

HLA Dana Suria (HLADS)

September 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.

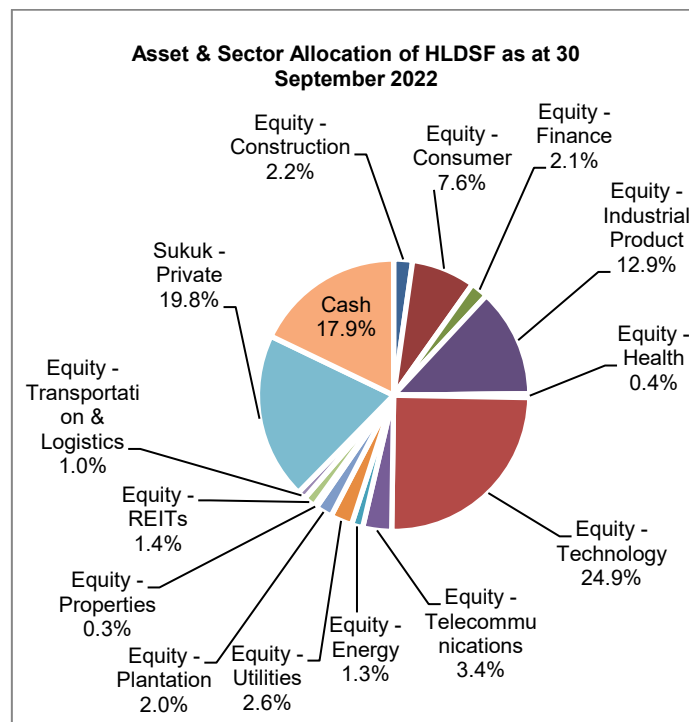
Fund Details

Unit Price (30/9/2022)	:RM1.4896
Fund Size (30/9/2022)	:RM11.5 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.

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.

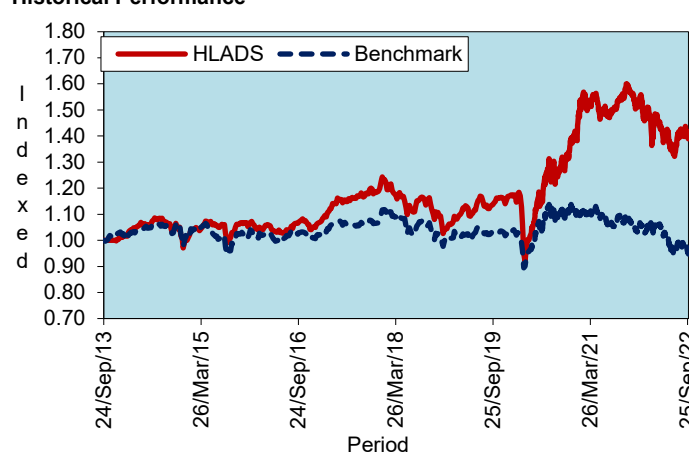
Asset Allocation for HLADS as at 30 Sept 2022	%
Hong Leong Dana Maa'rof	50.07
HLA Venture Dana Putra	49.82
Cash	0.10
Total	100.0



Top 5 Holdings for HLADS as at 30 Sept 2022

	%
1. Samalaju Industrial Port Sdn Bhd	Sukuk 5.0
2. Government Investment Issue 2024	Sukuk 4.8
3. Government Investment Issue 2024	Sukuk 2.4
4. Government Investment Issue 2028	Equity 2.4
5. Lembaga Pembiayaan Perumahan Sektor Awam- Private Sukuk	Sukuk 2.4
Total Top 5	17.1

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	-10.44%	-1.99%	-10.68%	22.22%	19.19%	38.96%
Benchmark*	-11.36%	-4.48%	-11.68%	-7.74%	-10.70%	-5.31%
Relative	0.93%	2.50%	1.01%	29.95%	29.88%	44.27%

*Source: Bloomberg

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

HLA Dana Suria (HLADS)

Market Review, Outlook & Strategy

September was a tough month where global equities slumped in tandem with other risk assets while the greenback surged with the DXY Index near a 20-year high. Market sentiment was depressed due to global growth concerns with rising possibility of central banks overtightening and ongoing geopolitical tensions. During the FOMC meeting, the Fed raised rates by another 75 bps and signaled that the Fed remains committed to tighten at the expense of the economy until inflation subsides. Geopolitically, the Russia-Ukraine tension deteriorated further when the Russian President announced a partial mobilization of reservists and the annexation of captured Ukraine territory with the threat of nuclear weapons should Russia be invaded. US-China tension rose when the US Senate Committee on Foreign Relations approved the Taiwan Policy Act of 2022 which could potentially increase US' support for Taiwan by providing billions of dollars in defense capabilities. FX volatility was also seen in the British pound after the new UK government announced a radical economic plan in a bid to boost growth and Yen weakens as the BoJ remains steadfast in its stance of ultra-easy monetary policy in order to spur inflation and to support growth in Japan.

Back to Malaysia, we saw Bank Negara Malaysia raised the Overnight Policy Rate by 25bps to 2.5% as headline CPI hit the highest in 5.5 years to +4.7% yoy in August (July: +4.4% yoy). There is increasing expectation that Parliament could be dissolved after the tabling of Budget 2023 on 7th October with UMNO leaders confirming to the media that general election would be held this year. The three best-performing sectors in September were construction (-2.1% mom), transport (-2.9% mom) and REIT (-3.4% mom). The top three worst-performing sectors in September were plantation (-10% mom), energy (-8% mom) and telecommunication (-7.1% mom).

Average daily trading value increased to RM1.8b in September from RM1.7b in August. Foreign institutions turned net sellers -RM1.6b while local institutions turned net buyers (+RM1.1b). Local retailers remained net buyers +RM0.5b. Retailers and local institutions accounted for 24% and 36% of value traded. Foreign institutions accounted for 29% of value traded. The 4 major indices were negative in September: FBM KLCI - 7.8% mom, FBM Shariah -7.5% mom, FBM Emas -6.7% mom and FBMSC -4.6% mom.

The market will remain volatile and investors are likely to remain cautious with the rising likelihood of a global recession. Investors will continue to monitor closely Fed speak to gauge the interest rates trajectory as well as the ongoing Russia-Ukraine war and the impact on commodity prices. Also in China, the 20th Congress of the Chinese Communist Party on 16th October will be followed closely for any indication of a softer stance to the current zero Covid strategy as well as the successful reopening of Hong Kong and Macau. Domestically, the upcoming Budget 2023 on 7th October is unlikely to excite the market but potentially an indication of an early 15th General Election. We remain defensive, investing in both value and growth. 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 shot up in September due to grave inflationary concerns coupled with the unabating hawkish tone from policy makers. The 2-, 5-, 10- and 30-years UST yields increased by 79, 74, 64 and 48 bps respectively m-o-m. The sharp increase in yield came on the back of higher than expected August CPI readings of 8.3% y-o-y against market forecast of 8.1%. Subsequent to this, the 10Y note surpassed the 4.0% level for the first time in 12 years. At the close of the month, the Bank of England announced a massive 65 billion pounds bond buying programme. This policy dislocation at a time where central banks worldwide are trailing down the policy tightening path came to the surprise of the market and sent yields plummeting. The 10Y fell by more than 26bps to just under 3.70%, on track to the biggest single-day drop since March 2009.

On the local front, relatively similar trends were observed in govies yields as it continued to track the trend in the US. The yields on the 5-, 10-, 15- and 30-years tenors increased by 33, 43, 41 bps respectively. The strong economic footing as reflected by 2Q GDP was accommodative for the central bank to raise the OPR by 25bps in its quest to combat rising price pressures. August CPI came in at 4.7% y-o-y, higher than the 4.4% recorded a month prior, with the increase stemming largely from food components. The 10Y MGS settled at 4.42% at the end of September compared to 3.99% a month prior.

In the corporate bond segment, some prominent new issuances during the month were CIMB Bank Berhad (RM1.5 billion, AA2), CIMB Group Holdings (RM1.5 billion, AA2), edotco Malaysia Sdn Bhd (RM1.4 billion, AA+) and IGB REIT Capital Sdn Bhd (RM1.2 billion, AAA).

Outlook & Strategy

The UST is likely to be influenced by inflation data and comments from Fed officials, who have remained adamant in their commitment to bring inflation down to 2%, which is a far cry from current levels. We are of the opinion that the current hawkish environment will likely persist over the near term as inflation is unlikely to cool off substantially. On the flip side, recessionary indicators and signs of a slowing economy as a result of aggressive tightening have started to emerge particularly in the labour market. We will remain vigilant in observing relevant data to anticipate if a reversal in current policy tightening is on the horizon.

Domestically, the MGS will likely track the movement of its US counterpart. Yields would most likely trend higher on account of the Fed's current aggressive trajectory. In addition, the upcoming budget dubbed as the election year budget could be one that is costly and would necessitate additional government borrowings. In view of the above, we would stay cautious and continue to monitor key economic data that could cause risk-off sentiments while waiting for oversold bond reinvestment opportunities.

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:

- 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

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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.