bhd	296,161	400,052	479,781	1.66%
- PPB Group Bhd	16,000	285,537	284,480	0.98%
- QL Resources Bhd	29,000	225,823	278,400	0.96%
	341,161	911,412	1,042,661	3.60%
Finance:				
- BIMB Holdings Berhad	238,300	966,207	814,986	2.82%
Industrial Products:				
- ATA IMS Berhad	515,000	736,993	643,750	2.23%
- Cahaya Mata Sarawak Bhd	188,000	459,145	293,280	1.01%
- Petronas Chemical Group Bhd	181,100	1,176,958	1,122,820	3.88%
- Sarawak Consolidated Industries Bhd	125,000	227,500	266,250	0.92%
- Scientex Incorporated Bhd	66,800	556,143	594,520	2.06%
- Thong Guan Industries Bhd	151,000	581,399	575,310	1.99%
- Top Glove Corporation Bhd	93,000	889,104	1,497,300	5.18%
- UEM EDGENTA BERHAD	266,100	640,552	516,234	1.78%
	1,586,000	5,267,794	5,509,464	19.05%
Infrastructure:				
- DIGI.com Bhd	169,000	802,398	728,390	2.52%
- TIME Dotcom Bhd	56,000	488,294	609,280	2.11%
	225,000	1,290,692	1,337,670	4.63%
Plantation:				
- Sime Darby Plantation Bhd	196,000	981,183	964,320	3.33%

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

### 4. INVESTMENTS (CONT'D)

	Quantity (unit)	Cost (RM)	Market value as at 30.06.2020 (RM)	% of net asset value
<b>HLMT i-EQUITY FUND (CONT'D)</b>				
<u>Islamic equity securities quoted in Malaysia: (cont'd)</u>				
Properties:				
- Sime Darby Property Bhd	439,000	364,280	298,520	1.03%
- SP Setia Bhd	297,198	681,670	251,132	0.87%
- SP Setia Bhd - RCPS-I	185,720	202,244	144,862	0.50%
- SP Setia Bhd - RCPS-I B 29.12.2022	34,039	29,954	23,657	0.08%
- Sunway Bhd	392,798	594,057	538,133	1.86%
	<u>1,348,755</u>	<u>1,872,205</u>	<u>1,256,304</u>	<u>4.34%</u>
REITS:				
- AXIS Real Estate Investment Trust	322,912	565,133	665,199	2.30%
- KLCC Property Holdings Berhad	106,000	821,751	843,760	2.92%
	<u>428,912</u>	<u>1,386,884</u>	<u>1,508,959</u>	<u>5.22%</u>
Technology:				
- Dufu Technology Corp Bhd	111,000	358,103	538,350	1.86%
- Globetronics Technology Bhd	390,800	753,371	836,312	2.89%
- Inari Amertron Bhd	508,500	730,832	859,365	2.97%
- UWC Bhd	78,000	289,336	286,260	0.99%
	<u>1,088,300</u>	<u>2,131,642</u>	<u>2,520,287</u>	<u>8.71%</u>
Trading/Services:				
- Axiata Group Bhd	223,529	1,061,448	793,528	2.74%
- Bermaz Auto Bhd	389,000	812,454	575,720	1.99%
- Dialog Group Bhd	167,000	478,963	602,870	2.08%
- IHH Healthcare Bhd	188,000	1,124,712	1,034,000	3.57%
- Petronas Dagangan Bhd	37,000	864,995	762,200	2.63%
- Sime Darby Bhd	385,398	856,726	828,606	2.86%
- Tenaga Nasional Bhd	172,000	2,265,449	1,998,640	6.91%
- Telekom Malaysia Bhd	132,000	497,940	547,800	1.89%
- Westports Holdings Bhd	71,000	255,267	269,800	0.93%
- Yinson Holdings Bhd	46,000	188,375	271,400	0.94%
	<u>1,810,927</u>	<u>8,406,329</u>	<u>7,684,564</u>	<u>26.54%</u>
Utilities:				
- Mega First Corporation Bhd	44,000	176,126	276,320	0.96%
<b>Grand total</b>	<u>8,511,355</u>	<u>25,236,836</u>	<u>24,241,815</u>	<u>83.78%</u>
<b>MY STEADY 10 PLAN</b>				
<u>Structured Investment:</u>				
- Standard Chartered Saadiq	3,114,000	3,114,000	4,466,139	104.41%

## 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 17 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 Business issued by Bank Negara Malaysia.

On behalf of the Manager,

**Mohd Asri Omar**  
Chief Executive Officer

Petaling Jaya  
17 September 2020

## 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

(thereinafter 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 2019, 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 17 to 34.

In our opinion, the accompanying financial information of the Funds for the financial year ended 30 June 2019 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 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 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  
17 September 2020

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

Level 5, Tower B, PJ City Development,  
No. 15A, Jalan 219, Seksyen 51A,  
46100 Petaling Jaya, Selangor  
Tel : 03-7650 1800  
Fax : 03-7620 6730

**[www.hlmtakaful.com.my](http://www.hlmtakaful.com.my)**