

# HLA Dana Suria (HLADS)

May 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.

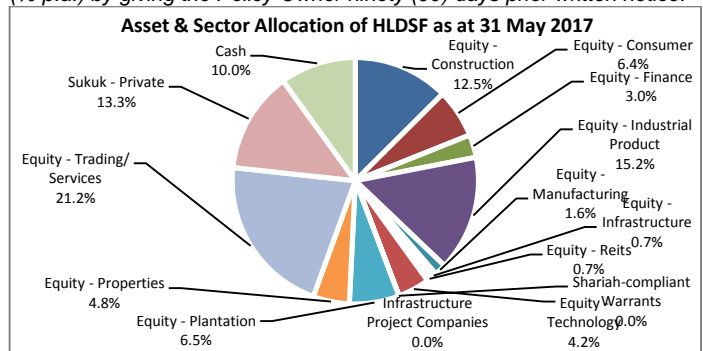
### 4. Target Market

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 (31/5/2017)	:RM1.1441
Fund Size (31/5/2017)	:RM7.10mil
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	:Weekly

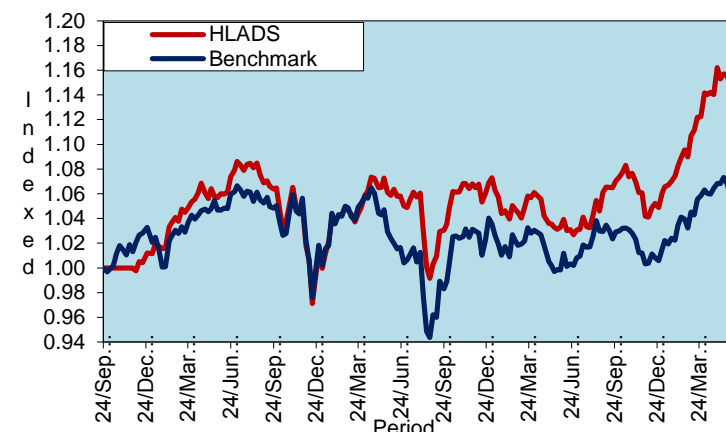
The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



## Top 10 Holdings for HLADS as at 31 May 2017

		%
1.	Lembaga Pembiayaan Perumahan Sektor Awam	Sukuk 5.2
2.	TENAGA NASIONAL BERHAD	Equity 4.1
3.	SIME	Equity 2.8
4.	SEPANGAR BAY POWER CORP 2022	Sukuk 2.7
5.	KESAS SDN BHD IMTN 2020	Sukuk 2.7
6.	Sarawak Hidro Sdn Bhd	Sukuk 2.7
7.	QL	Equity 2.3
8.	DIGI	Equity 1.9
9.	KERJAYA	Equity 1.9
10.	IOICORP	Equity 1.7
<b>Total Top 10</b>		<b>28.0</b>

## Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLADS	0.32%	10.78%	8.25%	9.09%	14.41%
Benchmark	-0.59%	5.99%	1.10%	5.20%	5.82%
Relative	0.91%	4.79%	7.15%	3.89%	8.59%

## Market Review, Outlook & Strategy

Equity markets started the month strong led by optimism in developed markets over stronger economic data and better corporate earnings. Crude oil prices also rallied close to US\$52/barrel following assurances from Saudi Arabia that Russia may join OPEC in prolonging the supply cuts to tackle a persistent global glut. However, emerging markets turned mixed following the abrupt dismissal of the US President's FBI chief, throwing doubts over Trump's pro-growth policies. The release of the Federal Open Market Committee meeting also indicated that policymakers thought it would "soon be appropriate" to raise rates again, with markets pricing in high probability of a June rate hike.

In Malaysia, investors were taken aback by the aborted Bandar Malaysia deal at the 11<sup>th</sup> hour and on a smaller scale, the cancellation of the planned merger between UMW Oil and Gas with Orkim and Icon Offshore. Market sentiment failed to be lifted when the stronger than expected 1Q17 GDP growth of 5.6% YoY was announced. Bank Negara Malaysia also kept the overnight policy rate unchanged at 3% with a neutral tone, suggesting that they are likely to keep monetary policy accommodative and supportive of the domestic economy on the back of expectations of strengthening growth momentum.

There was no shortage of corporate activity in May with the sale of a stake in Proton to Geely, proposed 1-for-1 rights by MRCB to raise RM2.2-2.9b and the potential merger between RHB and AMMB. The 1Q17 earnings season also saw more companies reporting results that were in line. Major sectors like the banks, plantation and petrochemicals saw stronger YoY earnings growth while the consumer-related sectors (both gaming and media) saw earnings misses.

For the month, the KLCI fell 0.19% or 2pts to close at 1,766pts. The broader market underperformed the KLCI, with the FBM Emas declining a higher 0.5% mom to 12,569pts. The finance sector was the best performing sector in May, rising by 1.3% mom. FBM Small cap index fell 2.3% to 17,246pts, also underperforming the KLCI. Average daily value traded on Bursa in May was 6% higher mom at RM2.99bn.

Moving into the month of June, profit taking activities may continue. While we are positive on the synchronized global recovery, we are also mindful of the external headwinds that are driving volatility with valuations running ahead of earnings delivery. Investors also seem overly sanguine on risks, of which there are many. We are repositioning our funds by taking some profit on major outperformers and look to buy on market dips of names that continue to have strong fundamentals including certainty of earnings and high yield potential

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

Sentiment in the Malaysian Government bond market continued to be bullish for month of May. MGS yields tightened with renewed demand following BNM's recent forex measures which now allow a dynamic hedge ratio of 100% from 25% previously. With that MGS are back on foreign investors' radar with net inflows of MYR6.8b in April (Mar: -MYR26.2b). Correspondingly, external reserves rose by USD0.7b to USD96.1b (Mar: USD95.4b). As at end May, the Ringgit strengthened against the USD by 1.38% from RM4.341 at end-April to RM4.2813 at end-May, while the 5 years and above MGS benchmark were lower by 1.6-15.1bps.

On the economic front, BNM kept OPR at 3.0% to support domestic economic growth. The central bank also hinted at a potential upside in 2Q17 growth, but maintains the view that headline inflation will moderate in 2H17. Malaysia's GDP expanded 5.6% YoY in 1Q17 (4Q16: 4.5%) on the back of a pickup in domestic demand and export/import growth which accelerated to 7.7% (4Q16: 3.3%) and 9.8%/12.9% (4Q16: 1.3%/0.7%) respectively. April CPI figures also moderated to 4.4% YoY suggesting inflation may have peaked in March at 5.1% YoY.

The bullishness in MGS extended to the corporate bond space. Secondary corporate bond yields followed suit to tighten but trading interest was moderate as investors may have been waiting for the primary pipeline. As such, during the month there were a few new issuances coming to the market to take advantage of the lower MGS curve. The strategy remains to focus on primary issues for yield pickup and size. However, as primary supply is expected to slow in June, we will cherry pick some secondary bonds should the yields spike due to expectations of a Fed Rate hike

## 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.