



# HLG Shariah Inflation Select Fund

## FUND OBJECTIVE

- The Fund aims to reimburse initial capital upon maturity while seeking potential returns benchmarked against the performance reference to companies that might benefit from an environment of rising inflation over the tenure.

## REVIEW & OUTLOOK AS AT END MAY 2010

We are pleased to inform that following the maturity of HLG Shariah Inflation Select Fund on 21 May 2010, we have successfully liquidated the Fund's assets, settle its liabilities as well as completed the audit of its accounts. The audited Net Asset Value (NAV) Per Unit for the Fund stands at RM0.5121 on its maturity date of 21 May 2010. However, the Fund will be paying the estimated final NAV Per Unit of RM0.5126 on the maturity proceeds payment date (8 June 2010) that includes the audited NAV Per Unit of the Fund on 21 May 2010 plus the profit earned after maturity date from 22 May 2010 to 7 June 2010.

Overall, based on the Fund's initial offering price of RM0.5000 per unit, the Fund has registered a positive total return of 2.42% (NAV Per Unit-to-NAV Per Unit basis, *Lipper*) for its 18-month tenure from inception until 21 May 2010 and 0.1% profit earned after maturity date from 22 May 2010 to 7 June 2010 despite the option finishing out of the money. The marginal positive return of the Fund during the financial tenure was attributed to lower than expected fund expenses, exit fees charged on Unitholders who left the Fund before maturity and profit earned after maturity date from 22 May 2010 to 7 June 2010.

During its 18-month tenure, uncertainty in the global market outlook with mixed signals of economic recovery and changes in risk appetite, were unfavourable to the Fund. Its Consumer Staples and Agriculture baskets recorded negative returns in April and May 2010 due to the Greek credit crisis, despite the Fund performing well prior to that as stocks rallied strongly in 2009. The Agriculture basket suffered significant drops due to subdued price pressures from the United States (U.S.) and Europe, indicating that deflation was still a major risk in the developed world. Similarly, the Oil & Mining Services basket registered negative performance in May as sudden fears of a sovereign credit blow-out in Europe threatening global growth caused risk taking to pull back to the relative safety of U.S. Dollar risk-free assets, thus affecting commodities such as oil and mining.

In summary, the Fund's three baskets recorded negative performance in April and May 2010 despite the addition of the 13.5% head start coupon to each basket. However, investors would still receive 100% of their investment capital with a marginal positive return of 2.42%, given the Fund's overall weak performance.

## FUND MANAGER

Mr. Hiew Teck Kong is responsible for the investment management of the fixed income portion of this fund. He holds a Bachelor of Science in Business Administration (Finance) from University of Nebraska, USA. Prior to joining HLAM, he was a Fixed Income Manager with CIMB-Principal Asset Management Berhad and Mayban Investment Management Sdn Bhd, where he helped managed institutional and unit trust funds from 2000 to 2005. He was also a Senior Fixed Income Dealer in Malaysia Discounts Berhad from 1997 to 2000. Mr. Hiew obtained his fund manager's representative license from the SC on 15 May 2001.

Maybank Islamic Berhad has been contracted by the Manager as the issuer of Islamic structured product to provide the capital reimbursement and potential return in line with the investment objective of the Fund. Maybank Islamic Berhad, a wholly owned subsidiary of Malayan Banking Berhad, is a newly established entity effective 1 January 2008. The ultimate counterparty of the Islamic structured product is Malayan Banking Berhad ("MBB"). MBB is a financial institution with long term and short term ratings for financial institutional is at AAA and P1 respectively. (Sources: RAM report PP8713/10/2007 May 2008).

Investors are advised to read and understand the contents of the First Prospectus for the HLG Shariah Inflation Select Fund dated 22 September 2008, before investing. The Prospectus has been registered with the Securities Commission who takes no responsibility for its contents. A copy of the Prospectus can be obtained from any of HLAM's offices, agents or our authorised distributors. You should also consider the fees and charges involved before investing. Prices of units and distributions payable, if any, may go down or up and that past performance is no guarantee of future performance. Applications must be made on the 'Account Opening Form' referred to and accompanying the Prospectus.

## PORTFOLIO COMPOSITION

Agriculture	Potash Corporation
	Agrium Inc
	Syngenta AG
Consumer Staples	Coca Cola
	Procter & Gamble
	Wal-Mart Stores Inc
Oil & Mining Services	Weatherford International Ltd
	Diamond Offshore Drilling Inc
	Noble Corporation

## BENCHMARK

BENCHMARK	%
RAM Quant Shop	100
MGS Bond Short 1 – 3 Year	

## Principal Risks of the Fund

- Credit / Default risk
- Interest rate risk
- Risk of early termination
- Structured product risk
- Legal risk
- Liquidity risk
- Prepayment and commitment risk
- Currency risk
- Country risk

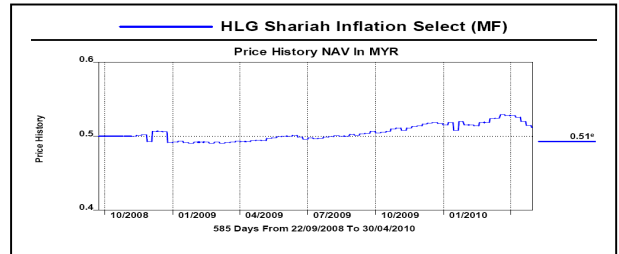
# HLG Shariah Inflation Select

Date : 21/05/10

## FUND INFORMATION

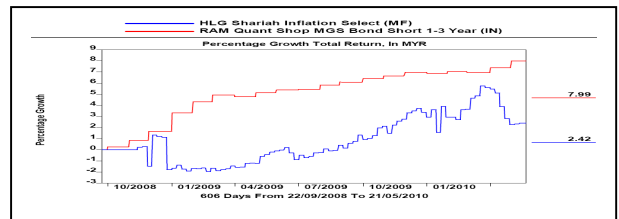
Launch Date Offer Period	22 September 2008 45 days from launch date (22 Sept 08 – 5 Nov 08)
Fund category ( as per Lipper)	Guaranteed/ Protected Islamic/ Syariah
Fund type	Growth
Fund Size in RM	144.98 million
Launch price	RM0.50
Initial investment	RM1000.00
Subsequent investment during offer period	RM1000.00
Sales charge	2.00%
Annual management fee	Nil
Exit fees	1.00% within 1 <sup>st</sup> 12 mths 0.50% within 1 <sup>st</sup> 12 mths but before 18 mths
Annual expense ratio as at 29/11/09	N/A
EPF investment scheme	N/A
Participation rate	70%

## CHART 1: HISTORICAL PRICE FUND SINCE INCEPTION



NAV line chart (based on NAV-to-NAV)

## CHART 2: PERFORMANCE OF FUND SINCE INCEPTION



Source : Lipper

Calculation : Nav-Nav, gross (i.e income from HLG Star Select Capital Protected Fund such as distributions, if any, will be reinvested), based in Ringgit Malaysia, Percentage Growth

### SUMMARY OF PERFORMANCE OF EACH OF THE UNDERLYING FOR EACH BASKET OVER THE PAST 18 MONTHS OBSERVATION

Obs	Date	Basket 1 (Consumer)			Basket 2 (Agriculture)			Basket 3 (Oil & Metals)				
		KO UN	PG UN	WMT UN	POT UN	AGU UN	SYNN VX	WFT UN	DO UN	NE UN		
1	19-Dec-08	9.11%	-3.36%	9.29%	12.87%	8.04%	10.90%	-14.36%	-15.94%	-12.51%	-14.27%	
2	30-Jan-09	3.49%	-4.57%	-9.29%	-5.78%	-6.62%	-1.22%	2.39%	-1.75%	-6.02%	-4.37%	-5.02%
3	19-Feb-09	2.98%	-10.97%	-0.22%	-3.40%	22.17%	28.11%	10.66%		9.83%	15.49%	20.04%
4	19-Mar-09	2.39%	-9.43%	-0.99%	-4.33%	-3.91%	-3.72%	-1.14%	-2.92%	21.50%	10.62%	5.73%
5	30-Apr-09	2.10%	9.54%	-1.36%		5.28%	3.12%	2.78%	3.72%	13.45%	-0.44%	-4.13%
6	19-May-09	2.21%	4.38%	0.16%		37.27%	30.61%	13.72%		36.84%	14.18%	16.55%
7	19-Jun-09	4.65%	-4.36%	-2.41%	-0.71%	-19.01%	-18.76%	-4.84%	-14.21%	3.92%	13.39%	12.35%
8	30-Jul-09	4.59%	9.72%	1.35%		-1.39%	-0.92%	-2.02%	-1.44%	-5.96%	-0.62%	-4.63%
9	19-Aug-09	3.27%	-4.97%	5.84%	-0.80%	4.10%	16.44%	-3.33%		3.38%	2.22%	7.71%
10	21-Sep-09	7.37%				-2.20%	8.19%	2.23%	2.74%	14.29%	6.83%	9.98%
11	19-Oct-09	3.38%	1.21%	1.92%	2.17%	11.41%	11.15%	0.60%		11.03%	14.51%	14.22%
12	19-Nov-09	3.81%	7.54%	5.11%		9.12%	-0.40%	3.79%	4.17%	12.05%	-4.31%	-3.34%
13	21-Dec-09	0.53%	1.37%	2.09%	-0.98%	-3.93%	3.90%	10.00%	3.32%	-1.37%	-0.63%	-0.36%
14	19-Jan-10	1.33%	0.69%	1.18%	0.18%	5.73%	7.30%	-3.52%	3.17%	9.26%	3.97%	6.88%
15	19-Feb-10	1.24%	2.80%	-1.0%	0.19%	0.17%	2.98%	1.33%	1.49%	12.08%	12.08%	-3.58%
16	19-Mar-10	1.74%	0.61%	3.46%	0.78%	5.23%	7.13%	4.07%		-3.19%	-5.29%	-3.39%
17	19-Apr-10	1.04%	0.97%	1.72%	-0.55%	11.89%	11.30%	-5.06%	-9.42%	1.31%	4.0%	-2.66%
18	19-May-10	3.98%	0%	2.48%	-2.15%	-6.01%	-12.0%	-5.22%	-7.75%	-8.23%	21.39%	18.03%
Basket Laggard Returns		-15.39%				-18.87%				-45.29%		
Add 13.50% HSC		-1.89%				-5.37%				-31.79%		
Weighting = 70% PR		70.00%				20.00%				10.00%		
Option Return		0.00%										

### Payout Calculation

**Consumer Staples Basket**  
Basket Laggard Returns = - 15.39%  
Basket Returns (+ 13.5% Head Start Coupon) = - 15.39% + 13.5% = - 1.89%  
Ranked = Best Performer ( 70% )  
Cliquet Return = 70% \* - 1.89% = - 1.32%

**Agriculture Basket**  
Basket Laggard Returns = - 18.87%  
Basket Returns (+ 13.5% Head Start Coupon) = - 18.87% + 13.5% = - 5.37%  
Ranked = 2nd Best Performer ( 10% )  
Weighting = 20% \* - 5.36% = - 1.07%

**Oil & Mining Services Basket**  
Basket Laggard Returns = - 45.18%  
Basket Returns (+ 13.5% Head Start Coupon) = - 45.18% + 13.5% = - 31.79%  
Ranked = 3rd Best Performer ( 10% )  
Weighting = 10% \* - 31.79% = - 3.17%

No of equity stocks Holdings 0 stock

SOURCE: Hong Leong Asset Management Bhd  
(Formerly known as HLG Unit Trust Bhd)

### RISK AS AT END 21/05/2010

3-YEAR Annualized Volatility	N/A
3-YEAR Annualized Sharpe Ratio	N/A
HSBC Risk Classification	Cautious

\*\*3-YEAR VOLATILITY AND SHARPE RATIO FIGURES ARE BASED ON NAV, ADJUSTED FOR DISTRIBUTION RE-INVESTED AND IN MYR.

### FUNDS NAV AS AT END 21/05/2010

52-Week High	0.5287
52-Week Low	0.4955

TRAILING RETURNS	3 MTH	6 MTH	1 YR	2 YR	3 YR	5 YR
Absolute Returns To Date (%)	-1.16	-0.16	2.65	N/A	N/A	N/A
Annualized Returns To Date (%)	-4.64	-0.32	2.65	N/A	N/A	N/A

PERFORMANCE FIGURES ARE BASED ON NAV-TO-NAV, DISTRIBUTIONS RE-INVESTED IN MYR

CALENDAR YEAR RETURNS	2006	2007	2008	2009
HLG Star Select-Capital Protected Fund (%)	N/A	N/A	N/A	4.68
RAM Quant Shop MGS Bond Short 1-3yr (%)	N/A	N/A	N/A	16.35

PERFORMANCE FIGURES ARE BASED ON NAV-TO-NAV, DISTRIBUTIONS RE-INVESTED IN MYR.