

# HLA Secure Fund (HLASF)

Jul 2017

## 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.

### 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.

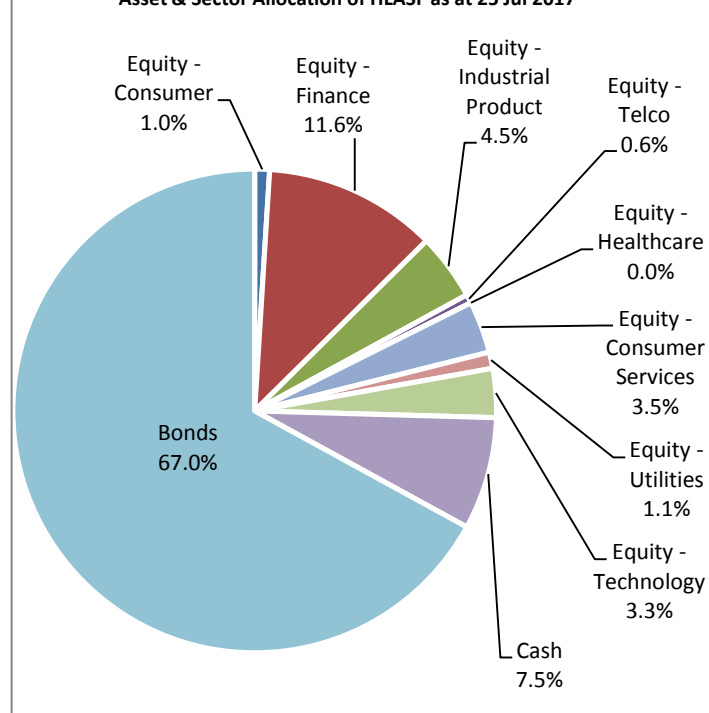
## Fund Details

Unit Price (25/7/2017)	:RM1.3326
Fund Size (25/7/2017)	:RM11.5mil
Fund Management Fee	:1.00% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Bond
Fund Inception	:05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)

Frequency of Unit Valuation :Weekly

The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

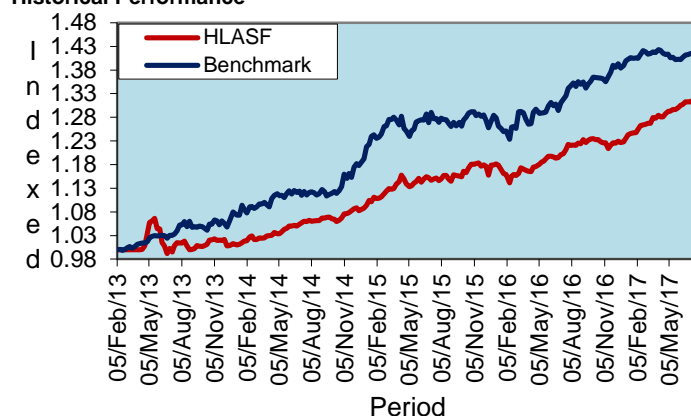
## Asset & Sector Allocation of HLASF as at 25 Jul 2017



## Top 10 Holdings for HLASF as at 25 Jul 2017

			%
1.	Alibaba Group Holding	Equity	2.4
2.	0.00% Sunway Treasury Sukuk Sdn Bhd (10.08.17)	Bond	1.8
3.	0.00% United States Treasury NB (06.07.17)	Bond	1.6
4.	7.00% Indonesia Treasury Bond (15.05.22)	Bond	1.5
5.	Beijing Capital Intl Airport	Equity	1.4
6.	4.60% Radiant Access Ltd (18.05.49)	Bond	1.2
7.	5.75% NWD Finance BVI Ltd (05.10.49)	Bond	1.2
8.	5.13% Genting Singapore (12.09.17)	Bond	1.2
9.	Hana Financial Group Inc	Equity	1.2
10.	4.70% HSBC Holdings Plc (08.06.22)	Bond	1.1
Total Top 10			14.6

## Historical Performance



	1 month	1 Year	3 Years	YTD	Since Inception
HLASF	1.53%	9.01%	25.43%	8.54%	33.26%
Benchmark	0.97%	6.33%	27.22%	2.66%	42.64%
Relative	0.56%	2.67%	-1.79%	5.87%	-9.38%

## Market Review, Outlook & Strategy relevant to Target Fund

Global equities continued to climb higher over the month, supported by encouraging economic data, and robust earnings results. The China equity market ended the month as one of the strongest within the region after releasing a solid 6.9% GDP growth in the 2<sup>nd</sup> quarter. Over in India, stronger corporate earnings, and a possibility of an interest rate hike by the Bank of India pushed the equity market to hit new highs in July. After hitting the 2.39% level mid-month, US Treasury yields eased to end the month 1bps lower at 2.29%. The US Dollar weakness continued into July as political uncertainties surrounding the Trump administration remain unresolved. July also saw China authorities cracking down on several China companies on their high profile foreign investments – leading to a sell-off in some of the companies' bonds

The Manager will be maintaining a tactically cautious stance for the portfolio in the interim. Foreign fixed income exposure will be largely hedged back to mitigate foreign currency risk given the recent weakening USD trend. The Fund's exposure within the equity market will remain diversified, seeking opportunities from higher yielding opportunities within the China financial sector, as well as regional infrastructure names.

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## HLA Secure Fund (HLASF)

### Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016
Benchmark	7.2%	10.4%	7.7%	8.2%
HLASF - Gross	2.5%	9.2%	10.2%	5.6%
HLASF - Net	1.3%	7.5%	8.4%	4.1%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past five (5) 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 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 detailed explanation of the risk 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 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.

### 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	2012	2013	2014	2015	2016
Performance	15.1%	2.9%	6.9%	8.6%	4.1%

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.

## HLA Secure Fund (HLASF)

### **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.