HLA Dynamic Fund (HLDF)

February 2023

Fund Features

1. Investment Objective

The objective of the fund is to achieve large capital gains by investing in companies that are well-managed and financially stable which are undervalued or at deep discount to their net tangible asset values.

2. Investment Strategy & Approach

HLDF will principally feed into third party collective investment schemes that meet the fund's objective. HLDF may also invest directly in a diversified portfolio of domestic and/or foreign assets including equities, equity-related securities, deposits or any other financial instruments that offer potential capital appreciation.

At inception, HLDF will invest by feeding into Hong Leong Value Fund ("Target Fund"), with the option to increase the number of funds or replace the Target Fund in future.

The Target Fund will invest with a value investment strategy across equity securities of all market capitalization level of companies operating in Malaysia. Generally, companies that have valuations at a discount to the market and/or its sector peers are selected. The manager of the Target Fund will also look at forward looking company-specific events that may lead to a change in the overall business prospects and valuations in its selection of securities for investment. Additionally, the Target Fund may also invest in stocks with market capitalization of up to RM1 billion that are not well covered by equity research houses and stockbrokers.

3. Asset Allocation

The Target Fund will invest a minimum of 70% of its NAV in equities and the balance of its NAV in fixed income securities. Generally, HLDF may invest up to 95% of its NAV in equities.

4. Target Market

This fund is suitable for investors who have a higher-than-average risk tolerance level, medium-term investment horizon, and are able to accept the anticipated higher volatility of the fund.

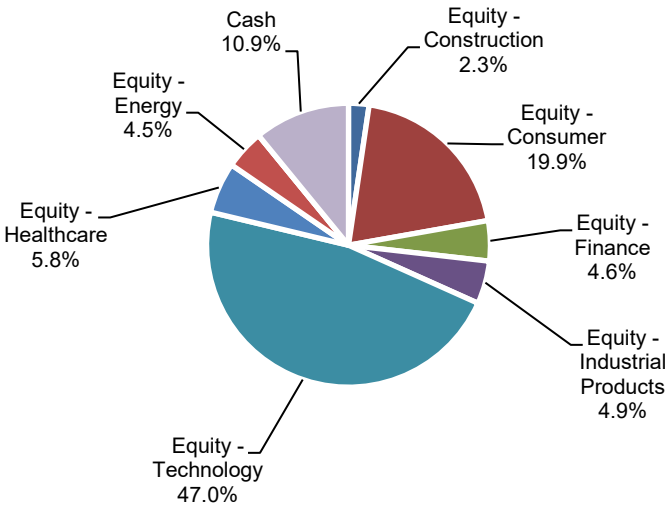
Fund Details

Unit Price (28/2/2023)	: RM1.0255
Fund Size (28/2/2023)	: RM7.16mil
Fund Management Fee	: 1.50% p.a.
Fund Manager	: Hong Leong Assurance Berhad
Fund Inception	: 27 April 2022
Benchmark	: FTSE Bursa Malaysia EMAS
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.

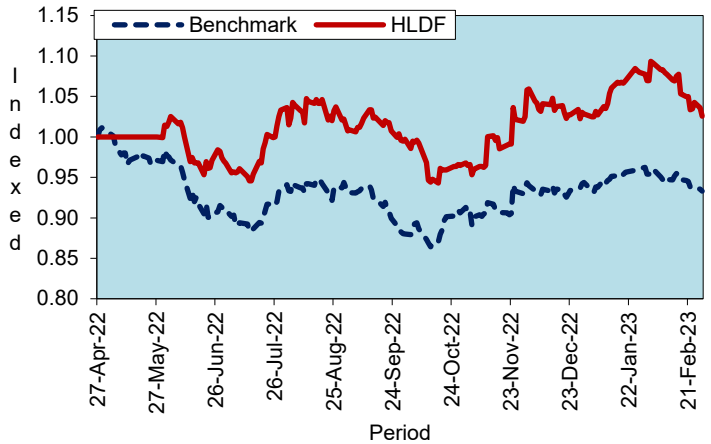
Asset Allocation for HLDF as at 28 Feb 2023	%
Hong Leong Value Fund	99.73
Cash	0.27
Total	**100.0**

Asset & Sector Allocation of HLDNMF as at 28 Feb 2023



Top 5 Holdings for HLDF as at 28 Feb 2023		%
1.	Pentamaster Corporation Berhad	9.2
2.	Frontken Corporation Berhad	8.6
3.	D&O Green Technologies Berhad	7.9
4.	UWC Berhad	7.5
5.	Heineken Malaysia Berhad	6.5
	Total top 5	39.6

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLDF	-0.26%	-4.11%	-	-	-	2.55%
Benchmark*	-1.14%	-2.19%	-	-	-	-7.74%
Relative	0.88%	-1.91%	-	-	-	10.29%

*Source: Bloomberg

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

HLA Dynamic Fund (HLADF)

Market Review, Outlook & Strategy

During the month, the FTSE BM KLCI declined 2.1% to close at 1,454 points. The broader market underperformed as the FTSE BM EMAS Index declined 2.2% to close at 10,579 points. Small caps underperformed as the FTSE BM Small Cap Index declined 4.5% to close at 15,435 points. Local market sentiment deteriorated along with regional markets due to higher than expected US inflation data. On the corporate front, Malaysia Airports Holdings Berhad obtained in-principle approval from the government on the material terms of the operating agreements to operate, manage and develop 39 airports until 2069. Farm Fresh Berhad proposed to take up 65% stake in ice cream chain The Inside Scoop Sendirian Berhad. The Fund will continue to identify companies that are potential winners in growing industries helmed by capable management.

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**
   Defined as the ease with which a security can be sold at or near its fair value. This risk occurs in thinly traded or illiquid securities. Should the fund need to sell a relatively large amount of such securities, such action itself may significantly depress the selling price.

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. **Concentration Risk**
   Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. As the fund invests mainly into third party collective investment scheme (CIS) and by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and other financial instruments, the concentration risk is mitigated.

6. **Target Fund(s) Risk**
   The fund invests in third party CIS which is being managed by another fund manager. The CIS is carefully selected in order to ensure that the objectives of said CIS are appropriately aligned with the fund. Nevertheless, the Fund Manager does not have control over the management of the CIS and any adverse effect on the CIS will inevitably affect the fund. In such instance, the Fund Manager may replace the CIS with another CIS which the Fund Manager considers to be more appropriate or invest directly in a diversified portfolio in order to meet the objective of the fund. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risks.

If the fund invests in Foreign Assets, it will be exposed to the following risks:

7. **Country Risk**
   The foreign investments made by the fund are subjected to risks specific to the country in which it invests. Such risks include changes in a country's economic fundamentals, social and political stability, currency movements, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any emerging risk.

8. **Currency Risk**
   This risk applies to foreign investment, in which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movements in currencies exchange rates can result in a loss to the investment.

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.

HLA Dynamic Fund (HLADF)

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

Hong Leong Value Fund, formerly known as Hong Leong Penny Stock Fund is an Equity fund managed by Hong Leong Asset Management. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Performance	19.6%	1.1%	18.8%	3.1%	21.7%	-12.2%	16.6%	21.8%	26.2%	-18.4%

Source: Hong Leong Asset Management

Note: With effect from 27 March 2020, Hong Leong Penny Stock Fund has been renamed to Hong Leong Value Fund.

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 Dynamic Fund is managed by 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 becomes 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 serve as a guide to the Policy Owner to making an informed decision. This document shall not be construed as professional advice on investment choices.