

# HLA Dana Suria (HLADS)

Feb 2017

## 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

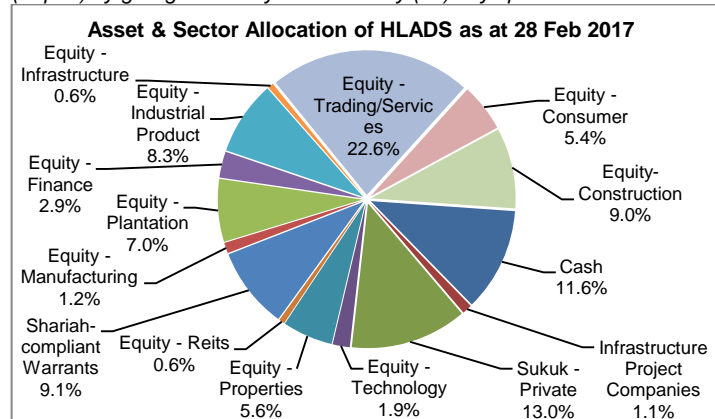
This fund is suitable for investors who have moderate risk-reward temperament and are looking for returns from Shariah-compliant investments in a medium-to-long term investment horizon.

## Fund Details

Unit Price (28/2/2017)	:RM1.0897
Fund Size (28/2/2017)	:RM6.93mil
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 :Weekly

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



## Top 10 Holdings for HLADS as at 28 Feb 2017

		%
1.	Lembaga Pembiayaan Perumahan Sektor Awam	Sukuk 5.7
2.	TENAGA NASIONAL BERHAD	Equity 4.3
3.	SIME	Equity 2.9
4.	KESAS SDN BHD IMTN 2020	Sukuk 2.9
5.	SEPANGAR BAY POWER CORP 2022	Sukuk 2.9
6.	Sarawak Hidro Sdn Bhd	Sukuk 2.8
7.	QL	Equity 2.3
8.	DIGI	Equity 2.1
9.	IOICORP	Equity 1.9
10.	YINSON	Equity 1.6
Total Top 10		29.4

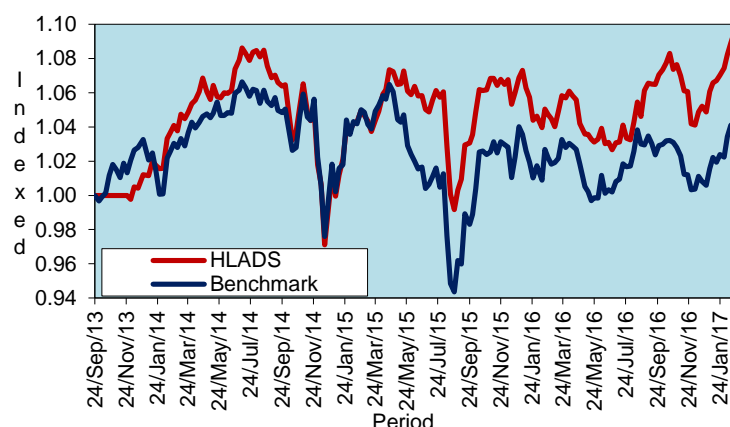
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## Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLADS	1.82%	4.06%	4.70%	3.90%	8.97%
Benchmark	0.81%	1.00%	0.17%	2.62%	3.22%
Relative	1.01%	3.06%	4.53%	1.28%	5.75%

## Market Review, Outlook & Strategy

Asian markets were initially lackluster with renewed worries over the various European national elections. Adding to the concerns was Trump's unpredictable statements and policies which continued to press on with a protectionist agenda without elaborating on the details. Oil prices also consolidated due to growing stockpiles in the US and signs of higher output from US shale producers. However, sentiment reversed when Wall Street established new record levels led by financials after the Federal Reserve chairman Janet Yellen indicated that the central bank may hike interest rates in the upcoming policy meeting. Economic data from China is also indicating that the second largest economy in the world is stabilizing.

On the local bourse, attention was focused on the earnings season. It was generally a better set of results with more companies meeting expectations, suggesting that earnings have troughed. As such, earnings may finally stage a modest recovery in 2017 after three long years of contraction. Another notable key event was Saudi Aramco announcing that it will take up a 50% stake in the refinery and cracker project in the Pengerang Integrated Complex (PIC) in Johor under a US\$7b deal with Petronas. This is positive for Petronas as the additional cash flow arising from the monetization of its assets come in handy to support its domestic capex.

For the month, the KLCI gained 1.3% or 22pts to close at 1,694pts. The KLCI rallied to a high of 1,692.22 before consolidating lower on profit taking. The broader market outperformed, with the FBM Emas gaining 1.8% mom to 11,950pts. Small caps also outperformed the KLCI with the FBM Small cap index jumping 2.2% to 15,764pts. Average daily value traded on Bursa in February increased 31% mom to RM2.53bn.

While we are hopeful for better market conditions after 3 years of contraction, we would be mindful of volatility in the global markets caused by political issues. We continue to be cautiously optimistic and would look to buy on any weakness companies that are trading at attractive valuations. The strategy remains to stick to our thematic of: 1) construction, 2) tourism, 3) asset refraction 4) financials and 5) GLC reform plays.

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

In the month of February, the MGS market surprisingly remained strong with local players being the main buyers despite the modest growth outlook and creeping inflation. Also, liquidity in the market was flush as local and foreign players were seeking to rollover or add new investments. The interest from offshore investors was also strong subsequent to the release of the FOMC minutes which failed to shore up expectations for a March Fed rate hike. This was then reversed towards month end when the probability of a Fed hike increased causing trading of local govies to suddenly dampen. As such, the yields for the 7 years to 30 years benchmark decreased by 2-8 bps m-o-m.

During the month, there were a few Government Guaranteed and corporate bond issuances in the primary market. Riding on the rally of the MGS market, the participation of these primary issuances was well supported. Secondary trading of corporate bonds also improved before month end but was concentrated on GG, AAA and banking papers. Current cash levels allow for a tactical strategy to take advantage of any sell down triggered by a Fed hike to improve the portfolio yield.

## HLA Dana Suria (HLADS)

### Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016
Benchmark	3.3%	-1.4%	2.2%	0.4%
HLADS - Gross	2.7%	1.5%	7.4%	-0.6%
HLADS - Net	1.2%	0.1%	5.5%	-1.9%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past five (5) 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.

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.

### 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 detailed explanation of the risk 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 will cover the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. Besides this, sensitivity and stress testing is conducted to inform the Company's management the profit & loss profiles of their investments under different pre-defined risk scenarios and the necessary action to be taken if the potential losses exceed the Company's risk tolerance level.

### Basis of Unit Valuation

- 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.
- 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.
- The maximum value of any asset of any fund shall not exceed the following price:
  - The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
  - 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.
- 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

- 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
Performance	6.4%	7.0%	0.1%	9.1%	-1.2%

Source: Hong Leong Asset Management Berhad

- HLA Venture Dana Putra is a Balanced fund managed by Hong Leong Assurance Berhad. The past performance of this fund is as follows:

Year	2012	2013	2014	2015	2016
Performance	10.0%	32.6%	-1.1%	4.9%	-2.3%

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.