

HLA Dana Suria (HLADS)

Mar 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

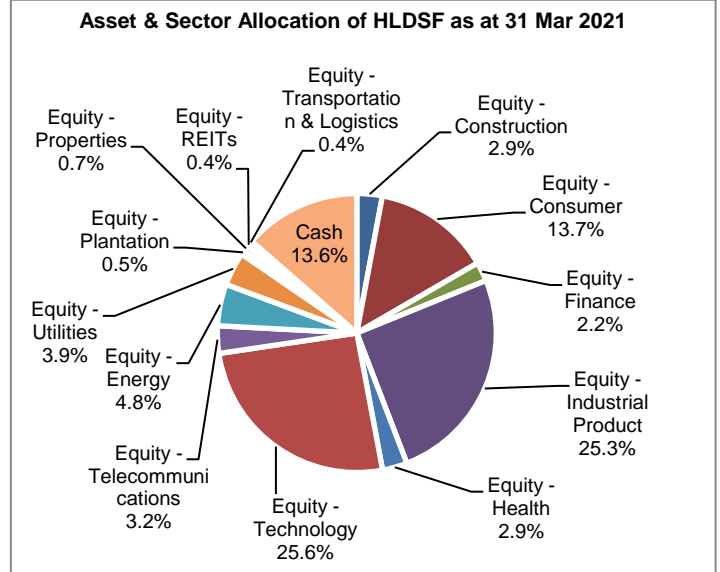
This fund is suitable for investors who have moderate risk-reward temperament and are looking for returns from Shariah-compliant investments in a medium-to-long term investment horizon.

Fund Details

Unit Price (31/3/2021)	:RM1.5137
Fund Size (31/3/2021)	:RM9.47 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.

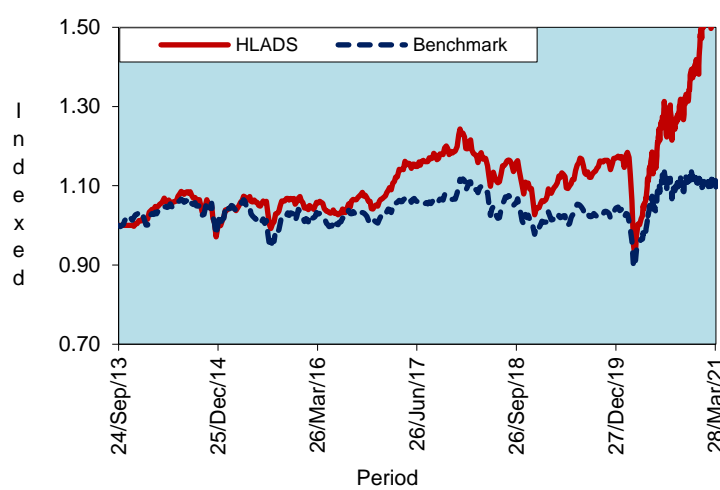
With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



Top 5 Holdings for HLADS as at 31 Mar 2021

Rank	Company Name	Asset Class	Percentage (%)
1.	Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)	Sukuk	5.2
2.	Government Investment Issue	Sukuk	4.9
3.	D&O Green Technologies Berhad	Equity	4.7
4.	Press Metal Aluminium Holdings Berhad	Equity	3.1
5.	Focus Point Holdings Bhd	Equity	3.0
Total Top 5			20.9

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	7.10%	-1.81%	55.57%	28.99%	43.22%	51.37%
Benchmark*	-1.42%	-0.62%	17.18%	0.71%	6.75%	9.75%
Relative	8.52%	-1.19%	38.39%	28.28%	36.47%	41.62%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

Global equities in March posted mixed returns with US, Europe and Japan seeing strong returns as hopes of economic traction rose (aided by US President Biden's stimulus package and the rapid rollout of Covid-19 vaccination) while China underperformed as the technology sector took a hit following a confluence of negative factors such as the US SEC kicking off the implementation of the Holding Foreign Companies Accountable Act (HFCAA), causing concerns about potential ADR delistings, Chinese regulators coming out with new rules and regulations and also the implosion of block trades initiated by Goldman Sachs. The US economy does seem to be on the path of "back to normal" as Covid-19 vaccination efforts intensify following the US President's pledge to double his Covid-19 vaccination goal to deliver 100m doses in his first 100 days in office, US\$1.9trn stimulus package now in the system and talks of US\$3trn infrastructure spending in the pipeline. These led to the rotation trade from growth into value stocks in March. Policies remain accommodative with the recent Fed meeting confirming that the FOMC is in no rush to add any hawkish policy and will continue hefty asset purchases until "substantial further progress has been made" toward its employment and inflation goals. Although the sharp rise in US Treasury 10 YR yields to 1.74% (+24bps) was a concern due to inflation expectations, it is important to note that yields are still below pre-Covid levels and any inflation this year is likely to be transitory due to a low base of comparison. Elsewhere, oil prices surged from their intra month lows to US\$65/barrel as the difficulties in refloating the huge Ever Given ship which was blocking the Suez Canal continued until recently, raised fears of supply tightness in oil markets.

In Malaysia, the Prime Minister unveiled a RM20b stimulus package (~1.3% of GDP); dubbed the PEMERKASA package, which focuses on extending subsidies, cash assistance and to expedite the Covid-19 immunisation programme. The RM20b consists of a RM11b direct fiscal injection and this will widen the 2021 deficit to 6% from the previous estimate of -5.4%. An additional RM2b was allocated for the Covid-19 vaccination program and the government now expects herd immunity to be achieved by end 2021 from 1Q22. The Government has also given the commitment that they will avoid another blanket MCO which augurs well for the recovery and reopening theme. Bank Negara Malaysia (BNM) had also decided to maintain the Overnight Policy Rate (OPR) at 1.75%. The reimposition of MCO will affect growth in 1Q21 but will be less severe than 2Q20. BNM expects growth to improve from 2Q21 and headline inflation in 2021 is projected to trend higher on the back of higher oil prices.

Retailers were once again net buyers at +RM1.6bn (USD386m) whilst local institutions were net sellers at -RM1.6bn (USD386m). Foreign institutions were neutral with buy/sell flows evenly balanced. Retailers and local institutions accounted for 36.9% and 26.3% of total value traded while foreign institutions contributed 16.7% of the value traded. For the month, the best performing index was the Small Cap Index with a +2.3% return. The FBM KLCI saw a decline of -0.3% mom to 1,573.51pts. FBM Shariah and FBM Emas was -1% mom and flat mom respectively.

The biggest issue dominating the market now is the normalization of yields in the US and the market is also pricing in a persistent inflationary spike. However, it looks more likely that the inflation would be transitory. Investors will continue to be following closely the fluctuations in Treasury yields and the normalization back to pre-Covid levels on the back of economic recovery that is not necessarily negative for equities. In any event, sectors that benefit from a rising interest rate regime would be the banks and insurers. Markets will remain volatile and as such we will continue to maintain our barbell strategy by investing in both the value and growth sectors, with focus on the recovery/ reopening theme, reflation beneficiaries and 5G/ technology players.

Market Review, Outlook & Strategy - Fixed Income Market

The yield curve of the U.S. Treasury ("UST") continued to steepen in the month of March, driven largely by expectations of inflation and economic growth. Tenors of the 5-, 10- and 30-years increased by 18, 34 and 26 bps m-o-m respectively as a result of such expectations. The optimism on economic recovery was driven chiefly by the USD1.9 trillion which passed the voting on both houses and was signed in by the President coupled with the promising vaccine progress currently underway. Additionally, some positive economic data which include the PMI index increasing to 58.6, above the Bloomberg consensus of 58.5 and the non-farm payroll increasing by 379,000, higher than January's increase of 166,000 and Bloomberg's estimate of 200,000 partly fueled the bets on economic recovery. The Fed chairman's assurance that low interest rates will be maintained even if inflation reaches above 2.0% this year seemed to have little impact on market sentiment as the 10-year UST yield rose above the 1.75% level, its highest since January 2020. President Biden will also propose a USD2 trillion package to invest in traditional projects like roads and bridges alongside tackling climate change and boosting human services such as elder care. The tab is expected to grow to a combined USD4 trillion once he rolls out the second part of his economic plan in April. Additional economic growth prospects helped push yields higher.

On the local front, the govies yield continued to mirror the general movement of the UST with the 10-, 15- and 30-year MGS increasing by 17, 9 and 8bps m-o-m respectively. Apart from the UST influence, some fundamental local dynamics have also contributed to the steepening of the local yield curve. The removal of the conditions for the i-sinar EPF withdrawals has led to speculations that some sell-off in EPF's govies holdings could arise in anticipation of said withdrawals. Moreover, the new PEMERKASA package which will provide RM11 billion in direct fiscal support is anticipated to increase the supply of govies as the Ministry of Finance ("MOF") has indicated that part of direct fiscal support will be funded by way of borrowings. A key part of the new package is to fund the acceleration of the Covid-19 immunisation programme. The acceleration could bring forward the herd immunity target date from 1Q2022 to December 2021, further fueling the prospect of economic recovery. Some support in local govies was seen towards the end of the month after FTSE Russel announced that Malaysia will retain its membership in the WGBI.

The corporate bond segment saw the AAA spread against the MGS increasing m-o-m with the 3-, 5-, 10-, and 15-year AAA tenor increasing by 22, 19, 32 and 30bps m-o-m respectively. Investor's demand preference continued to centre on liquid and strong investment grades bonds with AAA and GG bonds comprising the bulk of daily transactions. Some prominent new issuances during the month were LPPSA (RM4.0 billion, GG), Tanjung Bin Energy (RM2.97 billion, AA1), Petroleum Sarawak Exploration & Production Sdn Berhad (RM1.5 billion, AAA), PTPN (RM1.0 billion, GG), FELDA (RM2.005 billion, GG) and Cellco Capital Berhad (RM500.0 million, AA).

In the near future, the current momentum behind expectations for economic growth and inflation is unlikely to significantly abate. Such view is underpinned by the progress of vaccine immunisation programmes in the US and Malaysia coupled with the introduction of new economic packages. The progress of the vaccine immunisation program in the US and Malaysia will be closely monitored to gauge the likely pace and magnitude of economic recovery. UST yield curve could steepen as a result of the anticipated increase in debt supply to fund the proposed USD2 trillion packages. Close attention will be directed to the progress of the US's proposed infrastructure bills and the funding plans for it. The rise in UST yield could potentially spill over to the local bond yields. As such, we remain defensive and will focus on trading rather than investment in the current volatile trading environment to enhance the portfolio return.

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.