HLA Venture Income Fund (HLAVIF)

Sep 2017

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.

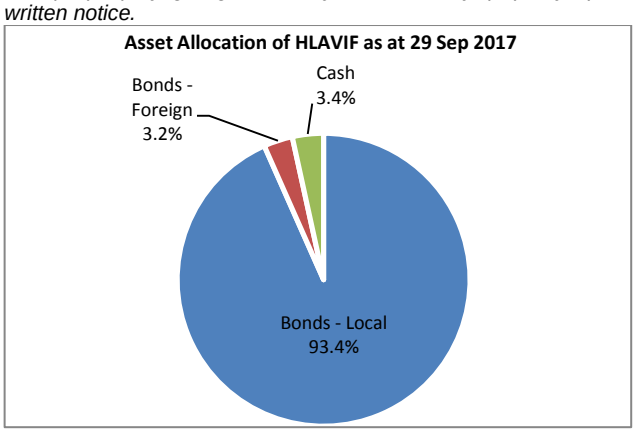
4. Target Market

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

Fund Details

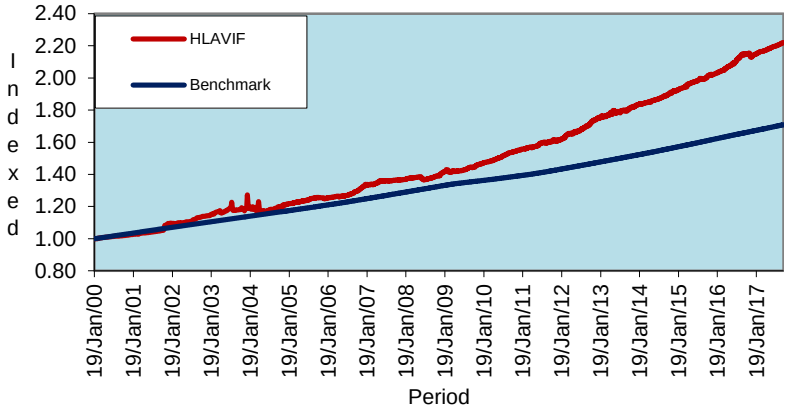
Unit Price (29/9/2017)	:RM2.2198
Fund Size (29/9/2017)	:RM128.1mil
Fund Management Fee	: 0.50% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Bond
Fund Inception	:19 Jan 2000
Benchmark	:3-month Fixed Deposit Interest Rates
Frequency of Unit Valuation	:Daily

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



Top 10 Holdings for HLAVIF as at 29 Sep 2017		%
1.	MALAYAN BANKING BERHAD 2 6.30% 25/09/2018	7.2
2.	ALLIANCE BANK MALAYSIA BHD 5.65% 18/12/2020	6.5
3.	UEM SUNRISE BHD 4.60% 13/12/2018	5.2
4.	CIMB GROUP HOLDING 2 5.80% 25/5/2021	4.1
5.	BGSM MANAGEMENT S/B 5.25% 24/12/2020	4.0
6.	LEMBAGA PEMBIAYAAN PERUM 1 4.94% 16/04/2032	4.0
7.	BERJAYA LAND BHD 4.85% 16/12/2019	4.0
8.	GAMUDA BERHAD 2 4.62% 23/4/2021	4.0
9.	PUTRAJAYA HOLDINGS BERHAD 2 4.58% 26/5/2026	4.0
10.	HONG LEONG BANK 2 4.80% 24/06/2019	4.0
	Total Top 10	**47.0**

Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVIF	0.40%	3.53%	3.26%	30.12%	62.83%	121.98%
Benchmark	0.25%	2.01%	3.03%	16.72%	33.78%	70.48%
Relative	0.16%	1.52%	0.23%	13.39%	29.05%	51.50%

Market Review

Malaysian Government bond (govvies) yields continued to ease lower in the first week of September, tracking the sentiment of US Treasuries (UST). This was primarily due to safe haven flows amid lingering concerns over geopolitical tensions from North Korea as well as Hurricane Irma which could delay the Fed's rate hike plans. However, sentiment reversed as concerns over impact of Hurricane Irma later subsided. UST yields then continued to spike further with revived expectations of a Fed rate hike following Yellen's hawkish statements and the announcement of the tapering of their balance sheet in October. Consequently, the Malaysia govvies market was fairly quiet with action only seen on short term bonds due to the global hawkish sentiment.

Market Outlook & Strategy

US Treasuries yields are expected to be on an uptrend as market players are still vigilant over the Fed's monetary policy stance and the impact of tapering its balance sheet. As such, we are of the view that the fixed income market will be volatile but this presents a trading opportunity for both foreign bonds and local govvies. Meanwhile, we will focus on primary bonds for yield pick-up and selectively buy when there is any irrational selloff in the market.

HLA Venture Income Fund (HLAVIF)

Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2012	2013	2014	2015	2016
Benchmark	3.1%	3.1%	3.2%	3.2%	3.1%
HLAVIF- Gross	10.0%	5.4%	5.8%	6.5%	6.9%
HLAVIF - Net	8.7%	4.5%	4.8%	5.5%	5.8%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past five (5) 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.

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

6. **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 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

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.