

HLA Venture Income Fund (HLAVIF)

Jan 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

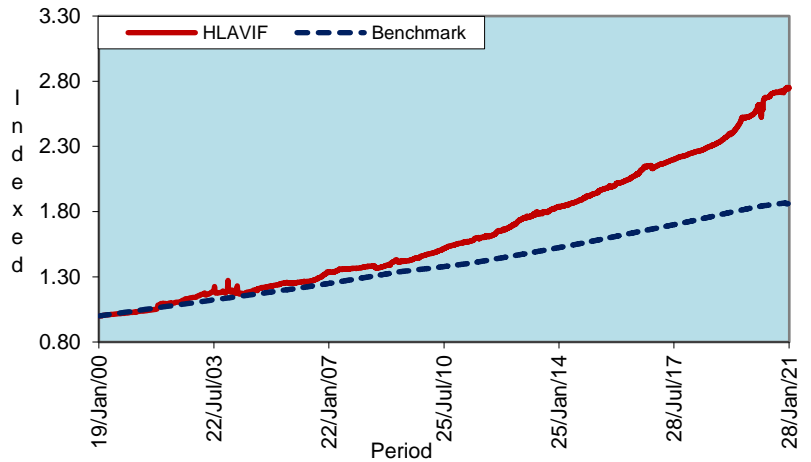
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Fund Details

Unit Price (29/1/2021)	:RM2.7508
Fund Size (29/1/2021)	:RM391.4 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.

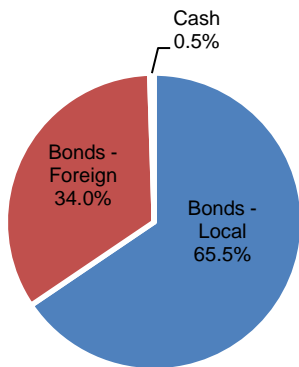
Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLA VIF	0.09%	0.09%	6.62%	22.38%	35.15%	76.56%	175.08%
Benchmark*	0.14%	0.14%	1.43%	7.86%	14.64%	33.50%	86.24%
Relative	-0.04%	-0.04%	5.19%	14.52%	20.51%	43.06%	88.84%

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

Asset Allocation of HLA VIF as at 29 Jan 2021



Top 5 Holdings for HLA VIF as at 29 Jan 2021

	%
1. M'SIAN GOVERNMENT SECURITIES 0	16.3
2. MALAYSIA INVESTMENT ISSUE 3	13.6
3. M'SIAN GOVERNMENT SECURITIES 1	12.6
4. MALAYSIA INVESTMENT ISSUE 3	8.3
5. M'SIAN GOVERNMENT SECURITIES 1	5.3
Total Top 5	55.9

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Market Review

The yields of U.S. Treasury (“UST”) increased by 6,16 and 19bps respectively for the 5, 10, 30 years tenors in January 2021, driven primarily by optimism over the prospects of economic recovery. Such sentiments were underpinned by positive vaccine developments coupled with the election of Joe Biden and the Democrats taking control of both houses in Congress. Subsequent to his election, the president elect announced a proposed 1.9 trillion USD stimulus to cushion the economic ramifications brought about by the pandemic. The proposal shored up hopes for economic recovery and was reflected in the increase of UST yield. Additionally, the Federal Reserve’s vocal stance of maintaining its dovish stance is also attributable to the increase in yields during the month.

On the local front, trading activities for govies market was more robust with RM74.1 billion traded in January 2021 compared with RM40.2 billion recorded in December 2020. On a monthly basis, the yield curve was steeper in January 2021 as the 3- and 5-year MGS yields declined by 3bps while yields for 10-, 15-, and 30-year MGS increased by 5bps, 10 bps and 9bps respectively. The demand for shorter term MGS was anchored on bearish sentiments of overall economic prospects given the continued spike in Covid-19 infections during the month. Additionally, the movement control order (MCO) 2.0 and its potential extension have also pressured prospects of economic recovery in the near term. Long end curve was hit by the expectation of a 25bps cut in OPR in the Jan 20th Monetary Policy Meeting (“MPC”) which did not materialize as central bank held rates steady at 1.75%. Over the final week of January 2021, govies yield held steady, supported by Moody’s reaffirmation of Malaysia’s sovereign rating.

The corporate bond segment saw yields declining month on month across most of the tenors. Interest in the segment was driven primarily by hunts for yield given current low govies yields. In January 2021, Quasi and AAA bonds accounted for 55% of total traded volume, reflecting the demand for more liquid bonds. As of end January 2021, the spread for AAA 10Y bonds against MGS of similar tenor stood at 62bps or tighter by 6bps month on month. On the primary front, some prominent new issuances for the month were Danga Capital (RM2 billion, AAA) and Cagamas Berhad (RM110 million, AAA).

Market Outlook & Strategy

In the near term, the focus will center on the infection rate of Covid-19 and the MCO which was recently extended to 18 February from the initial 26 January. Additionally, eyes will also be S&P rating which has Malaysia’s sovereign on a negative outlook. The timeline, progress and efficacy of the nation’s vaccine programme will also exert considerable influence over yield movement. Over the near term, yield could be driven further down on renewed talks of OPR cuts in March as prolonged lock down may impact economic data and recovery pace which has been reiterated by BNM as rate decision factors. We will closely monitor the economic data releases and should strategically take profit when the sovereign market rally.

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

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

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- (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.