

HLA Venture Dana Putra (HLAVDP)

Mar 2020

Fund Features

1. Investment Objective

The objective of the fund is to achieve capital growth over the medium to long term.

2. Investment Strategy & Approach

This fund invests in Syariah-approved securities and money market instruments.

3. Asset Allocation

The fund will invest up to 90% but not less than 40% of its NAV in equities.

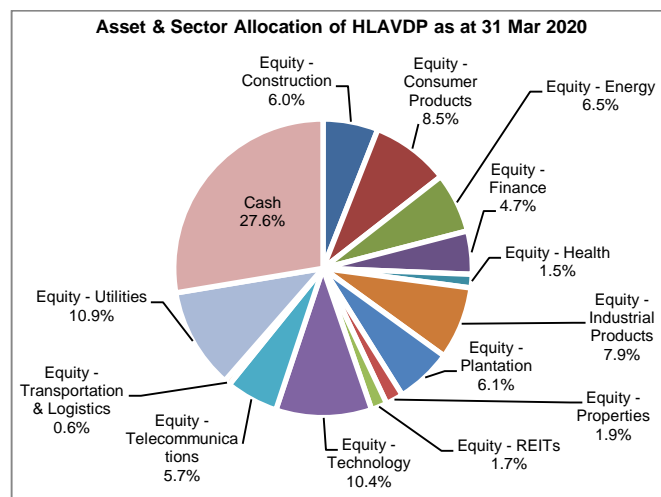
4. Target Market

This fund is suitable for investors who are willing to take moderate risk.

Fund Details

Unit Price (31/3/2020)	: RM1.9771
Fund Size (31/3/2020)	: RM69.8mil
Fund Management Fee (effective as at 01/01/2019)	: 1.34% p.a. (capped at 1.40%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jul 2000
Benchmark	: FBM Emas Shariah Index (KL Shariah Index)
Frequency of Unit Valuation	: Daily

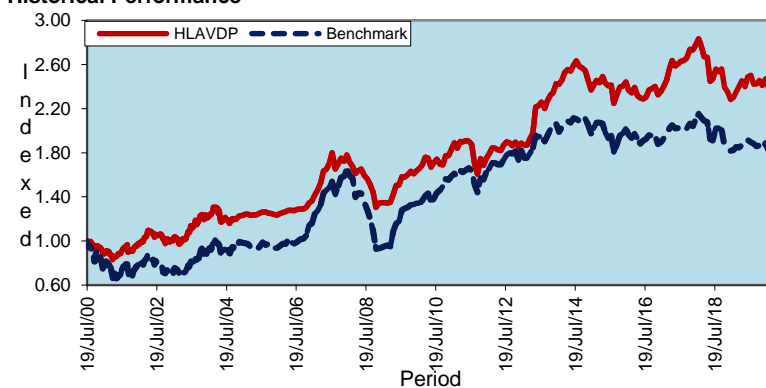
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.



Top 5 Holdings for HLAVDP as at 31 Mar 2020

	%
1. TENAGA	8.2
2. QL	5.1
3. MYEG	4.7
4. BIMB	4.1
5. YINSON	3.5
Total Top 5	25.5

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVDP	-19.98%	-14.81%	-17.64%	-22.89%	-18.82%	12.40%	97.71%
Benchmark*	-15.42%	-9.14%	-13.54%	-21.12%	-22.99%	13.21%	59.57%
Relative	-4.55%	-5.68%	-4.09%	-1.77%	4.17%	-0.81%	38.14%

Source: Bloomberg

Market Review, Outlook & Strategy

Global equities posted their worst monthly performance since the Global Financial Crisis with the S&P and Dow Jones falling by 19% and 22% ytd as the global coronavirus pandemic spread at an alarming pace. US, Italy, Spain, and Germany have overtaken China to become the epicentre of the Covid-19 outbreak in the world. Most countries are now in some form of partial lock-down (state of emergency or social distancing) since mid-March including the US (which has now been extended by 2 weeks until 30 Apr). While the rest of the world is trying to contain this health crisis, China is slowly normalising as it comes out of the lock-down imposed since end-January. Even before this outbreak worsened, pandemonium happened in the oil market as OPEC+ talks broke down, followed by Saudi Arabia's move to ignite a market share war with the Russians. Central bankers in the western economies pulled out all stops to buffer the impact of Covid-19 starting with the Fed's move to slash interest rates by 100bps to 0-0.25%, followed by an unlimited and open-ended QE. The US Congress also passed a historic US\$2 trn stimulus package unanimously. The respective governments' and central banks' reactions over the past 2 weeks have been extensive, unprecedented and comparable to the responses during the Global Financial Crisis. The global fiscal support amounting to trillions of dollars is said to be at historical highs. On the back of such massive stimulus programmes around the world, the economic fallout could be a sharp but temporary contraction before a potential recovery later this year.

Domestically, in addition to the two global events which translated to 1) a negative China-driven supply shock, a negative global demand shock and 2) an abundance of oil-supply shock, we saw the formation of a new government following the fallout of the erstwhile coalition members of the previous government. This created uncertainty of the continuity of policy reforms that were taking place over the past 2 years. Malaysia was also not spared from the Covid-19 outbreak with the government imposing the Movement Control Order period which started on 18th March and has been extended to 14th April. To aid the economy during this tough time, the government unveiled a RM250b (17% of GDP) economic stimulus package with key components of the stimulus comprising of 1) loan moratorium for individuals and SMEs (RM98b), 2) Danajamin credit guarantee (RM50b), 3) EPF withdrawals of RM500/month (RM40b), 4) cash handouts (RM10b) and 5) wage subsidies (RM5.9b). The bulk of the RM250b will be financed off-budget (banks, EPF, Danajamin) with only RM25b to be financed by federal budget, mostly via debt issuance. This will cause the fiscal deficit to widen to >4% of GDP for 2020 and push the government's debt level to 57.8% of GDP in 2020.

On a relative basis for the month of March, the KLCI outperformed the broader market by posting a smaller decline of 8.9% mom to close at 1351 pts. The FBM Emas Shariah, FBM Emas and FBM Small Cap recorded declines of 9.1% mom, 11.8% mom and 27.7% mom respectively in March. In March, Malaysian equities saw foreign outflow to the tune of US\$1.3b. Cumulatively, Jan to Mar 20, total net outflow was US\$1.8b.

Globally, investors will be following closely the development of Covid-19 to assess the extent of corporate earnings erosion in the aftermath as well as structural declines (if any). While we remain invested in the current climate of uncertainties, we are also comforted by the fact that we have raised sufficient cash levels prior to the correction. We take no view of when will this health crisis will peak but at current levels and taking a longer investment horizon of >1 year, we see value emerging for some of the liquid and big cap names. We continue to stick to defensive companies offering resilient

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earnings and dividend prospects with strong cash flow profile to weather through the coming downturn.

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Benchmark	18.2%	2.4%	11.9%	13.3%	-4.2%	2.4%	-6.1%	10.7%	-13.5%	3.9%
HLAVDP- Gross	14.4%	-3.1%	10.0%	32.6%	-1.1%	4.9%	-2.4%	20.8%	-17.8%	10.5%
HLAVDP - Net	11.9%	-4.5%	7.8%	28.6%	-2.4%	3.1%	-3.6%	17.7%	-17.7%	8.3%

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.

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. 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.

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.

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 Dana Putra 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.