

HLA Venture Flexi Fund (HLAVFF)

July 2022

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

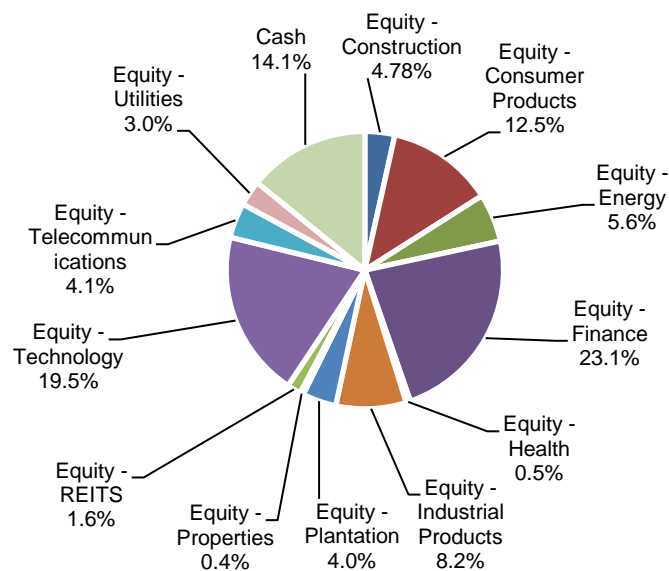
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Fund Details

Unit Price (29/7/2022)	: RM0.9961
Fund Size (29/7/2022)	: RM145.6 mil
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.

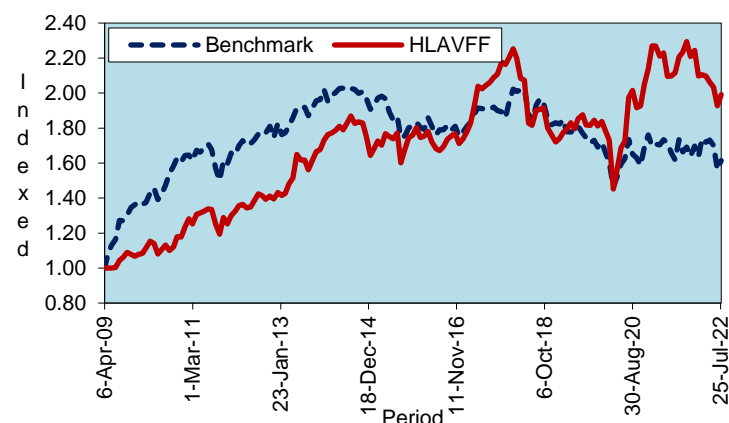
Asset & Sector Allocation of HLAVFF as at 29 July 2022



Top 5 Holdings for HLAVFF as at 29 July 2022

	%
1. CIMB	8.1
2. MAYBANK	5.9
3. INARI	4.2
4. GENM	4.1
5. RHBBANK	4.0
Total Top 5	26.4

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVFF	-11.24%	3.32%	-5.84%	6.19%	-3.34%	39.94%	99.22%
Benchmark*	-4.80%	3.32%	-0.16%	-8.72%	-15.22%	-8.54%	61.54%
Relative	-6.43%	-0.01%	-5.68%	14.92%	11.88%	48.48%	37.68%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

Despite a backdrop of disappointing macro data which was largely due to tightening of monetary policies, global equities together with most risk assets recovered in July. The recovery was on the back of a less hawkish Fed and a relatively strong earnings season. During the month, as widely anticipated the FOMC increased the Fed Fund Rates (FFR) by 75bps bringing it to 2.25%-2.5% and the rate hike trajectory going forward will be data dependent. The Fed Chair also reiterated his view that rates could reach 3%-3.5% by year end. While the global economy is showing signs of slow-down and the US entered a technical recession in 2Q22 with a GDP growth of -0.9% qoq (marking two consecutive quarters of negative GDP growth), based on broad measures of economic activity there are no grounds to support a recession call. The recent retracement in commodity prices and some indicators which suggest the easing of supply chain bottlenecks are a relief for inflation pressures. Meanwhile, the HK/ China markets saw correction due to macro concerns involving property completion, rural banks, ADR listing and the US-China tariff talks. Market was also disappointed following the conclusion of the Politburo session on 28th July which did not suggest any big stimulus despite the economic slowdown.

Domestically, Bank Negara Malaysia (BNM) hiked the Overnight Policy Rate by 25bps to 2.25% in July and market now expects another 25bps in 2H22. Malaysia was also not spared by rising costs with CPI hitting 3.4% in June mainly caused by rising food cost. It was reported that Petronas is forecasted to contribute around RM55-59b to the government this year to help negate the higher subsidies of ~RM80b. On a positive note, we saw Indonesia lifting its restrictions on the entry of its workforce into Malaysia and to integrate the existing system between the Malaysian Immigration Department and the Indonesian Embassy in Kuala Lumpur for the recruitment of Indonesia domestic workers. Near month-end, the Dewan Rakyat also passed the proposed anti-party hopping law with more than two-thirds majority.

Average daily trading value decreased to RM1.3b in July from June's RM2.6b. Retailers turned net sellers with -RM0.1b together with local institutions - RM0.2b. Foreign institutions turned net buyers with +RM0.2b. Retailers and local institutions accounted for 25.5% and 35.7% of value traded. Foreign institutions accounted for 28.3% of value traded. FBMKLCI outperformed the broader market with a +3.3% gain to 1,492.23pts. FBM Shariah, FBM Emas and FBMSC increased by 2.2% mom, 2.9% mom and 0.5% mom respectively.

Going into August, investors will continue to keep a close eye on global inflation and interest rates as well as the ongoing developments of the Russia-Ukraine war. Rising US-China tensions is also a concern following US House Speaker Nancy Pelosi's visit to Taiwan, defying China's warnings of "grave consequences" for diplomatic relations. Domestically, it will also be the 2Q results season where investors will be keen to observe how corporate earnings are being affected by rising costs and supply chain disruptions, together with their forward guidance which could provide a decent respite to the ongoing uncertainties. Malaysia's 2Q22 GDP figures will also be released mid this month. We remain defensive and will maintain our barbell strategy by investing in both the value and growth sectors, together with dividend-yielding stocks. Sectors that we continue to favour include interest rate hike beneficiaries (banks), selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks).

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

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Benchmark	10.3%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%	2.4%	-3.7%
HLAVFF- Gross	12.7%	24.1%	-3.9%	12.2%	-2.4%	30.6%	-22.2%	8.8%	19.4%	7.1%
HLAVFF - Net	10.2%	20.8%	-5.0%	9.8%	-3.7%	26.7%	-21.9%	6.7%	16.4%	5.0%

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.

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 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:

- having a flexible tactical asset allocation
- investing in a wide range of companies across different sectors
- setting prudent investment limits on various exposures
- taking into account the liquidity factor in selecting securities
- engaging in the hedging of foreign currency exposure where appropriate

HLA Venture Flexi Fund (HLAVFF)

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 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.