

HLA Dana Suria (HLADS)

November 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

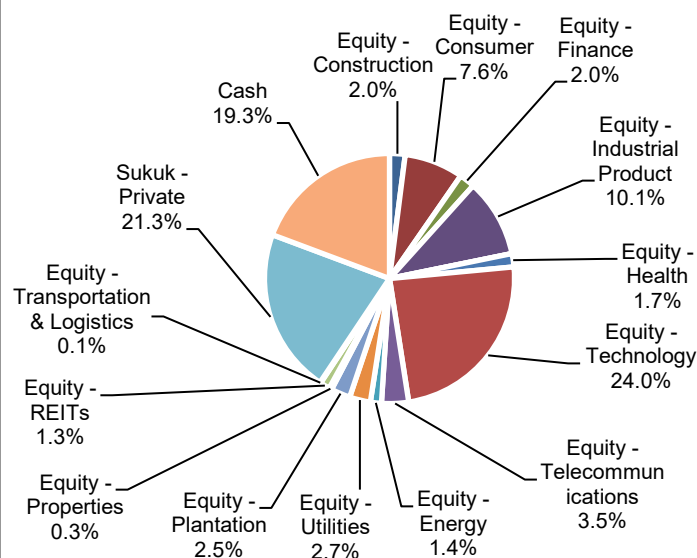
Unit Price (30/11/2022)	:RM1.4201
Fund Size (30/11/2022)	:RM11.6 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	: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.

Although the funds invest in Shariah-approved securities, the Investment-Linked Insurance plan that utilizes these funds is not classified as a Shariah-compliant product.

Asset Allocation for HLADS as at 30 Nov 2022	%
Hong Leong Dana Maa'rof	50.64
HLA Venture Dana Putra	49.16
Cash	0.20
Total	100.0

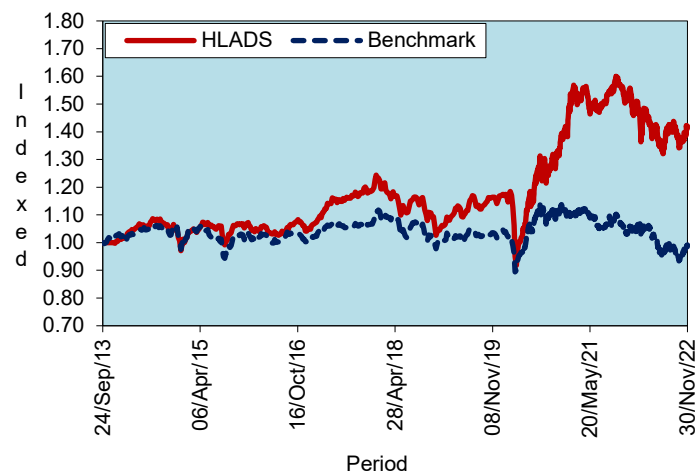
Asset & Sector Allocation of HLDSF as at 30 November 2022



Top 5 Holdings for HLADS as at 30 Nov 2022

		%
1.	Government Investment Issue 2024	Sukuk 5.5
2.	Samalaju Industrial Port Sdn Bhd	Sukuk 4.6
3.	Government Investment Issue 2026	Sukuk 3.3
4.	Berjaya Food Berhad	Equity 2.3
5.	Government Investment Issue 2028	Sukuk 2.2
Total Top 5		17.9

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	-8.47%	2.89%	-7.89%	22.80%	19.65%	42.01%
Benchmark*	-7.12%	2.25%	-6.41%	-3.59%	-6.87%	-0.78%
Relative	-1.34%	0.65%	-1.48%	26.39%	26.52%	42.79%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

Global equities in November staged a further recovery following a more dovish Fed minutes which signaled a slowdown on the pace of rate hikes, with weakening economic data and outlook in the US that warranted the Fed's pivot from fighting inflation to supporting growth. It remains to be seen whether there would be interest rate cuts in the 2H23 as the Fed minutes also suggest higher terminal rates. Over to China, reopening dominated the headlines in November. Beijing responded earlier-than-expected on easing Omicron restrictions despite cases on the rise, de-risking the property sector with a 16-point rescue plan and stabilised the US-China relationship during both presidents' meeting on the 14th November. Oil price also tumbled by 10% m-o-m to close at US\$85 levels following a proposed price cap of US\$65-70 per barrel on Russian crude by the European Union. Following a more dovish Fed, the Dollar Index also weakened by about 5% m-o-m.

Domestically, we had a major event to contend which was the GE15 that delivered a hung parliament for the first time in Malaysia's history. After days of deliberations, the Yang di-Pertuan Agong finally appointed Dato' Seri Anwar Ibrahim as the nation's 10th Prime Minister. He is expected to lead a unity government comprising mainly of Pakatan Harapan (PH) and Barisan Nasional (BN) MPs. Market thus staged a relief rally post GE15 blues with the index trading briefly above 1,500 level. It was also the 3Q22 results season where most came in within expectations. We saw costs markedly higher with some consumer-related names demonstrated the ability to grow its profitability via successful push-through of price hikes. The FBM KLCI also observed the exit of glove stocks (Top Glove and Hartalega) and were replaced by QL Resources and AMMB.

Average daily trading value increased to RM2.1b in November from RM1.7b in October. Foreign institutions remained net sellers -RM0.3b (Oct: -RM0.6b) while local institutions stayed as net buyers with +RM0.1m (Oct: +RM0.9b). Local retailers turned net buyers +RM0.1b (Oct: -RM0.1b) in November. Retailers, local institutions and foreign institutions accounted for 25%, 34% and 29% respectively of value traded. The 4 major indices rallied further in November, but the FBM KLCI underperformed the broader market. FBM KLCI was up by 2.0% to close at 1,488.80 pts, FBM Shariah +3.6% mom, FBM Emas +2.7% m-o-m and FBMSC +4.5% m-o-m.

On the global front, the key focus events continue to be FOMC narratives and China's state media rhetoric on reopening. Domestically, investors will be keen to see the line-up of the new Cabinet under this new unity government as well as the re-tableting of Budget 2023. We remain defensive, investing in both value and growth names. Sectors that we continue to favour include interest rate hike beneficiaries (banks), selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks).

Market Review, Outlook & Strategy - Fixed Income Market

UST rates saw a strong rally in November as latest inflation reading came in below expectations, setting the stage to what many believe would be a pivot from existing hawkish policy direction. Market participants were elated at October's CPI reading of 7.7% against expectations of 7.9% and 8.2% in September. The 2-, 5-, 10- and 30-year UST yields decreased by 17, 49, 44 and 43 bps respectively m-o-m. Further supporting the rally are comments from the November FOMC minutes which showed a substantial majority of policymakers agreeing it would likely soon be appropriate to slow the pace of rate hikes. To close out the month, the 2- and 10-year settled at 4.31% and 3.61% respectively.

On the local front, relatively similar trends were observed in govies yield as it continued to track the trend in the US. The yields on the 3-, 5-, 10- and 30-year tenors decreased by 1, 22, 24 and 43 bps respectively. Domestic yields did increase momentarily subsequent to the election which resulted in a hung parliament, inducing uncertainty in the market. However, once the political dust settled, domestic yields rallied on the back of political stability. CPI readings came in at 4.0%, slightly above market forecast of 3.9%, staving off worries of unexpectedly high inflation readings for the time being. To close out the month, the 3- and 10-year settled at 3.78% and 4.11% respectively.

In the corporate bond segment, some prominent new issuances during the month were Cagamas Berhad (RM3.8 billion, AAA), Petroleum Sarawak Exploration & Production Sdn Bhd (RM1.5 billion, AAA), and Danainfra (RM1.2 billion, GG).

Outlook & Strategy

Over the near term, the UST is likely to be influenced by economic indicators that would either support or reverse the current tone by the Fed which seems to be leaning more towards the dovish end. We think it is still early to opine that the Fed will cool off in its rate hike path as current inflation numbers is still a far cry from the 2% target. Additionally, labour market and spending indicators seem to be holding up, signalling that the economy can still absorb further rate hikes.

Domestically, the MGS will likely track the movement of its US counterpart. We, alongside market participants, believe BNM still has room to increase rates further to quell inflation. The economy has been on a strong footing and all signals point to a strong 3Q GDP number. We are well positioned to participate in the market in the event there is adverse market movements.

Actual Annual Investment Returns for the Past Eight (8) Calendar Years

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Benchmark	3.3%	-1.4%	2.2%	0.4%	7.5%	-7.5%	4.3%	6.7%	-4.0%
HLADS - Gross	2.7%	1.5%	7.4%	-0.6%	17.0%	-12.6%	14.5%	24.1%	12.2%
HLADS - Net	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 eight (8) 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:

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

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	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

- 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

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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.