

HLA Venture Income Fund (HLAVIF)

November 2021

Fund Features

1. Investment Objective

The objective of the fund is to achieve high principal security and steady income by investing in fixed-income instruments. Returns will be comparable to prevailing interest rates but correspondingly, the risks will be significantly lower than that for equities investment.

2. Investment Strategy & Approach

This fund focuses on fixed income securities and money market instruments as well as benchmarked against Maybank's 3 months fixed deposit rate. This fund is suitable for investors who have low to moderate risk profile.

3. Asset Allocation

The fund will invest up to 100% of its NAV in fixed income instruments.

4. Target Market

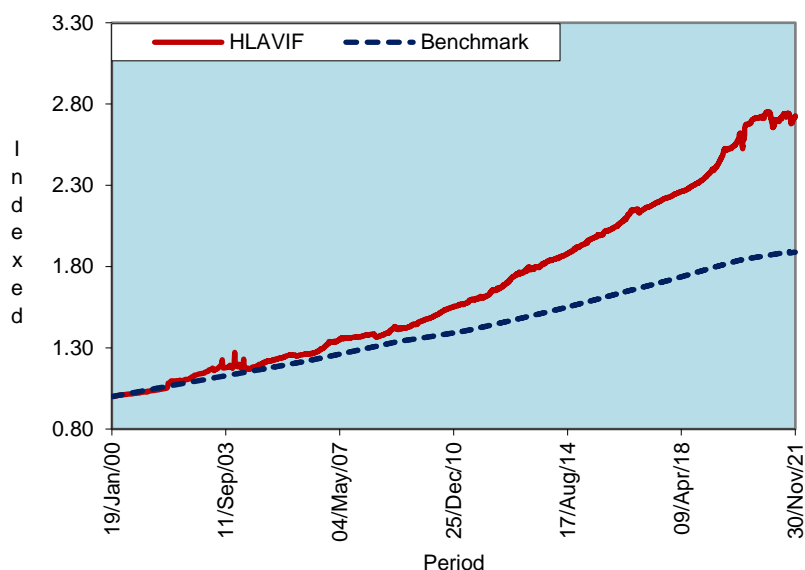
This fund is suitable for investors who have low to moderate risk profile

Fund Details

Unit Price (30/11/2021)	:RM2.7273
Fund Size (30/11/2021)	:RM474.1 mil
Fund Management Fee	: 0.50% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Bond
Fund Inception	:19 Jan 2000
Benchmark	:3-month Fixed Deposit Interest Rates
Frequency of Unit Valuation	:Daily

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

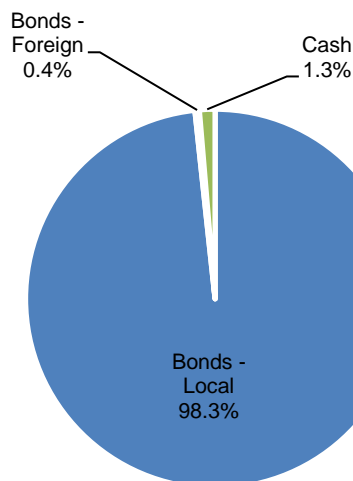
Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLA VIF	-0.76%	1.04%	0.56%	17.08%	28.04%	69.69%	172.73%
Benchmark*	1.14%	0.15%	1.28%	6.53%	13.30%	32.31%	88.90%
Relative	-1.90%	0.89%	-0.72%	10.55%	14.73%	37.38%	83.83%

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

Asset Allocation of HLA VIF as at 30 November 2021



Top 5 Holdings for HLA VIF as at 30 November 2021

	%
1. M'SIAN GOVERNMENT SECURITIES 0	12.8
2. M'SIAN GOVERNMENT SECURITIES 1	12.6
3. MALAYSIA INVESTMENT ISSUE 3	10.7
4. M'SIAN GOVERNMENT SECURITIES 1	9.8
5. MALAYSIA INVESTMENT ISSUE 1	8.6
Total Top 5	54.4

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Market Review

During the month of November, U.S. Treasury ("UST") yield curve twist flattened in choppy trading market. UST yields briefly spiked after Jerome Powell's renomination to head the Federal Reserve fuelled bets on quicker pace on monetary policy tightening. Towards the end of the month, over the Thanksgiving holidays in the U.S., global market was rattled by the emergence of Omicron Covid-19 variant in South Africa. Some major countries including the U.S., European Union, Japan and Australia were swift in issuing warning and travel restrictions, this triggered a bout of risk off sentiments. As a consequence, UST yields eased 13 to 18bps across the curve, staging its biggest rally in a day since March 2020. After the initial knee-jerk risk-off reaction which occurred in a vacuum of liquidity, treasuries market showing signs of stability, with 10-year UST closing the month at 1.44%, still a decent rally of -11bps.

Domestic bond market on the other hand continued to trade lacklustre towards the year end with thin liquidity, despite the volatile swings in UST markets. Generally, government bonds' curve bull flattened, with 15-year MGS bearing the biggest rally of 20bps MoM, following the strong 15-year MGS re-opening auction result. On a separate note, Malaysia Q3 GDP came in at -4.50% vs consensus of -2.60%. BNM also highlighted that MPC will be mindful of premature withdrawal of support and monetary policy to stay accommodative to support growth.

In the corporate bonds segment, most of the rated-credit curves shifted slightly lower with relatively thin volume. Some prominent new issuances during the month were Cagamas (RM2.08 billion, AAA), Danainfra Nasional Bhd (RM2.645 billion, GG), UMW Holding Bhd (RM650 million, AA+), Pengurusan Air SPV Sdn Bhd (RM650 million, AAA), Tenaga Nasional Bhd (RM3.0 billion, AAA), Federal Land Development Authority (RM715 million, GG) and Bank Pertanian Malaysia Bhd (RM500 million, AAA).

Market Outlook & Strategy

The policy normalisation theme continues to dominate in Emerging Markets, leading to a sharp flattening of curves. Market continues to factor in greater prospect of rate hikes after the end of tapering being priced into markets especially after Powell noting that it is perhaps time to consider dropping the 'transitory' view on inflation given persistent price pressures. On the flipside, risk sentiment remains rattled by Omicron variant. Markets are expected to trade in range bound while digesting Powell's hawkish comment as well as to await further information on the variant.

On the domestic front, considering that a general election is possibly still several months away, we remain neutral on Malaysia bonds, with an expectation that the long-end of the bond curve should progressively flatten over the course of 2022. Our strategy is to bargain hunt during primary auctions should the level turn more attractive while holding on to the current portfolio duration.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benchmark	2.8%	3.1%	3.1%	3.2%	3.2%	3.1%	3.0%	3.3%	3.0%	1.5%
HLAVIF- Gross	4.8%	10.0%	5.4%	5.8%	6.5%	6.9%	5.3%	5.6%	10.2%	9.0%
HLAVIF - Net	3.9%	8.7%	4.5%	4.8%	5.5%	5.8%	4.4%	4.6%	8.9%	7.8%

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.

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 Income Fund (HLAVIF)

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 Income 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.