

HLA Secure Fund (HLASF)

July 2021

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

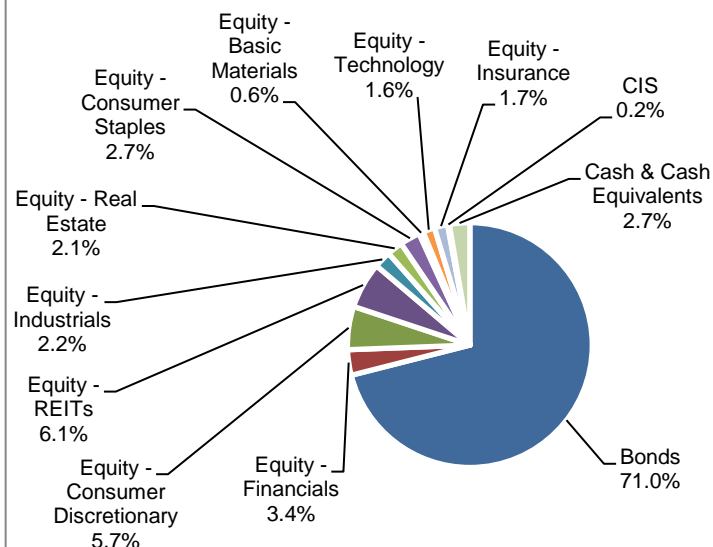
The fund is suitable for investors who are relatively conservative and wish to have a steady and stable return that meets their retirement needs.

Fund Details

Unit Price (30/7/2021)	:RM1.4566
Fund Size (30/7/2021)	:RM23.6 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 Dow Jones Asia Pacific Select Dividend 30 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.

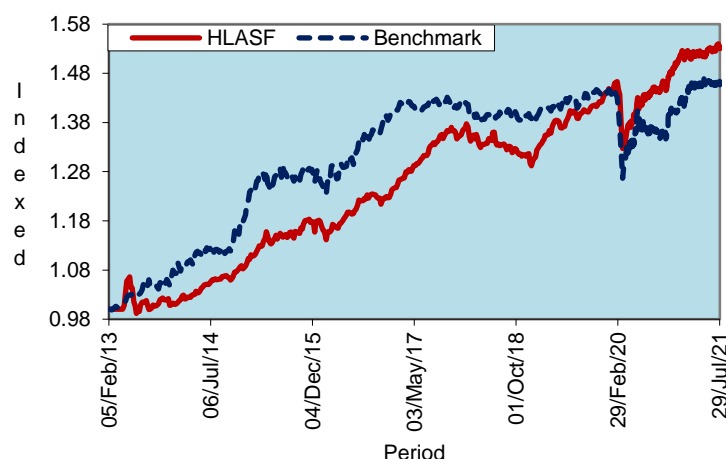
Asset & Sector Allocation of HLASF as at 30 July 2021



Top 5 Holdings for HLASF as at 30 July 2021

		%
1.	MGS (22.05.2040)	FI 2.4
2.	Weichai Int HK Energy Grp Co	FI 1.8
3.	Lafarge Cement Sdn Bhd	FI 1.7
4.	AlA Group Ltd	Equity 1.7
5.	Link REIT	Equity 1.6
Total Top 5		9.2

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	1.74%	0.18%	6.60%	14.55%	25.23%	53.09%
Benchmark*	3.85%	0.04%	7.23%	3.55%	8.59%	45.66%
Relative	-2.11%	0.14%	-0.63%	11.01%	16.64%	7.43%

*Source: AffinHwang

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

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HLA Secure Fund (HLASF)

Market Review, Outlook & Strategy relevant to Target Fund

US shares extended gains in July buoyed by a strong 2Q'21 earnings calendar. The S&P 500 closed 1.8% higher, whilst the Nasdaq index also closed 1.1% higher. So far, 59% of constituents in the S&P 500 index have reported results. Out of this figure, 88% of companies beat expectations. The average earnings surprise came above 17%.

In Asia, the MSCI Asia ex-Japan fell by 7.0% last month, dragged down by weakness in the Chinese market. Once again, China saw regulators cracking down on businesses, this time targeting the education sector. Authorities had banned the provision of holiday and weekend tutoring, and further said that they will no longer approve the establishment of new tuition centres. Instead, tutoring companies are being asked to register as non-profit institutions. From a broader perspective, the reason for reining in China's booming private education sector may be linked to concerns by policymakers surrounding declining birth rates in the country. Rising education costs in the country may have been deterrent for families to have more children. This was also highlighted in China's latest 5-year Plan, where it considered lifting childbirth restrictions and rolling out incentives to boost birth rates.

On the domestic front, the local market was weaker with the benchmark KLCI down 2.6% as political risks were heightened. Sparks flew when Parliament reconvened after an announcement by de facto law minister Datuk Seri Takiyuddin Hassan that the Emergency Ordinances had been revoked after a July 21 Cabinet meeting on the matter. However, this earned a royal rebuke by the Yang di-Pertuan Agong who expressed disappointment over the Cabinet's decision to revoke the Emergency Ordinances without his consent. In a statement by the Palace, the Agong also expressed dismay that his suggestion that the revocation of the Emergency Ordinances to be tabled and debated in Parliament was not implemented. Despite calls to resign by opposition and a royal rebuke, the Prime Minister is digging into his heels and standing his ground. The Prime Minister's Office issued a statement to say that The Yang di-Pertuan Agong needs to accept and act according to the advice of the Cabinet on the revocation of the Emergency Ordinances.

As the worst stock market performer in Asia, there is emerging consensus that the local market has bottomed if COVID-19 cases stay under control. Foreign participation in the stock market is also at historical lows reducing any risk of sudden outflows. Any potential news of economic reopening could drive a relief rally in Bursa as vaccinations are ramped-up in the country. On local fixed income, the 10 year MGS yield fell by 10 bps in the month to close at 3.17%. Bank Negara Malaysia ("BNM") kept Overnight Policy Rates ("OPR") at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia's growth outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers.

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

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

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:

- 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 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
Performance	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%	10.0%	4.7%

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.