

## HLMT i-INCOME FUND

Jan 2024

### Fund Features

#### 1. Investment Objective

The objective of HLMT i-INCOME FUND ("The Fund") is to preserve capital while achieving regular income stream through an investment portfolio containing predominantly sukuk and a small proportion in equity securities.

#### 2. Investment Strategy & Approach

Investments are on Shariah-Compliant securities that offer good medium-term earnings growth.

#### 3. Asset Allocation

The indicative asset allocation for The Fund is to invest a minimum of 80% its net asset value ("NAV") in sukuk, Islamic money market instruments and liquid assets. Generally, The Fund may invest up to a maximum of 20% of its NAV in equities.

#### 4. Target Market

This fund is suitable for investors with low to moderate risk horizon and medium to long term investment horizon.

### Fund Details

Unit Price (31/01/2024)	<b>RM 1.7916</b>
Fund Size (31/01/2024)	<b>RM 11.0 mil</b>
Fund Management Fee	<b>1.00% p.a</b>
Fund Manager	<b>Hong Leong Assurance Berhad</b>
Fund Category	<b>Sukuk</b>
Fund Inception	<b>April 2007</b>
Benchmark	<b>20% FBM Emas Shariah Index + 80% GIA</b>
Frequency of Unit Valuation	<b>Daily</b>

\*The company reserves the right to change the Fund Management Fee (% p.a.) by giving the Certificate Owner ninety (90) days prior written notice.

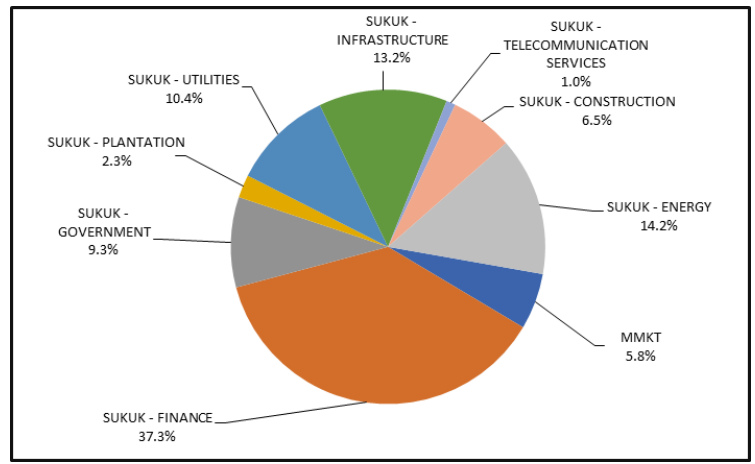
\*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website

[www.hlmtakaful.com.my/Quick-Links/Fund-Prices.asp](http://www.hlmtakaful.com.my/Quick-Links/Fund-Prices.asp)

### Asset Allocation as at 31 Jan 2024

Sukuk	94.2%
Islamic Deposit & Cash Equivalents	5.8%
<b>Total</b>	<b>100.0%</b>

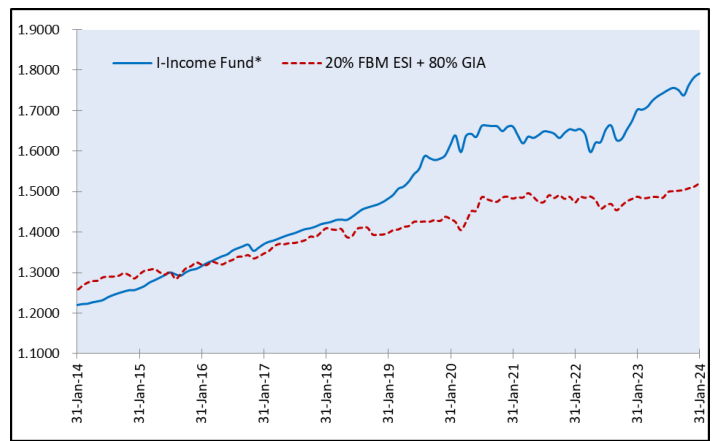
### Sector Allocation as at 31 Jan 2024



### Top 5 Sukuk Holdings as at 31 Jan 2024

1	<b>TNB Power Generation Sdn Bhd 02.06.2037</b>	<b>10.0%</b>
2	<b>Plus Berhad 12.01.2038</b>	<b>9.9%</b>
3	<b>CIMB Islamic Bank Berhad 29.11.2030</b>	<b>6.9%</b>
4	<b>Gamuda Berhad 20.06.2030</b>	<b>6.5%</b>
5	<b>RHB Islamic Bank Berhad 21.05.2029</b>	<b>5.5%</b>

### Historical Performance



i-Income	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
<b>i-Income</b>	<b>0.52%</b>	<b>0.52%</b>	<b>5.26%</b>	<b>7.90%</b>	<b>20.80%</b>	<b>79.16%</b>
<b>Benchmark*</b>	<b>0.58%</b>	<b>0.58%</b>	<b>2.26%</b>	<b>2.59%</b>	<b>8.80%</b>	<b>52.16%</b>
<b>Relative</b>	<b>-0.06%</b>	<b>-0.06%</b>	<b>3.00%</b>	<b>5.31%</b>	<b>12.00%</b>	<b>27.00%</b>

\*Source: Bloomberg

## **Market Review, Outlook & Strategy**

### **Equities Market**

During the month, global equities continued to move up for a third consecutive month as economic data in the US remained resilient as witnessed by the improvement of its composite PMI to 50.9 in Dec from 50.7 in the previous month, contributed mainly by improvements in services PMI. US Dec CPI reversed its downward trend, increasing to +3.4% yoy as compared to +3.1% yoy the previous month. Following the strong economic data, FOMC Chair Powell iterated the need for more economic data points that supports inflation being on a sustainable path towards their 2% goal, before policymakers decide to cut interest rates. On the other hand, the China equities market slumped as foreign funds continued to withdraw their investments amidst weak economic data and intensified concerns over the troubled real estate sector in China. During the month, China's State Council had called for "forceful" measures to improve the investment value of companies and facilitate the entry of medium and long-term funds into the market, sparking speculation of CNY2trn from offshore state-owned entities to support the market. Brent oil rebounded +6.0% m-o-m in January, after three consecutive months of decline, to USD81.7/bbl underpinned by the growing geopolitical risks in the Middle East and drone strikes on Russia's oil infrastructure as well as a drop in observable oil inventories.

Domestically, most focus was placed on the new Agong's installation with positive factors such as the Malaysia and Singapore memorandum of understanding (MOU) signing to formalise the cooperation of both countries on the Johor-Singapore Special Economic Zone (JS-SEZ) and the National Water Services Commission (SPAN) announcing water tariffs increase for domestic users in the peninsula and Labuan, effective from 1st Feb 2024. Lastly, the government has announced an additional quota of 400MW under the net energy metering (NEM) programme for household, commercial and industrial segments from Feb 5 to Dec 31, 2024.

Average daily trading value grew significantly to RM3.2b in January as compared to RM2.3b a month ago. Foreign investors remained net buyers in January for the third consecutive month with net buy flows of RM0.7 billion. Economically, Malaysia's GDP grew by 3.4% in 4Q23 as compared to 3.3% in 3Q23. November industrial production grew at a slower pace of +0.6% yoy as compared to a growth of +2.7% yoy in October. December PMI and CPI came in unchanged at 47.9 and 1.5% respectively, similar to the reading in the previous month. As such, BNM held steady OPR at 3%. In January, the FBM Shariah gained by +2.63% m-o-m whilst FBM KLCI / FBM Emas / FBMSC registered a return of +4.01% m-o-m, +3.88% m-o-m and +2.25% m-o-m respectively.

Globally, investors are waiting in anticipation on the timing of US interest rate cuts in 2024, which is largely dependent on upcoming macro data releases. Geopolitically, the Red Sea conflict is intensifying with the US and allies launching strikes against Houthis to protect cargo vessels while the Houthis responded that their attacks will continue. As for HK/ China markets, investors are assessing the impact of potential CNY2 trillion fund to support the market. Domestically, attention will be focused on the implementation of announced initiatives by the government and the potential announcement of several key infrastructure projects such as JS-SEZ, Penang LRT, Phase 1B of Pan Borneo Highway Sabah, and Sabah Sarawak Link Road Phase 2. We remain defensive with our strategy being tilted towards dividend-yielding names. Sectors that we favour include financials (banks), transport, construction, utilities and commodities (Metals/Oil & Gas).

### **Sukuk Market**

In January, local sukuk initially showed a bearish trend, mirroring global sukuk performance as speculation grew about the likelihood of aggressive Fed interest rates cuts being scaled back following

Waller's comments. However, market reversed course when the Fed held rates steady for the fourth consecutive meeting on 31st January. Sukuk yields generally trended upwards, particularly for the 10-year sukuk, while the ultra-short and long-end space remained supported, as real money investors bottom fishing for duration requirements. On the monetary policy, BNM has maintained the OPR at the current level with a seemingly neutral statement. At month-end, the 3-, 5-, 10-, and 30-year GII settled at 3.463% (-5bps), 3.607% (-2bps), 3.844 (+4bps), and 4.317% (-4bps), respectively.

In the corporate sukuk segment, some prominent new issuances during the month were Projek Lebuhraya Usahasama Berhad (RM750 million, AAA) and Malayan Banking Berhad (RM3,000mil, AA1).

The sukuk market is expected to remain sensitive to shifts in Fed rate cut expectations. Market players will continue to closely monitor economic data and policymakers' remarks on the rate cut outlook.

On the local front, there are no clear catalyst in the near-term except for taking clues from the Fed's rate cut outlook and close observation of economic developments. We will continue to track UST movements for trading positions while exploring primary corporate sukuk for potential yield pickup for core holding positions.

### **Actual Annual Investment Returns based on Published Price for the Past Five (5) Calendar Years**

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

Notice: Past performance of the fund is not an indication of its future performance.

- Actual returns in the past five years on a net basis (net of tax and charges), or since inception if shorter (warning statement: this is strictly the performance of the investment fund, and not the returns earned on the actual contributions paid of the Investment-Linked product).
- The investment returns shall be calculated based on the unit price of the Investment-Linked fund and the formula shall be consistent with that of the benchmark indices.
- Any performance comparison of an Investment-Linked fund must be with that of a similar fund, in terms of investment objectives and focus and based on similar time frame of at least 12 months.

### **Investment Risks**

All investments carry risks. Investors must be prepared to accept a certain degree of risk when investing in this Fund. The following are some but not an exhaustive list of all the potential risks associated with this Investment.

#### **1. Market Risk**

Due to price fluctuations of securities invested in by the funds, the value of the investment may go up as well as down. The movement in securities prices is influenced by a number of factors, which include changes in economic, political and social environment.

## 2. Credit Risk

Applies to debt-type investments such as debentures and sukuk. The institution invested in may not be able to make the required profit payments or repayment of principal.

## 3. Profit Rate Risk

Applied to sukuk, security prices move in the opposite direction of profit rates. If profit rates rise and the security prices fall, this will lower the value of your investment and vice versa.

## 4. Liquidity Risk

Defined as the ease with which a security can be sold at or near its fair value. This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such securities, such action itself may significantly depress the selling price.

### Basis of Unit Valuation

1. The assets of every fund are to be valued to determine the value at which units of a particular fund can be liquidated or purchased for investment purposes.
2. The unit price of a unit of a fund shall be determined by the Company but in any event shall not be less than the value of fund of the relevant fund (as defined below), divided by the number of units of the given fund in issue on the business day before the valuation date, and the result adjusted to the nearest one hundredth of a cent.
3. The maximum value of any asset of any fund shall not exceed the following price:
  - a. The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
  - b. In the case of securities for which market values are not readily available, the price at which, in our Investment Manager's opinion, the asset may have been purchased on the business day before the valuation date; plus any expenses which would have been incurred in its acquisition.
4. To ensure fair treatment to all unit holders, the cost of acquiring and disposing of assets is recouped by making a transaction cost adjustment to the net asset value per unit.

### Exceptional Circumstances

The Takaful Operator reserves the right to defer the payment of benefits (other than death benefit) under this Certificate for a period not exceeding six (6) months from the date the payment would have been normally effected if not for intervening events such as temporary closure of any Stock Exchange in which the fund is invested which the Takaful Operator, in its discretion, may consider exceptional.

### Basis of Calculation of Past Performance

The historical performance of the fund is calculated based on the price difference over the period in consideration compared to the older price of the period in consideration.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

### Others

HLMT i-Income Fund is managed by Hong Leong Assurance Berhad. Any amount invested in this fund is invested by Hong Leong Assurance Berhad on behalf of Participant in shariah compliant equity, sukuk, collective investment scheme and money market instrument/s. If the financial institutions and/or corporations issuing the equity, sukuk, collective investment scheme and money market instruments defaults or insolvent, the Participant risks losing part or all of his/her amount that were invested into the instruments on his/her behalf by Hong Leong Assurance Berhad.

**THIS IS A TAKAFUL PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE UNDERLYING ASSETS, AND IS NOT A PURE INVESTMENT PRODUCT SUCH AS UNIT TRUSTS.**

#### **Disclaimer:**

You must evaluate your options carefully and satisfy yourself that the investment-linked fund chosen meets your risk appetite. Past performance of the fund is not an indication of its future performance. The intention of this document is to enable Participant to better understand the fund features.