

INVESTMENT-LINKED FUNDS
Fund Performance Report
for the financial year ended 30 June 2017



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DIRECTOR'S MESSAGE

Dear Valued Certificate Holders,

We are pleased to present to you Hong Leong MSIG Takaful Berhad fund performance report for the financial year ended 30 June 2017. 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 experienced a year of two halves where it started on a challenging note due to the disappointing corporate earnings as well as the unexpected turn of events in the regional markets such as Brexit and President Donald Trump's victory in the US Presidential election. However, towards the second half of the financial period under review, the domestic outlook was more promising on the back of a more resilient domestic consumption pattern, infrastructure project implementations and the improving outlook for commodities which are positive for the upcoming corporate earnings announcements. The FBM Shariah Index ended the financial year higher by 106 points, up 5.9%.

Despite the performance of the stock market, we are delighted to share with you that for the financial year ended 30 June 2017, 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 consistent higher growth in the net asset value per unit as well as average annual return against benchmark for 1 year, 3 years and 5 years performance. You may find the detailed report in the investment review section in pages 3 to 15.

Loh Guat Lan
Director



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 Shariah-compliant securities and a small proportion in equity Shariah-compliant 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

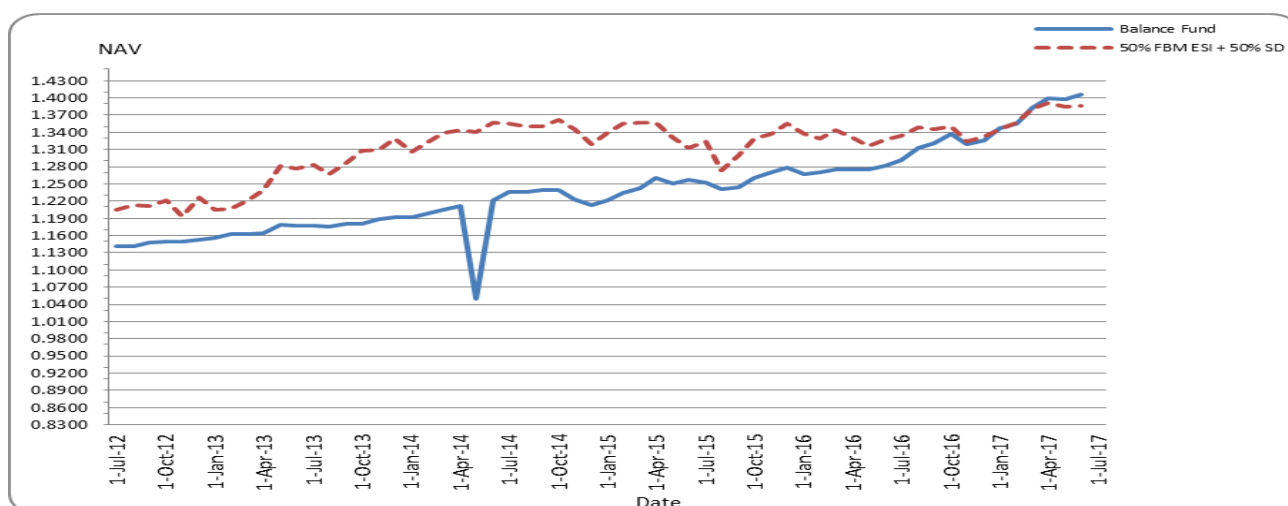
For the financial period under review, the Fund achieved a positive return of 9.75%, higher than the benchmark return of 4.41%. This was due to the better returns achieved in both the equity and fixed income markets. The higher equity exposure of 43% vs last year's 23% aided the returns on the back of a more robust equity market during the financial year. As at end of the financial year, 40% of the net asset value was invested in Islamic bonds and 43% in Shariah-compliant equities.

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

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

As at 30 June 2017

Price Movement, Calculation indexed





INVESTMENT REVIEW

HLMT i-BALANCED FUND (CONT'D)

Performance of the fund					
	2017	2016	2015	2014	2013
Total NAV (RM)	6,628,808	6,249,085	6,023,480	5,886,028	5,654,806
Number of units	4,715,020	4,876,708	4,791,451	4,820,202	4,802,939
NAV per unit (RM)	1.4059	1.2814	1.2571	1.2211	1.1774
Highest NAV per unit during financial year (RM)	1.4059	1.2814	1.2598	1.1923	1.1795
Lowest NAV per unit during financial year (RM)	1.2916	1.241	1.2144	1.1557	1.1414
Total annual return of the fund					
- Capital growth	9.75%	1.91%	2.95%	2.51%	2.20%
Average annual return – Fund					
- 1 year	9.75%	1.91%	2.95%	2.51%	2.20%
- 3 year	4.81%	2.86%	4.23%	2.23%	2.65%
- 5 year	4.84%	3.31%	3.69%	3.50%	3.74%
Average annual return					
- Benchmark					
(50% FBM ESI + 50% SD)					
- 1 year	4.41%	0.79%	-3.58%	6.03%	7.23%
- 3 year	0.72%	1.00%	3.11%	5.61%	7.14%
- 5 year	3.12%	2.74%	4.69%	9.25%	10.25%

Portfolio composition by category of investment					
	Weighting %				
	2017	2016	2015	2014	2013
Islamic Equity securities quoted in Malaysia	43.41	22.94	24.22	20.99	4.33
Unquoted Islamic bonds	40.21	62.30	63.75	64.68	58.46
Deposits with Islamic financial institutions	16.38	14.76	12.03	14.33	37.21
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-BALANCED FUND (CONT'D)

Equities and unit trusts composition by sector					
	Weighting %				
	2017	2016	2015	2014	2013
Trading/Services	41.36	54.61	45.88	44.50	69.19
Industrial Products	18.88	9.92	22.18	17.31	4.26
Plantation	6.53	5.63	2.89	3.96	-
Construction	5.78	2.48	6.28	19.06	-
Properties	9.25	6.14	11.20	15.17	26.55
Consumer Products	1.97	12.96	11.57	-	-
REITS	3.43	-	-	-	-
Finance	2.32	1.47	-	-	-
Infrastructure	10.48	6.79	-	-	-
	100.00	100.00	100.00	100.00	100.00

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2017	2016	2015	2014	2013
Government	-	-	-	-	15.16
Government Agency	-	-	-	-	-
Finance	89.32	92.13	92.11	92.16	75.74
Construction	10.68	7.87	7.89	7.84	9.10
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-INCOME FUND

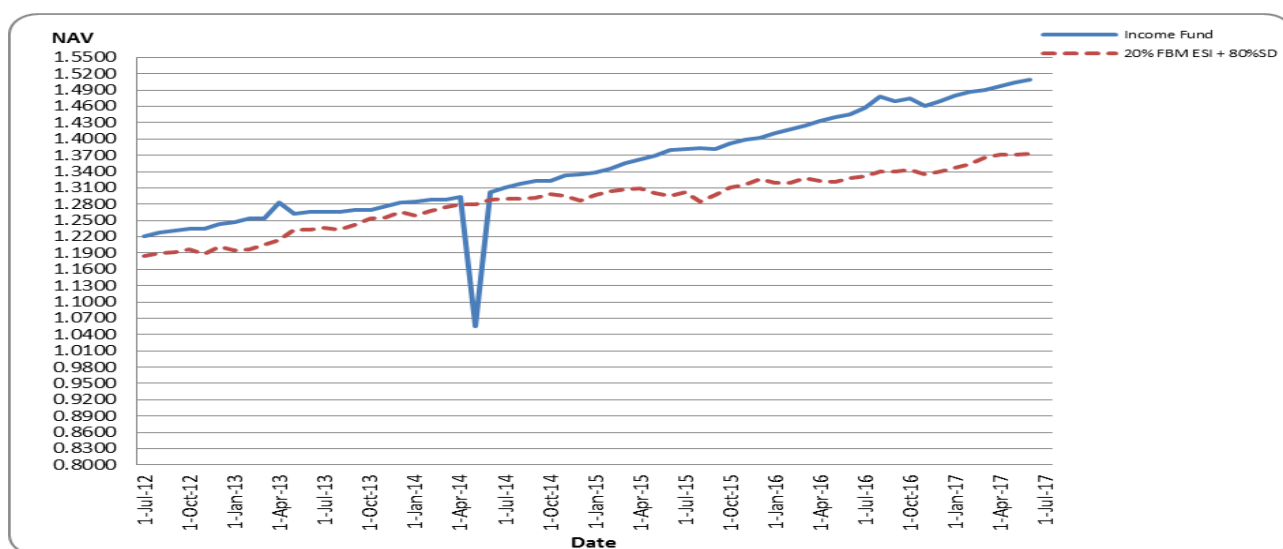
For the financial period under review, the Fund achieved a return of 4.47%, higher than the benchmark return of 3.48%. This was because the fund was mainly invested into corporate sukuk which attracts higher yield compared to Fixed Deposit. Also, the mark-to-market of the corporate sukuk was better despite the rise in Malaysian Government Securities since the duration of the bonds became shorter. As at end of the financial year, the fund was fully invested in Islamic bonds.

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

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

As at 30 June 2017

Price Movement, Calculation indexed





INVESTMENT REVIEW

HLMT i-INCOME FUND (CONT'D)

Performance of the fund					
	2017	2016	2015	2014	2013
Total NAV (RM)	3,406,915	3,267,648	3,119,674	2,958,923	2,959,334
Number of units	2,256,800	2,260,723	2,263,055	2,273,146	2,335,896
NAV per unit (RM)	1.5096	1.4454	1.3785	1.3017	1.2669
Highest NAV per unit during financial year (RM)	1.5099	1.4454	1.3785	2.5717	1.2826
Lowest NAV per unit during financial year (RM)	1.4566	1.381	1.3103	1.2465	1.2208
Total annual return of the fund					
- Capital growth	4.47%	4.79%	5.91%	1.59%	3.38%
Average annual return – Fund					
- 1 year	4.47%	4.79%	5.91%	1.59%	3.38%
- 3 year	5.06%	4.51%	5.53%	2.58%	3.47%
- 5 year	5.17%	4.83%	4.72%	4.02%	5.24%
Average annual return					
- Benchmark					
(20% FBM ESI + 80% SD)					
- 1 year	3.48%	1.85%	0.04%	4.13%	4.43%
- 3 year	2.15%	1.99%	2.85%	3.85%	4.37%
- 5 year	3.13%	2.68%	3.44%	5.79%	6.00%

Portfolio composition by category of investment					
	Weighting %				
	2017	2016	2015	2014	2013
Unquoted Islamic bonds	100.00	88.28	100.00	100.00	85.05
Deposits with Islamic financial institutions	-	11.72	-	-	14.95
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-INCOME FUND (CONT'D)

Unquoted Islamic bonds composition by sector					
	Weighting %				
	2017	2016	2015	2014	2013
Government	13.99	-	-	-	-
Government Agency	-	16.28	14.98	16.93	-
Telecommunication	-	-	-	9.02	36.25
Infrastructure	25.11	-	-	-	21.65
Finance	60.90	70.27	72.68	74.05	42.10
Transportation	-	13.45	12.34	-	-
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

MY STEADY 10 PLAN

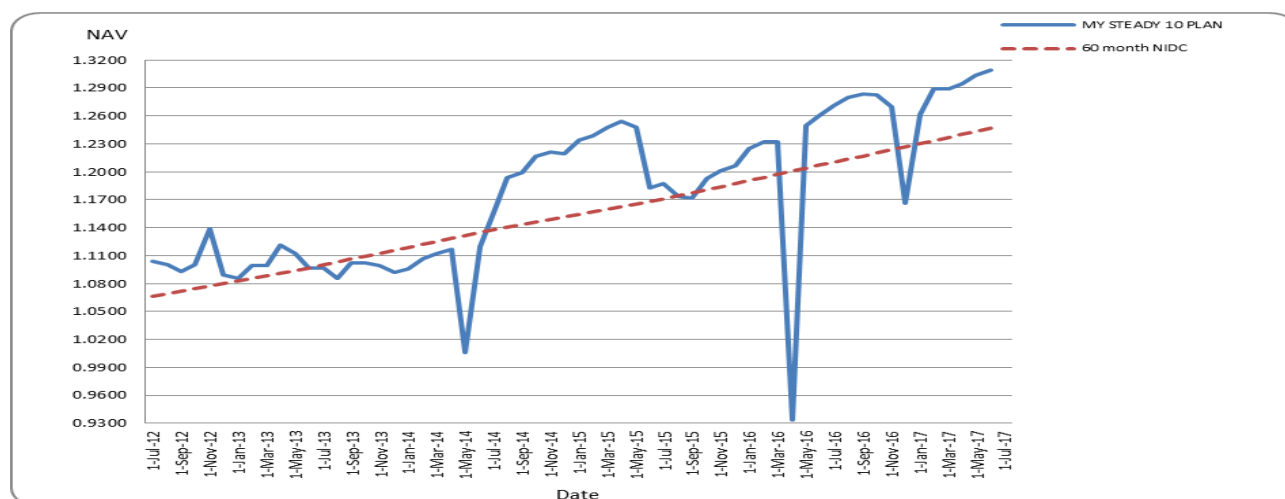
My Steady 10 Plan, a closed-ended 10 Years Fixed Income Shariah-compliant fund, pays a contracted gross income distribution with an indicative rate of 44.20% and is principal protected upon maturity at the end of 10 years. The underlying reference assets are depending on the Islamic rate.

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

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

As at 30 June 2017

Price Movement, Calculation indexed





INVESTMENT REVIEW

MY STEADY 10 PLAN (CONT'D)

Performance of the fund					
	2017	2016	2015	2014	2013
Total NAV (RM)	3,816,123	3,676,508	3,565,052	3,607,499	3,553,868
Number of units	2,914,576	2,914,576	3,012,776	3,220,960	3,240,600
NAV per unit (RM)	1.3093	1.2614	1.1833	1.12	1.0967
Highest NAV per unit during financial year (RM)	1.3093	1.2614	1.2541	1.1210	1.139
Lowest NAV per unit during financial year (RM)	1.6620	0.934	1.1556	1.0858	1.0864
Total annual return of the fund					
- Capital growth	3.83%	6.59%	5.62%	2.07%	9.08%
Average annual return – Fund					
- 1 year	3.83%	6.59%	5.62%	2.07%	9.08%
- 3 year	5.34%	4.75%	5.76%	3.65%	n/a
- 5 year	5.34%	4.75%	n/a	n/a	n/a
Average annual return					
- Benchmark					
(60 month NIDC)					
- 1 year	3.27%	3.38%	2.91%	3.46%	3.15%
- 3 year	3.19%	3.25%	3.17%	3.27%	n/a
- 5 year	3.23%	3.22%	n/a	n/a	n/a

Portfolio composition by category of investment					
	Weighting %				
	2017	2016	2015	2014	2013
Structured Investment	100.00	100.00	100.00	100.00	100.00
	100.00	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

HLMT i-EQUITY FUND

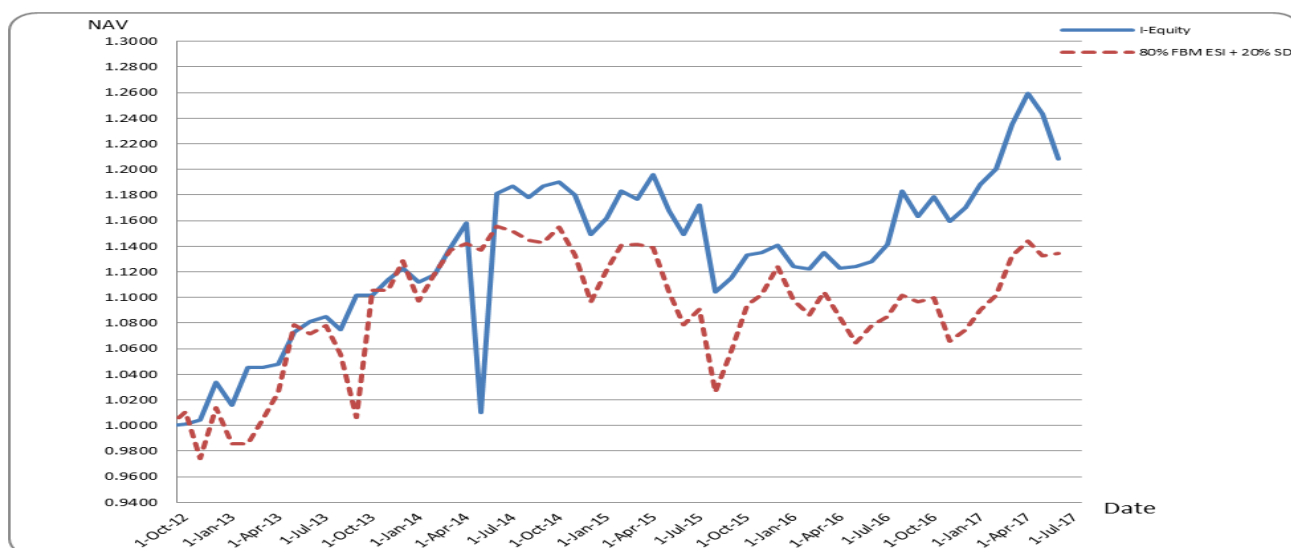
For the financial period under review, the Fund achieved a return of 7.13%, higher than the benchmark return of 5.30%. The better return for the fund was due to strong performance of the heavyweight stocks namely Sime Darby, Inari and SP Setia. As at end of the financial year, 82% of the net asset value was invested in Shariah-compliant equities. We will continue to invest in good quality names that can offer earnings growth with strong capital management.

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

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

As at 30 June 2017

Price Movement, Calculation indexed





INVESTMENT REVIEW

HLMT i-EQUITY FUND (CONT'D)

Performance of the fund				
	2017	2016	2015	2014
Total NAV (RM)	15,264,156	12,763,056	2,807,926	1,934,272
Number of units	12,631,470	11,314,819	2,443,388	1,638,151
NAV per unit (RM)	1.2084	1.128	1.1492	1.1808
Highest NAV per unit during financial year (RM)	1.2596	1.1280	1.196	1.1232
Lowest NAV per unit during financial year (RM)	1.1414	1.104	1.1488	1.0156
Total annual/10 months return of the fund				
- Capital growth	7.13%	-1.83%	-2.71%	8.09%
Average annual return – Fund				
- 1 year/10 months	7.13%	-1.83%	-2.71%	8.09%
- 3 year	0.77%	1.43%	n/a	n/a
- 5 year	n/a	n/a	n/a	n/a
Average annual return - Benchmark (80% FBM ESI + 20% SD)				
- 1 year/10 months	5.24%	-0.10%	-6.66%	7.24%
- 3 year	-0.61%	0.00%	n/a	n/a
- 5 year	n/a	n/a	n/a	n/a

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



INVESTMENT REVIEW

HLMT I-EQUITY FUND (CONT'D)

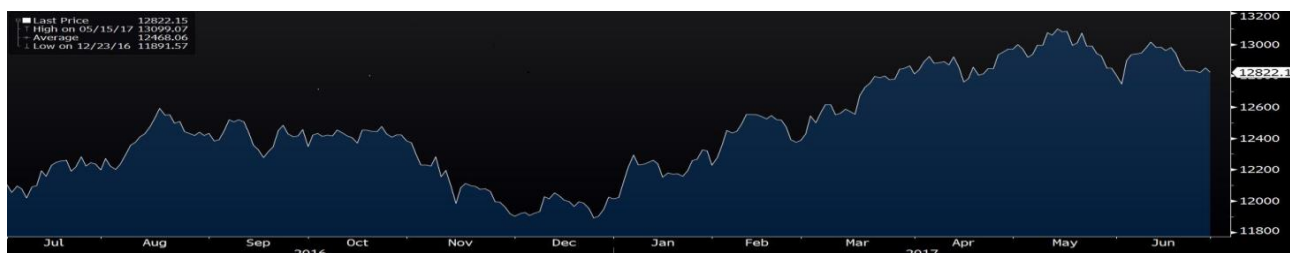
Islamic Equities and unit trusts composition by sector				
	Weighting %			
	2017	2016	2015	2014
Trading/Services	47.73	53.65	66.99	65.42
Properties	7.19	4.00	11.49	10.84
Construction	8.80	2.31	7.33	8.37
Infrastructure	6.08	11.46	4.21	5.09
Plantation	2.53	13.79	4.76	10.28
Consumer products	1.11	3.03	5.22	0.00
Finance	2.33	0.38	-	-
Technology	5.25	3.86	-	-
Industrial products	16.87	7.52	-	-
REITS	2.11	-	-	-
	100.00	100.00	100.00	100.00



INVESTMENT REVIEW

Equities Market

FBM Shariah Index (1 July 2016 – 30 June 2017)



Source: Bloomberg

For the financial year under review, market started choppy with investors being concerned over the pace of Fed's rate hikes, implications from the earlier Brexit vote and the unexpected win of Donald Trump in the US Presidential elections in November 2016. As a result, investors were uncertain over US policies and the impact on growth, interest rates, US\$ strength as well as the growing wave of an anti-establishment sentiment in the Euro region which puts it in danger of disintegration. With that, there were capital outflows across the region and the outflow exacerbated when the Federal Open Market Committee (FOMC) hinted of more rate hikes to come in 2017 which sent the Ringgit depreciating to as low as RM4.50/US\$.

The domestic backdrop was also weak as corporate earnings continued to disappoint. The biggest disappointment came from the Oil & Gas sector, while the auto, telecom and plantation sectors were also missing earnings expectations.

However, 2017 was a different picture for the Malaysian equity market as the new calendar year started with the first of PNB's transformation announcements which was anticipated since the appointment of Tan Sri Wahid as the Chairman. UMW Holdings divestment of UMW Oil and Gas and the subsequent demerger of Sime Darby into 3 standalone companies put Malaysia Inc. back on the radar of foreign investors.

Following the exciting corporate developments in Malaysia and receding concerns over "Asian unfriendly" tax and trade policies by President Trump, investors switched to "risk-on" mode once again. With that, there were sizeable foreign fund inflows of RM10.8bn in the 1H of 2017 vs. the net sell of RM27.9bn in 2014-2016. This inflow was also driven by better corporate earnings prospects following the December and March quarter reporting season where more earnings came in within expectations. There were earnings upgrades in sectors like Petrochemicals, Construction and Gloves.

Finally a better than expected 1Q 2017 GDP growth of 5.6% yoy announced in May 2017 which was the highest growth since 1Q 2015 also boosted the broader markets. As a result of a confluence of positive factors, the Shariah Index ended the period under review at 12,822.15 points, up 5.9%.



INVESTMENT REVIEW

Fixed Income Market

As for the fixed income market, the financial year under review was indeed eventful, taking the cue from a series of unprecedented global events, namely the surprise Brexit outcome in June 2016, Donald Trump's shocking presidential election victory and OPEC's agreement to reduce oil production. However, among the key events, the Trump presidency was the game changer for bond market as US Treasuries (UST) yields kept creeping higher as market players expected Trump policies to quicken inflation and spur growth prospects. This in turn spurred a sell-off in emerging market currencies and bonds with the USD/MYR depreciating more than 5% while the Malaysian Government Securities (MGS) yields moved up by as high as 90bps.

The heavy selling in Malaysia eventually drove MGS foreign ownership down to 48.4% in November 2016 (Oct: 51.9%). However, buying interest started to emerge from local onshore real money accounts as bargain hunting for value started albeit on thin volumes. The first half of the financial year ended with the Federal Reserve (Fed) raising the Fund Rate by 25 bps at December's FOMC meeting.

Moving into 2017, there was concern during the early part of the calendar year on the possible outcomes of key elections in Europe after the surprising Brexit vote in UK in 2016 as there was the potential breakup of the European Union and the dismantling of the Euro. This was effectively put to rest following pro-EU centrist Emmanuel Macron's decisive victory over the EU-sceptic far-right Marine Le Pen in the French Presidential Election in May 2017. Meanwhile, geopolitical tensions stemming from North Korea also resulted in safe haven flows but generally domestic and foreign bond yields were volatile especially closer to FOMC meetings. All in all, the Fed hiked another 50bps in 1H2017; 25 bps in March and June respectively.

Consequently, MGS yield movement was volatile tracking the UST but was on a downward trend overall from January-June 2017. Since the announcement of the relaxation of onshore forex hedging on 13th April, the outlook on the Ringgit has brightened with the return of foreign flows. During that month, Bank Negara Malaysia also allowed wider but regulated short-selling of MGS to all resident entities. In addition, Government Investment Issues (GII) would also be eligible securities for short selling, to elevate liquidity in GII trading and narrow the price gap of these securities against MGS. With these measures, the MGS curve bull-steepened, with yields lower by 15-25bps for shorter term bonds but ultra-long bonds underperformed due to the increase in duration supply in both the government and quasi-government sectors.



INVESTMENT OUTLOOK

As we enter into the rest of 2017, it appears that the Malaysian equity market is taking a much needed breather after the recent run-up. In fact, we anticipate that markets may stay flat if not turn more cautious due to the certain short term concerns both domestically and externally.

Another short term concern is that there is about RM44.5bn worth of MGS due to mature in August till November 2017. It remains uncertain as to whether the foreign investors who currently own an average of 27% of these outstanding MGS will repatriate the money upon maturity or reinvest back into MGS. As such we expect the Ringgit and in tandem, equity markets to be volatile close to maturity dates.

As for external risk, cyclical forces will continue to drive the global deflation wave which saw a broad-based recovery across geographies and sectors which benefited export-oriented and commodity- driven economies like Malaysia. However, tightening monetary conditions are inevitable which may derail global growth and cause "Taper Tantrum Part 2".

Nonetheless, there is optimism that any negatives will be offset by the announcement and the completion of M&A activities like the continued PNB transformation plan in particular Sime Darby's listing of its 3 major divisions and the merger of SP Setia and Island and Peninsula.

Also on 27 October 2017, the 2018 National Budget will be tabled to realign Malaysia's macro direction to target closer to the 11th Malaysia Plan. The expectation is that this will bode well for the construction and the building material sectors as infrastructure development will continue to receive strong government development expenditure.

As for fixed income, global central banks are expected to reverse from their recent accommodative monetary policy amidst improved growth prospects and inflation. Likewise, the Fed has indicated its intention to reduce its holdings of UST and agency securities. The Fed's unwinding of its balance sheet will mark the beginning of an end to the monetary stimulus of the financial crisis era which started in 2008. However, unwinding of the Fed's quantitative easing (QE) program also lends further support that the interest rate hikes will be gradual leading to maybe another 25bps (to 1.50-1.75%) hike for the rest of 2017 with another 25bps hike for 2018.

Meanwhile, the European Central Bank recently sounded confident that it will also reverse its accommodative stance and begin unwinding its QE sometime in 2018. With expectations of monetary tightening and unwinding of QE globally, we are of the view that UST will be volatile as sentiment will be dictated by economic data.

As for Malaysia, since the MGS market has high foreign ownership which currently stands at RM149.6bn or 41.2% of total outstanding MGS (as at June 2017, it is still susceptible to reversal of foreign funds flow. We anticipate that if there is any foreign outflow; the yield curve will most likely steepen especially the long dated bonds. Nevertheless, we are of the view that OPR will be maintained at 3.00% in the upcoming financial year and MGS will be supported by the ample liquidity in the financial system. Thus, the yields may not experience any drastic upswing but if there is any sudden knee jerk reaction, it would be an excellent opportunity to deploy our cash to lock in the yields. Meanwhile, the strategy is to focus on primary deals while exploring trading opportunities domestically or offshore markets for yield enhancement.



FINANCIAL INFORMATION
STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2017

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

The accompanying notes form an integral part of the financial statements



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

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

The accompanying notes form an integral part of the financial statements



STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2016

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
ASSETS				
Investments:				
Islamic Equity securities quoted in Malaysia	1,408,663	-	-	6,155,866
Unquoted Islamic debts securities	3,807,516	3,143,422	-	-
Structured Investment	-	-	4,486,179	-
Accrued profit	18,219	18,879	-	-
Deposits with Islamic financial institutions	906,078	420,107	-	6,089,291
Total investments	6,140,476	3,582,408	4,486,179	12,245,157
Other assets:				
Deferred tax assets	-	-	-	2,400
Investment receivables	3,695	-	-	15,540
Other receivables	28,706	-	-	413,016
Cash and cash equivalents	310,111	-	-	284,107
Total other assets	342,512	-	-	715,063
TOTAL ASSETS	6,482,988	3,582,408	4,486,179	12,960,220

The accompanying notes form an integral part of the financial statements



STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2016 (CONT'D)

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
LIABILITIES				
Deferred tax liabilities	8,943	3,213	69,774	2,501
Provision for taxation	5,391	12,000	-	-
Other payables	219,569	299,547	739,897	194,663
TOTAL LIABILITIES	233,903	314,760	809,671	197,164
NET ASSETS ATTRIBUTABLE TO CERTIFICATE HOLDERS	6,249,085	3,267,648	3,676,507	12,763,056
REPRESENTED BY				
Value of unit	8,129,820	2,336,802	2,818,087	13,173,305
Undistributed (loss)/income carried forward	(1,880,735)	930,846	858,421	(410,250)
	6,249,085	3,267,648	3,676,508	12,763,055
Net asset value attributable to certificate holders per unit	1.2814	1.4454	1.2614	1.1280

The accompanying notes form an integral part of the financial statements



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

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

The accompanying notes form an integral part of the financial statements



STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Investment income:				
Investment profits	188,799	158,300	-	60,822
Dividend income	47,727	-	-	65,438
Net realised gain on sale of				
Net realised gain on sale of	-	-	-	-
investments				
Unrealised capital gain on	14,131	11,149	252,552	-
investments	5,525	-	-	17,392
Total income	256,182	169,449	252,552	143,652
Net realised loss on sale of				
investments	(131,627)	(7,254)	-	(86,120)
Unrealised capital loss on				
investments	-	-	-	(19,489)
Investment management fees	(397,517)	(6,509)	-	(214,845)
Other outgo	(8,712)	(1,466)	-	(48,640)
Total outgo	(537,856)	(15,229)	-	(369,094)
Excess of (outgo over income)/				
income over outgo				
before taxation	(281,674)	154,220	252,552	(225,442)
Tax expense	(1,131)	(12,604)	(20,204)	-
Excess of (outgo over income)/				
income over outgo				
after taxation	(282,805)	141,616	232,348	(225,442)
Undistributed (loss)/income brought				
forward	(1,597,930)	789,230	626,073	(184,808)
Undistributed (loss)/income carried				
forward	(1,880,735)	930,846	858,421	(410,250)

The accompanying notes form an integral part of the financial statements



STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	HLMT i-Balanced RM	HLMT i-Income RM	My Steady 10 Plan RM	HLMT i-Equity RM
Net asset value attributable to certificate holders at the beginning of the financial year	6,249,085	3,267,648	3,676,508	12,763,056
Amount received from certificate holders for the creation of units	1,342,501	127,556	-	4,461,658
Amount paid to certificate holders for cancellation of units	(1,402,137)	(120,027)	-	(3,112,916)
	6,189,449	3,275,177	3,676,508	14,111,798
Net (expense)/income for the period, net of tax	507,928	136,237	-	476,789
Net unrealised gain/(loss), net of tax	(68,569)	(4,499)	139,615	675,569
Net asset value attributable to certificate holders at the end of the financial year	6,628,808	3,406,915	3,816,123	15,264,156

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 2016**

	HLMT i-Balanced	HLMT i-Income	My Steady 10 Plan	HLMT i-Equity
Net asset value attributable to certificate holders at the beginning of the financial year	6,023,480	3,119,674	3,565,052	2,807,926
Amount received from certificate holders for the creation of units	946,828	38,513	-	10,282,200
Amount paid to certificate holders for cancellation of units	(438,418)	(32,155)	(120,894)	(101,630)
	6,531,890	3,126,032	3,444,158	12,988,496
Net (expense)/income for the period, net of tax	(295,806)	131,359	-	(212,510)
Net unrealised (loss)/gain, net of tax	13,001	10,257	232,350	(17,930)
Net asset value attributable to certificate holders at the end of the financial year	6,249,085	3,267,648	3,676,508	12,758,056

The accompanying notes form an integral part of the financial statements



NOTES TO THE FINANCIAL INFORMATION

1 . PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

The Manager of the Funds is Hong Leong MSIG Takaful Berhad, a company incorporated in Malaysia, whose principal activity is to manage Family Takaful including investment-linked business and 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 (CONT'D)

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

(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 (CONT'D)

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

(d) Foreign currencies

(i) Functional and presentation currency

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

(ii) Functional currency transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenditure.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash balances and deposits held at call with Islamic financial institutions with original maturities of three month or less.

(f) Income recognition

Dividend income is recognised when the right to receive the dividend has been established.

Investment profit is recognised on a time proportion basis taking into account the effective yield of the asset.

Gains or losses arising from the disposal of investments are credited or charged to the statement of income and expenditure.

(g) Investment management fees

Investment management fees are calculated in accordance with the provisions of the investment-linked certificate document and are charged to the statement of income and expenditure when incurred.

NOTES TO THE FINANCIAL INFORMATION (CONT'D)

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

(h) Taxation

Taxation on the statement of income and expenditure comprises of current and deferred tax. Current tax is the expected amount of tax payable in respect of the taxable income for the financial year, using tax rates enacted or substantially enacted at the statement of assets and liabilities date, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is recognised in full using the liability method, on temporary differences at the statement of assets and liabilities date between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. Deferred tax is recognised in the Statement of Asset and Liabilities.

(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 (CONT'D)

3 . INVESTMENTS	Quantity (unit)	Cost (RM)	Market value as at 30.06.2017 (RM)	% of net asset value
HLMT i-BALANCED FUND				
<u>Unquoted Islamic bonds:</u>				
Islamic bonds:				
- CIMB Islamic Bank Berhad	500,000	500,000	499,940	7.54%
- Imtiaz Sukuk Berhad	1,000,000	1,000,000	1,000,410	15.09%
- Gamuda Berhad	300,000	300,930	300,180	4.53%
- BGSM Management Sdn Bhd	200,000	201,260	201,578	3.04%
- BGSM Management Sdn Bhd	300,000	302,610	306,726	4.64%
- Hong Leong Islamic Bank	500,000	500,025	501,450	7.56%
Total unquoted Islamic bonds	2,800,000	2,804,825	2,810,284	42.40%
<u>Islamic Equity securities quoted in Malaysia:</u>				
Trading/Services:				
- Axiata Group Berhad	15,527	90,603	74,995	1.13%
- Dayang Enterprise Holdings Bhd	20,000	20,428	20,600	0.31%
- Dialog Group Bhd	57,576	34,927	110,546	1.67%
- Media Chinese International	31,900	34,895	16,429	0.25%
- Pharmaniaga Bhd	15,000	70,238	68,700	1.04%
- Sunway Berhad	10,000	35,654	39,200	0.59%
- STAR Media Group Berhad	15,000	39,508	35,100	0.53%
- SIME Darby Bhd	35,459	267,100	336,861	5.08%
- Tenaga Nasional Berhad	35,000	490,050	494,900	7.47%
- IHH Healthcare Bhd	10,000	66,009	57,500	0.87%
	245,462	1,149,412	1,254,831	18.94%
REITS:				
- KLCC Property Holdings Bhd	13,000	98,465	103,870	1.57%
Finance:				
- BIMB Holdings Bhd	15,500	62,097	70,525	1.06%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3 . INVESTMENTS (CONT'D)			Market value as at 30.06.2017 (RM)	% of net asset value
	Quantity (unit)	Cost (RM)		

HLMT i-BALANCED FUND (CONT'D)

Islamic Equity securities quoted in Malaysia: (cont'd)

Industrial products:

- DRB-Hicom Bhd	50,000	125,188	89,000	1.34%
- Inari Amertron Bhd	14,000	21,220	29,540	0.45%
- Kerjaya Prospek Group Bhd	20,000	61,039	65,200	0.98%
- KESM Industries Bhd	9,000	66,213	140,580	2.12%
- Lafarge Malayan Cement Bhd	5,000	27,585	27,750	0.42%
- Pecca Group Bhd	33,000	62,856	53,130	0.80%
- Petronas Chemical Group Bhd	10,000	69,988	71,000	1.07%
- Scientex Incorporated Bhd	5,000	39,000	44,000	0.66%
- Success Transformer Corp Bhd	14,600	59,710	52,706	0.80%
	160,600	532,799	572,906	8.64%

Plantation:

- Boustead Plantations Bhd	30,000	48,480	48,900	0.74%
- Kuala Lumpur Kepong Berhad	6,000	141,322	149,280	2.25%
	36,000	189,802	198,180	2.99%

Consumer Products:

- UMW Holdings Bhd	10,000	108,183	59,700	0.90%
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Infrastructure:

- Digi.Com Bhd	40,000	197,843	200,000	3.02%
- Lingkaran Trans Kota Holdings	20,000	117,039	117,800	1.78%
	60,000	314,882	317,800	4.80%

Properties:

- IOI Properties Group Bhd	15,000	32,220	33,000	0.50%
- SP Setia Bhd - RCPS-I	67,143	71,570	75,200	1.13%
- SP Setia Bhd	30,748	94,148	107,311	1.62%
- Titijaya Land Berhad	40,000	70,405	65,200	0.98%
	152,891	268,343	280,711	4.23%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3 . INVESTMENTS (CONT'D)			Market value as at 30.06.2017 (RM)	% of net asset value
	Quantity (unit)	Cost (RM)		

HLMT i-BALANCED FUND (CONT'D)

Construction:

- Gamuda Bhd	13,000	61,284	71,500	1.08%
- IJM Corporation Bhd	30,000	99,328	103,800	1.57%
	43,000	160,612	175,300	2.65%

Total Islamic equity securities quoted
in Malaysia

736,453	2,884,595	3,033,823	45.78%
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Grand total

3,536,453	5,689,420	5,844,107	88.18%
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HLMT i-INCOME FUND

Islamic private debt securities:

- CIMB Islamic Bank Berhad	500,000	500,000	499,940	14.67%
- RHB Islamic Bank Berhad	500,000	500,000	503,945	14.79%
- Imtiaz Sukuk Berhad	500,000	500,000	500,205	14.68%
- BGSM Management Sdn Bhd	200,000	201,740	204,484	6.00%
- P. Tabung Pendidikan Tinggi	500,000	501,490	507,810	14.91%
- Hong Leong Islamic Bank	500,000	500,025	501,450	14.72%
- Malaysia Airports Holdings	400,000	400,000	421,088	12.36%
- Projek Lebuh raya Usahasama Bhd	500,000	490,750	490,360	14.39%
Grand total	3,600,000	3,594,005	3,629,282	106.52%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3. INVESTMENTS (CONT'D)		Market value as at 30.06.2017 (RM)			% of net asset value
	Quantity (unit)	Cost (RM)			
HLMT i-EQUITY FUND					
<u>Islamic Equity securities quoted in Malaysia:</u>					
<u>Trading/Services:</u>					
- Axiata Group Berhad	94,705	532,605	457,425		3.00%
- IHH Healthcare Berhad	81,000	525,329	465,750		3.05%
- Berjaya Auto Berhad	85,000	186,840	170,850		1.12%
- Dialog Group Bhd	70,000	133,429	134,400		0.88%
- Media Chinese International	257,000	225,261	132,355		0.87%
- Maxis Berhad	50,000	281,960	277,500		1.82%
- OCK Group Berhad	160,000	147,280	153,600		1.01%
- Pantech Group Holdings Berhad	250,000	141,774	145,000		0.95%
- Pharmaniaga Bhd	33,000	123,638	151,140		0.99%
- Petronas Dagangan Bhd	9,000	220,263	216,900		1.42%
- Yinson Holdings Bhd	72,000	216,841	263,520		1.73%
- Sime Darby Bhd	118,198	908,929	1,122,881		7.36%
- STAR Media Group Bhd	63,500	163,947	148,590		0.97%
- Sapurakencana Petroleum Berhad	125,000	182,400	198,750		1.30%
- Tenaga Nasional Bhd	87,000	1,157,833	1,230,180		8.06%
- Telekom Malaysia Bhd	20,950	114,884	139,318		0.91%
- Sunway Berhad	65,000	231,717	254,800		1.67%
- Dayang Enterprise Holdings Berhad	110,000	112,352	113,300		0.74%
	1,751,353	5,607,282	5,776,259		37.85%
<u>Properties:</u>					
- IOI Properties Group Bhd	100,000	214,778	220,000		1.44%
- SP Setia Bhd	80,128	258,321	279,647		1.83%
- SP Setia Bhd - RCPS-I	185,720	202,244	208,006		1.36%
- Titijaya Land Berhad	100,000	163,755	163,000		1.07%
	465,848	839,098	870,653		5.70%
<u>REITS:</u>					
- KLCC Property Holdings Berhad	32,000	244,542	255,680		1.68%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3. INVESTMENTS (CONT'D)		Market value as at 30.06.2017 (RM)			% of net asset value
	Quantity (unit)	Cost (RM)			
HLMT i-EQUITY FUND (CONT'D)					
<u>Islamic Equity securities quoted in Malaysia: (cont'd)</u>					
Construction:					
- Gamuda Bhd	54,000	254,216	297,000		1.95%
- WCT Engineering Bhd	80,000	147,405	164,800		1.08%
- Ahmad Zaki Resources Bhd	150,000	139,460	165,000		1.08%
- Gabungan AQRS Berhad	120,000	140,921	168,000		1.10%
- IJM Corporation Berhad	78,000	256,377	269,880		1.77%
	482,000	938,379	1,064,680		6.98%
Plantation:					
- Boustead Plantations Bhd	20,000	32,320	32,600		0.21%
- Kuala Lumpur Kepong Berhad	11,000	259,483	273,680		1.79%
	31,000	291,803	306,280		2.00%
Infrastructure:					
- Digi.Com Bhd	100,000	471,470	500,000		3.28%
- Lingkaran Trans Kota Holdings Berhad	40,000	232,779	235,600		1.54%
	140,000	704,249	735,600		4.82%
Industrial products:					
- Chemical Company of Malaysia Bhd	100,000	145,889	156,000		1.02%
- Kerjaya Prospek Group Bhd	50,000	152,599	163,000		1.07%
- Lafarge Malayan Cement Bhd	30,000	171,609	166,500		1.09%
- Petronas Chemicals Group Berhad	75,000	499,585	532,500		3.49%
- Pecca Group Bhd	100,900	178,932	162,449		1.06%
- SKP Resources Bhd	135,000	184,280	176,850		1.16%
- Scientex Incorporated Bhd	25,000	195,000	220,000		1.44%
- Success Transformer Corp Bhd	54,000	218,362	194,940		1.28%
- V.S Industry Bhd	130,000	183,449	269,100		1.76%
	699,900	1,929,705	2,041,339		13.37%



NOTES TO THE FINANCIAL INFORMATION (CONT'D)

3 . INVESTMENTS (CONT'D)			Market value as at 30.06.2017 (RM)	% of net asset value
	Quantity (unit)	Cost (RM)		

HLMT I-EQUITY FUND (CONT'D)

Islamic Equity securities quoted in Malaysia: (cont'd)

Consumer Products:

- O&C Resources Bhd	215,000	131,150	134,375	0.88%
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Finance:

- BIMB Holdings Berhad	62,000	252,276	282,100	1.85%
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Technology:

- Inari Amertron Berhad	175,000	270,012	369,250	2.42%
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- KESM Industries Bhd	17,000	125,068	265,540	1.74%
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	192,000	395,080	634,790	4.16%
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Total quoted Islamic equities securities	4,071,101	11,333,564	12,101,756	79.29%
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MY STEADY 10 PLAN

Structured Investment:

- Standard Chartered Saadiq	3,614,000	3,614,000	4,637,937	121.54%
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4 . PERFORMANCE TABLE

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

(Thereinafter referred to collectively as "the Funds")

I, Loh Guat Lan, being the Director of Hong Leong MSIG Takaful Berhad ("the Manager"), state 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 Insurance/Takaful Business issued by Bank Negara Malaysia.

On behalf of the Manager,

LOH GUAT LAN

Petaling Jaya
19 September 2017



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 2017, statements of income and expenditure and the statements of changes in net asset value for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out in pages 17 to 35.

In our opinion, the accompanying financial information of the Funds for the financial year ended 30 June 2017 are prepared, in all material respects, in accordance with the accounting policies set out in Note 2 to the financial information and the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia.

Basis for opinion

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

Emphasis of matters – basis of accounting

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

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

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.



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

(thereinafter referred to collectively as "the Funds")

Responsibilities of the Manager of the Funds and those charged with governance for the financial information (continued)

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.

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.



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

(thereinafter referred to collectively as "the Funds")

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

- (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.

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
(No. AF:1146)
Chartered Accountants

Kuala Lumpur
19 September 2017

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