

# HLA Dana Suria (HLADS)

March 2023

## 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

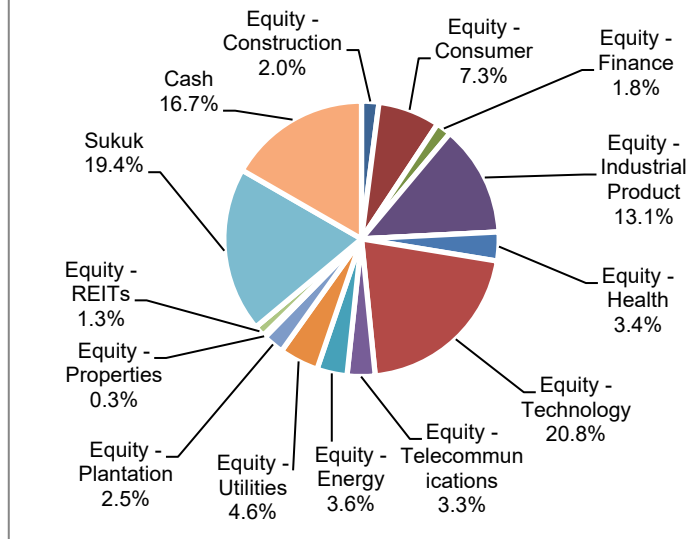
Unit Price (31/3/2023)	:RM1.4319
Fund Size (31/3/2023)	:RM12.92 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	: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 March 2023	%
Hong Leong Dana Maa'rof	50.14
HLA Venture Dana Putra	49.69
Cash	0.12
<b>Total</b>	<b>100.0</b>

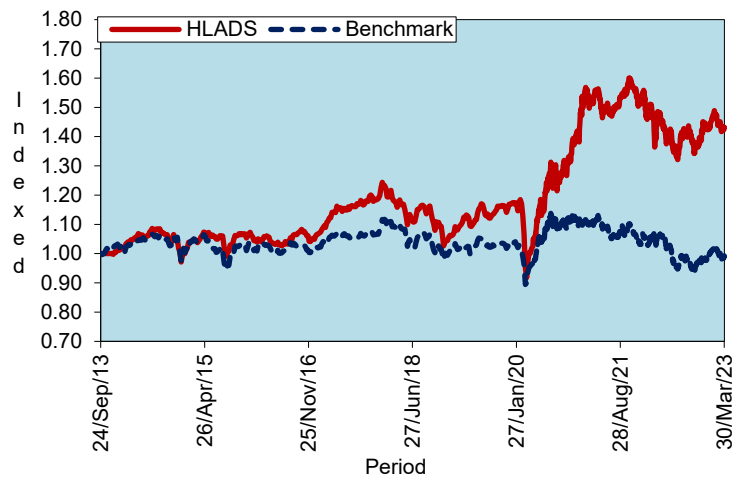
**Asset & Sector Allocation of HLDSF as at 31 March 2023**



**Top 5 Holdings for HLADS as at 31st March 2023**

	%
1. Government Investment Issue October 2024	Sukuk 4.5
2. Government Investment Issue - 2026	Sukuk 4.4
3. Samalaju Industrial Port Sendirian Berhad - Private Sukuk	Sukuk 3.7
4. Tenaga Nasional Berhad	Equity 3.6
5. Government Investment Issue - 2028	Sukuk 1.9
<b>Total Top 5</b>	<b>18.1</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	0.32%	-0.51%	-2.60%	47.16%	22.02%	43.19%
Benchmark*	-0.97%	-0.36%	-5.67%	5.94%	-8.97%	-0.79%
Relative	1.28%	-0.15%	3.07%	41.23%	30.98%	43.98%

\*Source: Bloomberg

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

## HLA Dana Suria (HLADS)

### Market Review, Outlook & Strategy

During the month, global financials experienced a crisis of confidence triggered by the collapse of Silicon Valley Bank (SVB). The turmoil has led to the seizure of SVB and Signature Bank, the private-sector bailout of the US regional lender First Republic Bank and the takeover of Credit Suisse by its rival, UBS. Following the Federal Deposit Insurance Corporation's (FDIC) guarantee of all deposits at the banks it has taken over, combined with the Fed's new Bank Term Funding Program – allowing banks to pledge Treasuries at par for funding – should help contain any potential deposit-flight contagion. Despite the ongoing banking turmoil, the Fed continued with its inflation-fighting campaign with a 25bps hike to rates which lifted Fed Funds Target rate to 4.75-5%. Sentiment fared better in the North Asia and China markets thanks to Beijing's further support to the internet and gaming sectors. While the GDP growth target of 5% unveiled during the National People's Congress disappointed investors, SOE reforms surprised investors positively and drove returns in the telco, oil and construction sectors.

Domestically, it was a relatively quiet month in terms of announcements. Bank Negara Malaysia kept the Overnight Policy Rate unchanged at 2.75% and projects GDP growth to moderate to 4-5% yoy in 2023 from 2022's +8.7% yoy. Headline and core inflation will continue to average above long-term averages at 2.8-3.8% in 2023. The Prime Minister Anwar Ibrahim's trip to Beijing has garnered much interest as both the Prime Minister and MITI minister promised "major investment" announcements to follow, despite the lack of further details till date.

Average daily trading value decreased to RM2.0b in March from Feb's RM2.3b. Foreign investors stayed net sellers at -RM1.4b, while local institutions turned net buyers at +RM1.3b. Local retailers remained as net buyers at +RM0.1b. Foreign, local institutions and retailers accounted for 25.9%, 34.2% and 26.9% respectively of value traded. The best-performing sectoral indices in Mar 23 were healthcare, utilities and property whilst the worst three performing sectors were transportation, industrial products and financials. In March, the FBM KLCI underperformed the broader market with a negative return of -2.2% m-o-m to close at 1,422.6 points. The FBM Shariah, FBM Emas and FBMSC declined by -0.8% m-o-m, -1.5% m-o-m and -1.1% m-o-m respectively.

Globally, investors will continue to monitor US bond yield movements, where the 10-Year had retraced from 4% to 3.42%, global monetary policies as well as any potential cracks within the developed economies. As for HK/ China markets, investors will focus on datapoints and corporate guidance on China's consumption recovery and outbound travel as economic activities continue to normalize. Domestically, there could potentially be more political sound bites as 6 state elections are expected to be held by mid-2023. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks). We are neutral on interest rate hike beneficiaries (banks) given the peak in inflation.

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

US Treasury ("UST") yields tumbled by 27bps to 79bps across the curve in March. Jittery market sentiment kicked in after investors rushed to safety on fears of Silicon Valley Bank ("SVB") failure contagion, while reassessing positions related to the Fed's policy rate. As a result, 2-year UST yield plunged 61bps to below 4%, the biggest one-day slump in decades. The UST rally was also ignited by the softer than expected wage indicators within the Feb's labour market report. As expected, the Fed delivered a 25bps hike, setting the range of the federal funds rate at 4.75% to 5.0%. The statement now refers to "some additional policy firming" as being appropriate. The Committee will monitor incoming information closely, reflecting the Fed's focus both on the incoming economic data and financial market developments. To close out the month, the 2-, 10- and 30-year UST settled at 4.09% (-79bps), 3.47% (-45bps) and 3.65% (-27bps) respectively.

Tracking the rally in the UST market, local government bond ("govvies") yields also plummeted but with relatively lesser quantum. With Bank Negara Malaysia ("BNM") holding onto its Overnight Policy Rate ("OPR") at 2.75%, govvies curve was bull steepened with front-end curve lowered by 4-5bps. Yields continued to fall as investors flocked to safety on US and Europe banks' crisis contagion fears. However, the rally lost steam after American financial regulators took steps to shore up the financial sector with a new lending program in the wake of SVB's failure. On the economic front, BNM expects moderate real GDP growth of +4.0% to +5.0% range in 2023 (previous forecast: +4.5%; 2022: +8.7%) underpinned by slower global growth and elevated inflation and input costs. To close the month, the 3-, 10- and 30-year MGS settled at 3.37% (-14bps), 3.90% (-2bps) and 4.43% (+6bps) respectively.

In the corporate bond segment, some prominent new issuances during the month were Cagamas Bhd (RM1.715 billion, AAA), Point Zone (M) Sdn Bhd (RM555 million, AA-), TNB Power Generation Sdn Bhd (RM2.0 billion, AAA) and YTL Power International Bhd (RM1.715 billion, AAA).

### Outlook & Strategy

Both UST and govvies are expected to trade range bound with relatively wider band as market is still uncertain of the Fed's policy direction. Bank turmoil eased as data showed that banks reduced borrowing from two Fed backstops, suggesting that liquidity conditions were normalizing and stress on banks was abating. While the picture remains rosy for now, we remain cautious of the Core PCE services inflation as it has proven to be sticky. We are concern that even if the Core PCE deflator is below consensus, it may not be enough to deter the Fed from hiking at the May meeting. This is against a backdrop of Fed officials reiterating their resolve to battle inflation, echoing comments from Powell that the Fed will not shirk its responsibility to restore price stability amid financial system concerns. Collins (non-voter), Kashkari (voter) and Barkin (non-voter) all cited inflation as a concern and reaffirmed the Fed's commitments to raising rates to keep price pressures in check.

Given the economic scenario is still fluid and uncertain, we will continue to monitor incoming data closely before implementing any new investment strategy.

### Actual Annual Investment Returns for the Past Ten (10) Calendar Years

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Benchmark</b>	3.3%	-1.4%	2.2%	0.4%	7.5%	-7.5%	4.3%	6.7%	-4.0%	-7.4%
<b>HLADS - Gross</b>	2.7%	1.5%	7.4%	-0.6%	17.0%	-12.6%	14.5%	24.1%	12.2%	-7.4%
<b>HLADS - Net</b>	1.2%	0.1%	5.5%	-1.9%	14.3%	-12.9%	12.0%	20.9%	9.8%	-8.0%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past ten (10) 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.

## HLA Dana Suria (HLADS)

### 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.

- 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.
- 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.
- Country Risk**  
The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.
- 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.
- 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.

## HLA Dana Suria (HLADS)

### 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.