

# HLA Secure Fund (HLASF)

Jul 2019

## 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.

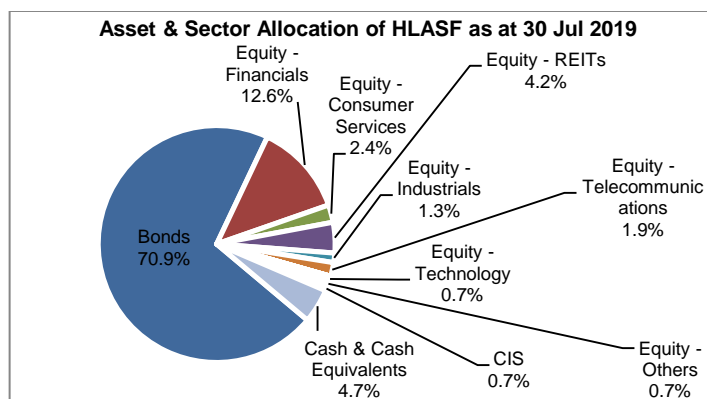
### 4. Target Market

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 (30/7/2019)	:RM1.3993
Fund Size (30/7/2019)	:RM19.2mil
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	:Weekly

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.



## Top 5 Holdings for HLASF as at 30 Jul 2019

		%
1.	AIA Group Ltd	Equity 3.0
2.	China Construction Bank Corp	Equity 2.4
3.	Ping An Insurance Grp Co China	Equity 2.0
4.	Hong Kong Exchange & Clearing	Equity 1.8
5.	China Life Insurance Co. Ltd	FI 1.6
<b>Total Top 5</b>		<b>10.8</b>

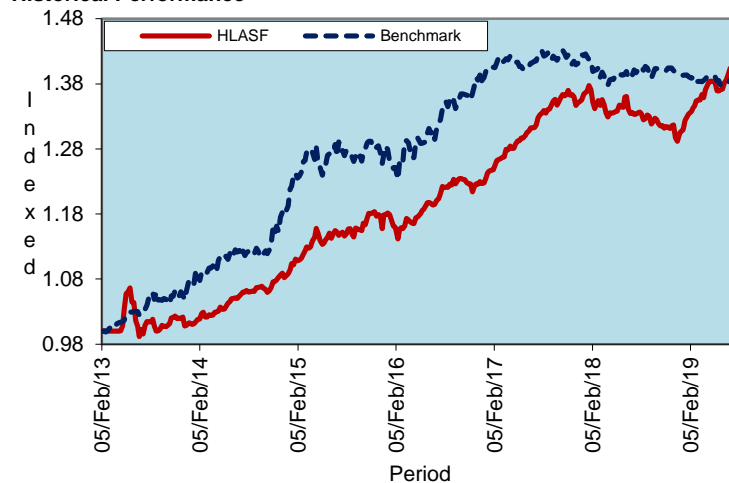
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## Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	7.23%	0.35%	4.71%	14.46%	31.71%	39.93%
Benchmark*	-0.17%	0.71%	-1.05%	3.77%	24.15%	39.20%
Relative	7.39%	-0.36%	5.75%	10.69%	7.56%	0.73%

\*Source: AffinHwang

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

Asian markets edged higher against a backdrop of dovish signals from global central banks including a widely anticipated rate cut by the US Fed at its upcoming policy meeting in July. Within fixed income, the Manager has remained the duration of the portfolio around 4 years. Our focus on prudent credit selection and healthy liquidity profile remains. The Manager has increased equity exposure to 24%. On equity portfolio positioning, the manager will continue to lock in profits for dividend distributions.

Following a strong June, equities were relatively muted as investors took profit and digested economic data releases ahead of a much awaited FOMC meeting at the end of the month. China's industrial output grew 6.3% in June from a year earlier, beating market expectations. Retail sales for June also rose 9.8% topping consensus estimates of 8.5%. China's softer GDP growth of 6.2% in 2Q2019 was in line with expectations. Singapore also released its GDP print last week which was below expectations, posting growth of just 0.1%y-o-y in 2Q'19. It's heavy reliance on trade makes it vulnerable to a slowdown in world growth and tariff wars. Exports have already taken a big hit over the past few months, with shipments plunging in May by the most since early 2013. Asian credits continued its strong showing under a dovish monetary outlook with strong demand seen for new issuances.

Bank of Korea and Bank Indonesia proceeded to cut their benchmark rates by 25 basis points last week to 1.50% and 5.75% respectively. Other central banks in the region including Australia and India have also engaged in similar measures over the past few months. Traction for the Chinese property space remained evident, with healthy participation for new issuances. However, cracks have surfaced in the Indonesian credit space after a corporate issuer defaulted on a repayment for their USD-denominated bond. The impact of this, however, appeared to be isolated from the rest of the region which continue to be well propped-up by ample demand.

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### Actual Annual Investment Returns for the Past Six (6) Calendar Years

Year	2013	2014	2015	2016	2017	2018
<b>Benchmark</b>	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%
<b>HLASF - Gross</b>	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%
<b>HLASF - Net</b>	1.3%	7.5%	8.4%	4.1%	10.4%	-3.7%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past six (6) 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 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 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Performance</b>	19.4%	9.3%	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%

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.

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### **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.