

HLA Dana Suria (HLADS)

July 2021

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.

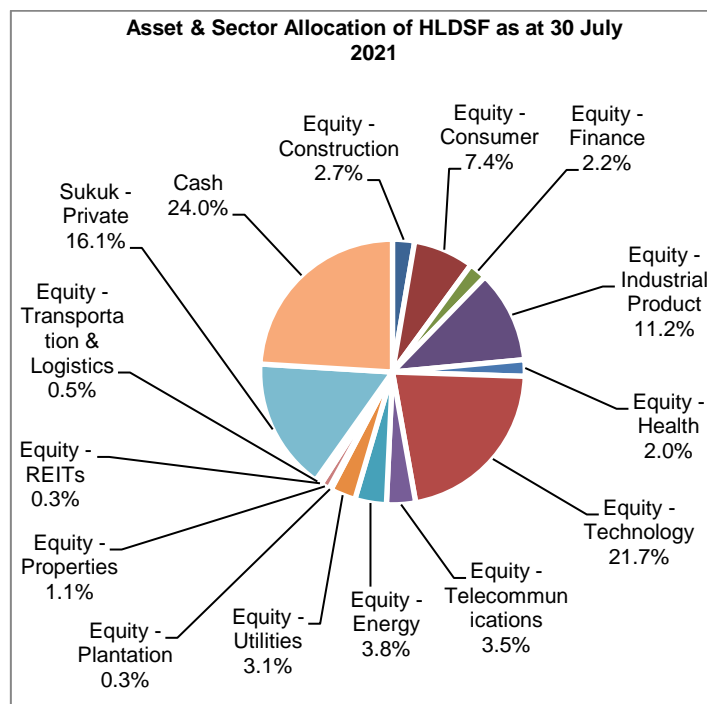
4. Target Market

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 (30/7/2021)	:RM1.4940
Fund Size (30/7/2021)	:RM9.80 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

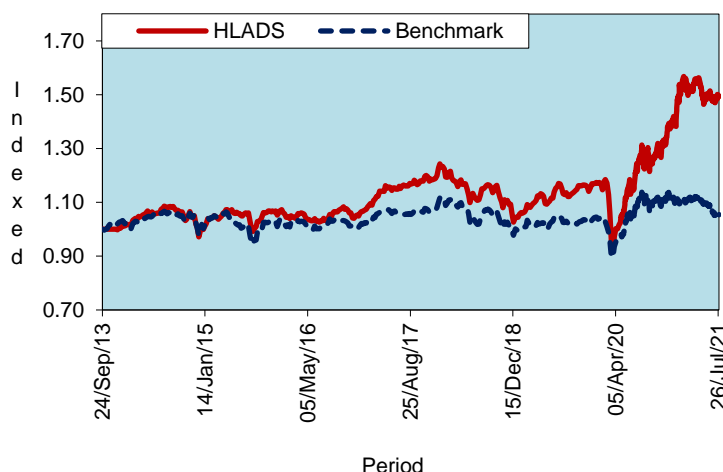
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



Top 5 Holdings for HLADS as at 30 July 2021

		%
1.	D&O Green Technologies Berhad	Equity 4.3
2.	Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)	Sukuk 3.8
3.	Government Investment Issue	Sukuk 3.5
4.	INARI	Equity 2.6
5.	UWC	Equity 2.3
Total Top 5		16.5

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	5.70%	1.20%	17.96%	29.83%	44.57%	49.40%
Benchmark*	-5.30%	-0.64%	-6.41%	-0.68%	3.63%	5.38%
Relative	11.00%	1.84%	24.37%	30.52%	40.94%	44.02%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

In July, developed markets in the US and Europe continued to outperform Asia which was dragged by China due to the onslaught of regulatory actions which hammered stocks in the education, property and technology sectors. The primary goals of the regulatory actions are to limit the widening of economic and social inequalities and also to slow the falling birth rate by lowering the principal costs associated with having children. China officials reiterated that the ongoing regulatory tightening of the education and internet sectors benefit the long-term development of the country and that China remains committed to opening up its capital markets. Elsewhere, developed markets remained fairly resilient with the pace of reopening as well as optimism over strong earnings. The FOMC meeting saw the Fed setting up the tone for a likely tapering end 2021 or early 2022 as it acknowledged that "the economy has made progress toward" its goals and would assess the progress at "coming meetings".

Domestically a five-day special sitting of Parliament commenced but it was abruptly cut short and suspended until further notice on the back of a supposed Delta variant that was being detected within the "Parliament cluster". We also saw a deepening of the political crisis when the Yang di-Pertuan Agong reprimanded the government for not heeding his advice and revoking the Emergency Ordinances (EO) without a debate in Parliament. However, some positive takeaways from the sessions are where most states are expected to have at least 60% of their adult population inoculated by end-September and can then move on to the final phase of the country's Covid-19 exit strategy as early as October. Some timeline of key events unveiled include the 12th Malaysia Plan (2021-2026) to be tabled on 20th September while Budget 2022 will be tabled on 29th October. Malaysia's daily new Covid-19 cases numbers continued to surge to a new record high of 17,786 on 31st Jul from 6,988 on 1st Jul.

The average daily value traded on Bursa fell 10% mom and 45% yoy in July to RM3.1b. Local retail participants' share of average daily trading value rose 2ppt mom to 40% in July but the net buys in July fell to RM804m (Jun: +RM1.7b). Local institutional investors turned net buyers of RM120m in July while foreign institutions' net selling rose to RM1.3b in July. For the month, FBMKLCI was down by 2.5% mom to 1,494.6 pts. The FBM Shariah declined by 1.1% mom, FBMSC was flat mom and FBM Emas was lower by 1.6% mom.

Going forward, market participants will be following closely economic data releases in the US to determine whether growth has peaked in 1H and also the developments regarding the Delta or subsequent variants towards the sustainability of US' reopening. Domestically, key events taking place in August include the 2Q21 results season, the release of 2Q21 GDP figures, political developments and the new dates for the resumption of Parliament sitting and the expiry of the short-selling ban on intraday short selling on 29 Aug 21. We maintain our barbell strategy of investing in both the value and growth sectors, with focus still on the recovery/reopening theme, reflation beneficiaries and 5G/ technology names.

Market Review, Outlook & Strategy - Fixed Income Market

U.S. Treasury ("UST") rallied in July. Yields declined by 5 to 25bps MoM across the curve, with long end outperforming the short end. Buying momentum was supported by the risk off sentiments amid concerns over resurgence of Covid-19 cases and the highly contagious delta variants which will deter the global recovery. The July FOMC statement was largely in line with the expectation whereby the Fed did not signal any immediate withdrawal of monetary policy support, especially Quantitative Easing ("QE") tapering. Though the Fed acknowledged that longer term steps towards tighter policy remains in queue as the economy is likely to show improvements with vaccination progress in place.

On the local front, government bond market had a bullish run with rally seen in the long tenors across MGS and GII. The strong buying flows in 20-year MGS benchmark made the tenor outperform the rest of the curve, with yield down by 21bps MoM to close the month at 3.98%. On the contrary, the 5-year MGS benchmark yield rose by 8bps MoM. The market reacted briefly towards the dovish implication of MPC in early July, where BNM kept the OPR at 1.75%. In the MPC statement, BNM cited that the economic outlook remains and is still subject to significant downside risks, mainly due to factors that could lead to a delay in the easing of containment measures or imposition of tighter containment measures and weaker-than-expected global growth recovery. In the corporate bond segment, risk off sentiment continues to support the yield, especially on those with stronger credit profiles. The AAA-rated and government guaranteed ("GG") bonds continued to make up bulk of the daily transactions. Some prominent new issuances during the month were CIMB Thai Bank Public Company Ltd (RM660 million, AA3), Exsim Capital Resources Bhd (RM323 million, AA3), and Malaysia Rail Link Sdn Bhd (RM3.0 billion, GG).

Fears of transitory inflation and slower pace of growth began to unwind reflation trades with Central Bank also pushing back the tapering talk currently. The pace of growth and recovery seems to be at a slower pace than expected since more developing nations continue to see a surge in Covid-19 cases as new virus variants has spread swiftly and infected deeply into the community. To this front, policy makers worldwide will be more inclined to keep rates on hold, looking to balance the increasing risks to inflation with downside risks to growth. The accommodative policies should bode well for UST as a safe haven asset.

Government bond market in Malaysia is expected to react in a cautious mood amidst the political noises with the ongoing special parliament sittings. The reopening of the parliament with the unexpected announcement on the emergency proclamation and ordinances being revoked took everyone by surprise. Close attention will be paid on the political development and the Malaysia Budget 2022 which will be unveiled on Oct 29. The budget will focus on three key areas, namely agenda to drive economic recovery, rebuild country's resilience and catalysing reforms.

With the profound political risks and concerns over future fiscal policy constraints, we are cautious and would stay defensive in near term while looking for more clarity to reposition the fund.

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

Year	2013	2014	2015	2016	2017	2018	2019	2020
Benchmark	3.3%	-1.4%	2.2%	0.4%	7.5%	-7.5%	4.3%	6.7%
HLADS - Gross	2.7%	1.5%	7.4%	-0.6%	17.0%	-12.6%	14.5%	24.1%
HLADS - Net	1.2%	0.1%	5.5%	-1.9%	14.3%	-12.9%	12.0%	20.9%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	2.8%	6.4%	7.0%	0.1%	9.1%	-1.2%	13.1%	-11.1%	17.8%	28.5%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	-4.5%	7.8%	28.6%	-2.4%	3.1%	-3.6%	17.7%	-17.7%	8.3%	18.9%

Source: Hong Leong Assurance Berhad

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.

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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.