

HLA Dana Suria (HLADS)

March 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

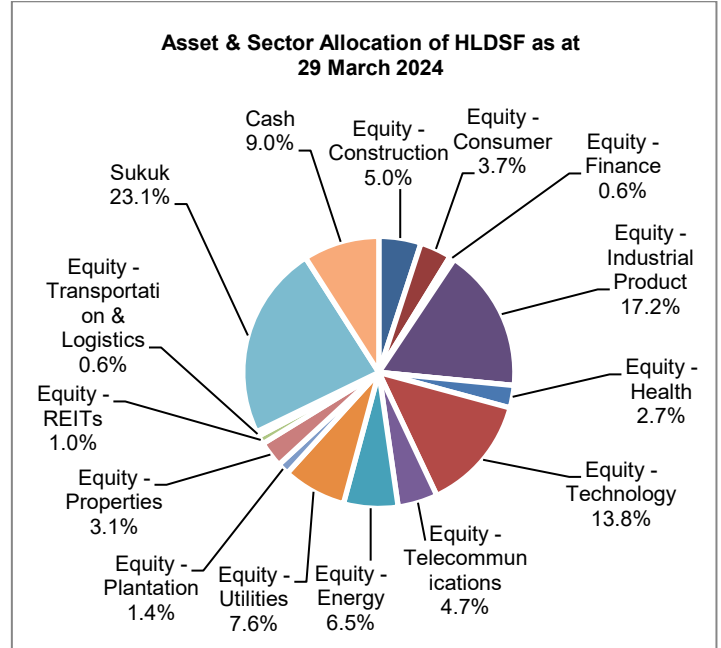
Unit Price (29/3/2024)	:RM 1.5155
Fund Size (29/3/2024)	:RM17.1 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	: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.

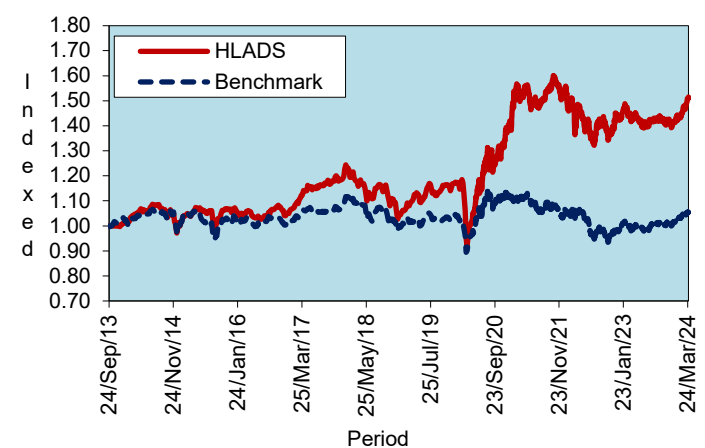
Asset Allocation for HLADS as at 29 March 2024	%
Hong Leong Dana Maa'rof	53.27
HLA Venture Dana Putra	46.47
Cash	0.26
Total	100.0



Top 5 Holdings for HLADS as at 29 March 2024

		%
1.	Tenaga Nasional berhad	Equity 6.5
2.	CIMB Group Holdings Berhad - December 2032	Sukuk 2.1
3.	Sepangar Bay Power Corporation Sendirian Berhad	Sukuk 2.1
4.	Infracap Resources Sendirian Berhad	Sukuk 2.1
5.	Kimanis Power Sendirian berhad	Sukuk 2.1
Total Top 5		14.9

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	7.01%	2.85%	5.84%	0.12%	37.77%	51.55%
Benchmark*	3.90%	0.71%	6.32%	-3.82%	4.01%	5.48%
Relative	3.11%	2.14%	-0.49%	3.94%	33.77%	46.07%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

During March 2024, the KLCI incurred its first monthly loss for the year, falling by 1%, following five consecutive months of gains. The decline was fairly modest, considering the reversal in foreign investors' appetite in Malaysia, shifting from a net buy of RM2.0 bn in the first two months of 2024 to a net sell of RM 2.9 bn in March. Foreign investors were profit taking in the banking stocks, with a net sell value of RM1.8 bn in the financial sector. The downward pressure was mitigated by strong buying from local institutional investors, whose net buy rose to RM3.6 bn in March. Best sectoral performance in March were construction and transport, while the consumer, telecom and REIT sectors were the three worst performing sectors during the same period. The top three biggest gainers in KLCI were CIMB, Maybank and QL Resources.

During the month, Malaysia witnessed several notable events, including decisions by Bank Negara Malaysia and the Federal Reserve to keep their interest rates unchanged. Additionally, Malaysia has decided to raise the airport passenger service charges and signed new operating agreements with Malaysia Airports. The government also revealed that it will be reviewing the minimum wage policy this year and has delayed the implementation of the High Value Goods Tax originally slated for 1 May 2024.

The cabinet also approved the Penang LRT project and expanded the scope of logistics and maintenance services that will be given service tax exemptions to ease cost of living pressures. Lastly, the government and Bank Negara revealed plans to intensify engagement with corporates, including exporters, importers, government-linked investment companies and government-linked companies to Repatriate foreign proceeds back to the nation to shore up the value of the Ringgit.

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 release of the 1Q24 advance GDP estimate on 19 April. Further attention will be directed towards the government's plans to rationalize subsidies following the deadline of Padu on 31 March and details of the EPF Account 3 expected in April. Also in focus will be the capital gains tax and the rise in service tax which came into effect on 1 March 2024. 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

March was a choppy month for the US Treasuries (UST) market. The 10-year UST yield moved from 4.25% to a low of 4.04% at the beginning of the month, then drifted higher to 4.34% in the middle of the month before settling at 4.20% at close. Overall, the UST yield curve was bull-flattened with mid- to long-end yield coming off by 3-5bps. Softer US economic data such as Core Retail Sales (actual: 0.30% vs. forecast: 0.50%) and ISM Non-Manufacturing PMI (actual: 52.6 vs. forecast: 53) were the main drivers pushing yields lower in general. Sentiment was bullish especially after FOMC signalled its commitment to cutting interest rates three times in 2024. At month-end, the 2-, 5-, 10- and 30-year UST closed at 4.62% (unchanged), 4.21% (-3bps), 4.20% (-5bps), and 4.34% (-4bps), respectively.

Ringgit bonds were also bullish at the onset tracking UST yields movements with yields drifting lower marginally. The local bond market had little reaction post MPC meeting decision as BNM set the OPR to remain unchanged at 3%. The market is envisaged to have priced in the decision and interpreted the statement as neutral. BNM mentioned its determination to keep Ringgit stable and reiterated that the Ringgit is currently undervalued. The USDMYR pair gapped lower after the statement release to touch 4.6835 before it closed at 4.7250. At month-end, the 3-, 5-, 10-, and 30-year MGS settled at 3.49% (-1bps), 3.59% (unchanged), 3.85 (-2bps), and 4.18% (-2bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Yinson Holdings Berhad (RM 640 million, A3) and YTL Power International Berhad (RM 1.0 billion, AA1).

Outlook & Strategy

In the US, the message from the recent FOMC meeting is dovish. Powell continued to guide that rate cuts will "likely be appropriate" this year. However, the statement was left unchanged, implying that officials are still waiting for more certainty before initiating rate cuts.

Sentiment in the Malaysian bond market remains fragile, with bond yields tracking UST rates in the absence of local catalysts. Nevertheless, yields on the long-end bonds continue holding up steadily, while credit spreads on GG and corporate bonds are tightening further. The tight credit spreads made reinvestment into GG and corporate bonds more expensive. This should provide stronger support to the highly liquid MGS papers. MGS yields are envisaged to trade range bound within +/-10bps. With the above backdrop, we remain neutral on the Ringgit bond market.

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

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Benchmark	3.3%	-1.4%	2.2%	0.4%	7.5%	-7.5%	4.3%	6.7%	-4.0%	-7.4%
HLADS - Gross	2.7%	1.5%	7.4%	-0.6%	17.0%	-12.6%	14.5%	24.1%	12.2%	-7.4%
HLADS - Net	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.

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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.