

# HLA Dana Suria (HLADS)

February 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

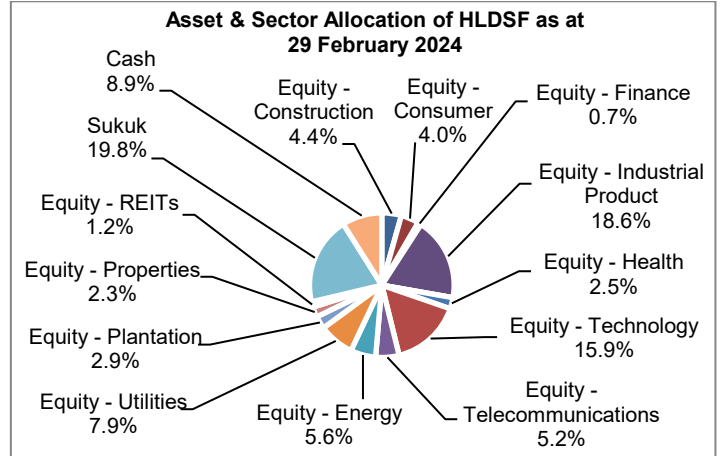
Unit Price (29/2/2024)	:RM 1.4735
Fund Size (29/2/2024)	:RM17.2 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	: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.

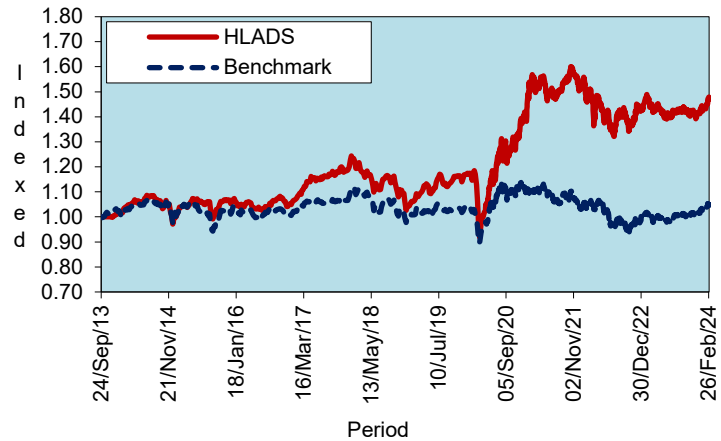
Asset Allocation for HLADS as at 29 February 2024	%
Hong Leong Dana Maa'rof	46.95
HLA Venture Dana Putra	52.92
Cash	0.12
<b>Total</b>	<b>100.0</b>



## Top 5 Holdings for HLADS as at 29 February 2024

Rank	Company Name	Asset Class	%
1.	Tenaga Nasional berhad	Equity	6.7
2.	Frontken	Equity	2.0
3.	CIMB Bank Berhad - Dec 2032	Sukuk	1.9
4.	Sepangar Bay Power Corporation Sendirian Berhad	Sukuk	1.9
5.	CIMB Group Holdings Berhad - September 2032	Sukuk	1.9
<b>Total Top 5</b>			<b>14.3</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	4.05%	2.40%	2.38%	-4.42%	35.78%	47.35%
Benchmark*	3.17%	1.44%	5.20%	-5.09%	2.18%	4.74%
Relative	0.88%	0.96%	-2.81%	0.67%	33.60%	42.61%

\*Source: Bloomberg

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

## HLA Dana Suria (HLADS)

### Market Review, Outlook & Strategy

During the month, global equities continued to move up for a third consecutive month as economic data in the US remained resilient as witnessed by the improvement of its composite PMI to 50.9 in Dec from 50.7 in the previous month, contributed mainly by improvements in services PMI. US Dec CPI reversed its downward trend, increasing to +3.4% yoy as compared to +3.1% yoy the previous month. Following the strong economic data, FOMC Chair Powell iterated the need for more economic data points that supports inflation being on a sustainable path towards their 2% goal, before policymakers decide to cut interest rates. On the other hand, the China equities market slumped as foreign funds continued to withdraw their investments amidst weak economic data and intensified concerns over the troubled real estate sector in China. During the month, China's State Council had called for "forceful" measures to improve the investment value of companies and facilitate the entry of medium and long-term funds into the market, sparking speculation of CNY2trn from offshore state-owned entities to support the market. Brent oil rebounded +6.0% m-o-m in January, after three consecutive months of decline, to USD81.7/bbl underpinned by the growing geopolitical risks in the Middle East and drone strikes on Russia's oil infrastructure as well as a drop in observable oil inventories.

Domestically, most focus was placed on the new Agong's installation with positive factors such as the Malaysia and Singapore memorandum of understanding (MOU) signing to formalise the cooperation of both countries on the Johor-Singapore Special Economic Zone (JS-SEZ) and the National Water Services Commission (SPAN) announcing water tariffs increase for domestic users in the peninsula and Labuan, effective from 1st Feb 2024. Lastly, the government has announced an additional quota of 400MW under the net energy metering (NEM) programme for household, commercial and industrial segments from Feb 5 to Dec 31, 2024.

Average daily trading value grew significantly to RM3.2b in January as compared to RM2.3b a month ago. Foreign investors remained net buyers in January for the third consecutive month with net buy flows of RM0.7 billion. Economically, Malaysia's GDP grew by 3.4% in 4Q23 as compared to 3.3% in 3Q23. November industrial production grew at a slower pace of +0.6% yoy as compared to a growth of +2.7% yoy in October. December PMI and CPI came in unchanged at 47.9 and 1.5% respectively, similar to the reading in the previous month. As such, BNM held steady OPR at 3%. In January, the FBM KLCI outperformed global markets with a positive return of +4.01% m-o-m to close at 1,512.9 points. The FBM Shariah gained by +2.63% m-o-m, FBM Emas increased by +3.88% m-o-m, and the FBMSC climbed by +2.25% m-o-m.

Globally, investors are waiting in anticipation on the timing of US interest rate cuts in 2024, which is largely dependent on upcoming macro data releases. Geopolitically, the Red Sea conflict is intensifying with the US and allies launching strikes against Houthis to protect cargo vessels while the Houthis responded that their attacks will continue. As for HK/ China markets, investors are assessing the impact of potential CNY2 trillion fund to support the market. Domestically, attention will be focused on the implementation of announced initiatives by the government and the potential announcement of several key infrastructure projects such as JS-SEZ, Penang LRT, Phase 1B of Pan Borneo Highway Sabah, and Sabah Sarawak Link Road Phase 2. We remain defensive with our strategy being tilted towards dividend-yielding names. Sectors that we favour include financials (banks), transport, construction, utilities and commodities (Metals/Oil & Gas).

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

US Treasuries (UST) experienced a sell-off as investors tempered expectations for Federal Reserve (Fed) rate cuts this year following comments from US Fed governor Christopher Waller. He pushed back against the aggressive market pricing for rate cuts, stating there was no reason to move as quickly or cut as rapidly as in the past. This came as a surprise to the markets, given his dovish speech back in November 2023. Treasuries yields rose further after stronger-than-estimated retail sales (0.6% vs. 0.4% est, 0.3% prior) were released, while industrial production beat economist estimates (rising 0.1% MoM). However, the market reversed course when the Fed held rates steady for the fourth consecutive meeting on 31st January. FOMC chair Powell noted that the policy rate is likely at its peak but also pushed back against expectations of an imminent rate cut in the upcoming 20th March Fed meeting. At month-end, the 2-, 5-, 10-, and 30-year UST closed at 4.21% (-4bps), 3.84% (-1bps), 3.91% (+3bps), and 4.17% (+14bps), respectively.

Local bonds were generally bearish on the onset tracking global bonds performance as speculation increased that the probability of aggressive Fed interest rates cuts was being dialed back in light of Waller's comments. Bond yields trended upwards around 6bps on the most liquid MGS 10-year bond although the ultra-short and long-end space remained supported, with real money investors bottom fishing for duration requirements. On the monetary policy, BNM has maintained the OPR at the current level with a seemingly neutral statement. At month-end, the 3-, 5-, 10-, and 30-year MGS settled at 3.39% (-8bps), 3.54% (-4bps), 3.79 (+6bps), and 4.21% (-3bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Projek Lebuhraya Usahasama Berhad (RM750 million, AAA) and Malayan Banking Berhad (RM3,000mil, AA1).

### Outlook & Strategy

The bond market will continue to respond to a recalibration of Fed rate cut expectations while watching remarks from policymakers on the rate cut outlook. Strong economic data and less dovish Fed commentary are expected to weigh on UST and rate cut projections could recede.

On the local front, there is no clear catalyst in the near-term except for taking clue from the Fed's rate cut outlook and closely watching on economic developments. We will continue to observe bond valuations for trading and be vigilant in credit selection.

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

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

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.

## HLA Dana Suria (HLADS)

### 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.

## **HLA Dana Suria (HLADS)**

### **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.