

# HLA Venture Flexi Fund (HLAVFF)

Feb 2020

## Fund Features

### 1. Investment Objective

The objective of the fund is to provide investors the opportunity to enjoy medium to long-term capital appreciation from the prevailing sectorial and investment themes in Malaysian equities market.

### 2. Investment Strategy & Approach

The fund would be actively managed, rotating between sectors deemed to benefit the most at any given point in time, and would comprise several Core Sectors and Trading / Rotational Sectors which would vary depending on prevailing market conditions. The strategy will be to identify the themes in its early phase to capitalize on its growth. This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

### 3. Asset Allocation

The fund will invest a minimum of 30% and up to 95% of its NAV in equities.

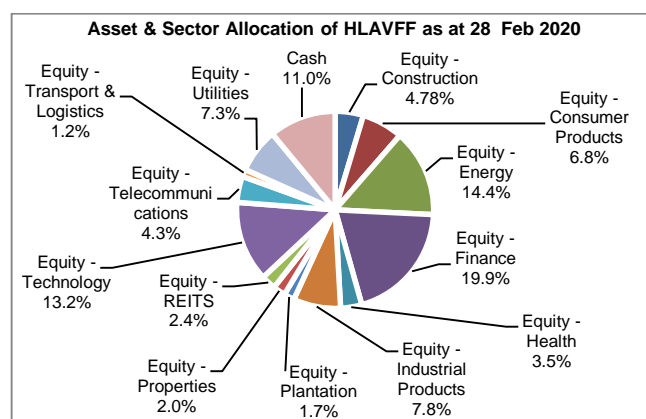
### 4. Target Market

This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

## Fund Details

|   |   |
|---|---|
| <b>Unit Price (28/2/2020)</b>                           | : RM0.8660                                  |
| <b>Fund Size (28/2/2020)</b>                            | : RM81.4mil                                 |
| <b>Fund Management Fee (effective as at 01/01/2019)</b> | : 1.31% p.a. (capped at 1.48%)              |
| <b>Fund Manager</b>                                     | : Hong Leong Assurance Berhad               |
| <b>Fund Category</b>                                    | : Equity                                    |
| <b>Fund Inception</b>                                   | : 06 April 2009                             |
| <b>Benchmark</b>  | : FTSE Bursa Malaysia KLCI Index (FBM KLCI) |
| <b>Frequency of Unit Valuation</b>                      | : Daily                                     |

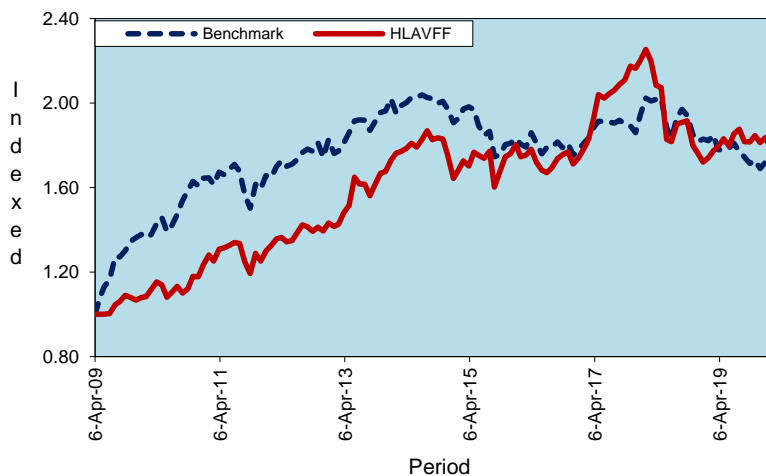
*The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent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



## Top 5 Holdings for HLAVFF as at 28 Feb 2020

|                    | %           |
|--------------------|-------------|
| 1. MAYBANK         | 9.3         |
| 2. YINSON          | 6.4         |
| 3. CIMB            | 5.7         |
| 4. TENAGA          | 5.1         |
| 5. MYEG            | 3.5         |
| <b>Total Top 5</b> | <b>30.1</b> |

## Historical Performance



|            | YTD    | 1 month | 1 year  | 3 years | 5 years | 10 years | Since Inception |
|------------|--------|---------|---------|---------|---------|----------|-----------------|
| HLAVFF     | -5.71% | -2.73%  | -2.33%  | -5.25%  | 0.32%   | 55.25%   | 73.20%          |
| Benchmark* | -6.68% | -3.16%  | -13.18% | -12.47% | -18.59% | 16.67%   | 60.50%          |
| Relative   | 0.97%  | 0.43%   | 10.85%  | 7.21%   | 18.91%  | 38.58%   | 12.70%          |

\*Source: Bloomberg

## Market Review, Outlook & Strategy

Regionally, and eventually globally, sentiment was shattered due to fears that the Covid-19 virus was turning into a global pandemic. While the outbreak appeared to be contained in China with number of new confirmed cases declining gradually, the focus shifted to the sharp rise in reported cases internationally - notably in Japan, South Korea and Italy. Warnings by Apple and Microsoft that they might not meet their earlier guidance due to the disruptions to supply and demand from the Covid-19 outbreak in China further dampened investors' sentiment. The spread and economic impact of Covid-19 appeared to be more severe than most economists had anticipated leading to further cuts in 2020 global growth forecasts (recently OECD revised global growth for 2020 from 2.9% to 2.4%). China's central bank tried to shore up sentiment by announcing various supportive measures to ensure adequate liquidity in the banking system.

Domestically, aside from the health crisis posted by Covid-19, the political turmoil exacerbated the bearish mood. The news that the Pakatan Harapan coalition had split led to uncertainty over the administration of the country. The announcement of the RM20b mini stimulus package did little to excite the market. The Dec quarter earnings continued to be uninspiring with disappointments coming from the auto, aviation, petrochemical, utilities and oil & gas. However, on a more positive note we saw higher dividends being declared from selected big cap companies such as Tenaga, Maybank, Petronas Gas and Petronas Dagangan. Ringgit depreciated by close to 3% to 4.215/US\$. Oil price also fell below the US\$50 threshold to close at US\$45.26 (-12% mom).

For the month, the FBM KLCI declined by 3.2% mom to 1,482.64 pts. The broader markets also fell in tandem with FBM Emas, FBM Shariah and FBM Small Cap Indexes declining by 3.8%, 3.7% and 4.1% respectively. In February, Malaysia equities saw an outflow of US\$469m (~RM1.98b) with bulk of the outflows happening in the last week, following the government's collapse and the 4Q19 results season. Cumulatively, in Jan and Feb, Malaysia equities saw a net outflow of US\$503m (~RM2.12b).

Going into March, markets will continue to be volatile. Investors will be following closely Covid-19's pace of infection outside China as well as China's work resumption progress. Domestically investors will have to brace for short-term policy uncertainties following the unexpected change in federal government as well as potentially several state governments. The latest change in government could also bring about another round of changes to the various GLCs leadership. We will continue to be defensive - staying invested in dividend yielding stocks with resilient earnings as well as to reassess at some of the stocks which have retraced sharply.

# HLA Venture Flexi Fund (HLAVFF)

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

| Year                 | 2010  | 2011 | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018   | 2019  |
|----------------------|-------|------|-------|-------|-------|-------|-------|-------|--------|-------|
| <b>Benchmark</b>     | 19.3% | 0.8% | 10.3% | 10.5% | -5.7% | -3.9% | -3.0% | 9.5%  | -5.9%  | -6.0% |
| <b>HLAVFF- Gross</b> | 17.4% | 7.0% | 12.7% | 24.1% | -3.9% | 12.2% | -2.4% | 30.6% | -22.2% | 8.8%  |
| <b>HLAVFF - Net</b>  | 14.6% | 5.1% | 10.2% | 20.8% | -5.0% | 9.8%  | -3.7% | 26.7% | -21.9% | 6.7%  |

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.

The fund was only launched on 6 April 2009. The actual investment returns are calculated based on unit price from 6 April 2009 to 31 December 2009.

### 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 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 Flexi 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.