

# HLA Dana Suria (HLADS)

Dec 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.

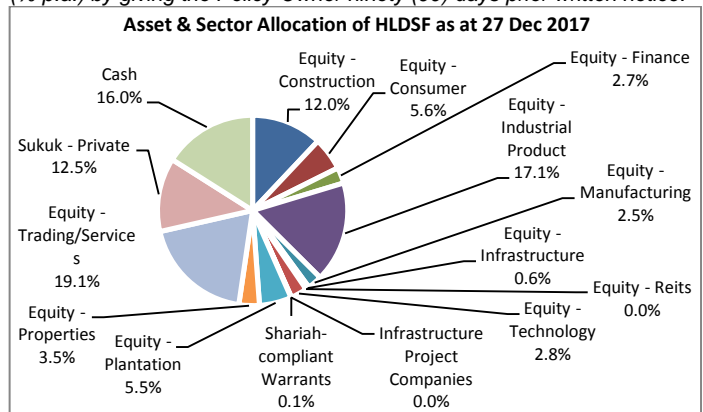
### 4. Target Market

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 (27/12/2017)	:RM1.1990
Fund Size (27/12/2017)	:RM6.85mil
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 27 Dec 2017

		%
1.	TENAGA NASIONAL BERHAD	Equity 6.6
2.	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM	Sukuk 4.9
3.	SEPANGAR BAY POWER CORP 2022	Sukuk 2.6
4.	KESAS SDN BHD IMTN 2020	Sukuk 2.5
5.	SARAWAK HIDRO SDN BHD	Sukuk 2.5
6.	INARI	Equity 2.5
7.	VS	Equity 2.3
8.	KERJAYA	Equity 2.2
9.	QL	Equity 1.9
10.	DIALOG	Equity 1.7
<b>Total Top 10</b>		<b>29.7</b>

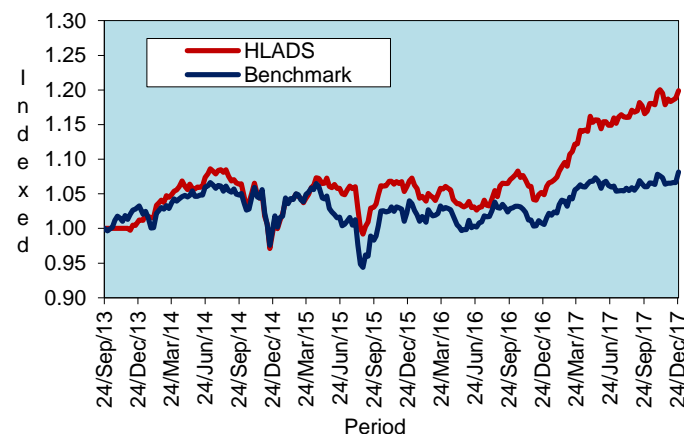
## Hong Leong Assurance Berhad (94613-X)

Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.

Telephone 03-7650 1818 Facsimile 03-7650 1991

Customer Service Hotline 03-7650 1288 Customer Service Hotfax 03-7650 1299

## Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLADS	1.02%	14.32%	18.36%	14.32%	19.90%
Benchmark	1.52%	7.53%	6.23%	7.53%	8.16%
Relative	-0.50%	6.79%	12.13%	6.79%	11.74%

## Market Review, Outlook & Strategy

Most regional equity markets ended the month on a positive note on the back of optimism over global growth with markets like Hong Kong and Thailand hitting ten year highs despite profit taking of technology stocks due to concerns over weaker than expected demand for Apple's new phones. Meanwhile, the main headlines was the passing of the US tax reform bill, which is seen as a game-changer for US corporate earnings and the overall economic outlook. In turn, commodities extended its upward trend, led by rising industrial metal prices, as concerns over slowing Chinese industry activity eased again. During the month, Brent crude rallied to above US\$66 a barrel on the back of supply pressures following a pipeline leak in the UK North Sea, an explosion that disrupted the supply at a Libyan pipeline and the extended production cuts by the Organisation of the Petroleum Exporting Countries (Opec). Finally, FOMC raised its target for short-term interest rates at the December meeting by 0.25% as expected, although the pace of future hikes is more uncertain with a new Fed Chair.

The local index started the month flat, as the market lacked catalysts. However, heading towards month-end, the KLCI started to trend upwards due to year end window dressing on blue-chips. This was followed by foreign inflows of RM165m during the last trading week of the year. Ringgit also continued to strengthen to trade at RM4.0465/ US\$ from the low of RM4.4862/ US\$ as at end 2016.

For the month, the KLCI rose 4.6% or 79pts to close at 1,796.8pts driven by the finance and technology sectors. The broader market underperformed, with the FBM Emas rising by only 4.3% mom to 12,942pts. Small caps performance was weaker relative to KLCI in December as the FBM Small cap index rose by only 1.6% mom to 17,051pts while the FBM MESDAQ rose 4.6% to 6,603pts. Average daily value traded on Bursa fell 3% mom to RM2.65bn. During the month, Nestle, Press Metal, Sime Darby Plantations were added to the KLCI index, while Westports, Sime Darby Property, IJM and BAT were deleted.

We expect 2018 to be an eventful year. On the global backdrop, monetary policies are expected to be less accommodative with uncertainties surrounding the new tax reform in the US. Domestically, market is now expecting Bank Negara Malaysia to hike rates by 25bps in January 2018 just before the upcoming general elections that must be held by August 2018. Themes that we favour in 2018 would include 1) consumption recovery plays, 2) beneficiaries of a stronger Ringgit, 3) reflationary theme and 4) selective rail-related infrastructure spending beneficiaries

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

In the month of December, reversal of gains was seen in the first half of the month as MGS yields rose across the curve amid thin volume. As the Ringgit strengthened against USD in the second half of the month, demand for MGS also picked up. The government bond curve shifted lower with spreads remaining tight. Despite expectations of a rate hike in 2018, short end MGS shifted 6-16bps lower from late November to mid December alongside the stronger Ringgit. Support was clearly coming from foreign demand, with latest data showing foreign holdings in MGS+GII increasing to RM180.7b or 28.8% as at end-Nov 2017 out of outstanding MGS+GII compared with RM173.0b and 27.6% at end Oct 2017.

In the corporate bond space, corporate issuers continued to rush to tap the primary market in anticipation of rising rates in 2018. The primary issues for the month were UEM Sunrise Berhad, Northport Malaysia Berhad, Westports Malaysia Sdn Bhd, Edra Energy, Prasarana, PNB Merdeka Ventures and Skyworld Capital Berhad. Secondary transactions, especially the government guaranteed (GG) bonds, were more muted since more GGs are expected to tap the primary pipeline later in 2018.

Moving forward, the rhetoric of major central banks will remain a key focus in 2018 as investors continue to gauge the timing of monetary policy direction and pace of interest rate normalization. Locally, following the policy statement released during November's MPC meeting, BNM hinted at resuming OPR normalisation in 2018.

In the corporate bonds segment, there is approximately RM42bn of corporate bond maturities in 2018. As most issuers look to lock in lower funding costs as cost of financing is expected to rise in tandem with the global interest rate environment, we can expect them to front-load their financing needs in the early part of 2018. Like before, potential primary issuances will most likely be driven by the GG segment, followed by financial/banking sector and the infrastructure/utilities sector.

Thus, we will stay defensive and skew to shorter duration papers. Tactically, we will bargain hunt when opportunities emerge for cheaper entry since bond yields are expected to gradually adjust higher.

## HLA Dana Suria (HLADS)

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

Year	2013	2014	2015	2016	2017
Benchmark	3.3%	-1.4%	2.2%	0.4%	7.5%
HLADS - Gross	2.7%	1.5%	7.4%	-0.6%	17.0%
HLADS - Net	1.2%	0.1%	5.5%	-1.9%	14.3%

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 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 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	2013	2014	2015	2016	2017
Performance	7.0%	0.1%	9.1%	-1.2%	13.1%

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	2013	2014	2015	2016	2017
Performance	32.6%	-1.1%	4.9%	-2.3%	20.8%

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.