

HLA Secure Fund (HLASF)

Feb 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.

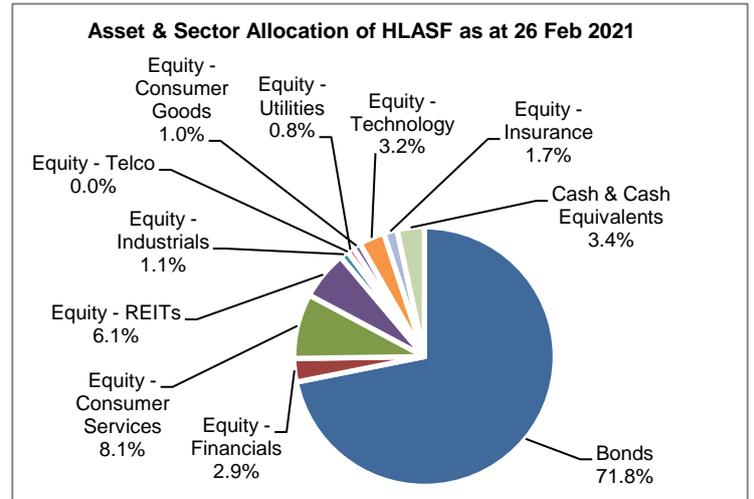
4. Target Market

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 (26/2/2021)	:RM1.5115
Fund Size (26/2/2021)	:RM23.5 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

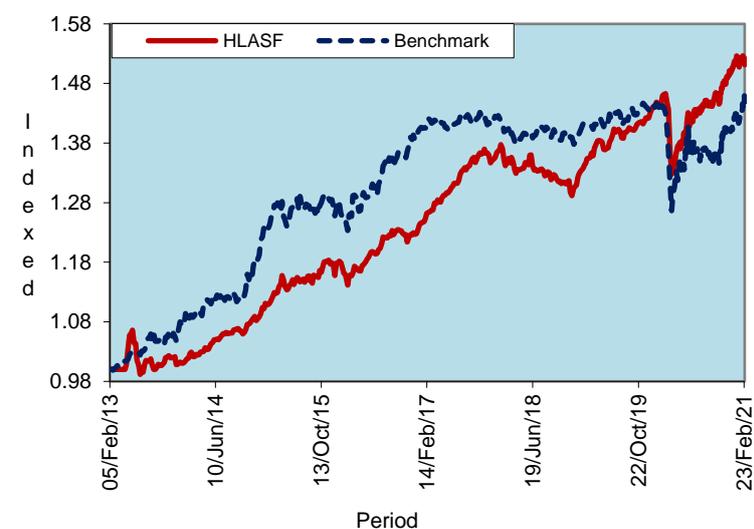
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



Top 5 Holdings for HLASF as at 26 Feb 2021

Rank	Company Name	Asset Class	Percentage
1.	MGS	FI	2.3
2.	Weichai Int HK Energy Grp Co	FI	1.7
3.	TSMC	Equity	1.7
4.	Yum China Holdings	Equity	1.7
5.	AIA Group Ltd	Equity	1.6
Total Top 5			9.0

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	0.45%	-0.66%	3.30%	11.61%	30.45%	51.15%
Benchmark*	3.28%	2.51%	1.22%	3.16%	14.89%	44.86%
Relative	-2.83%	-3.17%	2.08%	8.45%	15.56%	6.29%

*Source: AffinHwang

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

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Market Review, Outlook & Strategy relevant to Target Fund

Global equities pulled back sharply in February driven by a surge in bond yields which stoked inflationary fears. The S&P 500 index closed 2.7% lower as selling pressure broadened to the rest of the market when US Treasury yields soared above 1.5% before retracing back down to 1.4% levels at closing. Despite the recent spike in Treasury yields, Fed chair Jerome Powell highlighted that the US economy is a long way from the central bank's employment and inflation goals – which well suggests that the Fed's current easy monetary policy is likely to stay in place. Outside of the US, Chinese stock markets were also weaker with the Shanghai Shenzhen CSI 300 Index down 3.5%. The Hong Kong Hang Seng index was barely unchanged at 0.4%. Southbound flows turned negative as sentiment was also dampened by Hong Kong's proposal to raise the stamp duty on stock trading. However, we do not expect this to have a prolonged impact on market volumes because the quantum of the increase is small. Markets are seeing a rotation into value sectors such as property and banks as prospects of a recovery becomes clearer as the vaccination roll-out gathers pace coupled with additional fiscal stimulus. Last week, the US House of Representatives had passed a US\$1.9 trillion coronavirus relief package to support businesses and consumers impacted by the pandemic. Meanwhile it is also earnings season with 58.0% of companies (in terms of market-cap) in the MSCI Asia ex-Japan index having reported results. Out of this figure, 48.0% of companies beat expectations, whilst 12.0% missed estimates. Similarly in the US, 79.0% of companies in the S&P 500 index beat earnings estimates expectations. On an aggregate basis, the companies reported earnings 14.0% above estimates. Despite the strong set of results, the share price reaction stayed largely muted, instead driven by events taking place in the bond market.

On the domestic front, the local market was largely muted with the benchmark KLCI down 0.2% in February. It is also results season for the local market with the tech sector emerging as a clear winner beating estimates on robust demand. Across most sectors, we are also starting to see signs of earnings stabilisation. On corporate developments, AmBank announced that it had to bear a RM2.83 billion global settlement in relation to the bank's involvement in the 1Malaysia Development Bhd ("1MDB") scandal. The settlement fee accounts close to 30.0% of its market capitalisation and will be a drag on the stock. We have no exposure in AmBank for our domestic funds. In other news, Top Glove announced its intention to list on the Hong Kong stock exchange. The dual listing exercise could lead to a potential dilution of 13.0-15.0% in the stake of existing shareholders. Glove stocks have been on a down trend as the global vaccination rollout gathers pace and there is now less urgent demand for gloves, with more supply to come in progressively. The pace of average selling prices has decelerated as a result. Our exposure in the glove sector is minimal. Meanwhile, Petronas announced its first ever annual loss of RM21 billion in 2020. Its earnings were dragged down by weak product prices and margins, in line with the decline in crude oil prices. All eyes will be on Organization of the Petroleum Exporting Countries ("OPEC") and its allies, collectively known as OPEC+, as it meets in March to decide whether to maintain production cuts or release more oil supply into the market.

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

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.

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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.