

HLA Dana Suria (HLADS)

July 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

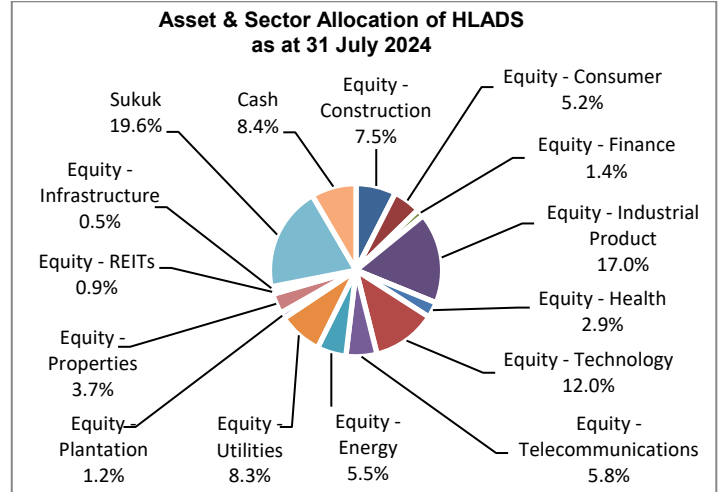
Unit Price (31/7/2024)	:RM 1.6911
Fund Size (31/7/2024)	:RM20.97 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	: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.

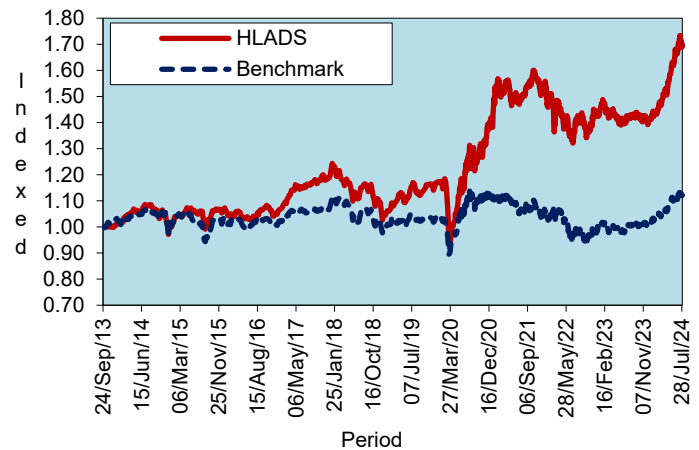
Asset Allocation for HLADS as at 31 July 2024	%
Hong Leong Dana Maa'rof	44.82
HLA Venture Dana Putra	54.99
Cash	0.19
Total	100.0



Top 5 Holdings for HLADS as at 31 July 2024

Rank	Company Name	Asset Class	%
1.	Tenaga Nasional berhad	Equity	5.4
2.	Kimanis Power Sendirian Berhad	Sukuk	4.0
3.	CIMB Group Holdings Berhad-December 2032	Sukuk	4.0
4.	CIMB Group Holdings Berhad-September 2032	Sukuk	4.0
5.	Sepangar Bay Power Corporation Sendirian Berhad	Sukuk	3.9
Total Top 5			21.2

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	19.41%	1.34%	18.79%	13.19%	46.84%	69.11%
Benchmark*	10.43%	1.15%	11.13%	6.40%	7.88%	12.12%
Relative	8.98%	0.20%	7.66%	6.80%	38.96%	56.99%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

July was not a great month for markets especially for developed markets. A confluence of negative factors, namely, Bank of Japan's rate hike, the U.S. Fed's unchanged position on interest rates, intensifying tensions between Israel-Hamas and the ongoing uncertainty on US Elections, affected market sentiment negatively. In addition, weak economic data coming out of the US changed the rhetoric from a soft-landing to one that is recessionary. With that, the market was concerned that the Fed could be too late in its rate cuts and may derail growth prospects for the US and global markets as a whole. As a result, we saw flows into value and gold whilst commodities underperformed. For the month, the S&P 500 managed to eke out a positive return of 1.1% mom whilst Nasdaq was down 1.6% mom. Back in Asia, HK/China was one of the worst performing markets for the month down 2.1% mom as the Third Plenum lacked any sizeable stimulus that the market was hoping for and its 2Q24 GDP missed expectations, coming in at 4.7%.

Domestically, the KLCI together with most ASEAN markets, registered a positive month in July, increasing 2.2% mom as Malaysia saw net foreign inflows to the tune of RM1.3bil on the prospects of an impending Fed rate cut in September. For the month, the best performance was FBM100 Index, which rose 2.6% mom. In terms of sectors, the construction sector continued to be the best performer year-to-date amid the data center awards and news flow. The laggard for the month was the healthcare sector following worries on the oversupply situation within the glove sector that could last longer than initially expected. The top three biggest gainers in KLCI month-to-date were Sunway, CIMB and MrDIY.

Trading activities wise, July saw its average daily trading value coming off to RM3.5b from RM4.0b a month ago, although Ringgit strengthened to RM4.59/USD at the end of the month. The lower trading value was probably due to local institutional investor taking a more cautious view being the biggest net sellers for the month. Malaysia also saw relatively muted news flow with notable events being BNM maintaining OPR at 3%, data centre news flow and Third-Party Access announcement on its launching in Sept. In July, the other Malaysian benchmarks, namely, FBM Emas, FBM Shariah and FBM Small Cap saw gains of 2.5% mom, 1.7% mom and 0.6% mom respectively.

Globally, investors will continue to watch the latest developments on potential Israel-Hamas escalation, US elections, 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 the next 11th Malaysia-Singapore Leader's Retreat (Sep 24) and Budget 2025 (Oct 24). Policy wise, market participants will closely monitor the petrol subsidy reforms. Going forward, we aim to employ a barbell strategy tilted towards yielders/value. Sectors that we favour include financials (banks), utilities, REITs, commodities and technology.

Fixed Income Market Review

US Treasuries ("UST") yields slumped 26-50bps with significant buying interest on front-ends, driven by growing rate cut expectations while US data supported a soft-landing outlook. US headline CPI fell 0.1% MoM in Jun (consensus: +0.1%; May: +0.0%) and core inflation cooled as well (Jun: +0.1% MoM; May: +0.2%); driven by a broad-based cooling in prices including energy, shelter, and transportation. However, the rally was somehow moderated by US election dynamics that contributed to core rate weakness, following the US Supreme court ruling granted Trump immunity from criminal prosecution during "official acts". On monetary policy stance, the Fed kept the Fed Fund Target Rate ("FFTR") steady at 5.25-5.50% in the Jul FOMC as widely expected. The FOMC statement shifted Fed's focus to a dual mandate instead of just on inflation while Powell's subsequent commentary was viewed dovish, putting a September rate cut on the table, if inflation cools in line with expectations and the labour market remains stable. At month end, the 2-, 5-, 10- and 30-year UST closed at 4.26% (-50bps), 3.91% (-46bps), 4.03% (-37bps), and 4.30% (-26bps), respectively.

Malaysian Government Securities ("MGS") experienced a slower-tempo bull-steepening with yields falling 8-16bps across the curve when compared to the UST. Trading activities were concentrated on the short end to the belly part of the curve, partly influenced by MYR IRS levels. On monetary policy, BNM maintained the Overnight Policy Rate ("OPR") at 3.00% as widely expected. The reaffirmation of Malaysia's sovereign credit ratings and positive economic outlook by global credit rating agencies contributed to the increase of foreign participations in MYR bonds. Additionally, GLC and GLICs' assets repatriation, diesel subsidy rationalisation and RON95 in the future have resulted a steady MYR. Foreign shareholdings of MYR sovereign debts have increased in the recent months and this trend may continue with the falling of UST yields. Real money accounts and traders have been loading up inventory on bonds during this period with risk sentiments generally positive. At month end, the 3-, 5-, 10- and 30-year MGS settled at 3.36% (-16bps), 3.53% (-12bps), 3.72% (-15bps), and 4.14% (-8bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Cagamas Berhad (RM450 million, AAA), Danainfra National Berhad (RM2.5 billion, GG), SunREIT Bond Berhad (RM400 million, AA2), Bank Islam Malaysia Berhad (RM1 billion, AA3), Malayan Cement Berhad (RM1 billion, AA3), and Public Bank Berhad (RM1.5 billion, AA1).

Outlook & Strategy

US Treasury yields appear to trend downwards amid growing expectations for Fed policy rate cuts in September, further bolstering by Fed Chair Powell's dovishness and generally soft economic data. In general, market expectations consolidated over a Fed rate cut by 3Q24, with swaps now fully pricing in a 25bps rate cut by September as well as three 25bps rate cuts by Jan next year. Core PCE showed that inflation rose at a tame pace in June as consumer spending remained healthy, while CPI data has been slowing for three consecutive months, an encouraging sign for the Fed.

With the macro backdrop improving and global yields easing, the local bond yields are expected to trade lower with trading activities picking-up in tandem with growing expectations for a Fed cut in September. In the absence of fresh catalyst locally, with MGS closely tracking the UST movement, the risks for the upcoming FOMC meetings could tilt towards a bond yield reversal should Fed suggest otherwise. Therefore, we are cautiously optimistic about the local bond market.

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

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Benchmark	-1.4%	2.2%	0.4%	7.5%	-7.5%	4.3%	6.7%	-4.0%	-7.4%	1.3%
HLADS - Gross	1.5%	7.4%	-0.6%	17.0%	-12.6%	14.5%	24.1%	12.2%	-7.4%	0.6%
HLADS - Net	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.

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.

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.