

# HLA Dana Suria (HLADS)

Oct 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.

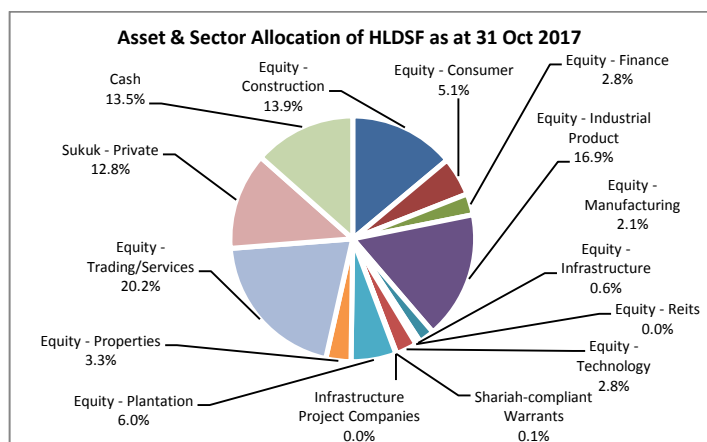
### 4. Target Market

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 (31/10/2017)	:RM1.1961
Fund Size (31/10/2017)	:RM6.91mil
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

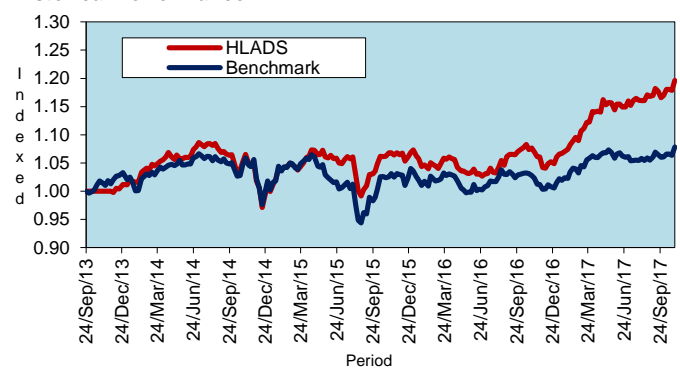
The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



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

		%
1. TENAGA NASIONAL BERHAD	Equity	6.1
2. LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM	Sukuk	5.0
3. SIME	Equity	2.7
4. SEPANGAR BAY POWER CORP 2022	Sukuk	2.6
5. KESAS SDN BHD IMTN 2020	Sukuk	2.6
6. SARAWAK HIDRO SDN BHD	Sukuk	2.6
7. VS	Equity	2.3
8. KERJAYA	Equity	2.1
9. INARI	Equity	2.0
10. DIGI	Equity	1.8
<b>Total Top 10</b>		<b>29.8</b>

## Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLADS	2.59%	11.40%	13.74%	14.04%	19.61%
Benchmark	1.67%	4.57%	3.08%	7.18%	7.81%
Relative	0.92%	6.83%	10.66%	6.86%	11.80%

## Market Review, Outlook & Strategy

Investor optimism in global markets was positive in the month of October. The Dow Jones scaled to a record high on the back of positive economic data combined with the bright outlook for corporate earnings and the highly-anticipated implementation of President Trump's tax reform plan. Despite persistent worries over a possible North Korea missile launch, Asia Pacific markets also performed strongly on the back of upbeat Chinese economic data. The re-election of Shinzo Abe as Japan Prime Minister following the two-thirds wins by the Liberal Democratic Party also boosted markets.

The FBM KLCI, however, bucked the trend as performance lagged its regional peers. This was due to persistent foreign selling which dragged and dampened sentiment. Foreign selling amounted to RM226.3m during the month. As a result, the Ringgit depreciated by 0.3% mom to close at RM4.2320/US\$. Budget 2018 was a non-event for the equity market but nevertheless it met market expectations with a number of "rakyat friendly" initiatives to put more money in the hands of consumers, especially the lower income households. Personal income tax cuts, various cash handouts and the increase in civil servants' overall emoluments should boost domestic consumption. Crude oil prices during the month also jumped by almost 6% mom to reach a high of close to US\$55 a barrel, boosted by Saudi Arabian export cuts in November.

The FBM KLCI was down by 7.7pts (-0.4% mom) to 1,747.92pts in October. The broader market fared better than the FBM KLCI with the FBMMES (Ace market) rising +0.53% mom to 12,597.27 pts. Small-caps fared a lot better in October, with the FBM Small Cap Index rising by +2.85% mom to 17,433.83 pts.

As we move into 2018, the global economy should continue the current growth momentum supported by the still-accommodative monetary policy and moderate inflationary environment. There could be some volatility in regional markets towards year end on the back of the Fed's December FOMC meeting where markets are expecting one rate hike and the introduction of the tax reform bill in November. On the domestic front, we are entering into the third quarter results reporting season where expectations are for fewer negative surprises. Meanwhile, we continue to favour infrastructure related and building material names as Budget 2018 confirms the government's intention to spend in this segment. We are also keeping a close watch of signs of demand recovery in the property and auto sectors as consumer spending may improve with the Budget initiatives to boost consumer consumption.

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

In the month of October, MGS yields were gyrating in the first half of the month taking the cue from US Treasuries (UST). Generally, UST traded range bound due to risk aversion on the back of a potential Fed rate hike, uncertainty over the next Fed chair replacement, US tax reform as well as continued geopolitical tension and the suspension of the Independence Referendum by Catalonia. However by the second half of the month, UST yields tilted towards an upward bias which also explained the foreign outflows in local govies. Market then reversed in the last 2 days of the month after reports of President Trump favouring a more dovish Jerome Powell to chair the Fed emerged, overshadowing the strong Q3 US GDP number. This also halted the USD rally and saw other currencies strengthening. Hence, sentiment turned positive once again for the MYR market as local bonds were well bid on the front end of the curve up to 10Y in maturities while MYR strengthened slightly to trade at RM/USD4.2375 levels.

Locally, market players preferred to stay sidelined or be on the offer side just before the end of the month. MGS yields spiked up as foreign selling took place amid low liquidity in the market. As such, participation in the 30 years MGS auction at month end was affected. Demand was tepid and the 30 year bond closed at its highest yield of 5%, last seen in November 2016. Post auction, trades were muted as investors were cautious ahead of Budget 2018. GDP growth of 5.2%-5.7% in 2017 and 5.0%-5.5% in 2018 was projected with fiscal deficit anticipated to contract to 2.8% of GDP in 2018 from 3.0% in 2017. In the corporate bonds space, demand was still healthy despite the selloff in MGS. However, PDS were trading at higher yields tracking the movement of MGS. Interest was mainly on the AA rated papers for yield pick-up followed by GG and AAA rated papers. During the month, Intiaz, Southern Power Generation (SPG), Perbadanan Prima Malaysia and Cagamas Berhad tapped the primary market. The demand was not as strong compared to the previous month with the exception of SPG, as investors were seeking for yield enhancement for their portfolio and sectoral diversification.

The key events to be observed in the month of November are the upcoming FOMC, BoE's Monetary Policy Meeting, nomination of Fed chair and the Non-Farm Payroll number. The movement of US Treasuries and MYR performance will continue to be the key influence on the direction of MGS movement. We are of the view that once the next Fed chair is formally announced, there will better clarity on the direction of the Fed rate going forward. Nevertheless, with the expectation of one more Fed rate hike for the year and the wild card on next year's monetary policy stance as well as impact of Fed tapering its balance sheet, the bond market will remain volatile with upward bias on rates. Our short term strategy is to look for opportunities in the foreign bond space & govies when the levels are attractive.

## 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)

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.