

HLA Secure Fund (HLASF)

August 2022

Fund Features

1. Investment Objective

To provide investors with steady and consistent return over a long-term investment horizon by investing into local and global fixed income securities and equities.

2. Investment Strategy & Approach

The strategy is to provide investors an affordable access into a diversified investment portfolio with a mixture of equities and fixed income instrument. The fund will invest primarily in fixed income instruments such as bonds, money market instruments, repo and deposits with financial institutions that provide regular income as well as in high dividend yield stocks to enhance the fund's returns. The asset allocation decision between fixed income instruments and equity is decided after considering the fixed income and equity market outlook over the medium to long-term horizon. Initially the fund will invest by feeding into Affin Hwang Select Income Fund ("Target Fund"), with the option to increase the number of funds or replace Affin Hwang Select Income Fund with other fund(s) in future. The Target Fund will invest primarily in Asia Pacific excluding Japan companies.

3. Asset Allocation

The fund shall invest a minimum 70% of the NAV in Fixed Income Instruments and maximum 30% of NAV in equities.

4. Target Market

The fund is suitable for investors who are relatively conservative and wish to have a steady and stable return that meets their retirement needs.

Fund Details

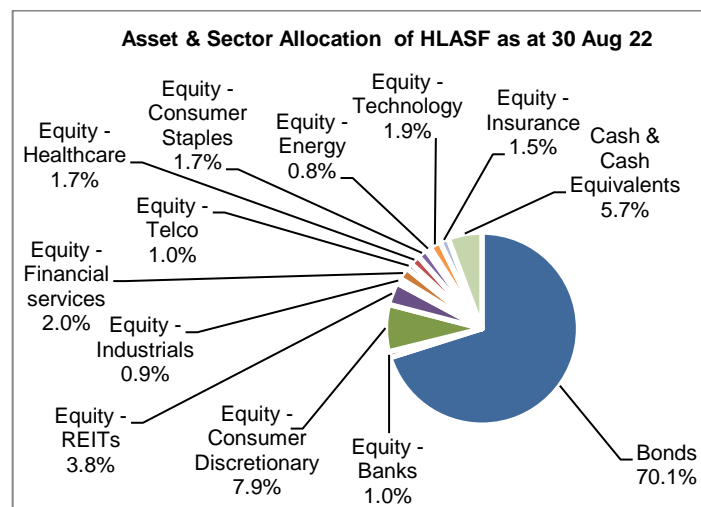
Unit Price (30/8/2022)	:RM1.4561
Fund Size (30/8/2022)	:RM23.1 mil
Fund Management Fee	:1.00% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x MSCI AC Asia Pacific excluding Japan High Dividend Yield Index)

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 ninety (90) days prior written notice.

With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.

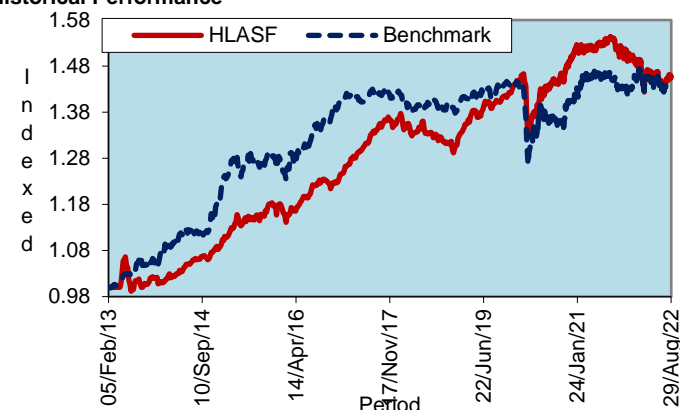
Asset Allocation for HLASF as at 30 August 2022	%
Affin Hwang Select Income Fund	99.87
Cash	0.13
Total	100.0



Top 5 Holdings for HLASF as at 30 August 2022

		%
1.	MGS (22.05.2040)	FI 2.9
2.	HSBC Holdings PLC	FI 1.9
3.	Yinson Juniper Ltd	FI 1.9
4.	Yinson Juniper Ltd	FI 1.8
5.	Yum China Holdings Inc	EQ 1.7
Total Top 5		10.2

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	-2.92%	0.55%	-5.28%	4.16%	8.54%	45.61%
Benchmark*	0.46%	0.14%	-0.68%	1.52%	1.15%	43.97%
Relative	-3.38%	0.40%	-4.61%	2.63%	7.40%	1.64%

*Source: AffinHwang

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

Benchmark*

Time Frame	Benchmark
Prior to March 2016	(70% x JP Morgan Asia Credit Investment Grade Index) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
March 2016 to February 2022	(70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
February 2022 onwards	(70% x Maybank 12 Months Fixed Deposit Rate) + (30% x MSCI AC Asia Pacific excluding Japan High Dividend Yield Index)

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HLA Secure Fund (HLASF)

Market Review, Outlook & Strategy relevant to Target Fund

Global equities tumbled in August as the US Federal Reserve (Fed) signalled that there will be no let-up in its quest to quell inflation by tightening monetary policy. The S&P 500 index fell 4.3% as Fed Chair Jerome Powell's speech dampened hopes that the Fed would pivot anytime soon to loosen monetary policy. The tech-heavy Nasdaq gauge similarly lost 4.6%. At the annual Jackson Hole economic symposium, Powell reiterated that the Fed is committed to raising interest rates until it is confident that inflation is sufficiently brought under control. Powell acknowledged that tighter monetary policy may lead to short-term pain for US consumers and businesses due to higher borrowing costs. However, he warned that prematurely loosening policy could be a much worse scenario if inflation was allowed to continue unchecked. In Asia, the broader MSCI Asia ex-Japan index was barely unchanged at -0.2% as weakness in China dragged down the index. The Shanghai Shenzhen CSI300 Index was down 2.2% as the region continues to reel from a property slump. Our base case is that the current spate of mortgage boycotts does not pose a systemic risk to the country's financial system. China's banks are well capitalised and its exposure to the property sector is limited. Most defaults seen are also coming mainly from offshore bonds. Top party leaders in China have recently signalled that there would be no significant stimulus measures despite slower growth projections. While there isn't any explicit mention of a bailout for property developers, the government certainly has the ability and funding to step-in if needed to provide support. China recently stepped up its economic stimulus with a further one trillion yuan (US\$146.0 billion) of funding largely focused on infrastructure spending. The People's Bank of China (PBoC) also announced a key interest rate cut for the second time this year in order to spur credit demand and support its COVID hit economy. Meanwhile, Washington and Beijing reached an agreement allowing US auditors to inspect China-based accounting firms. The move is seen as a positive step towards resolving an impasse that would have resulted in the delisting of multiple Chinese stocks listed in US exchanges, known as American Depositary Receipts ("ADRs"). On the domestic front, the benchmark KLCI edged 1.3% higher as earnings season roll-out. Most companies' results were in line with expectations with exporters coming out on top as beneficiaries of a weaker Ringgit. All eyes will be on the upcoming tabling of Budget 2023 slated in October. Law Minister Wan Junaidi Tuanku Jaafar confirmed that the government would be tabling Budget 2023 on 7 October 2022, which is 3 weeks earlier than initially scheduled. This sparked speculation that the 15th general election ("GE15") would be held after the tabling of budget. Polls aren't due until September 2023, but Prime Minister Datuk Seri Ismail Sabri is facing pressure from UMNO to dissolve Parliament and call for an early vote. On local fixed income, the 10-year MGS yield rose 9 bps to end the month at 3.99%. Malaysia's 2Q'22 GDP grew 8.9% y-o-y buoyed by an improvement seen in consumption for both manufacturing and services segment as well as exports since Malaysia's border reopening in April. While growth is expected to slow in the coming quarters as the low-base effect from the pandemic gradually dissipates, BNM is likely to continue on its policy tightening path given the evident revitalisation of the local economy. Though, governor Nor Shamsiah Mohd Yunus has continually emphasised that any adjustments would be measured and gradual in nature to ensure sustainable economic growth and price stability. At this juncture, we are expecting two more 25 bps hikes by BNM for the rest of the year.

Actual Annual Investment Returns for the Past Eight (8) Calendar Years

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Benchmark	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%	-0.2%	-3.1%	2.2%
HLASF - Gross	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%	12.3%	6.0%	0.7%
HLASF - Net	1.3%	7.5%	8.4%	4.1%	10.4%	-3.7%	10.4%	4.5%	-0.3%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past eight (8) 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 14 February 2013. The actual investment returns are calculated based on unit price from 14 February 2013 to 31 December 2013.

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

HLA Secure Fund (HLASF)

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

Affin Hwang Select Income Fund is a Bond fund managed by Affin Hwang Investment Management. The past performance of this fund is as follows:

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Performance	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%	10.0%	4.7%	-0.8%

Source: Affin Hwang Investment Management

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 Secure 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.