

HLA Venture Managed Fund (HLAVMF)

Feb 2021

Fund Features

1. Investment Objective

The objective of the fund is aim to provide investors with prospects for long-term capital appreciation through diversification in various capital instruments including equity, government securities, private debt securities, money market instruments and foreign assets as well as derivatives. This fund aims to outperform the benchmark comprising of FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) and Maybank 12-month fixed deposit rate in a ratio of 50:50.

2. Investment Strategy & Approach

This fund will participate in both fixed income and equity markets as well as benchmarked against the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) and Maybank 12-month fixed deposit rate in equal proportion. This fund is suitable for investors who are willing to take moderate risk.

3. Asset Allocation

The fund will invest up to a maximum 50% of its NAV in equities.

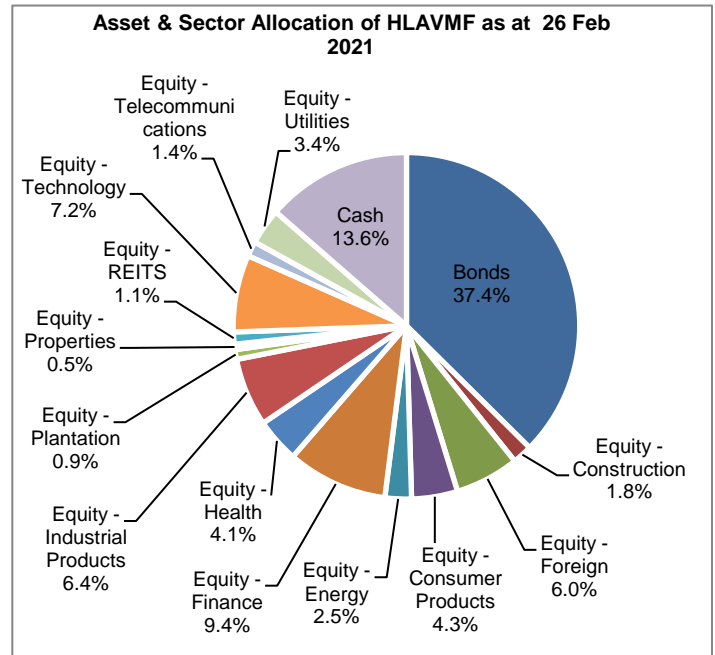
4. Target Market

This fund is suitable for investors who are willing to take moderate risk.

Fund Details

Unit Price (26/2/2021)	:RM2.4445
Fund Size (26/2/2021)	:RM316.2 mil
Fund Management Fee (effective as at 01/03/2017)	: 1.23% p.a. (capped at 1.25%)
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:07 April 2004
Benchmark	:50% FTSE Bursa Malaysia KLCI Index (FBM KLCI)&50% 12-month Fixed Deposit Interest Rates
Frequency of Unit Valuation	:Daily

The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.

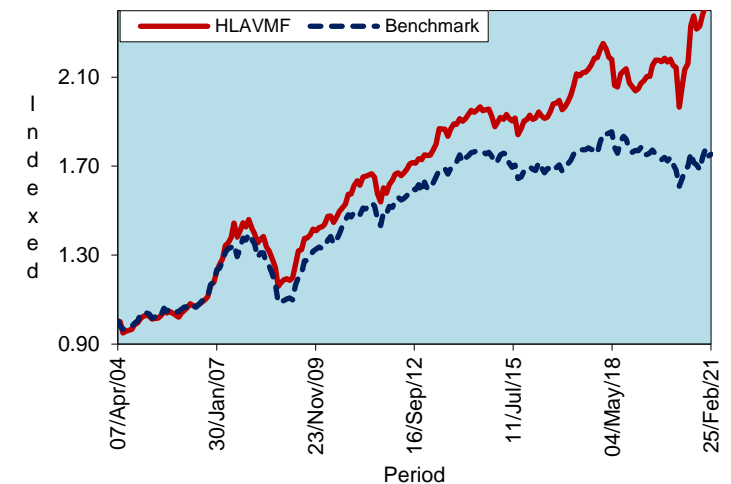


FI : Fixed Income
EQ : Equities

Top 5 Holdings for HLAVMF as at 26 Feb 2021

Rank	Holder	Asset Class	Percentage
1.	MAYBANK	EQ	3.3
2.	CIMB	EQ	3.3
3.	TOPGLOV	EQ	3.2
4.	M'SIAN GOVERNMENT SECURITIES 1	FI	3.0
5.	TENAGA	EQ	2.9
Total Top 5			15.7

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVMF	1.10%	-0.19%	14.04%	9.67%	27.53%	51.37%	144.45%
Benchmark*	-1.44%	0.44%	4.21%	-4.84%	4.32%	18.46%	74.49%
Relative	2.54%	-0.62%	9.83%	14.51%	23.21%	32.91%	69.96%

*Source: Bloomberg, Maybank

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

Hong Leong Assurance Berhad 198201014849 (94613-X)

Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.

Telephone 03-7650 1818 Fascimile 03-7650 1991

Customer Service Hotline 03-7650 1288 Customer Service Hotfax 03-7650 1299

HLA Venture Managed Fund (HLAVMF)

Market Review, Outlook & Strategy - Equities Market

Global equities ended the month higher even though it was well off the intra-month highs, on concerns over rising bond yields. The US 10-year Treasury bond yield jumped +32bps to 1.4%, driven by expectations of stronger economic recovery as the vaccination program gained traction in the US and globally. Macroeconomic data in the US was strong during the month with falling initial jobless claims as well as robust US manufacturing and services PMI numbers. Fed Chair Powell also guided current accommodative policies will remain until the economy reaches maximum employment and inflation is likely to stay at or below its 2% target through 2023. In commodities, oil prices rose sharply during the month due to the extreme weather in Texas. Growth in new Covid-19 cases is showing some signs of plateauing in the US at around 70k/day; while some regions witnessed a sudden surge. On the brighter side, the two-dose vaccine developed by Pfizer and BioNTech appears to be quite effective based on the inoculation experience in Israel while J&J's single-shot vaccine is the third to get US FDA approval.

Moving on to Malaysia, we received the first shipment of the Covid-19 vaccine on 21st February and the government also brought forward the vaccination programme to 24th February instead of the originally scheduled date of 26th February. This led to rotation back into the recovery names such as Genting, the brewers and some mall Reits. The PM also launched The MyDigital initiative and blueprint (Malaysia's digital transformation programme) during the last week of February. In the blueprint, a government special purpose vehicle will invest RM15b to roll out 5G in stages from end-21, ahead of Jendela's earlier target. Malaysia's 4Q20 GDP came in weak at -3% yoy, bringing full year 2020 GDP -5.6% (lower than BNM's floor of -5.5%).

For the month of February, retailers were net buyers at +RM2.0bn (USD493m) whilst local institutions were net sellers at RM1.7bn (USD420m). Foreign institutions remained net sellers at RM0.9bn (USD222m). Retailers and local institutions participation accounted for 36.5% and 27.3% of the value traded, with foreign institutions the remaining 15.9%. The FBM KLCI continued to underperform the broader market with a mom performance of +0.7% in February. FBM Shariah, Emas and Small Cap indices were up by +0.8% mom, +2.2% mom and +7.9% mom respectively.

Despite the recent market weakness, we do not expect rising bond yields to halt the equity market's strong performance, provided it is a gradual increase and is driven by improved economic outlook rather than hawkish central bank policy. Markets will also be following closely the approval of US' fiscal package potentially worth around US\$1.9trillion in March. Investors will also be looking out for the upcoming OPEC meeting in March and China's annual parliamentary meeting on 5th March onwards where China is expected to announce its key goals for 2021 and the next five-year economic development plan. Locally, the Monetary Policy Committee meeting will be held on 4th of March where consensus is currently divided on a 25bps cut. We will continue to be invested in both Covid-19 and recovery beneficiaries, skewing more towards the recovery theme.

Market Review, Outlook & Strategy - Fixed Income Market

U.S. Treasury ("UST") in the month of February saw significant spikes in yield as reflation expectations took centre stage amongst the investment community. The 5, 10 and 30year tenor increased by 31, 34 and 32 bps m-o-m respectively as a result of such expectations. Long end of the curve was hit comparably more with 2y-10y and 5y-30y spread reaching its highest level respectively since 2017 and 2015. The reflation induced sell offs seemed impervious to continued reassurances of dovish policies by the Federal Reserve ("Fed") and lacklustre economic data. CPI data released in mid-February came in tame at 1.4%, below market expectations of 1.5% and considerably short of the Fed's target of 2.0%. Confidence in recovery was likely derived from an increase in oil prices which reached above USD60 per barrel, highest since January 2020 and Biden's USD1.9 trillion stimulus bill which passed the house in end February and scheduled for Senate voting in the first week of March.

On the local front, govies yields were seen tracking the UST by and large with 10, 15 and 30-year MGS tenor increasing by 38, 49 and 36 bps m-o-m respectively. The 10y MGS benchmark closed at 3.09%, an eight-month high with the 3y-10y spread widening to 110bps, an 11-year high. Short dated tenor remained relatively grounded by near term caution with the 3-year yield increasing at a considerably lower magnitude of 10bps m-o-m. The steep increase in longer tenor yield came in despite bigger than expected 4Q2020 GDP contraction of 3.4% versus expectation of 3.1%. Apart from the increase in UST yield, lower than expected CPI contraction of 0.2% against the estimated of 0.8%-1.0% also partly drove the increase in govies yields.

The corporate bond segment which typically lags the movement in govies saw AAA spread against comparable govies decreasing. The spread 3-, 5-, 10-, and 15-year AAA tenor decreased by 13, 17, 11 and 12bps m-o-m respectively. Quasi government and AAA bonds continue to make up the bulk of traded bonds as demand for liquidity remains heightened. Sector wise, defensive bonds from the power and energy sector continued to be a staple in daily bonds trade during the month. Some prominent new issuances during the month are Danainfra (RM2.2 billion, GG), Maybank (RM1.0 billion, AA1) and PASB (RM800.0 million, AAA).

Given how the local govies have been following suit the increase in UST yields, expectations or sentiments pertaining to the US economic recovery warrants attention. Chief among factors influencing such sentiments will be the Senate voting on Biden's USD1.9 trillion USD stimulus early March. Domestically, all eyes will on the MPC sitting scheduled on 4th March. Going forward, pace of economic recovery would rely on among others, the timeline and efficacy of the recent vaccine rollout which took place at the end of February. The heavy supply pipeline in March for both govies and govt-guaranteed papers are expected to keep bond yields elevated. In view of the above, we remain defensive on our portfolio construction.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benchmark	2.9%	7.0%	7.3%	-2.6%	-1.3%	-0.8%	6.6%	-1.9%	-1.8%	2.3%
HLAVMF - Gross	1.6%	10.3%	11.4%	-0.7%	4.3%	3.4%	15.4%	-7.6%	9.0%	13.1%
HLAVMF - Net	0.3%	8.3%	9.3%	-1.9%	2.7%	2.0%	12.9%	-8.3%	7.0%	10.8%

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.

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.

Hong Leong Assurance Berhad 198201014849 (94613-X)

Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.

Telephone 03-7650 1818 **Fascimile** 03-7650 1991

Customer Service Hotline 03-7650 1288 **Customer Service Hotfax** 03-7650 1299

HLA Venture Managed Fund (HLAVMF)

3. Credit Risk

This refers to the possibility that the issuer of a security will not be able to make timely payments of interest or principal repayment on the maturity date. The default may lead to a fall in the value of the funds.

4. Interest Rate Risk

The level of interest rates has an impact on the value of investments. Any increase in rates will lead to a fall in the value of securities, thus affecting the value of the funds.

5. Country Risk

The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

6. 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.

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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

Others

HLA Venture Managed Fund is managed by Hong Leong Assurance Berhad (HLA). Any amount invested in this fund is invested by HLA on behalf of Policy Owner in equity, fixed income, collective investment scheme, foreign asset, derivatives and money market instrument/s. If the financial institutions and/or corporations issuing the equity, fixed income, collective investment scheme, foreign asset, derivatives and money market instruments defaults or insolvent, the Policy Owner risks losing part or all of his/her amount that were invested into the instruments 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.