

# HLA Dana Suria (HLADS)

Apr 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

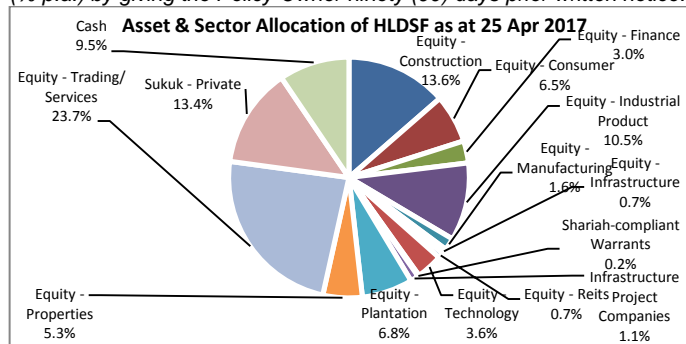
This fund is suitable for investors who have moderate risk-reward temperament and are looking for returns from Shariah-compliant investments in a medium-to-long term investment horizon.

## Fund Details

Unit Price (25/4/2017)	:RM1.1404
Fund Size (25/4/2017)	:RM7.05mil
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

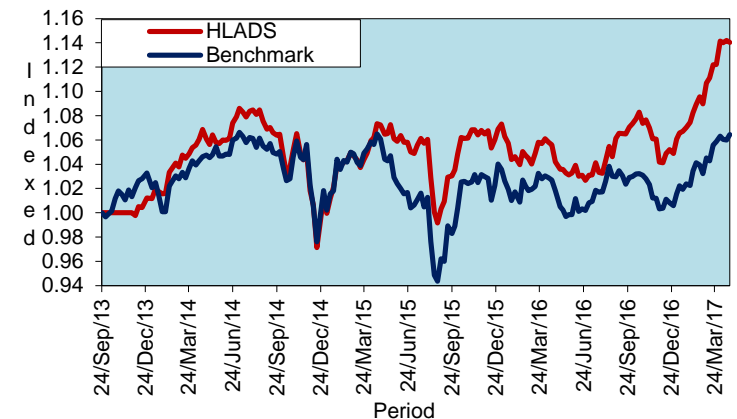
The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



## Top 10 Holdings for HLADS as at 25 Apr 2017

Rank	Company Name	Asset Class	Weight (%)
1.	Lembaga Pembiayaan Perumahan Sektor Awam	Sukuk	5.2
2.	TENAGA NASIONAL BERHAD	Equity	4.2
3.	SIME	Equity	2.9
4.	KESAS SDN BHD IMTN 2020	Sukuk	2.8
5.	SEPANGAR BAY POWER CORP 2022	Sukuk	2.7
6.	Sarawak Hidro Sdn Bhd	Sukuk	2.7
7.	QL	Equity	2.3
8.	DIGI	Equity	2.0
9.	IOICORP	Equity	1.7
10.	INARI	Equity	1.6
Total Top 10			28.1

## Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLADS	1.61%	9.44%	7.52%	8.73%	14.04%
Benchmark	0.56%	4.52%	1.61%	5.82%	6.44%
Relative	1.05%	4.92%	5.92%	2.91%	7.60%

## Market Review, Outlook & Strategy

Equities across the region traded mixed at the start of the month as investors fled risky assets in favour of safety due to rising geopolitical worries over North Korea and Syria. Market participants were also concerned that the Fed will begin to reduce the size of its USD\$4.5 trillion stockpile of government and mortgage-backed bonds later this year. However, towards the later part of the month, the market-friendly outcome of the first round of the French presidential election and the long-awaited list of objectives of a US tax overhaul that was unveiled by President Trump's economic adviser helped boost equity markets. Asian markets were also supported by robust Chinese economic data in 1Q17, indicating that the economy is stabilizing.

April was also a good month for Malaysia as the KLCI rose to a 22-month high on the back of a stronger ringgit, recovering corporate earnings prospects and foreign funds inflow. The announcement of another PNB corporate exercise with the proposed acquisition of I&P Group by SP Setia also helped to boost interest in the market. During the month, headline inflation for Malaysia accelerated to 5.1% yoy from 4.5% in February due to higher cost of transportation and fuel prices. The Ringgit also strengthened against the US\$ from 4.4255 as at end March to 4.3410 as at end April.

As such for the month, the KLCI rose 1.6% or 28pts to close at 1,768pts. The broader market outperformed the KLCI, with the FBM Emas up 2.2% mom to 12,631pts. The finance and technology sectors outperformed the market. KLFIN and KLTEC index gained 4.1% and 8% mom to close at 16,301 pts and 32.85 pts, respectively. Average daily value traded on Bursa in April fell 8% mom to RM2.8bn.

In May, investors will be focusing on the March 2017 quarter results following three years of earnings stagnation. Bank Negara will also be issuing its Monetary Policy Statement this month where consensus generally expects no change to the Overnight Policy Rate. External events that may sway the market would include the second round of the French Presidential Election on 7<sup>th</sup> May and the OPEC meeting on 25<sup>th</sup> May. In terms of strategy, we will continue to buy selected stocks on market dips as we continue to be positive on the market, at the same time realizing some gains on the outperformers. Reaffirmation of revenue and earnings growth in the current reporting season would be the next catalyst for the next leg-up of re-rating. Sectors we like include; 1) Construction, 2) Finance, 3) Reflation and 4) Tourism.

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

In the month of April, trading volume remained thin for the first half of the month but demand picked up following the strong rebound in the Ringgit which staged an impressive 1.91% gain against the USD m-o-m. With the softening dollar and further tweaks in BNM's FX rules, USDMYR pair broke below the RM/USD4.40 psychological level for the first time since November 2016. Though inflation in March crept higher to 5.1% yoy due to higher transport cost, bonds rallied with yields easing lower particularly on the short and the belly of the MYR sovereign curve by 7-23bps while the yields of 20 and 30 years MGS remained the same at month end.

Sentiment in the corporate bond market improved as strong demand in primary issuances spilt over to the secondary market. Generally, demand in the secondary PDS market was skewed towards GGS and AAA/AA space in the power and banking names. We will continue to focus on primary issues for yield pickup and size.

## HLA Dana Suria (HLADS)

### Actual Annual Investment Returns for the Past Five (5) 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 five (5) 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.