

# HLA Dana Suria (HLADS)

February 2022

## Fund Features

### 1. Investment Objective

This fund provides investors an affordable access into a diversified investment portfolio which offers steady and consistent return over a long-term investment horizon by investing into local and global equities and fixed income securities that comply with Shariah requirements.

### 2. Investment Strategy & Approach

At inception, this fund will invest by feeding into Hong Leong Dana Maa'rof and HLA Venture Dana Putra ("Target Funds") with the option to increase the number of funds or replace the Target Funds in future.

Generally, the Target Funds select undervalued companies that have the potential to offer good Medium-To-Long Term capital growth. In terms of fixed income instruments, selection depends largely on credit quality to assure relative certainty in profit income, principal payment, and overall total return stability.

### 3. Asset Allocation

Hong Leong Dana Maa'rof (HLDM) will invest a minimum 40% and maximum 60% of its NAV into Shariah-compliant equities while HLA Venture Dana Putra (HLAVDP) will invest up to maximum 90%, but not less than 40% of fund's NAV into Shariah approved equities. Generally, HLA Dana Suria may invest up to a maximum of 95% of its NAV into Shariah-compliant equities or a maximum of 100% of its NAV into Shariah-based deposits or Islamic money market instruments.

### 4. Target Market

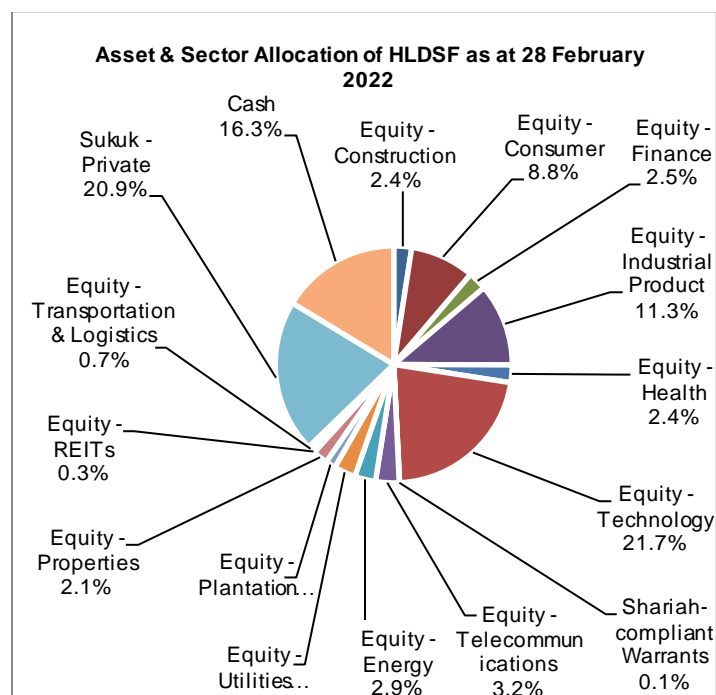
This fund is suitable for investors who have moderate risk-reward temperament and are looking for returns from Shariah-compliant investments in a medium-to-long term investment horizon.

## Fund Details

Unit Price (28/2/2022)	:RM1.4659
Fund Size (28/2/2022)	:RM10.5 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	:Daily

Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

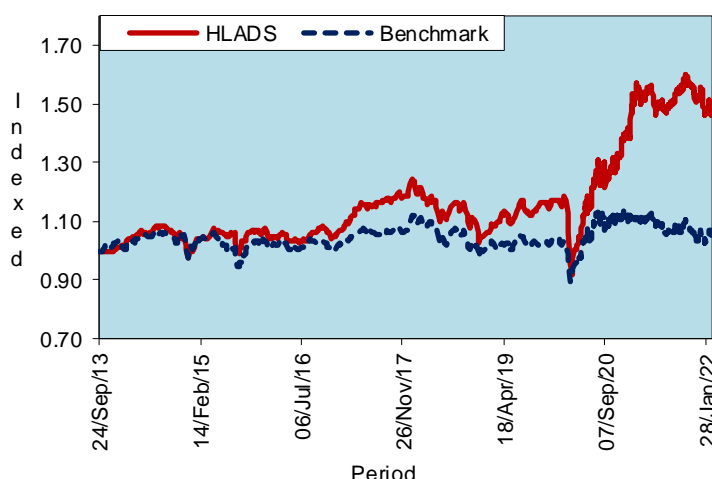
With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



## Top 5 Holdings for HLADS as at 28 Feb 2022

		%
1.	Samalaju Industrial Port Sdn Bhd	Sukuk 5.5
2.	Government Investment Issue 2024	Sukuk 5.3
3.	D&O Green Technologies Berhad	Equity 2.8
4.	Inari Amertron Berhad	Equity 2.7
5.	Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)	Sukuk 2.7
Total Top 5		19.0

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	-5.52%	-0.66%	-4.91%	35.08%	34.52%	46.59%
Benchmark*	-0.68%	3.03%	-3.85%	3.51%	2.79%	6.10%
Relative	-4.84%	-3.70%	-1.06%	31.57%	31.73%	40.49%

\*Source: Bloomberg

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

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## HLA Dana Suria (HLADS)

### Market Review, Outlook & Strategy

February was a rough month as investors continued to risk-off with the global monetary policy normalization theme becoming more entrenched. This was on the back of the hawkish tilt by both the BOE and ECB as well as the strong economic data released in the US. Sentiment took a turn for the worse when Russia launched a large-scale invasion of Ukraine on 24<sup>th</sup> February. As a result, global financial markets tumbled and gold rallied past the psychological level of US\$1,900/oz as investors rushed into safe haven assets. Prices of global commodities spiked as Russia is a major producer of oil while Ukraine is a major exporter of soft commodities. Crude oil breached US\$100/barrel and CPO went to a record high of RM6,700/tonne and may stay at such elevated levels with the ongoing invasion. The Western allies condemned the invasion and fought back by placing sanctions on certain Russian banks' access to the SWIFT international payments system and announced plans to implement restrictions on the Russian central bank's international reserves.

Back to Malaysia, February was the results reporting season for the October to December quarter. It was generally a good quarter with early evidence of economic recovery. Sectors with earnings that surprised on the upside were plantation, energy, banks, consumer and property. These were the same sectors that outperformed the broader market whilst the technology and healthcare sectors continued to underperform. On the political front, all eyes will be on the outcome of the upcoming Johor state election which will be held on 12 March 22. On key economic indicators, 2021 GDP growth came in at 3.1% (4Q21 +3.6%) and headline inflation increased to 3.2% in 4Q21 vs 2.2% in 3Q21, mainly driven by the normalisation in electricity prices. The government has maintained 2022 GDP growth target to range between 5.5-6.5% as the economy recovers to pre-pandemic levels.

The average daily trading value in February improved again on a mom basis to RM2.8b vs Jan's RM2.1b. Retailers turned small net buyers +RM0.1b whilst local institutions stayed net sellers -RM2.7b. Foreign institutions stayed net buyers +RM2.8b. Retailers and local institutions were 27.4% and 34.2% respectively of value traded. Foreign institutions accounted for 22.7% of value traded. The FBM KLCI outperformed the broader market with a +6.4% return to close at 1,608.28 pts. FBM Shariah, FBM Small Cap and FBM Emas also posted positive returns in February. FBM Shariah increased by 4.7% mom, FBM Small Cap was higher by 5.3% and FBM Emas was up by 5.1%.

Market volatility will continue as the environment remains challenging on the back of rising rates, slowing growth and elevated prices of global commodities. These factors have raised concerns over the possibility of stagflation. Investors will also be following closely the latest developments of the Russia-Ukraine war. The FOMC on the other hand is expected to start the rate hike cycle with a 25-50bps hike during the March meeting. As for China, there will be the upcoming "two sessions" where investors will be focusing on China's GDP targets, policy outlook and hints of tech-sector regulations. In Malaysia, with the ongoing Parliament sitting, there could be potentially more newsflow on the reopening of international borders to vaccinated travellers. Bank Negara Malaysia will be publishing its annual report in March and should be releasing its growth forecast then. Investors will also be keen to know the winners for the digital banking licenses. We maintain our barbell strategy by investing in both the value and growth sectors, with focus still on the recovery/reopening theme, reflation beneficiaries and 5G/technology names.

### Market Review, Outlook & Strategy - Fixed Income Market

February saw the market reacting more profoundly than before towards the ongoing geopolitical dispute between Russia and Ukraine. Nevertheless, the 2-, 5-, 10- and 30-years UST yields increased by 25, 11, 5 and 5 bps m-o-m as fears of rising inflation coupled with the hawkish tone of the Fed continued to be the main driver of market action. US CPI reading for January came in at 7.5%, the highest reading since February 1982. Subsequent to this, 10y UST yield rose to 2.0%, the first time since August 2019 as the reading further stoked already heightened worries on inflationary pressure. Thereafter, UST yields eased from earlier highs with 10y yield falling to about 1.83% to close of the month when the Russia-Ukraine conflict culminated in a full-blown invasion by Russia, the scale of which had not been seen in Europe since the Second World War.

On the local front, govies yield recorded a more mixed and milder reaction towards the rise in UST and the ongoing conflict in Ukraine. Domestic yields did not react as strongly as its US counterpart as some local development kept a lid on fears on the economy overheating. The yield of the 30-year MGS increased by 4 bps m-o-m while the 10y and 15y notes remained unchanged at 3.67% and 4.06% respectively. Inflation reading for January which came in at 2.3%, lower than Bloomberg's consensus of 2.5%, bodes well with BNM's current tone that aggressive reversal in its accommodative policy is not warranted as of yet. Additionally, while the nation is currently adopting the approach of treating Covid-19 situation as an endemic and living with it, the rise in daily infection cases has caused concerns in the market. In February, daily infection cases surpassed 30,000, the highest daily increase since the pandemic began, partially offsetting the risk on sentiment driven by the economic recovery.

In the corporate bond segment, some prominent new issuances during the month were Pengurusan Air SPV Berhad (RM750 million, AAA) and Batu Kawan Berhad (RM500 million, AA1).

Apart from the usual inflation related variables, the UST's movement over the near term would likely be influenced by the development of the ongoing Russia-Ukraine conflict. The current prevailing view is that the conflict is contained and at most would only affect the European region. However, at this juncture, we must not rule out any scenario as the recent invasion which many experts have ruled out to be very unlikely has indeed materialised. Possibility of an escalation which would involve US and the NATO militarily entering the conflict could send shockwaves in the US and global financial markets, inducing risk-off sentiments.

On the domestic front, the MGS will likely continue to track the movement in the UST market. We think the current rise in daily cases does not warrant a acute risk-off sentiment given the encouraging vaccination rate and the still low percentage of cases classified in stage 3 and above. We will nevertheless actively monitor these statistics with a close watch on hospitalisation rate and ICU capacity as we believe it is a better gauge on the status of our public health landscape. Chances of renewed lockdown measures could emerge should our public health infrastructure get strained to its limit once more as we have observed during the Delta variant outbreak. In view of the above, we maintain a cautious stance on the bond market while waiting for opportunity to reinvest when market has been oversold on rate hikes fear.

### Actual Annual Investment Returns for the Past Nine (9) Calendar Years

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Benchmark</b>	3.3%	-1.4%	2.2%	0.4%	7.5%	-7.5%	4.3%	6.7%	-4.0%
<b>HLADS - Gross</b>	2.7%	1.5%	7.4%	-0.6%	17.0%	-12.6%	14.5%	24.1%	12.2%
<b>HLADS - Net</b>	1.2%	0.1%	5.5%	-1.9%	14.3%	-12.9%	12.0%	20.9%	9.8%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past nine (9) years, or since inception if shorter, and are strictly the performance of the investment-linked fund. Thus, the returns are not earned on the actual premium paid of the investment-linked product.

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

The fund was only launched on 24 September 2013. The actual investment returns are calculated based on unit price from 24 September to 31 December 2013.

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### Investment Risks

All investments carry risks. Policy Owners must be prepared to accept certain degree of risk associated with this Investment. The following are the non-exhaustive list of risks associated to this fund.

1. **Market Risk**  
Market risk stems from the fact that there are other economy-wide perils, which threaten all businesses. It is mainly caused by uncertainties in the economy, political and social environment.
2. **Liquidity Risk**  
Liquidity risk is the risk that the fund invested cannot be readily sold and converted into cash. This may arise when the trading volume is low and/or where there is a lack of demand for the security.
3. **Country Risk**  
The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.
4. **Currency Risk**  
This risk is associated with investments that are denominated in foreign currencies. Fluctuation in foreign exchange rates will have an impact on the value of the funds.
5. **Concentration Risk**  
This risk is associated with a feeder fund whereby the investments of such fund are not diversified. A feeder fund invests mainly into another collective investment scheme.

### Risk Management

The company has in place its Authorized Investment Framework which forms part of the Risk Management process. The authority framework covers the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. The potential investment risks that are taken into consideration in managing the fund include economic conditions, liquidity, qualitative and quantitative aspects of the securities. The investment manager(s) have put in place the following controls to reduce the risks through:

- a) having a flexible tactical asset allocation
- b) investing in a wide range of companies across different sectors
- c) setting prudent investment limits on various exposures
- d) taking into account the liquidity factor in selecting securities
- e) engaging in the hedging of foreign currency exposure where appropriate

### 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 Company reserves the right to defer the payment of benefits (other than death benefit) under this Policy 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 Company, in its discretion, may consider exceptional.

### Target Fund Details

1. Hong Leong Dana Maa'rof is a Balanced fund managed by Hong Leong Asset Management Berhad. The past performance of this fund is as follows:

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Performance	6.4%	7.0%	0.1%	9.1%	-1.2%	13.1%	-11.1%	17.8%	28.5%	19.8%

Source: Hong Leong Asset Management Berhad

2. HLA Venture Dana Putra is an Equity fund managed by Hong Leong Assurance Berhad. The past performance of this fund is as follows:

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Performance	7.8%	28.6%	-2.4%	3.1%	-3.6%	17.7%	-17.7%	8.3%	18.9%	2.1%

Source: Hong Leong Assurance Berhad

## HLA Dana Suria (HLADS)

### 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.

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

For the underlying Target Fund, past performance is calculated after adjusting for distribution and/or additional units, if any.

### Others

HLA Dana Suria is managed by Hong Leong Assurance Berhad (HLA). Any amount invested in this fund is invested by HLA on behalf of Policy Owner into Islamic unit trust/investment-linked funds which will invest in Shariah-compliant fixed income securities, equities, collective investment scheme, foreign asset, derivatives and money market instrument/s. If the financial institutions and/or corporations issuing the funds default or become insolvent, the Policy Owner risks losing part or all of his/her amount that were invested into the fund on his/her behalf by HLA.

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

### Disclaimer:

Policy Owner 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 Policy Owner to better understand the fund features and details in order to assist Policy Owner to making an informed decision. This document shall not be construed as professional advice on investment choices.