

HLA Dana Suria (HLADS)

October 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.

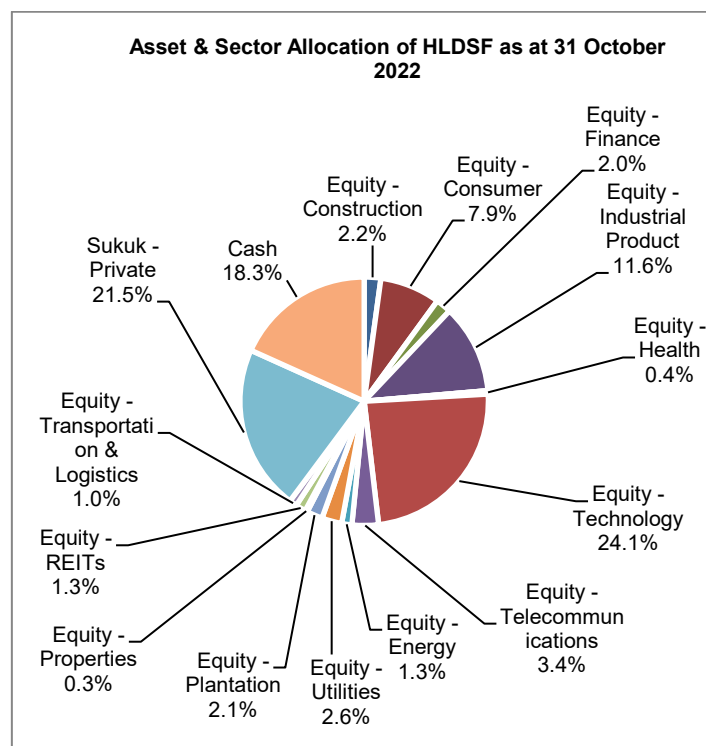
Fund Details

Unit Price (31/10/2022)	:RM1.3802
Fund Size (31/10/2022)	:RM11.3 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.

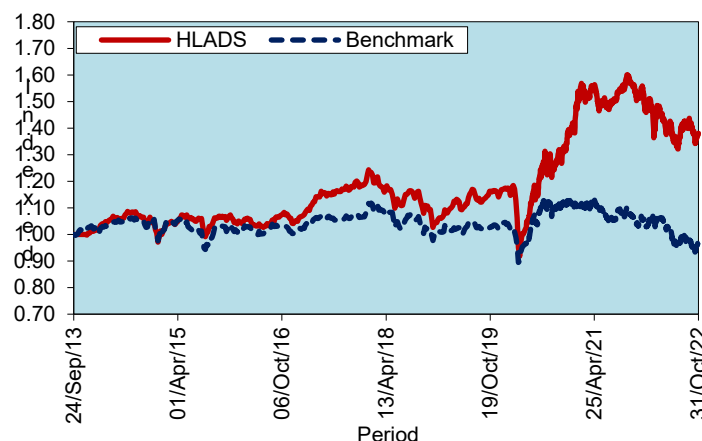
Asset Allocation for HLADS as at 31 Oct 2022	%
Hong Leong Dana Maa'rof	50.57
HLA Venture Dana Putra	49.18
Cash	0.25
Total	100.0



Top 5 Holdings for HLADS as at 31 Oct 2022

		%
1.	Government Investment Issue 2024	Sukuk 6.1
2.	Samalaju Industrial Port Sdn Bhd	Sukuk 5.1
3.	Government Investment Issue 2024	Sukuk 2.5
4.	Government Investment Issue 2028	Equity 2.5
5.	Lembaga Pembiayaan Perumahan Sektor Awam- Private Sukuk	Sukuk 2.4
Total Top 5		18.6

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	-11.04%	-0.68%	-12.89%	18.93%	15.39%	38.02%
Benchmark*	-9.16%	2.48%	-10.62%	-5.65%	-9.99%	-2.96%
Relative	-1.88%	-3.16%	-2.28%	24.58%	25.38%	40.98%

*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 staged a recovery in October as market is now pinning hopes of smaller rate hikes ahead by the Fed. This was following a more dovish ECB and the Bank of Canada which delivered smaller-than-expected interest rate hikes. On the other hand, recession risks are also rising and the US Big Tech earnings have missed expectations amid pressures from weaker consumer demand and a strong USD. Geopolitical tensions continued to escalate between the US and China following US' issuance of restrictions on advanced semi sales to China and US persons employed by Chinese semi firms. The Russia-Ukraine situation appeared to have deteriorate further after the Russian's vicious attacks on critical infrastructure in Ukraine and froze its participation in the Black Sea grain-export programme. Over to China, we saw the conclusion of the 20th Party Congress meeting where President Xi Jinping was being re-elected for the third-term and the Standing Committee was being reshuffled to feature all his allies. These changes to existing practices of selecting Party positions signalled the virtual end of the system of collective responsibility and during the meeting the party also formalized China's forceful position on international relations, geopolitics and on reunification. These factors led to a further plunge in the Chinese market.

In October, we saw a broad-based recovery for the FBM KLCI. Budget 2023 was tabled on 7th Oct but on 10th Oct the announcement to dissolve the Parliament to pave way for GE15 was made, with the polling date set to be held on 19th Nov. The three best performing sectors in October were healthcare (+15% mom), transport (+12% mom) and plantation (+6% mom). The top three worst performing sectors were technology (-4% mom), construction (-1% mom) and REIT (-1% mom).

Average daily trading value fell to RM1.7b in October from RM1.8b in September. Foreign institutions remained net sellers -RM594m (Sep: -RM1.6b) while local institutions stayed as the largest net buyers with +RM885m (Sep: +RM1.1b). Local retailers turned net sellers of -RM133m in October. Retailers, local institutions and foreign institutions accounted for 25%, 46% and 29% respectively of value traded. The 4 major indices recovered in October with FBM KLCI leading the broader market. FBM KLCI was up by 4.7% to close at 1,460.38 pts, FBM Shariah +4.0% mom, FBM Emas +3.8% mom and FBMSC +4.2% mom.

On the global front, the key focus events will include the FOMC meeting, US mid-term elections and the G20 Summit (potential meeting between President Xi Jinping and President Biden). Investors will continue to track closely the ongoing developments in the Russia-Ukraine war and its impact on commodity prices. As for domestic key events, it will include the MPC meeting where market expects another 25bps hike, outcome of GE15 which is expected to be market neutral and the 3Q earnings reporting season which should continue to see cost pressures. 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 continued its upwards march in October amid record high persistent and unabating inflationary pressures. While chatters of a pivot from the Fed have emerged as of late leading to some declines in yields during the month, overall movement was overwhelmingly driven by inflationary worries. The 2-, 5-, 10- and 30-years UST yields increased by 20, 14, 22 and 39 bps respectively m-o-m. The increase in yield came on the back higher than expected August CPI readings of 8.2% y-o-y against market forecast of 8.1%. Subsequent to this, the 10Y increased to 4.33%, a level which had not been reached in the last 15 years. The bond rout was also attributed to Fed officials which remained steadfast in their hawkish stance, anchored by labour market and consumer spending indicators which has yet to display any signs of palpable deterioration. To close out the month, the 2Y and 10Y settled at 4.48% and 4.05% respectively.

On the local front, relatively similar trends were observed in shorter tenure govies yield as it continued to track the trend in the US. The yields on the 3-, 5-, 7-years tenors increased by 4, 13, 2bps respectively. Longer tenures such as the 10Y and 30Y note however decreased by 7bps and 2bps respectively, owing to less severe inflationary pressure than the US. Inflationary pressure remained above the 3% comfort level albeit slightly declining to 4.5% in September against 4.7% in the prior month. The recently announced budget which was relatively neutral, seemed to have had little impact on the bond market. The deficit forecast mirrors current levels, quelling concerns of the need of larger than expected debt issuances or negative rating actions from international credit rating agencies. The 10Y MGS settled at 4.35% at the end of September against 4.42% a month prior. In the corporate bond segment, some prominent new issuances during the month Amanat Lebuhraya Berhad (RM5.5 billion, AAA), Danainfra (RM2.0 billion, GG), Cagamas (RM1.4 billion, AAA) and UOB Malaysia Bhd (RM1.0 billion, AAA).

Outlook & Strategy

The UST is likely to be influenced over the near term by any indications of an impending dovish tilt by the Fed. Close attention will be directed to labour market indicators as the Fed has hinted to the market and reminded them of its dual mandate. We think a pivot is inevitable due to our opinion that the current aggressive tightening path will eventually lead to a recession. The question is rather about when will signs of weakness in the labour market and spending levels emerge and what would be a tolerable decline before the Fed begins to change direction. To that end, we will continue to vigilantly monitor relevant economic data to approximately gauge the pivot timeline.

Domestically, the MGS will likely track the movement of its US counterpart. We, alongside market participants, believe BNM still has room to increase rates further. The economy has been on a strong footing and all bets point to a shattering 3Q GDP number of close to 10% y-o-y growth. A wildcard in the current environment would be the recently announced election date could influence market sentiments and subsequently bond yields. We think possible outcomes of the election will do little to influence the bond market but we cannot rule out the possibility of improbable surprises and will continue to be cautious.

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:

- 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	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

- 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

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.

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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.