

INVESTMENT-LINKED FUNDS FUND PERFORMANCE REPORT

for the financial year ended 30 June 2014



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CHIEF EXECUTIVE OFFICER'S MESSAGE

السلام عليكم ورحمه الله وبركاته

Dear Valued Certificate holders,

We are pleased to present to you Hong Leong MSIG Takaful Berhad ("HLM Takaful") fund performance report for the financial year ended 30 June 2014. We hope you find this report informative and helpful to assist you in your investment decisions to suit your financial goals in the future.

Malaysian market has been relatively volatile during the financial year. The year started with a negative sentiment when Fitch Rating Agency revised its outlook on Malaysia from "stable" to "negative". This was followed by the disappointing growth of 2Q GDP of only 4.3% year-on-year, which prompted Bank Negara to revise the full year GDP projection from 5-6% to 4.5 to 5%. The sentiment recovered by the end 2013, after the tabling of Budget 2014 which helped to ease the fears of the imbalances in the Malaysian economy. Though 2014 started with a negative note, the strong GDP in first quarter of the year of 6.2% has attracted the foreign investors to the Malaysian market. KLCI index was closed at 1,882.71 points, improved 6.1% from a year ago while FBMEmas Index rose 8.9%.

Despite the volatility during the year, we are delighted to share with you that for the financial year ended 30 June 2014, all of our Investment Linked Funds, namely HLMT i-Income Fund, HLMT i-Balanced Fund, HLMT i-Equity Fund and MY Steady 10 Plan, have registered a growth in the net asset value per unit. HLMT i-Equity Fund delivered the highest growth of 8.09%, outperforming the benchmark of 7.24%. You may find the detailed report in the investment review section in page 3 to 13.

Moving forward, we will remain committed to work towards improving your life by meeting your protection and investment needs. The financial year 2014/2015 will be an exciting period for HLM Takaful as we implement various initiatives and strategies in our effort to expand our business. On behalf of HLM Takaful, I thank you for choosing HLM Takaful as your preferred Takaful provider. We are proud to have you as our customers and will continue to improve our service and we look forward to building greater success together.

Wan Mohd Fadzlullah bin Wan Abdullah

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 securities.

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

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

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

INVESTMENT REVIEW

HLMT i-BALANCED FUND

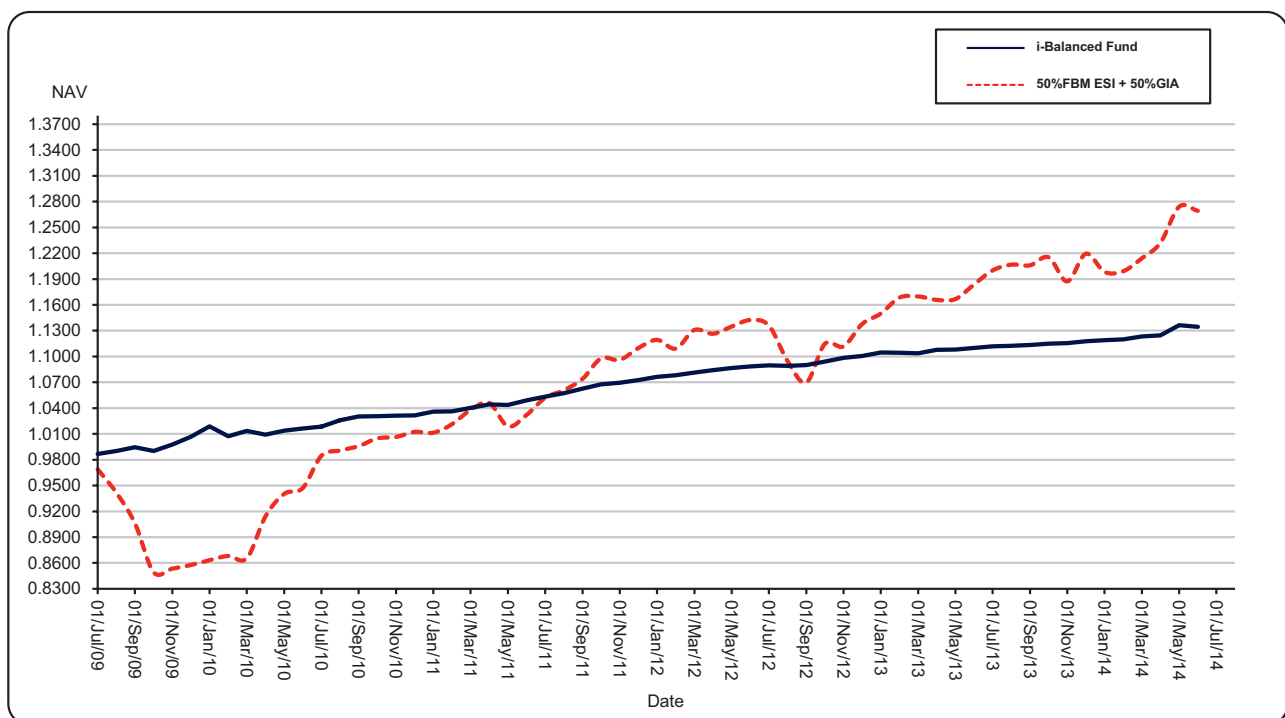
For the financial period under review, the Fund achieved a return of 2.51%, lower than benchmark return of 6.03%. This was due to the conservative investment approach taken considering the fund size is still relatively small. As at end of the financial year, 16.93% of the net asset value was invested in Low Risk Assets, 47.34% in Islamic PDS and 20.86% in Shariah compliant equities.

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

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

As at 30 June 2014

Price Movement, Calculation Indexed



INVESTMENT REVIEW

HLMT i-BALANCED FUND (CONTINUED)

Performance of the fund					
	2014	2013	2012	2011	2010
Total NAV (RM)	5,886,028	5,654,806	5,901,259	4,122,989	4,139,174
Number of units	4,820,202	4,802,939	5,174,837	3,667,155	3,860,240
NAV per unit (RM)	1.2211	1.1774	1.1404	1.1243	1.0723
Highest NAV per unit during financial year (RM)	1.1923	1.1795	1.1459	1.1243	1.0723
Lowest NAV per unit during financial year (RM)	1.1557	1.1414	1.1258	1.0488	1.0145
Total annual return of the fund					
- Capital growth	2.51%	2.20%	1.98%	3.78%	3.21%
- Income distribution	-	-	-	-	-
Average annual return - Fund					
- 1 year	2.51%	2.20%	1.98%	3.78%	3.21%
- 3 years	2.23%	2.65%	2.99%	3.01%	1.69%
- 5 years	3.50%	3.74%	3.68%	n/a	n/a
Average annual return - Benchmark (50%FBM ESI+50%GIA)					
- 1 year	6.03%	7.23%	3.62%	9.82%	2.99%
- 3 years	5.61%	7.14%	7.71%	3.53%	1.60%
- 5 years	9.25%	10.25%	6.02%	n/a	n/a

Portfolio composition by category of investment					
	Weighting %				
	2014	2013	2012	2011	2010
Equity securities quoted in Malaysia	20.99	4.33	3.99	4.80	3.52
Unquoted Islamic debt securities	64.68	58.46	62.93	70.10	70.80
Deposits with financial institutions	14.33	37.21	33.08	25.10	25.68
	100.00	100.00	100.00	100.00	100.00

Equities and unit trusts composition by sector					
	Weighting %				
	2014	2013	2012	2011	2010
Trading / Services	44.50	69.19	49.42	51.77	36.61
Industrial Products	17.31	4.26	7.54	10.88	20.99
Plantation	3.96	-	-	-	-
Construction	19.06	-	-	-	-
Properties	15.17	26.55	43.04	37.35	42.40
	100.00	100.00	100.00	100.00	100.00

Unquoted Islamic debt securities composition by sector					
	Weighting %				
	2014	2013	2012	2011	2010
Government	-	15.16	44.08	40.74	40.95
Government Agency	-	-	12.82	-	-
Consumer Products	-	-	-	20.10	20.38
Financial	92.16	75.74	43.10	39.16	38.67
Construction	7.84	9.10	-	-	-
	100.00	100.00	100.00	100.00	100.00

INVESTMENT REVIEW

HLMT i-INCOME FUND

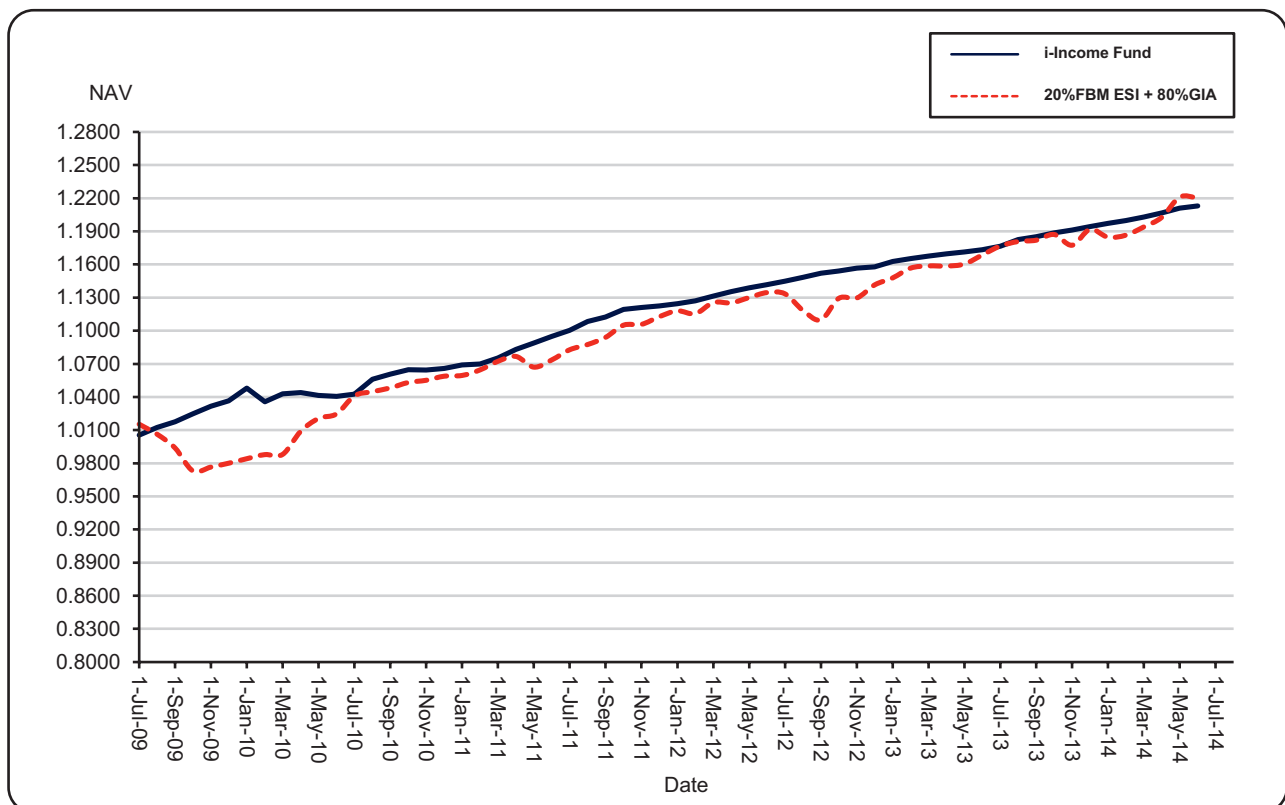
For the financial period under review, the Fund achieved a return of 1.59%, lower than the benchmark return of 4.13%. This was due to the conservative investment approach taken considering the fund size is still relatively small. As at end of the financial year, the fund was fully invested in Islamic PDS.

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

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

As at 30 June 2014

Price Movement, Calculation Indexed



INVESTMENT REVIEW

HLMT i-INCOME FUND (CONTINUED)

Performance of the fund					
	2014	2013	2012	2011	2010
Total NAV (RM)	2,958,923	2,959,334	2,941,932	2,727,771	2,626,926
Number of units	2,273,146	2,335,896	2,419,754	2,308,030	2,338,238
NAV per unit (RM)	1.3017	1.2669	1.2158	1.1819	1.1235
Highest NAV per unit during financial year (RM)	2.5717	1.2826	1.2171	1.1819	1.1235
Lowest NAV per unit during financial year (RM)	1.2465	1.2208	1.1861	1.0949	1.0394
Total annual return of the fund					
- Capital growth	1.59%	3.38%	2.78%	4.27%	5.22%
- Income distribution	-	-	-	-	-
Average annual return - Fund					
- 1 year	1.59%	3.38%	2.78%	4.27%	5.22%
- 3 years	2.58%	3.47%	4.09%	4.26%	3.04%
- 5 years	4.02%	5.24%	5.22%	n/a	n/a
Average annual return - Benchmark (20%FBM ESI+80%GIA)					
- 1 year	4.13%	4.43%	3.01%	3.90%	4.77%
- 3 years	3.85%	4.37%	4.48%	1.43%	3.07%
- 5 years	5.79%	6.00%	4.53%	n/a	n/a

Portfolio composition by category of investment					
	Weighting %				
	2014	2013	2012	2011	2010
Unquoted Islamic debt securities	100.00	85.05	72.18	90.24	90.17
Deposits with financial institutions	-	14.95	27.82	9.76	9.83
	100.00	100.00	100.00	100.00	100.00

Unquoted Islamic debt securities composition by sector					
	Weighting %				
	2014	2013	2012	2011	2010
Government	-	-	25.73	21.01	20.85
Government Agency	16.93	-	4.91	-	-
Telecommunication	9.02	36.25	49.48	41.73	41.66
Trading & Services	-	-	-	-	-
Infrastructure	-	21.65	-	-	-
Consumer Products	-	-	-	20.58	20.75
Financial	74.05	42.10	19.88	16.68	16.74
	100.00	100.00	100.00	100.00	100.00

INVESTMENT REVIEW

MY STEADY 10 PLAN

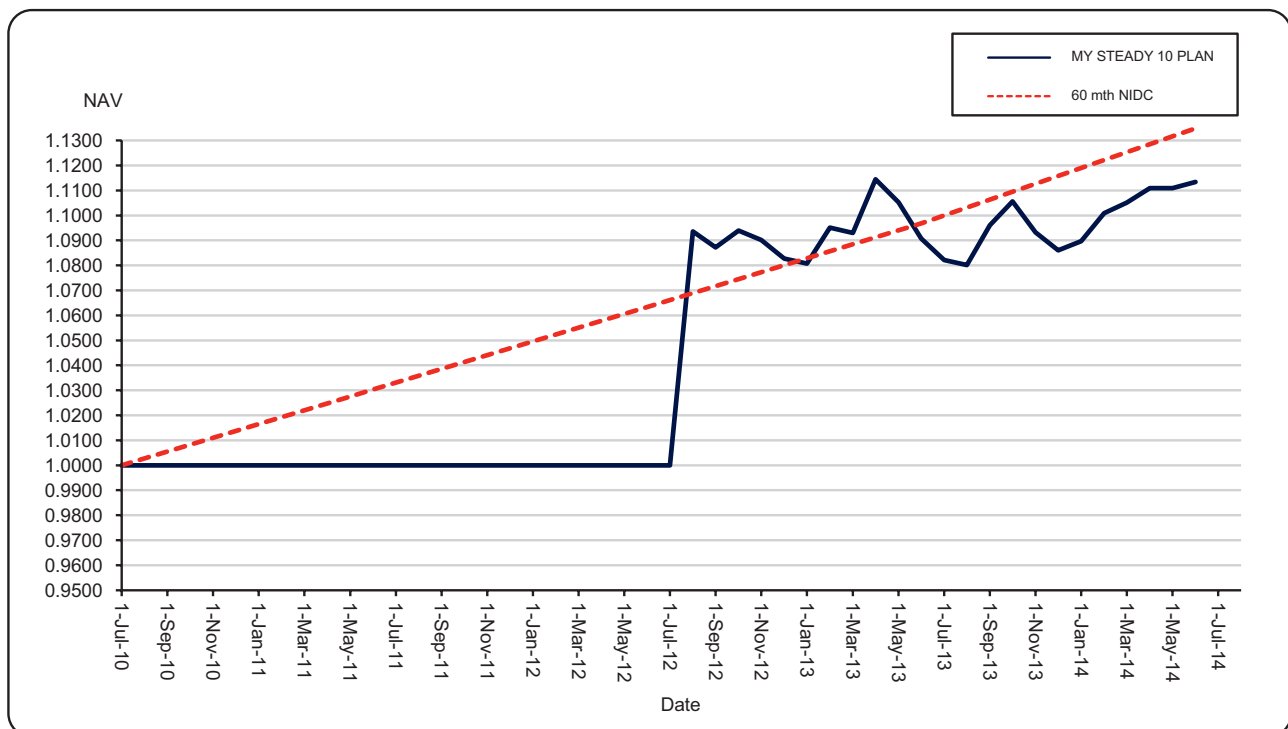
My Steady 10 Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and is principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

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

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

As at 30 June 2014

Price Movement, Calculation Indexed



INVESTMENT REVIEW

MY STEADY 10 PLAN (CONTINUED)

Performance of the fund				
	2014	2013	2012	2011 11 months
Total NAV (RM)	3,607,499	3,553,868	3,643,228	3,520,910
Number of units	3,220,960	3,240,600	3,338,800	3,509,668
NAV per unit (RM)	1.1200	1.0967	1.0912	1.0032
Highest NAV per unit during financial year (RM)	1.1210	1.1390	1.0912	1.0032
Lowest NAV per unit during financial year (RM)	1.0858	1.0864	1.0032	1.0000
Total annual return of the fund				
- Capital growth	2.07%	9.08%	0.00%	0.30%
- Income distribution	-	-	-	-
Average annual return - Fund				
- 1 year	2.07%	9.08%	0.00%	0.30%
- 3 years	3.65%	n/a	n/a	n/a
- 5 years	n/a	n/a	n/a	n/a
Average annual return - Benchmark (20%FBM ESI+80%GIA)				
- 1 year	3.46%	3.15%	3.20%	2.78%
- 3 years	3.27%	n/a	n/a	n/a
- 5 years	n/a	n/a	n/a	n/a

Portfolio composition by category of investment				
	Weighting %			
	2014	2013	2012	2011
Structured investment	100.00	100.00	100.00	100.00
	100.00	100.00	100.00	100.00

INVESTMENT REVIEW

HLMT i-EQUITY FUND

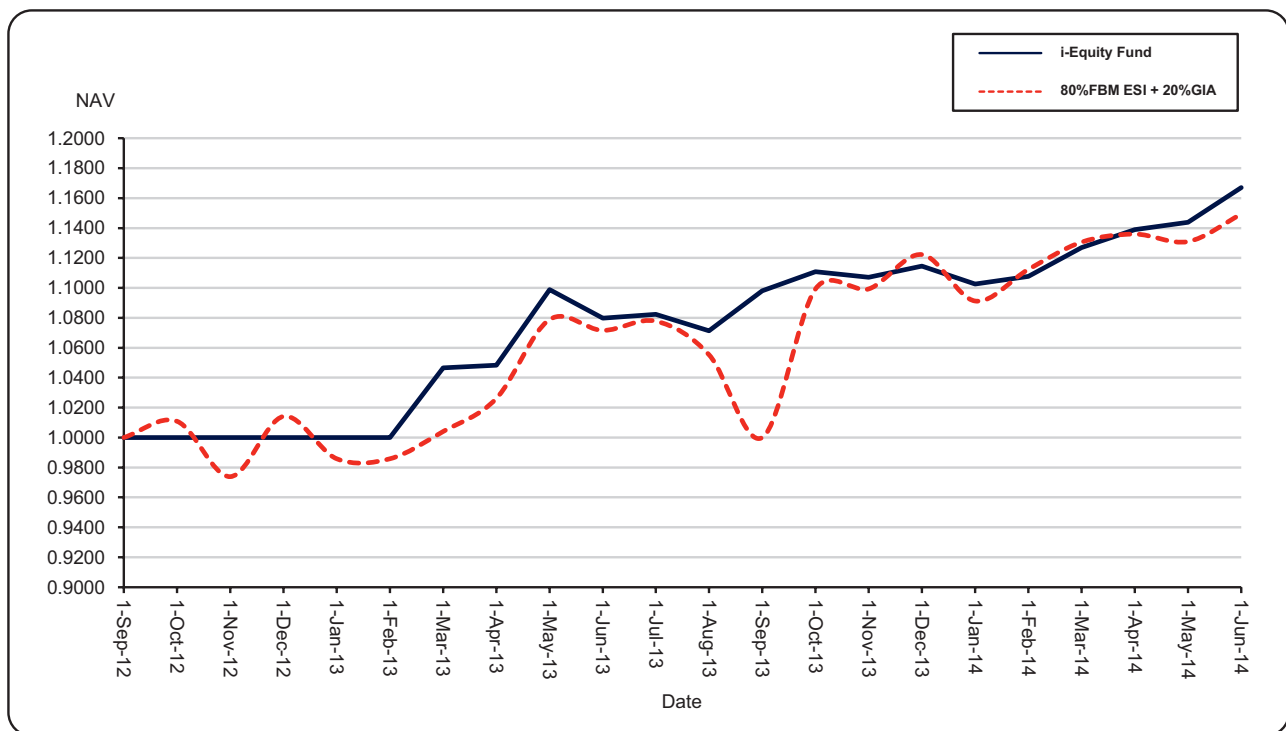
For the financial period under review, the Fund managed to achieve a return of 8.09%. As at end of the financial year 58.15% of the net asset value was invested in Syariah compliant equities.

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

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

As at 30 June 2014

Price Movement, Calculation Indexed



INVESTMENT REVIEW

HLMT i-EQUITY FUND (CONTINUED)

Performance of the fund		
	2014	2013 10 months
Total NAV (RM)	1,934,272	1,303,459
Number of units	1,638,151	1,205,476
NAV per unit (RM)	1.1808	1.0813
Highest NAV per unit during financial year (RM)	1.1232	1.0813
Lowest NAV per unit during financial year (RM)	1.0156	1.0004
Total 10 months return of the fund		
- Capital growth	8.09%	7.97%
- Income distribution		-
Average annual return - Fund		
- 1 year/10 months	8.09%	7.97%
- 3 years	n/a	n/a
- 5 years	n/a	n/a
Average annual return - Benchmark (80% FBM ESI+20%GIA)		
- 1 year/10 months	7.24%	7.16%
- 3 years	n/a	n/a
- 5 years	n/a	n/a

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

Equities and unit trusts composition by sector		
	Weighting %	
	2014	2013
Trading / Services	65.42	82.35
Properties	10.84	-
Construction	8.37	-
Infrastructure	5.09	6.09
Plantation	10.28	11.56
	100.00	100.00

INVESTMENT REVIEW

Equities Market

FBM Shariah Index (1 July 2013 – 30 June 2014)



Source: Bloomberg

For the period under review, global equity market direction was dictated by comments from the US Federal Reserve (Fed) over interest rate direction and tapering of the bond repurchase program. Markets were also subject to volatility as macroeconomic data suggested that there were some key emerging economies which were previously economic bright spots like China and India, which were facing weak deteriorating fundamentals, impacting global economic growth.

On the domestic front, Malaysia started the period under review on a lackluster mode after Bank Negara Malaysia (BNM) introduced stricter lending regulations to curb rising household debt which had risen to 83% of GDP. Negative sentiment was then exacerbated when Fitch Ratings Agency revised its outlook on Malaysia from “stable” to “negative”. The surprise downgrade was perceived negatively by markets as it could have potentially raised the country’s borrowing costs and result in a reversal of fund flows. 2Q GDP growth was also disappointing at 4.3% yoy, prompting BNM to revise downwards its GDP projection for the full year from 5-6% to 4.5-5%. However, by the end of September 2013 despite geopolitical concerns on Syria, sentiment recovered following the release of encouraging economic data from China, Japan and the Eurozone area.

Investor sentiment became even more upbeat towards the end of 2013 as the KLCI had an excellent run in the period leading up to the UMNO general elections and Budget 2014. In particular, the tabling of Budget 2014 helped assuage some of the initial fears of imbalances in the Malaysian economy namely the budget deficit and narrowing current account concerns with the announcement of Government Sales Tax (GST) implementation by May 2015. Subsidy rationalization measures were also tabled that further proved the Government’s mettle to rein in fiscal spending. As such, the KLCI started to scale new time all- highs which was also due to interest on the local bourse as we saw the successful listing of 2 quality large corporates namely UMW Oil & Gas and Westports

INVESTMENT REVIEW (CONTINUED)

Equities Market (Continued)

However, 2014 started on a negative note with the market reversing all the gains achieved in December as markets were spooked by news of the unwinding of Quantitative Easing (QE), China's inter-bank volatility and shadow banking problems, hasty interest-rate increases in major developing countries including Turkey, India and South Africa as well as heightening tensions in Ukraine.

Sentiment on the local bourse then reversed and rallied strongly when 1Q14 GDP numbers came in strongly at +6.2% yoy, surpassing consensus' expectations on the back of robust exports and consumer spending. This attracted foreign investors to return to the Malaysian market, pushing the index to another new all-time high of 1892.33 points on 24 June. Helping markets along were comments by the European Central Bank that they would pursue a very accommodative monetary policy, a stance that was also adopted by the Bank of Japan, suggesting that the period of buoyant liquidity is set to continue even despite the Fed tightening.

As for regional markets, the Asean bourses had a relative volatile performance with Indonesia and Thailand only up by 1.24% and 2.33% respectively for the period under review. Both markets were weighed down by political concerns with Thailand facing political stalemate while Jakarta had tightly contested Presidential elections which led to a political vacuum for the 1st half of 2014. For the markets that the funds participated in, Hong Kong was the best performer, rising 11.48%. This was on the back of stronger performance from internet stocks and China related property names as the new Chinese President, Xi Jinping ushered in a series of reforms to change the economy from an investment to consumption led one.

For the financial period ended June 2014, the FBM KLCI ended higher at 1,882.71 points, gaining 6.1% from a year ago while the FBMEmas Index rose 8.9% to close at 13,387.3 points.

Fixed Income Market

The financial year under review was an eventful year for the fixed income market starting on a bearish tone with the Malaysian government bond (MGS) yields surging along with the rest of the world. This was mainly due to expectations of a scaling back of the QE asset purchase program by the Fed. With this, the market was predicting capital flight from emerging markets given the cause-and-effect dynamic of quantitative easing. Consequently, selling pressure surfaced, causing the credit spread to widen and market liquidity to diminish.

As such, foreign players were the heavy sellers with highest volume recorded in July 2013 at RM12.3 billion. This later reversed in October 2013 after the Fed delayed the implementation of bond tapering to ensure that growth was sustained after 3 months of growth decline which was compounded by a slowdown in the US housing market. As a result, Malaysian bonds found favour again as the positive carry against US rates looked set to continue for the moment. With that, the Ringgit surged to a 1- year high of RM3.12 against the US dollar due to the strong inflow of foreign buying.

Towards the end of 2013, both government and corporate bond yields were seen rising again following the US debt ceiling crisis and also in anticipation of the bond tapering announcement by the Fed. When the Fed finally announced at the December 2013 Federal Open Market Committee (FOMC) meeting that it will skim USD10 billion off the pre-existing monthly bond purchase beginning January and reiterated that interest rates would remain low for a considerable while, the selling pressure in the bond market eased.

INVESTMENT REVIEW (CONTINUED)

Fixed Income Market (Continued)

However, selling resurfaced in March, triggered by the release of a higher than expected inflation figure for Malaysia, suggesting that BNM would raise rates sooner. The sell-off focused mainly on short to mid tenure bonds before it stabilized in April although the respite was brief. Selling pressure started to pick up again in May and June, following the hawkish statement by BNM and on expectations of an imminent rate hike which was expected to take place as early as July 2014. This resulted in the yield of 3 and 5 years MGS spiking up by 16 and 11 basis points.

Nevertheless, foreign holdings in Malaysian government bonds continued to remain high throughout the second half of the financial year, consistently above 44%. As for the private debt market (PDS), the credit spread tightened in the first half of the financial year but widened extensively in the second half. Generally the rise in the PDS yields were led by medium to longer tenure papers across the AAA and AA spectrum.

INVESTMENT OUTLOOK

Going forward, the Malaysian equity market is likely to be dictated by the strength of the global economy, changes in expectations on the timing and speed of the US rate-hike cycle and on the local front, corporate earnings growth. As the country moves into the fourth year of implementation of the various economic programs, investment growth will likely remain relatively robust. This is because these sizeable infrastructure projects have long-gestation periods.

However, domestic spending will be put to the test in 2015 on the back of ongoing subsidy rationalisation, implementation of the 6% GST in April 2015 and the potential of further tightening measures to slow the growth of household debt. On the other hand, the high savings rate, rising consumerism given the young population demographics and favourable labour market conditions should provide some resilience in consumer spending. The sustained recovery of exports against an improving global economic backdrop will also compensate for any moderation in domestic demand growth.

Despite the low volatility and sustained global liquidity, further re-rating in the KLCI may be capped by fairly expensive market valuations at 16x price earnings ratio for FY15 and lackluster corporate earnings growth momentum. Nonetheless, continued fund outperformance can be achieved by diligent analysis as there remains certain companies that will show strong exponential growth and still trading at reasonable valuations. We continue to favour selected oil & gas stocks as news flow will remain positive and as well as big cap laggards which offer attractive dividend yields.

As for the fixed income market, focus still hinges on the direction of US interest rates. Muted inflation over the past few months, the under supply of US Treasuries and the recent 'forward guidance' from Fed chief, Janet Yellen have helped to keep US Treasury yields low. However, the US Treasury yield curve is expected to gradually steepen by 2015 with more net selling on the longer tenure papers when US economic activities and global market volatility start to pick up. This will also coincide with when the Fed is expected to raise rates as currently they are maintaining an accommodative monetary policy to ensure that growth is sustainable.

Conversely, bond yields in Asia are expected to further compress especially on the longer end of the yield curve, primarily driven by low volatility and yield hunting since the market appears to be accustomed to the bond tapering and normalization of yields in relation to inflation levels.

As for Malaysia, concerns over the continued build-up in financial imbalances has resulted in the market expecting a potential rate hike of another 25-50 basis points by BNM in the next few quarters. Amidst the rate hike speculation, foreign shareholding in MGS has also been increasing due to a positive Ringgit outlook.

In terms of strategy as we move into 2015, bond yields are expected to be very volatile as it is subject to local and global economic fundamentals which are dynamic and very dependent on the statements from the various central banks. Also for the first time since the financial crisis of 2009, there appears to be divergent monetary policies between the major central banks. However, ample liquidity in the financial system will help moderate the effect as there is still demand for bonds from the various local funds. We will continue to adopt a "dollar cost averaging" strategy by selectively participating in primary issuances while selectively buying in the secondary market when there is any sell down.

FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2014

	Note	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
ASSETS					
Investments:					
Equity securities quoted in Malaysia	3	1,227,434	-	-	1,124,972
Unquoted Islamic debt securities	3	3,782,727	2,961,421	-	-
Structured investments		-	-	4,023,653	-
Deposits with financial institutions		838,000	-	-	692,000
Total investments		5,848,161	2,961,421	4,023,653	1,816,972
Other assets:					
Deferred tax assets		-	800	-	-
Investment receivables		19,285	17,995	-	2,054
Other receivables		-	-	-	82,525
Cash and cash equivalents		244,199	183,348	-	47,953
Total other assets		263,484	202,143	-	132,532
TOTAL ASSETS		6,111,645	3,163,564	4,023,653	1,949,504

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2014 (CONTINUED)

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
LIABILITIES				
Deferred tax liabilities	9,516	-	32,772	13,507
Provision for taxation	15,391	8,000	-	1,725
Other payables	200,710	196,641	383,382	-
TOTAL LIABILITIES	225,617	204,641	416,154	15,232
NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS	5,886,028	2,958,923	3,607,499	1,934,272
REPRESENTED BY				
Value of unit	7,002,573	2,331,282	3,174,601	1,867,031
Undistributed (loss)/income carried forward	(1,116,545)	627,641	432,898	67,241
	5,886,028	2,958,923	3,607,499	1,934,272
Net asset value attributable to certificate holders per unit	1.2211	1.3017	1.1200	1.1808

The accompanying notes form an integral part of the financial statements

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2013

	Note	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
ASSETS					
Investments:					
Equity securities quoted in Malaysia	3	246,764	-	-	781,870
Unquoted Islamic debt securities	3	3,327,524	2,389,645	-	-
Structured investments		-	-	3,942,161	-
Deposits with financial institutions		2,118,000	420,000	-	351,000
Total investments		5,692,288	2,809,645	3,942,161	1,132,870
Other assets:					
Investment receivables		26,682	17,383	-	1,785
Other receivables		-	-	-	153,260
Cash and cash equivalents		170,259	157,293	-	22,649
Total other assets		196,941	174,676	-	177,694
TOTAL ASSETS		5,889,229	2,984,321	3,942,161	1,310,564

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2013 (CONTINUED)

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
LIABILITIES				
Amount due to the Manager	4,855	1,785	-	-
Deferred tax liabilities	8,122	1,817	26,253	4,505
Provision for taxation	9,991	7,000	-	2,600
Other payables	211,455	14,385	362,040	-
TOTAL LIABILITIES	234,423	24,987	388,293	7,105
NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS	5,654,806	2,959,334	3,553,868	1,303,459
REPRESENTED BY				
Value of unit	6,305,563	2,392,354	3,195,943	1,242,280
Undistributed (loss)/income carried forward	(650,757)	566,980	357,925	61,179
	5,654,806	2,959,334	3,553,868	1,303,459
Net asset value attributable to certificate holders per unit	1.1774	1.2669	1.0967	1.0813

The accompanying notes form an integral part of the financial statements

STATEMENT OF INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Investment income:				
Investment profits	201,607	121,772	-	43,685
Net realised gain on sale of investments	3,555	-	-	-
Unrealised capital gain on investments	17,422	-	81,492	112,524
Other income	-	2,618	-	-
Total income	222,584	124,390	81,492	156,209
Net realised loss on sale of investments	-	(10,552)	-	-
Unrealised capital loss on investments	-	(32,721)	-	-
Investment management fees	(674,571)	(11,980)	-	(134,807)
Other outgo	(281)	(107)	-	(5,125)
Total outgo	(674,852)	(55,360)	-	(139,932)
Excess of (outgo over income)/income over outgo before taxation	(452,268)	69,030	81,492	16,277
Tax expense	(13,520)	(8,369)	(6,519)	(10,215)
Excess of (outgo over income)/income over outgo after taxation	(465,788)	60,661	74,973	6,062
Undistributed (loss)/income brought forward	(650,757)	566,980	357,925	61,179
Undistributed (loss)/income carried forward	(1,116,545)	627,641	432,898	67,241

The accompanying notes form an integral part of the financial statements

STATEMENT OF INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Investment income:				
Investment profits	158,649	127,068	-	12,398
Dividend income	3,330	-	-	12,920
Net realised gain on sale of investments	945	-	-	11,717
Unrealised capital gain on investments	47,948	28,626	19,301	56,313
Total income	210,872	155,694	19,301	93,348
Net realised loss on sale of investments	(14,000)	(18,366)	-	-
Investment management fees	(715,906)	(11,182)	-	(23,530)
Share of investment profits with the Manager	(14,891)	(10,870)	-	-
Unrealised loss on foreign exchange	-	-	-	-
Other outgo	(7,590)	(35)	-	(1,134)
Total outgo	(752,387)	(40,453)	-	(24,664)
Excess of (outgo over income)/income over outgo before taxation	(541,515)	115,241	19,301	68,684
Tax expense	(13,994)	(9,214)	(1,544)	(7,505)
Excess of (outgo over income)/income over outgo after taxation	(555,509)	106,027	17,757	61,179
Undistributed (loss)/income brought forward	(95,248)	460,953	340,168	-
Undistributed (loss)/income carried forward	(650,757)	566,980	357,925	61,179

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 2014

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Net asset value attributable to certificate holders at the beginning of the financial year	5,654,806	2,959,334	3,553,868	1,303,459
Amount received from certificate holders for the creation of units	1,045,315	(226,267)	-	740,860
Amount paid to certificate holders for cancellation of units	(348,305)	165,195	(21,342)	(116,109)
Net realised (loss)/gain, net of tax	6,351,816 (481,816)	2,898,262 90,765	3,532,526 -	1,928,210 (97,460)
Net unrealised gain/(loss), net of tax	16,028	(30,104)	74,973	103,522
Net asset value attributable to certificate holders at end of financial year/period	5,886,028	2,958,923	3,607,499	1,934,272

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 2013

	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/period	5,901,259	2,941,932	3,643,228	-
Amount received from certificate holders for the creation of units	1,870,736	303,990	-	1,242,373
Amount paid to certificate holders for cancellation of units	(1,561,680)	(392,615)	(107,117)	(93)
	6,210,315	2,853,307	3,536,111	1,242,280
Net realised (loss)/gain, net of tax	(599,621)	79,691	-	9,371
Net unrealised gain, net of tax	44,112	26,336	17,757	51,808
Net asset value attributable to certificate holders at end of financial year/period	5,654,806	2,959,334	3,553,868	1,303,459

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fair value through profit or loss financial assets

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

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

(c) Fair value of financial assets

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

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

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

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

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Statements of Income and Expenditure.

(i) Net creation of units

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

(j) Net cancellation of units

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

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. INVESTMENTS

	Quantity (unit)	Cost (RM)	Market Value As at 30.06.2014 (RM)	% of net asset value
HLMT i-BALANCED FUND				
<u>Unquoted Islamic debt securities</u>				
Malaysian Government Securities & Cagamas:				
- Cagamas MBS Berhad	1,000,000	922,700	996,360	16.93
Islamic private debt securities				
- BGSM Management Sdn Bhd	500,000	503,870	503,086	8.55
- CIMB Islamic Bank Berhad	500,000	500,000	495,770	8.42
- Gamuda Berhad	300,000	300,930	296,646	5.04
- Hong Leong Islamic Bank	500,000	500,025	500,045	8.50
- Imtiaz Sukuk Berhad	1,000,000	1,000,000	990,820	16.83
	2,800,000	2,804,825	2,786,367	47.34
Total unquoted Islamic debt securities	3,800,000	3,727,525	3,782,727	64.27
<u>Equity securities quoted in Malaysia:</u>				
Trading/Services:				
- Alam Maritim Resources Bhd	80,000	120,693	125,600	2.13
- Dialog Group Bhd	28,560	34,927	108,242	1.84
- Media Chinese International	31,900	34,895	30,624	0.52
- Pharmaniaga Bhd	31,000	135,139	142,910	2.43
- Westports Holdings Bhd	50,000	126,250	134,500	2.29
- Hubline Bhd	75,000	26,577	3,750	0.06
- Hubline Bhd Warrants	25,000	-	500	0.01
	321,460	478,481	546,126	9.28
Industrial products:				
- CB Industrial Product Holding Quoted	20,000	93,480	87,600	1.49
- DRB-HICOM BHD	50,000	125,188	110,500	1.88
- Hiap Teck Venture Bhd	20,000	34,927	14,400	0.24
	90,000	253,595	212,500	3.61

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. INVESTMENTS (CONTINUED)

	Quantity (unit)	Cost (RM)	Market Value As at 30.06.2014 (RM)	% of net asset value
HLMT i-BALANCED FUND (CONTINUED)				
<u>Equity securities quoted in Malaysia: (continued)</u>				
Plantation:				
- Boustead Plantations Bhd	30,000	48,480	48,600	0.83
Construction:				
- Crest Builder Holdings Bhd	80,000	121,832	124,800	2.12
- UMW Holdings Bhd	10,000	108,183	109,200	1.86
	90,000	230,015	234,000	3.98
Properties:				
- Titijaya Land Berhad	50,000	75,750	122,000	2.07
- YNH Property Bhd	32,927	77,375	64,208	1.09
	82,927	153,125	186,208	3.16
Total equity securities quoted in Malaysia	614,387	1,163,695	1,227,434	20.86
Grand total	4,414,387	4,891,220	5,010,161	85.12

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. INVESTMENTS (CONTINUED)

	Quantity (unit)	Cost (RM)	Market Value As at 30.06.2014 (RM)	% of net asset value
HLMT i-INCOME FUND				
<u>Unquoted Islamic debt securities</u>				
Islamic private debt securities				
- BGSM Management Sdn Bhd	200,000	201,740	201,472	6.81
- Binariang GSM Sdn Bhd	260,930	268,184	267,109	9.03
- CIMB Islamic Bank Berhad	500,000	500,000	495,770	16.76
- Imtiaz Sukuk Berhad	500,000	500,000	495,410	16.74
- RHB Islamic Bank Berhad	500,000	500,000	500,145	16.90
- P. Tabung Pendidikan Tinggi	500,000	501,490	501,470	16.95
- Hong Leong Islamic Bank	500,000	500,025	500,045	16.90
	2,960,930	2,971,439	2,961,421	100.09
Grand total	2,960,930	2,971,439	2,961,421	100.09
MY STEADY 10 PLAN				
<u>Structured Investment</u>				
- Standard Chartered Saadiq	3,614,000	3,520,910	4,023,653	111.54

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

3. INVESTMENTS (CONTINUED)

	Quantity (unit)	Cost (RM)	Market Value As at 30.06.2014 (RM)	% of net asset value
HLMT i-EQUITY FUND				
<u>Equity securities quoted in Malaysia:</u>				
Trading/Services:				
- Alam Maritim Resources Bhd	20,000	30,519	31,400	1.62
- Media Chinese International	100,000	113,401	96,000	4.96
- Pharmaniaga Bhd	33,000	123,638	152,130	7.86
- Pos Malaysia Bhd	20,000	61,619	107,000	5.53
- Sime Darby Bhd	10,000	94,989	96,700	5.00
- Tenaga Nasional Bhd	10,000	82,557	121,800	6.30
- Telekom Malaysia Bhd	20,605	112,928	130,842	6.76
	213,605	619,651	735,872	38.03
Properties:				
- Titijaya Land Berhad	50,000	75,750	122,000	6.31
Construction:				
- Gamuda Bhd	20,000	88,734	94,200	4.87
Infrastructure:				
- Digi.Com Bhd	10,000	45,787	57,300	2.96
Plantation:				
- Boustead Plantations Bhd	20,000	32,320	32,400	1.68
- Felda Global Ventures	20,000	93,893	83,200	4.30
	40,000	126,213	115,600	5.98
Grand total	333,605	956,134	1,124,972	58.15

4. PERFORMANCE TABLE

The performance tables of the Funds are set out on pages 3 to 10 of the fund performance report.

STATEMENT BY MANAGER

INVESTMENT-LINKED FUNDS, comprising
HLMT i-Balanced Fund
HLMT i-Income Fund
My Steady 10 Plan
HLMT i-Equity Fund
(hereinafter referred to collectively as “the Funds”)

I, Wan Mohd Fadzlullah bin Wan Abdullah, 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 15 to 30 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,

Wan Mohd Fadzlullah bin Wan Abdullah
Chief Executive Officer

Petaling Jaya
26 September 2014

REPORT OF THE AUDITORS

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

We have audited the financial information of the Funds, which comprise the statements of assets and liabilities as at 30 June 2014, statements of income and expenditure, and 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 15 to 30.

Manager's Responsibility for the Financial Information

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

Auditors' Responsibility

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

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

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

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")

Opinion

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur

26 September 2014

HongLeong MSIG Takaful

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