

HLMT i-INCOME FUND

Mar 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 (31/03/2024)	RM 1.8072
Fund Size (31/03/2024)	RM 11.3 mil
Fund Management Fee	1.00% p.a.
Fund Manager	Hong Leong Assurance Berhad
Fund Category	Sukuk
Fund Inception	April 2007
Benchmark	20% FBM Emas Shariah Index + 80% GIA
Frequency of Unit Valuation	Daily

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

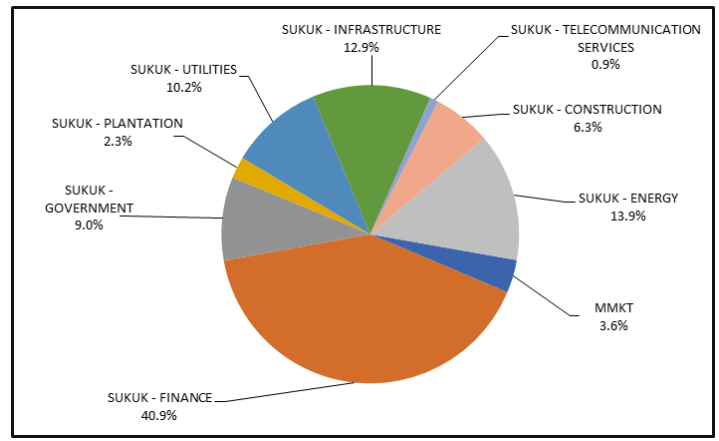
*Investment-linked unit price will be updated and published daily in our corporate website. Please refer to our website

www.hlmtakaful.com.my/Quick-Links/Fund-Prices.asp

Asset Allocation as at 31 Mar 2024

Sukuk	96.4%
Islamic Deposit & Cash Equivalents	3.6%
Total	100.0%

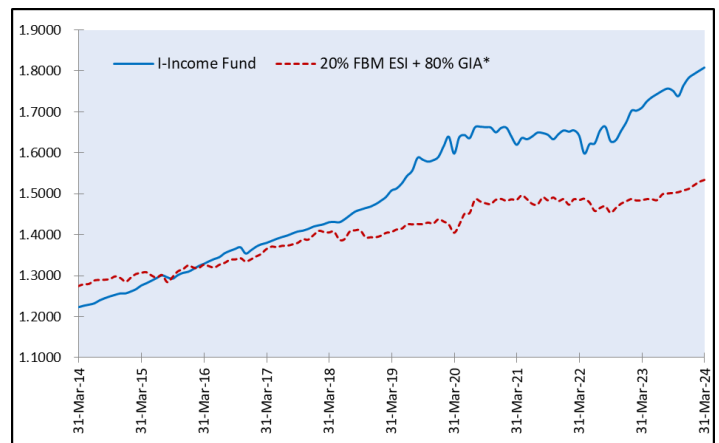
Sector Allocation as at 31 Mar 2024



Top 5 Sukuk Holdings as at 31 Mar 2024

Rank	Holder	Percentage
1	TNB Power Generation Sdn Bhd 02.06.2037	9.8%
2	Plus Berhad 12.01.2038	9.8%
3	CIMB Islamic Bank Berhad 29.11.2030	6.8%
4	Gamuda Berhad 20.06.2030	6.4%
5	RHB Islamic Bank Berhad 21.05.2029	5.4%

Historical Performance



	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
i-Income	0.44%	1.39%	5.74%	11.62%	19.90%	80.72%
Benchmark*	0.33%	1.43%	3.34%	3.27%	9.05%	53.45%
Relative	0.11%	-0.04%	2.40%	8.35%	10.85%	27.27%

*Source: Bloomberg

Market Review, Outlook & Strategy

Equities Market

Resilient global economic data helped support global equities markets during the first quarter of 2024. The US economy was confirmed to have grown by more than expected during Q4 2023, while survey data from the composite Purchasing Managers' Index (PMI) remained firmly in expansionary territory, boosting investor sentiment. Macroeconomic data elsewhere around the world also showed encouraging signs, further supporting the prospect of a soft landing. Against this backdrop, global equities posted strong returns, with the MSCI ACWI index up 7.4% during the first quarter. The best performing market of the quarter was once again Japan, with the Topix index going up by 18.1% in the first three months of the year, despite the Bank of Japan beginning the normalisation of its monetary policy in March. The HK/China (MSCI China) market also rebounded by 12.3% from its January low on the back of better economic activity data during the Lunar New Year holiday and some easing measures from the People's Bank of China.

During March 2024, the FBM Shariah finally did better (up 1% mom) than KLCI for 2024 as KLCI incurred its first monthly loss for the year, falling by 1% mom, following five consecutive months of gains. The decline was fairly modest, considering the reversal in foreign investors' appetite in Malaysia, shifting from a net buy of RM2.0 bn in the first two months of 2024 to a net sell of RM 2.9 bn in March. Foreign investors were profit taking in the banking stocks, with a net sell value of RM1.8 bn in the financial sector. The downward pressure was mitigated by strong buying from local institutional investors, whose net buy rose to RM3.6 bn in March. Best sectoral performance in March were construction and transport, while the consumer, telecom and REIT sectors were the three worst performing sectors during the same period. The top three biggest gainers in KLCI were CIMB, Maybank and QL Resources.

During the month, Malaysia witnessed several notable events, including decisions by Bank Negara Malaysia and the Federal Reserve to keep their interest rates unchanged. Additionally, Malaysia has decided to raise the airport passenger service charges and signed new operating agreements with Malaysia Airports. The government also revealed that it will be reviewing the minimum wage policy this year and has delayed the implementation of the High Value Goods Tax originally slated for 1 May 2024.

The cabinet also approved the Penang LRT project and expanded the scope of logistics and maintenance services that will be given service tax exemptions to ease cost of living pressures. Lastly, the government and Bank Negara revealed plans to intensify engagement with corporates, including exporters, importers, government-linked investment companies and government-linked companies to repatriate foreign proceeds back to the nation to shore up the value of the Ringgit.

Globally, investors will continue to watch the latest developments in the Hamas Israeli conflict, the Russia-Ukraine conflict, global inflation trends, US 10-year bond yields, global growth projections, and worldwide interest rate trajectories to determine the next direction for equity markets. In Malaysia, the market will closely watch the release of the 1Q24 advance GDP estimate on 19 April. Further attention will be directed towards the government's plans to rationalize subsidies following the deadline of Padu on 31 March and details of the EPF Account 3 expected in April. Also in focus will be the capital gains tax and the rise in service tax which came into effect on 1 March 2024. While sentiment remains positive overall, our strategy remains defensively tilted towards dividend-yielding names. Sectors that we favour include financials (banks), transport, tourism, construction, and commodities (Metals/Oil & Gas).

Sukuk Market

March was a volatile month for the US Treasuries (UST) market. The 10-year UST yield started at 4.25% and dipped to a low of 4.04% early in the month, then climbed to 4.34% mid-month before settling at 4.20% by month-end. Ringgit sukuk also displayed a bullish trend initially, tracking UST yield movements with slight decreases. The local sukuk market showed minimal reaction to the MPC meeting decision, as the BNM maintained the OPR at 3%. Market participants had already factored in this decision and viewed the statement as neutral. BNM reiterated its commitment to keeping the Ringgit stable and highlighted its current undervaluation. The USDMYR pair experienced a downward gap after the statement release, touching 4.6835 before closing at 4.7250. By month-end, the 3-, 5-, 10-, and 30-year GII settled at 3.492% (-2bps), 3.646% (-1bps), 3.864 (-2bps), and 4.246% (-7bps), respectively.

In the corporate sukuk segment, notable new issuances included Yinson Holdings Berhad (RM 640 million, A3) and YTL Power International Berhad (RM 1.0 billion, AA1).

The recent FOMC meeting conveyed a dovish message in the US. Powell indicated that rate cuts would likely be appropriate this year. However, the statement remained unchanged, suggesting that officials are awaiting more certainty before initiating rate cuts.

Sentiment in the Malaysian sukuk market remained fragile, with sukuk yields closely tracking UST rates due to the absence of local catalysts. Despite this, yields on long-term sukuk remained relatively stable, while credit spreads on GG and corporate sukuk continued to tighten. The tightening credit spreads increased the cost of reinvestment in GG and corporate sukuk. This scenario should provide stronger support for highly liquid government sukuk ("govvies"). Govvies yields are expected to trade within a range of +/-10bps. Given these conditions, we maintain a neutral stance on the Ringgit sukuk market.

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

Year	Net Annual Returns
2019	7.81%
2020	4.43%
2021	-0.37%
2022	1.21%
2023	6.48%

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.