

HLA Dana Suria (HLADS)

May 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

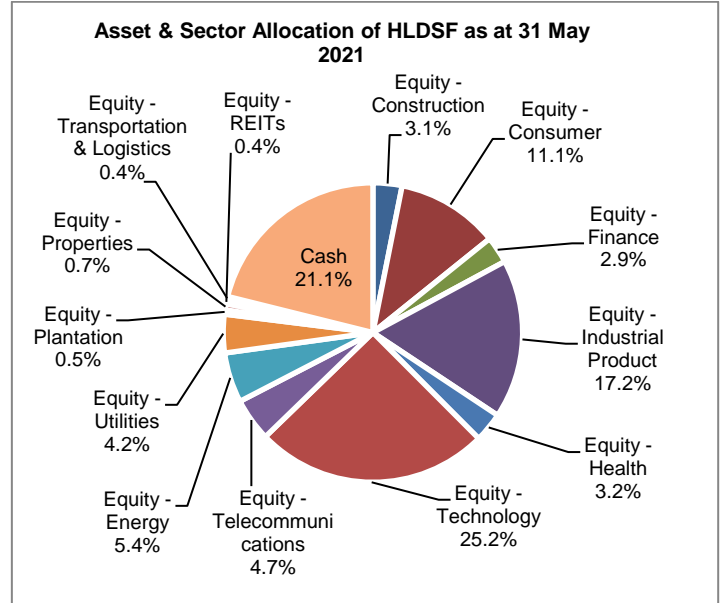
This fund is suitable for investors who have moderate risk-reward temperament and are looking for returns from Shariah-compliant investments in a medium-to-long term investment horizon.

Fund Details

Unit Price (31/5/2021)	:RM1.4813
Fund Size (31/5/2021)	:RM9.41 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.

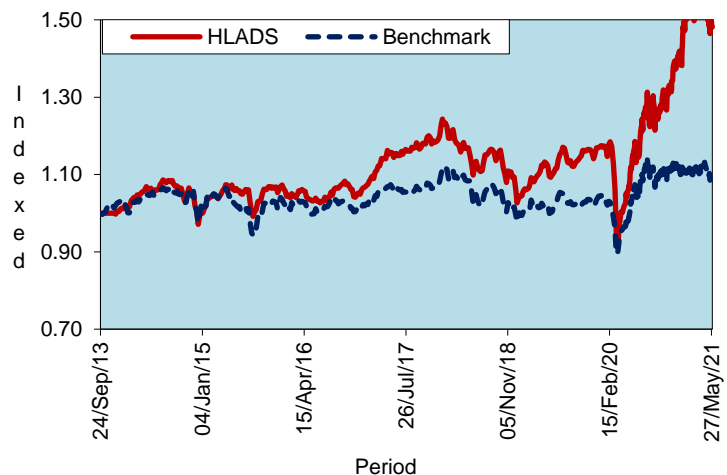
With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



Top 5 Holdings for HLADS as at 31 May 2021

		%
1.	D&O Green Technologies Berhad	Equity 4.7
2.	Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)	Sukuk 4.6
3.	Government Investment Issue	Sukuk 4.3
4.	Press Metal Aluminium Holdings Berhad	Equity 2.9
5.	Focus Point Holdings Bhd	Equity 2.7
Total Top 5		19.2

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	4.80%	-4.63%	29.65%	34.81%	43.43%	48.13%
Benchmark*	-1.70%	-2.45%	4.65%	6.77%	9.62%	9.44%
Relative	6.50%	-2.18%	25.00%	28.04%	33.80%	38.69%

*Source: Bloomberg

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

HLA Dana Suria (HLADS)

Market Review, Outlook & Strategy

Global equities continued to edge higher in May (driven by developed markets in the US, Europe and Japan) as investors looked past the higher-than-expected inflation in the US for April. However, MSCI Asia ex-Japan continued to lag due to the resurgence of Covid-19 cases. Inflation continued to be the front-and-centre of global macro debate with divided views on whether the recent spike is transitory or a persistent trend. This was also evident in the recent FOMC minutes where a number of participants suggested that it might be appropriate at some point during the upcoming meetings to talk about tapering. Investors are expecting taper talks to potentially begin sometime end 2021. The reopening of the economy in the US has progressed well with its successful Covid-19 vaccination program which is driving a boom in the services sector and the US CDC had also announced that fully vaccinated people can resume activities without wearing masks or physically distancing in most places. Elsewhere in China, the internet stocks continued to be under pressure on the back of regulatory tightening and uncertainties. Prices of major industrial commodities also took a breather during the month following China's intervention to boost domestic supply and curb speculation.

Domestically, it was the first quarter results reporting season. Most sectors came in stronger yoy due to the low base effect and in tandem with the gradual re-opening of the economy. However, sentiment was dampened following the government's decision to reimpose a two-week nationwide total lockdown beginning 1st June to 14th June. This is due to the persistently high Covid-19 cases exceeding 5k daily which had strained the healthcare system to a breaking point. As a result of this, the government will also likely revise down its GDP growth forecast for the year and its fiscal deficit. Earlier, the MOF projected fiscal deficit to hit 6% by end 2021 and GDP growth of 6-7.5%. Other key events that occurred during the month were activist Andy Hall's allegation over forced-labour malpractices at some EMS and glove manufacturers. Serba Dinamik was aggressively sold down when its auditor was unable to verify RM3.5b worth of transaction and contracts which prompted the Securities Commission to investigate the matter.

Retailers were net buyers at +RM0.5bn (USD121m) whilst local institutions turned net sellers at - RM0.3bn (USD73m); foreign institutions were net sellers at -RM0.2bn (USD48m). Retailers and local institutions accounted for 36.0% and 25.8% of value traded with foreign institution the remaining 19.1%. For the month, FBMKLCI held up better than the other indices. Mom, the FBMKLCI declined by 1.1% vs FBM Shariah -3.8%, FBMSC -7% and FBM Emas -2.6%.

Going forward, market will continue to be sensitive to economic data, inflation readings and movement in bond yields. Sustained inflation beyond the near-term transitory increases and/or a sudden spike in bond yields will result in a very volatile market. Investors will continue to follow closely the pace of reopening in the developed markets, particularly in the US and UK. In Malaysia, key determinants of market movement would be the Covid-19 infection trend and likelihood of further extension to the full lockdown. As markets will remain volatile we maintain our barbell strategy by 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") yields have continued to ease in May as inflation expectations receded due to rather uninspiring economic data. The 5-, 10- and 30-year UST yields declined by 6, 4 and 2 bps m-o-m respectively as at end May. Fears of inflationary pressure were placated largely by the release of non-farm payroll data which came in far below market expectations. US added 266k jobs in April 2021, a far cry from consensus estimates of about an addition of 1 million new jobs. Subsequent to the release of said data, the UST market experienced a knee-jerk reaction with 10-year UST falling to a low of 1.47% (end-April: 1.63%). Additionally, lacklustre US retail sales in April which was flat m-o-m compared to a growth of 10.7% recorded a month prior also applied downwards pressure of yields. Also holding rates steady is the Fed's continued assurance that ultra-accommodative policy will remain as current inflationary pressures, if any, are transient in nature.

On the local front, govies yields recorded mixed performance across different tenures with a more pronounced upwards steepening bias. The yields on the 3-, 10-, 15- and 30- tenors increased by 19, 6, 13 and 4 bps while the 5- and 7- tenors decreased by 1 and 2 bps. The announcement of MCO 3.0 did induce some immediate risk off sentiments with yield of the 10Y tenor declining to 3.02% in early May (end-April: 3.18%). Such sentiments however have abated throughout the month with the 10Y tenor settling at 3.23% as at end May. April's inflation reading of a 4.7% increase y-o-y helped support the general upwards movement of yields in May. Additionally, stronger than expected GDP for 1Q2021 was also supportive of the nation's trajectory towards economic recovery. Malaysia's GDP for 1Q2021 contracted by 0.5% y-o-y, narrower than consensus expectations of a 0.9% contraction. A pronounced risk-off sentiment arising from continued increase in daily infection rates and the accompanying movement restrictions seems to have yet to take hold in the local bond market.

In the corporate bond segment, investors continued to prefer defensive bonds with strong credit profiles. As such, AAA and GG bonds continued to make up the bulk of daily transactions. Some prominent new issuances during the month are Danainfra Nasional Berhad (RM2.0 billion, GG) and Cagamas Berhad (RM1.9 billion, AAA).

The UST's performance over the near term would largely hinge on investors' perception of inflationary pressures and expectations of subsequent monetary policy changes. Key in influencing such perceptions and expectations are chief economic data which would be closely monitored to gauge the progress of the US's economic recovery. President Biden's latest proposal of USD 6 trillion for fiscal year 2022's budget could result in additional public debt supply in the market, potentially pushing yields upwards.

On the domestic front, the newly announced total lockdown, envisioned to be similar to the first lockdown in March 2020, is taking place in June. The tighter restrictions on business activity are expected to induce risk-off sentiments and drive-up demand for safe haven assets. On the supply side, additional issuance of public debt could arise as result of the latest RM40.0 billion aid package dubbed as the 'Pemerksa Plus' of which RM5.0 billion will constitute direct fiscal injection. Close attention will be directed to daily infection rates and likelihood of extensions in the lockdown period to assess the potential impact of the nation's economic landscape. We are cautiously optimistic on the local bond market and prepare to lock in profit at the right level when bonds rally.

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.

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.

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:

- a) having a flexible tactical asset allocation
- b) investing in a wide range of companies across different sectors
- c) setting prudent investment limits on various exposures
- d) taking into account the liquidity factor in selecting securities
- e) engaging in the hedging of foreign currency exposure where appropriate

Basis of Unit Valuation

1. 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.
2. 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.
3. The maximum value of any asset of any fund shall not exceed the following price:
 - a) The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
 - b) 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.
4. 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

1. 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

2. 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.

HLA Dana Suria (HLADS)

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.