

HLA Dana Suria (HLADS)

April 2024

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

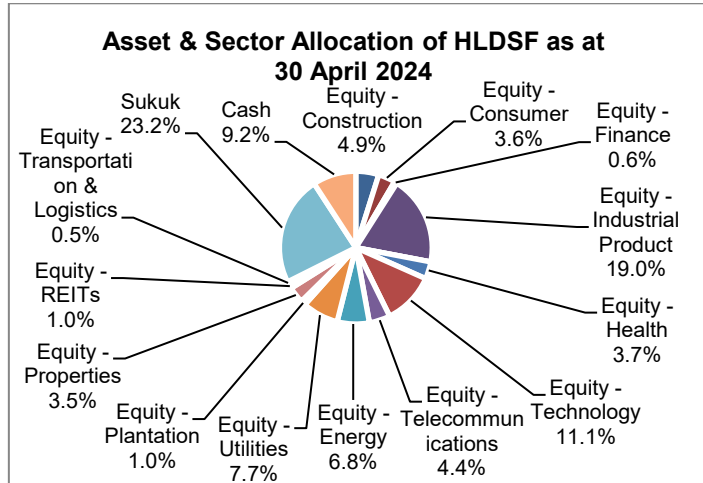
| | |
|-----------------------------|---|
| Unit Price (30/4/2024) | :RM 1.5601 |
| Fund Size (30/4/2024) | :RM18.5 mil |
| Fund Management Fee | :1.30% p.a. |
| Fund Manager | :Hong Leong Assurance Berhad |
| Fund Category | :Managed |
| Fund Inception | :24 Sept 2013 |
| Benchmark | :(70% x FTSE Bursa 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 three (3) months 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.

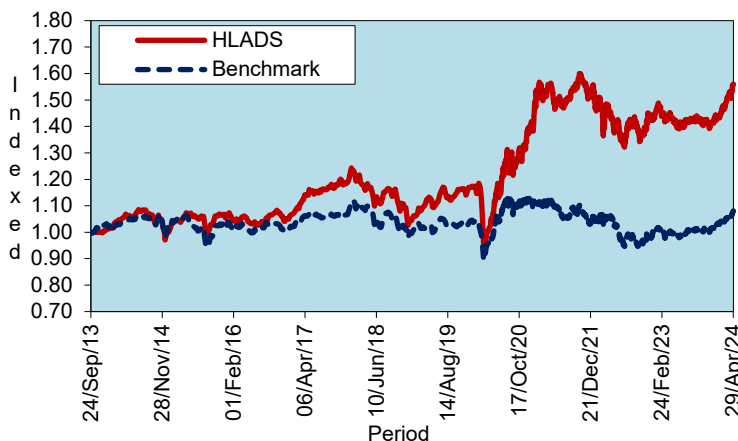
| Asset Allocation for HLADS as at 30 April 2024 | % |
|--|--------------|
| Hong Leong Dana Maa'rof | 53.68 |
| HLA Venture Dana Putra | 46.21 |
| Cash | 0.11 |
| Total | 100.0 |



Top 5 Holdings for HLADS as at 30 April 2024

| Rank | Company Name | Asset Class | % |
|-------------|---|-------------|------|
| 1. | Tenaga Nasional berhad | Equity | 6.6 |
| 2. | CIMB Group Holdings Berhad - December 2032 | Sukuk | 2.1 |
| 3. | Sepangar Bay Power Corporation Sendirian Berhad | Sukuk | 2.1 |
| 4. | Kimanis Power Sendirian Berhad | Sukuk | 2.1 |
| 5. | CIMB Group Holdings Berhad - September 2032 | Sukuk | 2.1 |
| Total Top 5 | | | 15.0 |

Historical Performance



| | YTD | 1 month | 1 year | 3 years | 5 years | Since Inception |
|------------|--------|---------|--------|---------|---------|-----------------|
| HLADS | 10.16% | 2.94% | 8.95% | 0.44% | 38.22% | 56.01% |
| Benchmark* | 6.43% | 2.44% | 8.71% | -3.61% | 5.46% | 8.05% |
| Relative | 3.73% | 0.50% | 0.24% | 4.05% | 32.76% | 47.96% |

*Source: Bloomberg

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

HLA Dana Suria (HLADS)

Market Review, Outlook & Strategy

After a relatively robust quarter for global markets, April was the first time that stagflation worries started to set in following the weak US 1Q24 GDP growth print of 1.6% and a sticky March core CPE inflation indicator that pushed back rate cut expectations for 2024. Against this backdrop, we saw rotational flows moving from developed markets (US, Japan) that had outperformed to emerging markets such as China that had been unloved due to worries of its structural property issues and deflationary environment. S&P and MSCI ACWI index retraced by -4.2% mom and -3.4% mom respectively during the month with some of these outflows capped by a decent 1Q24 US corporate earnings release. The best performing market for the first time in many months was China, where MSCI China posted a monthly return of 6.4% mom following positive bites coming out of the China Securities Regulatory Commission's (CSRC) release of the 9-point guidelines and recent Politburo meeting that sought to address the property sector woes in China.

During the month, the KLCI regained its momentum upwards, increasing by 2.6% mom as the market was well supported by the net buying of local institutional investors which absorbed the continued reversal of foreign investor flows for a second consecutive month. For the month, foreign investors were profit taking in banking stocks, with a net sell value of RM0.9 bn in the financial sector. Best sectoral performance in April was utilities, responding to the newly established Energy Exchange Malaysia for the export of green electricity, data centre news flow and Microsoft CEO's visit, while finance was the worst performing sector. The top three biggest gainers in KLCI were YTL Corp, YTL Power and Press Metal.

Trading activities wise, it held up pretty well in April with average daily trading value coming in at RM2.85b as compared to RM2.89b a month ago. Malaysia witnessed several notable events, including the kicking off of Large-Scale Solar programme 5 (LSS5) bid, the launching of EPF Account 3, civil servant salary raised by >13% and the increase of government servants minimum wage to RM2,000 effective year end. Additionally, Malaysia released its advanced 1Q24 GDP estimate that registered a growth of 3.9% vs the previous quarter 4Q23 of 3.0%. In April, the other Malaysian benchmarks, namely, FBM100, FBM Emas and FBM SC gained 2.5% mom, 2.6% mom and 3.4% mom respectively whilst FBM Shariah was best performing at 3.8% mom.

Globally, investors will continue to watch the latest developments in the Hamas Israeli conflict, the Russia-Ukraine conflict, global inflation trends, US 10-year bond yields, global growth projections, and worldwide interest rate trajectories to determine the next direction for equity markets. In Malaysia, the market will closely watch the upcoming 1Q24 earnings season, MPC meeting in 8-9 May and GDP data announcement on 17 May. Policy wise, market participants will closely monitor the fleet card pilot program for diesel subsidies and government's decision on mechanisms to stabilize sugar supply and pricing expected in 2Q24. While sentiment remains positive overall, our strategy remains defensively tilted towards dividend-yielding names. Sectors that we favour include financials (banks), transport, tourism, construction, and commodities (Metals/Oil & Gas).

Fixed Income Market Review

US Treasuries ("UST") sold off in April, driving benchmark yields to new highs for the year as investors reassessed the Federal Reserve's expectations and G10 policy divergence following the release of unfavourable economic data. A closely watched measure of underlying US inflation, core PCE prices, advanced faster-than-expected to 3.7% YoY in 1Q2024 (expected: 3.4%, 4Q2023: 2.0%). The print combined with much slower than expected 1Q2024 GDP that came in at 1.6% YoY (expected: 2.4%, 4Q2024: 3.4%) rekindled the spectre of stagflation. It is anticipated that the rise in inflation and the significant decrease in growth may pose a challenge for a potential rate cut before December 2024. At month-end, the 2-, 5-, 10- and 30-year UST closed at 5.04% (+42bps), 4.72% (+50bps), 4.68% (+48bps), and 4.78% (+44bps), respectively.

Ringgit bonds were also bearish at the onset tracking UST yield movements with yields going higher despite lower March YoY inflation print (actual: 1.8% vs. forecast: 2.0%). With investors already rattled by the upside risk in inflation and the prospect of higher-for-longer interest rate over in the US, the escalation of the Middle East crisis risks has injected further volatility into market. As such, cautious price reaction translated into wide bid-offer quotes of around 8 to 10bps across govies benchmark on the back of looming geopolitical risk couple with uncertainty in the Fed policy path. At month-end, the 3-, 5-, 10-, and 30-year MGS settled at 3.62% (+12bps), 3.78% (+20bps), 3.98% (+12bps), and 4.30% (+11bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Maybank Islamic Berhad (RM 1 billion, AA1) and KLCC Property Holdings Berhad (RM 1.95 billion, AAA).

Outlook & Strategy

In the US, the message from the recent FOMC meeting remains hawkish. Powell has strongly emphasized that more time may be needed to regain confidence to tame inflation. Higher energy prices arising from the escalation of the Middle East crisis risks, are likely to further induce inflation, resulting in higher rates for a longer period of time. With that, rate cut expectations are being pushed back to December 2024, in contrast to the start of 2024 where up to four rate cuts were expected.

Looking ahead, the local bond market is likely to remain weak although we do not expect BNM to change its monetary policy stance in the upcoming MPC meeting as opposed to Bank of Indonesia which hiked its key rate in an attempt seen to support the Rupiah. We think offshore unwinding in the local bond market is likely to persist despite the USD-MYR rate appearing to be resilient. However, MGS 10-year was exhibiting strong resistance at 4%, and we noted two-way interests with local buyers seen buying the dip. We also draw comfort on the scarcity of bonds supply in the local market which could potentially provide some support. Nonetheless, with hawkish sentiment continuing to dominate the market and uncertainties to persist, we will remain neutral in the local bond market for the time being.

Actual Annual Investment Returns for the Past Ten (10) Calendar Years

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------|------|-------|------|-------|-------|--------|-------|-------|-------|-------|-------|
| Benchmark | 3.3% | -1.4% | 2.2% | 0.4% | 7.5% | -7.5% | 4.3% | 6.7% | -4.0% | -7.4% | 1.34% |
| HLADS - Gross | 2.7% | 1.5% | 7.4% | -0.6% | 17.0% | -12.6% | 14.5% | 24.1% | 12.2% | -7.4% | 0.6% |
| HLADS - Net | 1.2% | 0.1% | 5.5% | -1.9% | 14.3% | -12.9% | 12.0% | 20.9% | 9.8% | -8.0% | -0.8% |

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past ten (10) 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.

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:

- 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.