

HLA Dana Suria (HLADS)

June 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

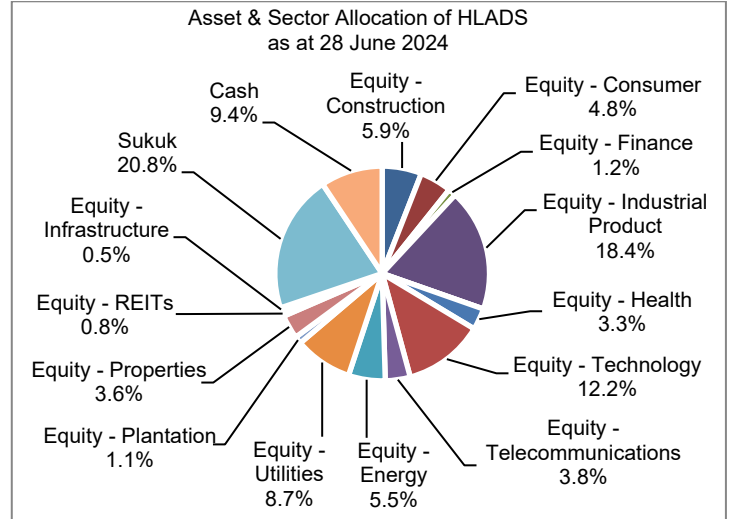
Unit Price (28/6/2024)	:RM 1.6687
Fund Size (28/6/2024)	:RM20.7 mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	: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.

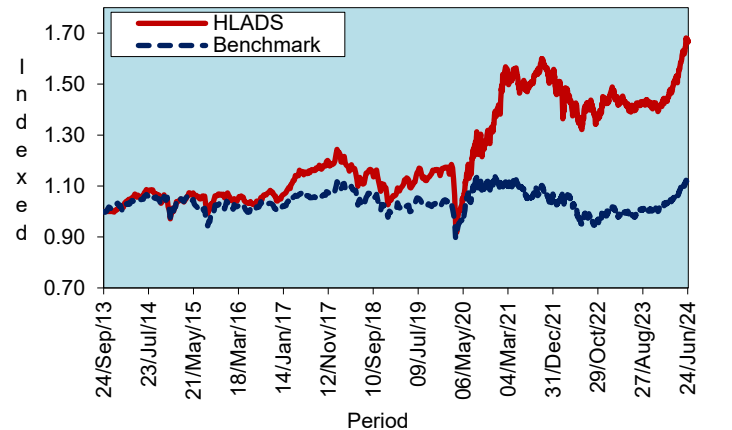
Asset Allocation for HLADS as at 28 June 2024	%
Hong Leong Dana Maa'rof	45.98
HLA Venture Dana Putra	53.90
Cash	0.12
Total	100.0



Top 5 Holdings for HLADS as at 28 June 2024

Rank	Company Name	Asset Class	%
1.	Tenaga Nasional berhad	Equity	6.3
2.	Sepangar Bay Power Corporation Sendirian Berhad	Sukuk	4.0
3.	CIMB Group Holdings Berhad	Sukuk	3.9
4.	Kimanis Power Sendirian Berhad	Sukuk	3.9
5.	CIMB Group Holdings Berhad-2032	Sukuk	3.9
Total Top 5			22.0

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	17.83%	3.16%	19.59%	13.03%	46.63%	66.87%
Benchmark*	9.18%	0.89%	13.37%	4.51%	6.12%	10.84%
Relative	8.65%	2.26%	6.22%	8.52%	40.52%	56.03%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

June was a halftime checkpoint for global investors with most markets ending in positive territory. In the US, we saw narrow-based profit taking in AI-related names especially after the Fed left interest rates unchanged and reiterated its rate-cut expectations of just one cut for 2024. However, the S&P 500 and Nasdaq inched higher 3.5% mom and 6.2% mom respectively as the market started to position for a broad-based recovery in the technology sector. The recent US presidential debate saw the market pricing a higher potential win for Trump, which could translate to higher for longer interest rates, the preference for traditional energy and less regulation. Unfortunately, HK/China did not join the US rally, reversing some of its gains with the Hang Seng Index down 2.0% mom following a slew of weak economic data releases and profit-taking before the upcoming third plenum meeting that is expected to disappoint on a fiscal stimulus front.

Domestically, the KLCI registered a down month in June, decreasing 0.4% mom as the market took profit especially in the big cap names amid a strong 1H24 performance. For the month, the best performance continued to be FBM Small Caps Index, which rose 3.6% mom. In terms of sectors, the construction sector overtook utilities as the best performer year-to-date amid the data center awards. Technology sector was another better performer with investors pricing in a second half recovery. The laggard for the month was the consumer sector following the diesel subsidy removal. The top three biggest gainers in KLCI month-to-date were Telekom, MrDIY and Tenaga.

Trading activities wise, it continued to hold up pretty well in June with average daily trading value coming in at RM4.03b as compared to RM3.95b a month ago. During the month, Malaysia saw relatively muted news flow with some notable events, including the China officials visit to Malaysia and Malaysia looking to potentially join BRICS. We also witnessed the rebalancing of FBMKLCI where Sunway was added to the index whilst AMMB saw a deletion. In June, the other Malaysian benchmarks, namely, FBM100, FBM Emas and FBM Shariah saw gains of 0.2% mom, 0.5% mom and 1.3% mom respectively.

Globally, investors will continue to watch the latest developments on France/UK 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 BNM MPC meeting, 2Q24 GDP, 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, petrol subsidy reforms and Third-Party Access for renewable energy. While sentiment remains positive overall, our strategy remains defensively tilted towards dividend-yielding names. Sectors that we favour include financials (banks), transport, tourism, construction, commodities (Metals/Oil & Gas) and technology.

Fixed Income Market Review

US Treasuries ("UST") rallied in June, fuelled by a weakening outlook for growth and inflation, but slightly tempered by the hawkish FOMC and Fed speak. The weaker-than-expected CPI print (expected: 3.4%, actual: 3.3%), coupled with a higher-than-expected unemployment rate (expected: 3.9%, actual: 4.0%), lower-than-expected ISM Manufacturing (expected: 49.8, actual: 48.7), and lower US retail sales (expected 0.3%, actual 0.1%) indicating consumer spending slowing more than expected, suggest downside risks to the US economy ahead. At month end, the 2-, 5-, 10- and 30-year UST closed at 4.75% (-12bps), 4.38% (-13bps), 4.40% (-10bps), and 4.56% (-9bps), respectively.

Locally, the short-end Malaysian Government Securities ("MGS") outperformed in a bull steepened trend, sending the 2Y yield down 6bps to 3.52%, and the 10Y yield decreased by 2bps to 3.87%. MGS yields continued tracking the movements in UST in the absence of any domestic catalyst. Notably, the maturity of the RM21.5 billion MGS 3.478% 14.06.2024 has provided crucial support to the price reaction. At month-end, the MGS settled at the following levels: 3-year at 3.52% (-6bps), 5-year at 3.65% (-5bps), 10-year at 3.87% (-2bps), and 30-year at 4.22% (unchanged).

In the corporate bonds segment, some prominent new issuances during the month were AmBank (M) Berhad (RM1.6 billion, AA2), Cagamas Berhad (RM760 million, AAA), DiGi Telecommunications Sdn Berhad (RM1 million, AAA), Hong Leong Bank Berhad (RM1 billion, AA1) and Pengurusan Air SPV Berhad (RM520 million, AAA).

Outlook & Strategy

With the Federal Reserve keeping interest rates unchanged as anticipated, the FOMC Dot Plot reveals a cautious stance. The initial projection of three rate cuts in 2024 has been scaled back to just one, signalling the Fed's prudent approach. The Fed is seeking additional evidence before committing to cuts. Inflation dynamics warrant close monitoring, and it will take several more months of data to build confidence. Notably, some FOMC members may prefer to wait even longer if the upcoming data remains inconclusive.

In the local market, bonds' liquidity remained thin as we note that onshore real money investors were largely sidelined, if at all, taking profits even with tiny gains. However, we expect the upcoming maturities of MGS/GII totalling RM53.5 billion in 2H24 to provide some support for bond prices. Continued fiscal consolidation including fiscal savings from fuel price reforms is likely to benefit the bond market in the long run but inflation expectations will need to be closely monitored. In general, we anticipate the market to continue trading in a narrow range and 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%	1.34%
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.

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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.