

HLA Dana Suria (HLADS)

Mar 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

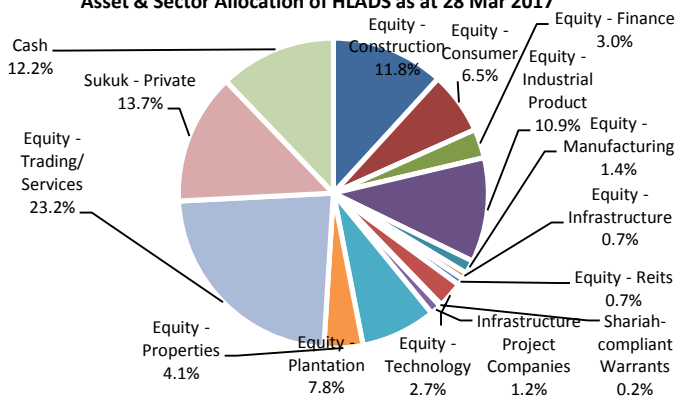
This fund is suitable for investors who have moderate risk-reward temperament and are looking for returns from Shariah-compliant investments in a medium-to-long term investment horizon.

Fund Details

Unit Price (28/3/2017)	:RM1.1223
Fund Size (28/3/2017)	:RM7.03mil
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.

Asset & Sector Allocation of HLADS as at 28 Mar 2017



Top 10 Holdings for HLADS as at 28 Mar 2017

Rank	Company Name	Asset Class	Percentage (%)
1.	Lembaga Pembiayaan Perumahan Sektor Awam	Sukuk	5.3
2.	TENAGA NASIONAL BERHAD	Equity	4.3
3.	SIME	Equity	3.0
4.	KESAS SDN BHD IMTN 2020	Sukuk	2.8
5.	SEPANGAR BAY POWER CORP 2022	Sukuk	2.8
6.	Sarawak Hidro Sdn Bhd	Sukuk	2.7
7.	QL	Equity	2.2
8.	DIGI	Equity	2.0
9.	IOICORP	Equity	1.8
10.	UNISEM	Equity	1.8
Total Top 10			28.7

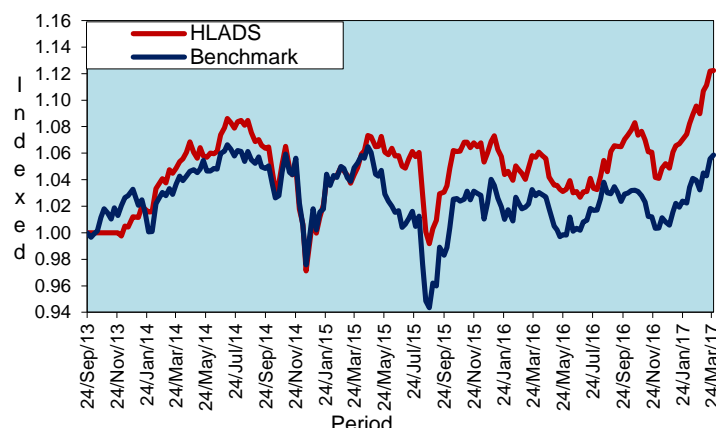
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Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLADS	2.99%	6.19%	7.02%	7.01%	12.23%
Benchmark	2.55%	2.96%	2.10%	5.23%	5.85%
Relative	0.44%	3.23%	4.91%	1.77%	6.38%

Market Review, Outlook & Strategy

During the month, Asian markets saw steadier performance as emerging markets benefited from capital inflows. Further signs of recovery in China, the world's second-largest economy, also boosted investor risk taking appetite. In the US, however, investors were seen rushing to safe haven assets such as gold and government bonds amid worries that President Trump will not be able to live up to his promises of large-scale relief on tax and regulations, with nervousness deepening ahead of a key healthcare vote. Meanwhile in the latest March policy meeting, the Federal Reserve hiked rates by 25 bps and kept their dovish tone where they guided for two more rate hikes this year. Over in Europe, UK Prime Minister Theresa May has formally served notice that the UK will leave the European Union bloc.

As for the local market, strong foreign inflows seeking value buys with interest in the second and lower liners, property and technology stocks, propelled the major indices upwards. Despite comments that Opec may further extend its deal to cut global production beyond 1H17, crude oil prices weakened during the month over concerns on the resurgence in US shale oil production and a further increase in stockpiles. The Ringgit made minimal movement against the US\$ during the month ending at RM4.4255/US\$ despite the strong foreign inflows. The highlight of the month was the announcement of the Digital Free Trade Zone by the Prime Minister during Jack Ma's visit to KL. Bank Negara kept the Overnight Policy Rate unchanged while inflation was higher at 4.5% in February due to higher fuel prices.

For the month, the KLCI gained 2.7% mom to close at 1,740pts. The broader market outperformed, with the FBM Emas gaining 3.4% mom to 12,361pts. Small caps also outperformed the KLCI with the FBM Small cap index jumping 8.3% mom to 17,080pts. Average daily value traded on Bursa in March increased 21% mom to RM3.05b.

Following two months of strong rallies, the local bourse may see some consolidation. However, we expect rotational interest among the small to mid-cap names to continue as some of these companies have the potential to chart exponential earnings growth. Nonetheless, volatility arising from global markets will continue to dictate the movement of the local market at some point when local euphoria fades. The strategy remains to take advantage of any market dips to buy on weakness. We remain invested in the following themes: 1) construction, 2) tourism, 3) financials, 4) asset reflation and 5) GLC reform plays. We have also started to nibble on some property related names in anticipation of some policy relaxation measures or at least a bottoming as the sector is still trading at compelling valuations.

Market Review, Outlook & Strategy - Fixed Income Market

Generally, market liquidity in Malaysia remained thin for the month of March. Along with the surging of UST yields especially ahead of the FOMC meeting, MGS came under pressure. Foreign holdings in MGS declined, marking the 4th consecutive month of outflows with cumulative net outflow totaling RM25.6b since October 2016. This is mainly attributed to the continuous unwinding of NDF positions. Overall, local bond yields crept higher; the 3 years to 30 years MGS benchmark yield rose by 4-13 bps month-on-month. Meanwhile, the Fed raised its target Fed Fund rates by 25 bps in March's FOMC meeting as expected.

During the month, there was a sharp increase in primary bond issuance with total issue size of RM27.6b compared to RM6.5b in February. As market participants were anticipating these primary issuances, secondary trading volume in the Private Debt Securities market was thin. Given that MGS yields remain under pressure due to the outflow of foreign holdings in the govies, our strategy ahead is to cherry pick when there is a sell off and to continue to focus on primary issues to get size.

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.