

HLA Dana Suria (HLADS)

May 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

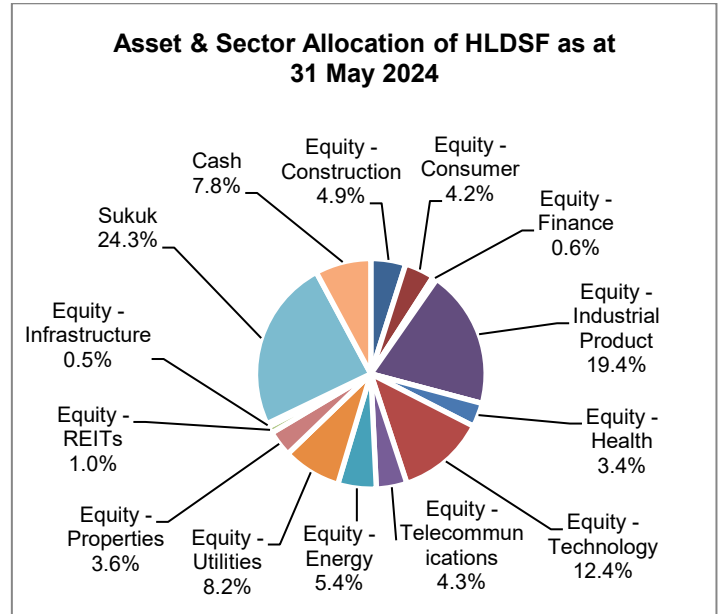
Unit Price (31/5/2024)	:RM 1.6176
Fund Size (31/5/2024)	:RM19.6 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	: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.

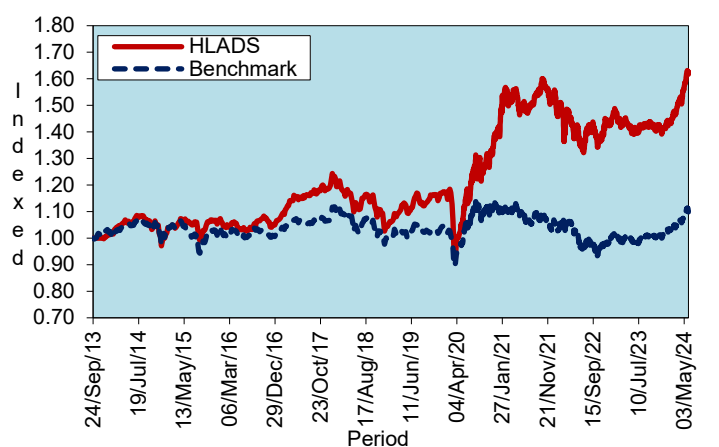
Asset Allocation for HLADS as at 31 May 2024	%
Hong Leong Dana Maa'rof	45.97
HLA Venture Dana Putra	53.72
Cash	0.31
Total	100.0



Top 5 Holdings for HLADS as at 31 May 2024

Rank	Company Name	Asset Class	%
1.	Tenaga Nasional berhad	Equity	5.9
2.	CIMB Group Holdings Berhad - December 2032	Sukuk	4.0
3.	Sepangar Bay Power Corporation Sendirian Berhad	Sukuk	4.0
4.	Kimanis Power Sendirian Berhad	Sukuk	3.9
5.	CIMB Group Holdings Berhad - September 2032	Sukuk	3.9
Total Top 5			21.7

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	14.22%	3.69%	15.19%	9.20%	47.12%	61.76%
Benchmark*	8.21%	1.67%	11.25%	0.48%	9.42%	9.86%
Relative	6.01%	2.01%	3.94%	8.72%	37.70%	51.90%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

May was a month of 1Q24 corporate earnings release in the U.S., where 78% of S&P 500 companies reported positive EPS surprises and the S&P 500 universe registered a 6% blended earnings growth yoy. However, all eyes were on Nvidia's result release that once again beat consensus earnings and drove AI-related names higher. Macro wise, US 1Q24 GDP growth print came in at 1.3% whilst April's core CPE inflation indicator remained relatively stable at 2.8% which kept expectations the same for a single rate cut in 2024. Against this backdrop, the S&P 500 and MSCI ACWI index inched higher 4.8% mom and 3.8% mom respectively during the month as good corporate earnings delivery supported the re-rating of share prices. In HK/China, the Hang Seng Index was up 1.8% mom but to a lesser extent as the noise on convertible bond issuances capped market upside with investors weighing the pros and cons of such issuances that offers low coupon rates but equity dilution after a few years upon conversion.

Domestically, the KLCI regained its momentum upwards in May, increasing by 1.3% mom as the market was well supported by the return of foreign investors who net bought RM2.3 bil worth of shares. For the month, we saw investor moving down the value chain towards small caps where FBM Small Caps Index was the best performer rising 4.07% mom. In terms of sectors, the technology sector did well on the back of strong numbers delivered by Nvidia and TSMC amid the AI boom. Apart from that, much of the news surrounded data centers that saw more money flowing into the construction and property sectors. The laggard for the month was the plantation sector as most of the companies delivered weaker than expected earnings. The top three biggest gainers in KLCI were Mr DIY, YTL Corp and Tenaga.

Trading activities wise, it continued to hold up pretty well in May with average daily trading value coming in at RM3.95b as compared to RM2.90b a month ago. Malaysia witnessed several notable events, including the announcement of Special Economic Zones in Johor (i.e. Iskandar, Pengerang), data center investments by Microsoft (USD2.2b) and Google (RM4.9b), as well as the announcement of a RM25b National Semiconductor Strategy. We also witnessed quite a lot of mergers and acquisitions announcements with some of the key ones being MAHB privatization, YTL-Ranhill and GHL Systems. Other than that, BNM held the OPR stable at 3.0% which was in line with expectations. In May, the other Malaysian benchmarks, namely, FBM100, FBM Shariah and FBM Small Cap also gained 2.3% mom, 2.5% mom and 2.4% mom respectively.

Globally, investors will continue to watch the latest developments in global geopolitical risks, global inflation trends and global growth projections to determine the next direction for equity markets. In Malaysia, the market will closely watch for construction project awards, 11th Malaysia-Singapore Leader's Retreat (Sep 24) and Budget 2025 (Oct 24). 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") rallied after a slew of weaker data released in May. Nonfarm payrolls rose by 175k, lower than the market consensus of 240k and previous print of 303k. Unemployment rate rose to 3.9% against Bloomberg consensus of 3.8%. GDP was revised lower from 1.6% to 1.3%, while core PCE prices printed at 3.60% vs 3.70% consensus for the quarter. At month-end, the 2-, 5-, 10- and 30-year UST closed at 4.87% (-16bps), 4.51% (-21bps), 4.50% (-18bps), and 4.65% (-14bps), respectively.

Locally, Malaysia Government Securities ("MGS") yield curve bull-flattened, benefiting from global developments, further boosted by the announcement of diesel subsidy rationalization which expected to enhance Malaysia's fiscal outlook. This led to foreign buying interest in accumulating MGS, which caused the MYR/USD to strengthen slightly to 4.7080 (end-May) from 4.7725 (end-April). On the monetary policy front, BNM paused in the May MPC meeting as widely expected. At close, the 3-, 5-, 10-, and 30-year MGS settled at 3.58% (-3bps), 3.69% (-9bps), 3.89 (-8bps), and 4.21% (-8bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Affin Bank Berhad (RM500 million, AA3), AmBank Islamic Berhad (RM800 million, AA2), Petroleum Sarawak Exploration & Production Sdn Berhad (RM1.5 billion, AAA), PONS Capital Berhad (RM500 million, AA2), and RHB Islamic Bank Berhad (RM500 million, AA2).

Outlook & Strategy

In the US, despite recovering consumer confidence, inflation concerns remain. In the recent FOMC meeting, various participants expressed a willingness to tighten policy rate further should risks to inflation heighten.

On the domestic front, with the policy stance still accommodative and consistent with the broadly unchanged outlook, there were no hints of imminent rate hikes. The risk of an OPR hike will be more profound should the RON95 price increase materializes. Any upside surprises in 2Q24 GDP and especially consumer spending could result in more hawkish language at the MPC meeting. On the supply-demand dynamics, we expect supply contraction owing to RM75 billion of Govvies maturities from June to October 2024. This should lend some support to the local bond market given the scarcity of corporate bonds supply. However, in the absence of any strong catalyst, we remain neutral in our investment strategy.

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:

- 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	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

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	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.