

HLA Dana Suria (HLADS)

December 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 (30/12/2022)	:RM1.4274
Fund Size (30/12/2022)	:RM11.98 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

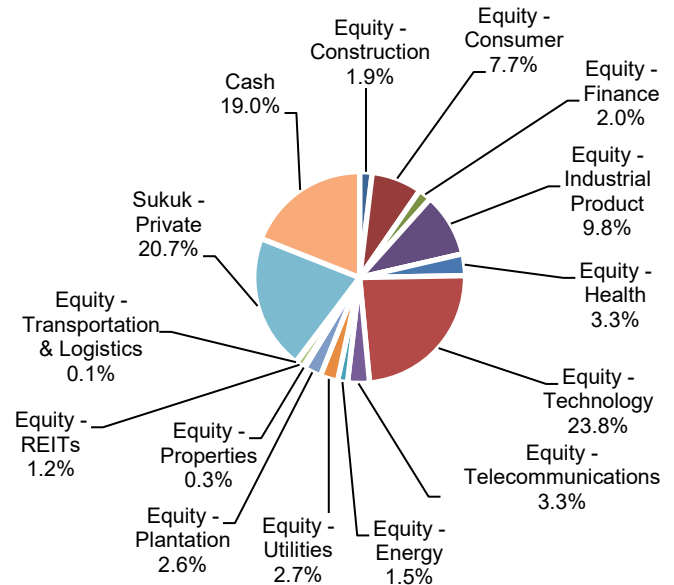
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (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 30 Dec 2022

	%
Hong Leong Dana Maa'rof	50.91
HLA Venture Dana Putra	49.02
Cash	0.07
Total	100.0

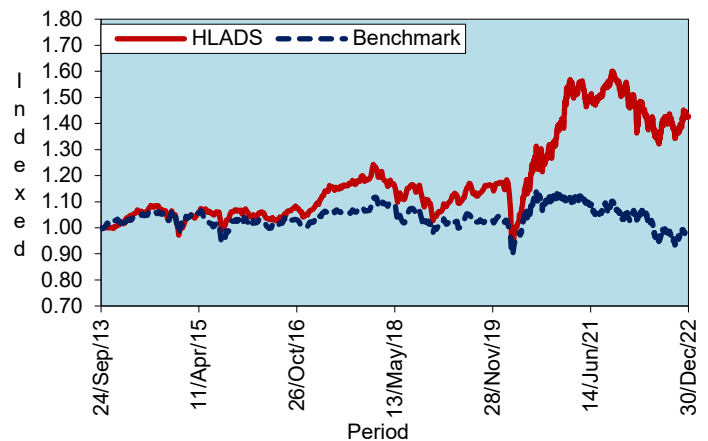
Asset & Sector Allocation of HLDSF as at 30 December 2022



Top 5 Holdings for HLADS as at 30 Dec 2022

	%
1. Government Investment Issue 2024	Sukuk 5.5
2. Samalaju Industrial Port Sdn Bhd	Sukuk 4.6
3. Government Investment Issue 2026	Sukuk 3.3
4. Berjaya Food Berhad	Equity 2.3
5. Government Investment Issue 2028	Sukuk 2.2
Total Top 5	17.9

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	-8.00%	0.51%	-8.00%	22.05%	19.05%	42.74%
Benchmark*	-7.47%	-0.37%	-7.47%	-5.28%	-8.61%	-1.15%
Relative	-0.53%	0.89%	-0.53%	27.33%	27.66%	43.89%

*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 December declined post the recovery seen in November. Sentiment turned cautious following the release of strong US economic data which supports the Fed's hawkish tone and its plans for continued tightening into 2023. The Fed has also revised the terminal rate to 5.1% from 4.6% and lowered the growth forecast for 2023.

However, positive developments in China helped shore-up investors' sentiment. China surprised the market with its abandonment of Zero-Covid policy with an earlier-than-expected reopening. During the Central Economic Work Conference, the tone has also constructively shifted to being supportive of the platform economy together with the easing in regulations for the property sector. Likewise, the diplomatic flurry in recent weeks – including but not limited to the Xi-Biden meeting at the G20 appears aimed at tamping down external distractions and encouraging inbound investment into China.

Domestically and politically, the PM won the vote of confidence and component parties comprising PH, BN, GPS, GRS and Warisan sealed the cooperation agreement in Putrajaya. These were positive developments to help ensure the stability of the Unity Government. The newly appointed government's key focus will be to ensure the country's stability and to address the rise in cost of living (particularly for the B40 segment). The government has also terminated all political appointments to GLCs and bodies. The top three performing sectors in December were plantation, transport and healthcare; while the top three sectors that underperformed were property, construction and telecom.

Average daily trading value decreased to RM1.9b in December from RM2.1b in November. Foreign institutions remained net sellers -RM1.4b (Nov: -RM0.3b) while local institutions stayed as net buyers with +RM1.6b (Nov: +RM0.1m). Local retailers turned net sellers -RM0.2b (Nov: +RM0.1b) in December. Retailers, local institutions and foreign institutions accounted for 27%, 38% and 23% respectively of value traded. FBM KLCI (+0.4% mom) outperformed the FBMSC (-0.1% mom), but underperformed FBM Shariah (+1.4% mom) and FBM Emas (+0.6% mom).

On the global front, investors will continue to keep an eye on the latest developments in the Russia-Ukraine war, global inflation, US bond yield movements, China's reopening progress and global monetary policies. Domestically in January, key events include re-tableting of Budget 2023, first Monetary Policy Committee (MPC) meeting and UMNO's General Assembly. We remain defensive, investing in both value and growth 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

In December 2022, UST rates reversed their November rally as markets moderated their optimism about inflation peaking. Despite encouraging November CPI readings that were lower than expected for the second month in a row, the 2, 5, 10, and 30-year UST yields increased by 12, 27, 27, and 23 bps respectively, m-o-m. However, UST rallied in mid-December after November CPI readings of 0.1% m-o-m fell short of the market forecast of 0.3%. The Fed's 50bps hike, a reduction from the previous four 75bps hikes, aided the rally even more. The market's dovish sentiment was reversed again near the end of the month as a result of Japan's upward yield adjustment and the prospect of China reopening, which could result in renewed inflationary pressures. To close out the month, the 2- and 10-years UST settled at 4.43% and 3.87% respectively.

On the domestic front, opposing trends were observed as the domestic bond market rallied in the final month of the year. The yields on the 3, 5, 10-, and 15-year MGS fell by 14, 12, 7, and 6 bps respectively. The rally was supported by increased political clarity and stability, as the newly elected Prime Minister passed the vote of confidence held during the month. Furthermore, the relatively positive November inflation readings, which were flat at 4.0% year on year (October: 4.0% y-o-y), bolstered the sentiment. The 10-year MGS settled at 4.04% at the end of December, down from 4.11% the previous month.

In the corporate bond segment, some prominent new issuances during the month were PLUS (RM25.2 billion, AAA) Cagamas Berhad (RM4.0 billion, AAA), Maybank Islamic Bhd (RM3.0 billion, AAA), Public Islamic Bank Bhd (RM1.0 billion, AAA), CIMB Group Holdings (RM1.0 billion, AA2), and CIMB Bank Bhd (RM1.0 billion, AA2).

Outlook & Strategy

We think that the UST market sentiment will be dovish in 2023, as the market has begun to see some result from the ongoing rate hike programme. Any positive indicators indicating that inflationary pressures have continued to ease would most likely be reflected prominently in the bond market. However, China's reopening could upend the current narrative by causing renewed inflationary pressures. We will continue to monitor -relevant lead indicators in order to -gauge the magnitude of future inflationary pressures.

Domestically, MGS will still be subjected to the movement of its US counterpart. While CPI numbers have been relatively moderate, food inflation still remains a concern and has yet to abate. We believe BNM still has room to raise the OPR rate, which could lead to bearish sentiments in the market. Additionally, the recently announced auction calendar which includes an additional date compared to last year, suggest an increase in bond supply for 2023. This could contribute to the bearish sentiment and hence, we will remain 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.

- 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.

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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.