

HLA Venture Flexi Fund (HLAVFF)

Jan 2020

Fund Features

1. Investment Objective

The objective of the fund is to provide investors the opportunity to enjoy medium to long-term capital appreciation from the prevailing sectorial and investment themes in Malaysian equities market.

2. Investment Strategy & Approach

The fund would be actively managed, rotating between sectors deemed to benefit the most at any given point in time, and would comprise several Core Sectors and Trading / Rotational Sectors which would vary depending on prevailing market conditions. The strategy will be to identify the themes in its early phase to capitalize on its growth. This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

3. Asset Allocation

The fund will invest a minimum of 30% and up to 95% of its NAV in equities.

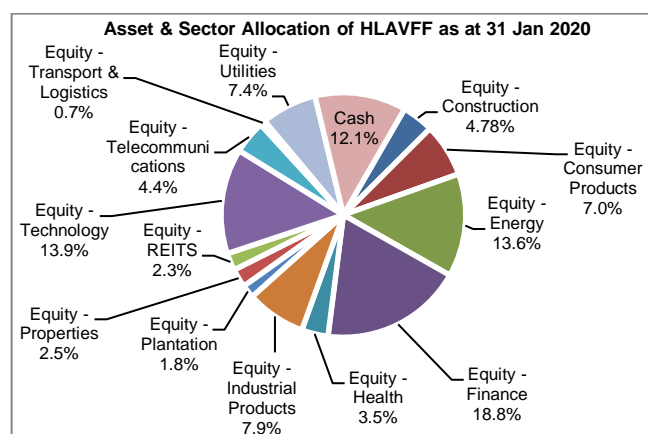
4. Target Market

This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

Fund Details

Unit Price (31/1/2020)	: RM0.8903
Fund Size (31/1/2020)	: RM82.3mil
Fund Management Fee (effective as at 01/01/2019)	: 1.31% p.a. (capped at 1.48%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 06 April 2009
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency of Unit Valuation	: Daily

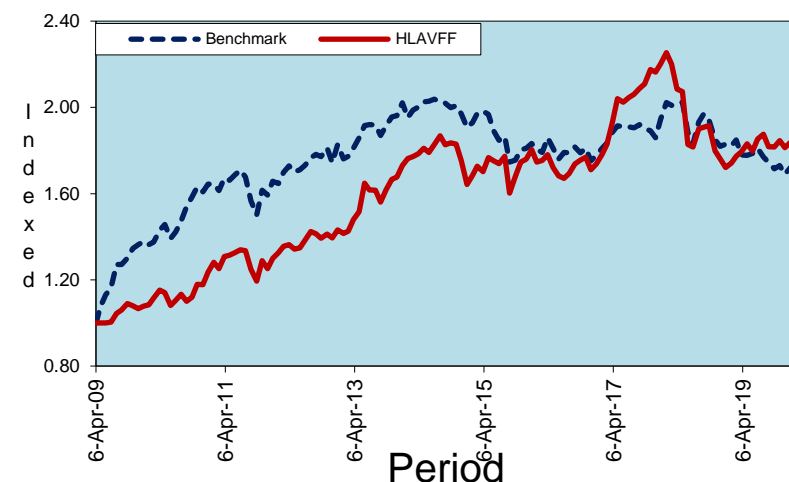
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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



Top 5 Holdings for HLAVFF as at 31 Jan 2020

	%
1. MAYBANK	8.1
2. CIMB	5.8
3. YINSON	5.5
4. TENAGA	5.2
5. RHBBANK	3.5
Total Top 5	28.0

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVFF	-3.06%	-3.06%	2.26%	-0.07%	5.72%	64.29%	78.06%
Benchmark*	-3.63%	-3.63%	-9.06%	-8.40%	-14.05%	21.59%	65.74%
Relative	0.57%	0.57%	11.32%	8.34%	19.77%	42.70%	12.32%

*Source: Bloomberg

Market Review, Outlook & Strategy

Regional markets tumbled in the first trading month of the year 2020. Investors initially had to deal with geopolitical uncertainties following the Iran retaliation airstrikes and sentiment deteriorated further over mounting concerns of the economic and human impact of the coronavirus outbreak in China. The outbreak comes at a critical time for Asian economies and China in particular as they emerge from a manufacturing slump due to the prolonged trade war. The US and European markets, however, continued to be resilient as earnings results continue to offer encouragement. The UK has formally left the EU on 31 Jan 2020 after the EU parliament approved UK's exit terms. The US President's impeachment hearing continues to linger and the US Fed remains neutral with growth outlook largely unchanged from December's meeting.

The local bourse started the year on a stronger footing underpinned by optimism over the economic growth in the new year. This optimism did not last long, unfortunately. FBM KLCI retreated when news emerged that the US launched an airstrike in Baghdad, killing a top Iranian general and an Iraqi militant leader. This was further exacerbated by fears over the spread of the novel coronavirus from Wuhan, China. In a surprise move, Bank Negara Malaysia (BNM) cut the overnight policy rate (OPR) by 25 bps to 2.75% as a preemptive move to insulate the growth trajectory and price stability. The timing of the cut was earlier than expected, sparking concerns that there could potentially be another rate cut in 2020. Other major news include the cabinet's decision to not sell PLUS but the highway concession agreement with PLUS will be restructured to facilitate the implementation of an 18% reduction in toll rates.

For the month, the FBM KLCI (-3.6% mom) outperformed the FBM Emas (-3.8% mom) and the FBM Small Cap Index (-6.3% mom) to close at 1,531.06 points. However, the KLCI underperformed the FBM Shariah Index which registered a 3% mom decline. In January, foreign investors bought RM8.1b of equities and sold the same value, which neutralised their fund flows in Malaysian equities.

Investors will continue to track closely the developments of the novel coronavirus outbreak. A prolonged outbreak will further affect the nascent recovery of trade activities. Based on the outbreak trajectory during SARS in 2003, the disease could peak sometime in March/ April and to be fully contained by June. As for Malaysia, the virus contagion fear will likely mar the Visit Malaysia Year 2020 campaign which was initially expected to be a growth catalyst. February will also be the 4Q19 earnings season, which is likely to be uninspiring. We may see some form of stimulus being introduced to address the potentially weaker economic growth. We continue to advocate our defensive strategy - favouring dividend yielding names with resilient earnings base.

HLA Venture Flexi Fund (HLAVFF)

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Benchmark	19.3%	0.8%	10.3%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%
HLAVFF- Gross	17.4%	7.0%	12.7%	24.1%	-3.9%	12.2%	-2.4%	30.6%	-22.2%	8.8%
HLAVFF - Net	14.6%	5.1%	10.2%	20.8%	-5.0%	9.8%	-3.7%	26.7%	-21.9%	6.7%

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.

The fund was only launched on 6 April 2009. The actual investment returns are calculated based on unit price from 6 April 2009 to 31 December 2009.

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.

- 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.
- 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.
- 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.
- 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.
- Country Risk**
The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.
- 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 will cover the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. Besides this, sensitivity and stress testing is conducted to inform the Company's management the profit & loss profiles of their investments under different pre-defined risk scenarios and the necessary action to be taken if the potential losses exceed the Company's risk tolerance level.

Basis of Unit Valuation

- 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.
- 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.
- The maximum value of any asset of any fund shall not exceed the following price:
 - The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
 - 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.
- 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 Flexi 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.