Hong Leong SMART Invest Fund (HLSIF)

June 2022

Fund Features

1. Investment Objective

The primary 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

The strategy is to provide investors an access into a diversified portfolio of value stocks listed on Bursa Malaysia and/or in any foreign stock exchanges that offer potential capital appreciation. The fund will principally feed into collective investment schemes that meet the fund's objective. At inception, the fund will invest by feeding into Hong Leong Value Fund, formerly known as Hong Leong Penny Stock 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. 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 indicative asset allocation for Target Fund is to invest a minimum of 70% of its NAV in equities and maximum 30% of its NAV in fixed income securities. Generally, Hong Leong SMART Invest Fund may invest up to 95% of its NAV in equities.

4. Target Market

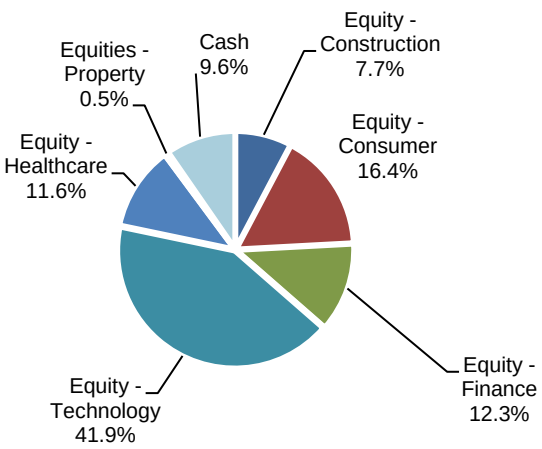
This fund is suitable for investors who have a higher than average risk tolerance level, medium-term investment horizon, and are able to accept the anticipated higher volatility of the fund.

Fund Details

Unit Price (30/6/2022)	: RM1.2659
Fund Size (30/6/2022)	: RM757.5 mil
Fund Management Fee (effective as at 23/11/2017)	: 1.50% p.a.
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 23 November 2017
Benchmark	: FTSE Bursa Malaysia EMAS
Frequency of Unit Valuation	: Daily

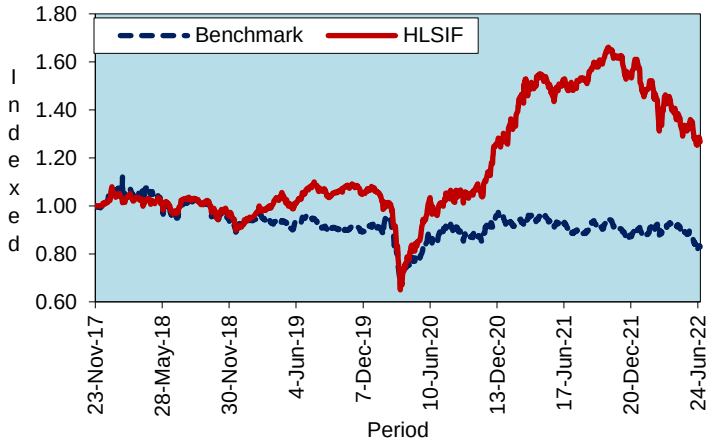
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

Asset & Sector Allocation of HLSIF as at 30 June 2022



Top 5 Holdings for HLSIF as at 30 June 2022		**%**
1.	IHH Healthcare Berhad	7.5
2.	D&O Green Technologies Berhad	7.4
3.	Pentamaster Corporation Berhad	6.8
4.	Frontken Corporation Berhad	6.4
5.	AEON Credit Service (M) Berhad	5.3
	Total Top 5	33.5

Historical Performance



	YTD	1 month	3 months	1 year	2 years	Since Inception
HLSIF	-21.37%	-5.83%	-11.88%	-14.53%	30.99%	26.59%
Benchmark*	-8.86%	-7.57%	-9.48%	-7.61%	-2.32%	-17.09%
Relative	-12.51%	1.74%	-2.39%	-6.92%	33.31%	43.68%

*Source: Bloomberg

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

Hong Leong Assurance Berhad 198201014849 (94613-X)
Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.
Telephone 03-7650 1818 **Fascimile** 03-7650 1991
Customer Service Hotline 03-7650 1288 **Customer Service Hotfax** 03-7650 1299

Hong Leong SMART Invest Fund (HLSIF)

Market Review, Outlook & Strategy

During the month, the FTSE BM KLCI declined 8.0% to close at 1,444 points. The broader market outperformed as the FTSE BM EMAS Index declined 7.6% to close at 10,307 points. Small caps underperformed as the FTSE BM Small Cap Index declined 8.8% to close at 14,236 points. The local market fell in tandem with global and regional equities as recession fears rear its head. Falling oil price and crude palm oil prices also affected investors sentiment as the local market experienced foreign investor net outflows during the month for the first time this year. On the corporate front, Axiata Group Berhad and Digi.com Berhad received approval from the Malaysian Communications and Multimedia Commission to proceed with the proposed merger. Carlsberg Brewery Malaysia Berhad plans to raise prices of some of its products due to rising input costs. The Fund will continue to invest in companies that would benefit from superior pricing power and efficient cost management.

Actual Annual Investment Returns for the Past Four (4) Calendar Years

Year	2017	2018	2019	2020	2021
Benchmark	12.9%	-11.1%	-1.57%	3.9%	-3.9%
HLSIF- Gross	2.5%	-9.4%	19.4%	25.0%	28.2%
HLSIF - Net	2.2%	-10.2%	16.4%	21.5%	24.1%

Net returns are adjusted for tax and fund management fees.
Those are the actual returns in the past four (4) 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 23 November 2017. The actual investment returns are calculated based on unit price from 23 November 2017 to 31 December 2017.

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. **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**
   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.

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

6. **Country Risk**
   The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

7. **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:

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

Hong Leong SMART Invest Fund (HLSIF)

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

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Performance	8.1%	19.6%	1.1%	18.8%	3.1%	21.7%	-12.2%	16.6%	21.8%	26.2%

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

Hong Leong SMART Invest 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 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.