

# HLA Dana Suria (HLADS)

Sep 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.

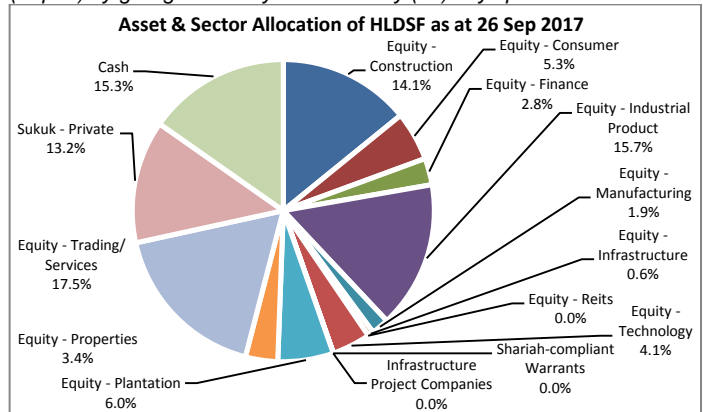
### 4. Target Market

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 (26/9/2017)	:RM1.1659
Fund Size (26/9/2017)	:RM6.75mil
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 Emas Shariah 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 26 Sep 2017

		%
1.	TENAGA NASIONAL BERHAD	Equity 5.7
2.	LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM	Sukuk 5.1
3.	KESAS SDN BHD IMTN 2020	Sukuk 2.7
4.	SEPANGAR BAY POWER CORP 2022	Sukuk 2.7
5.	SIME	Equity 2.7
6.	SARAWAK HIDRO SDN BHD	Sukuk 2.6
7.	KERJAYA	Equity 2.1
8.	VS	Equity 2.0
9.	INARI	Equity 1.9
10.	DIGI	Equity 1.8
<b>Total Top 10</b>		<b>29.3</b>

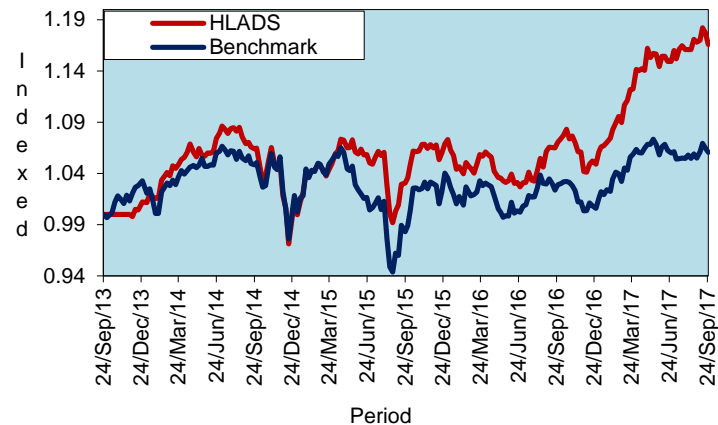
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## Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLADS	-0.18%	8.92%	9.52%	11.17%	16.59%
Benchmark	0.51%	3.04%	0.94%	5.42%	6.04%
Relative	-0.69%	5.88%	8.58%	5.75%	10.55%

## Market Review, Outlook & Strategy

Regional markets were muted with strong geopolitical tensions as both North Korea and US continued their war mongering threats. That aside, market participants were also pre-occupied with the policy direction of the key central banks. The Fed did leave policy rates unchanged as expected, but announced that from 1 Oct 17 it will reduce the amount it reinvests from maturing assets on its balance sheet with an initial amount of US\$10b per month.

Meanwhile, Malaysia's economic numbers were more positive with the pick-up in the Industrial Production Index and stronger domestic demand. Headline inflation also rebounded to 3.7%. As a result the Ringgit strengthened by close to 1.2% mom to RM4.2205/ US\$. However, the positive macro data was not reflected in the performance of the FBMKLCI which produced negative returns in September. This decline was driven by continued foreign selling to the tune of RM1bn although there is still positive inflow of RM9bn for 2017. The selling was on the back of limited positive news flow as the general elections are likely to be held later in 2018 and the recent disappointing corporate results season.

As such, the FBM KLCI was down by 17.58pts (-1% mom) to 1,756pts in September. The key sectors that dragged down the KLCI in Sept were the finance and technology sectors. Small caps, however, fared better with the FBM Small cap index rising 1.2% to 16,950pts. However, FBMMES (or Ace market) fell 0.7% mom to 6,568pts. Average daily value traded on Bursa in Sep rose 30% mom to RM2.5bn.

Domestically, investors will be focusing on the upcoming Budget 2018 themed "Negeraku Shaping the Future" which will be tabled on the 27<sup>th</sup> October. Given that this is the final budget before the next general elections, it is likely that it will be expansionary with a focus on the lower and middle income segments. Key issues will be addressing the cost of living, affordable housing and using technology to spur growth. Meanwhile, global markets will likely trade range-bound awaiting the outcome of the upcoming Federal Market Open Committee meeting in November. Markets will also continue to monitor the tension between the United States and North Korea.

As for our strategy, we continue to favour infrastructure related and building material names as infrastructure projects are likely to be prioritised ahead of the general elections. We will also continue to take opportunity of any market weakness to accumulate stocks with earnings certainty and tangible structural improvements.

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

Malaysian Government bond (govvies) yields continued to ease lower in the first week of September, tracking the sentiment of US Treasuries (UST). This was primarily due to safe haven flows amid lingering concerns over geopolitical tensions from North Korea as well as Hurricane Irma which could delay the Fed's rate hike plans. However, sentiment reversed as concerns over impact of Hurricane Irma later subsided. UST yields then continued to spike further with revived expectations of a Fed rate hike following Yellen's hawkish statements and the announcement of the tapering of their balance sheet in October. Consequently, the Malaysia govvies market was fairly quiet with action only seen on short term bonds due to the global hawkish sentiment.

US Treasuries yields are expected to be on an uptrend as market players are still vigilant over the Fed's monetary policy stance and the impact of tapering its balance sheet. As such, we are of the view that the fixed income market will be volatile but this presents a trading opportunity for both foreign bonds and local govvies. Meanwhile, we will focus on primary bonds for yield pick-up and selectively buy when there is any irrational selloff in the market.

## HLA Dana Suria (HLADS)

### Actual Annual Investment Returns for the Past Four (4) 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 four (4) 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.