

HLA Secure Fund (HLASF)

March 2023

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. The Target Fund will invest primarily in Asia Pacific excluding Japan companies.

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

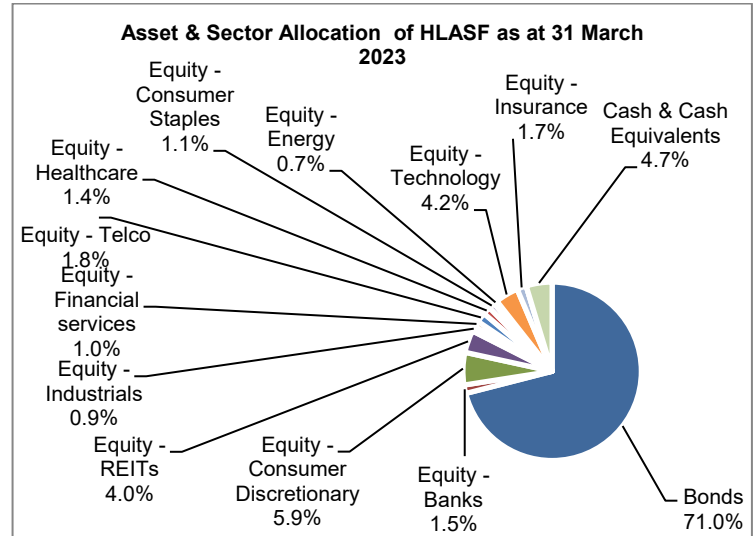
Unit Price (31/3/2023)	:RM1.4677
Fund Size (31/3/2023)	:RM23.5 mil
Fund Management Fee	:1.00% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x MSCI AC Asia Pacific excluding Japan High Dividend Yield Inex)

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.

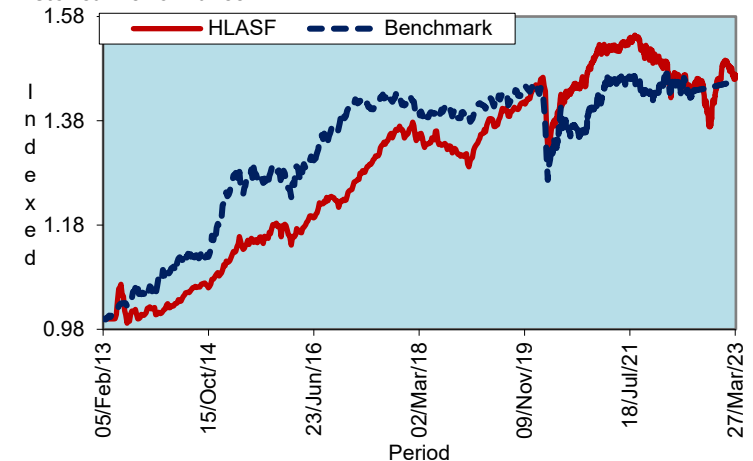
Asset Allocation for HLASF as at 31 March 2023	%
Affin Hwang Select Income Fund	99.91
Cash	0.09
Total	100.0



Top 5 Holdings for HLASF as at 31 March 2023

		%
1.	MGS (22.05.2040)	FI 3.2
2.	Celestial Miles Ltd	FI 2.0
3.	Yinson Juniper Ltd	FI 1.8
4.	Taiwan Semiconductor Manufacturing	EQ 1.8
5.	AIA Group Ltd	EQ 1.5
Total Top 5		10.3

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	0.68%	-0.50%	0.18%	10.31%	9.92%	46.77%
Benchmark*	0.49%	0.17%	0.11%	12.51%	5.25%	45.58%
Relative	0.19%	-0.67%	0.08%	-2.20%	4.66%	1.19%

*Source: AffinHwang

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

Benchmark*

Time Frame	Benchmark
Prior to March 2016	(70% x JP Morgan Asia Credit Investment Grade Index) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
March 2016 to February 2022	(70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
February 2022 onwards	(70% x Maybank 12 Months Fixed Deposit Rate) + (30% x MSCI AC Asia Pacific excluding Japan High Dividend Yield Index)

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Market Review, Outlook & Strategy relevant to Target Fund

US equities recovered in March as investors heaved a sigh of relief over the collective policy response by global central banks to prevent a banking crisis. The S&P 500 index rose 3.51% as US regulators rushed to the rescue of Silicon Valley Bank (SVB) to shore up confidence and backstop deposits. Investors' fears were also quickly assuaged when Swiss regulators orchestrated a rescue merger between UBS and Credit Suisse to prevent the latter's collapse. So far, the measures have helped to stabilise the banking system. Our base-case is that the implosion of SVB is unlikely to lead to a systemic financial risk like that of the 2008-GFC. (Read more in our latest [Fundamental Flash: Unpacking the Collapse of Silicon Valley Bank](#))

Nonetheless, the recent banking turmoil would likely result in tighter financial conditions for households and businesses which could in turn impact the US economy. This complicates matters for the US Federal Reserve (Fed) as it endeavours to not only slay inflation, but also prevent a banking crisis from spiralling. At its FOMC meeting in March, the Fed voted unanimously to hike interest rates by 25 bps to 5%. Fed Chair Jerome Powell expressed caution about the recent banking turmoil engulfing markets and said that the FOMC initially considered a pause in rate hikes.

However, strong inflation data and resilience in the labour market led the FOMC to ultimately decide to raise rates at its meeting. Market expectations are that the Federal Funds Rate has peaked at 5% and that the Fed would take a wait and see stance from hereon. In Asia, the broader MSCI Asia ex Japan index rose 3.29% on the back of growing bets of a Fed pause. Expectations that the Fed's tightening cycle is approaching its tail-end has led to lower bond yields and the US dollar strength weakening which is providing tailwinds to Asian equities. Banks in Asia are also not expected to be impacted significantly from the banking turmoil in the West as they remain well capitalised with excess buffers. They may even benefit from the decline in bond yields. Moreover, positive spill over effects from China's full reopening would continue to anchor growth in the region.

Investors also took positive cues from two back-to-back conferences that took place in China over the week. These were the Boao Forum as well as the China Development Forum where the Chinese Premier Li Qiang gave encouraging signals of its market-friendly policies. The MSCI China index ended 4.50% higher in March. On the domestic front, the benchmark KLCI fell 2.17% following a streak of outflows as foreigners stayed net sellers. Notwithstanding macro noises, Malaysia economy is primarily domestic driven and therefore more insulated against external shocks. According to latest statistics, net exports only made up to less than 10% of the country's GDP.

The Kuala Lumpur Singapore High Speed Rail (HSR) project got a shot in the arm when the government met with several private sector parties to gauge their interest in reviving it. However, news reports state that it must be a private sector led project that would require no government funding. This could prove to be an obstacle to the project's prospects if funding is not forthcoming. On local fixed income, the 10-year MGS yield retraced by 2bps to close at 3.90% in March. At its policy meeting, Bank Negara Malaysia (BNM) kept the overnight policy rate (OPR) unchanged at 2.75%. BNM believes that the current monetary policy remains accommodative with any future normalisation of OPR to be dependent on the outlook on growth and inflation.

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

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Benchmark	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%	-0.2%	-3.1%	2.2%	1.1%
HLASF - Gross	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%	12.3%	6.0%	0.7%	-2.0%
HLASF - Net	1.3%	7.5%	8.4%	4.1%	10.4%	-3.7%	10.4%	4.5%	-0.3%	-2.8%

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.

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.

- 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.
- 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.
- 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.

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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
 - 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.

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	2021
Performance	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%	10.0%	4.7%	-0.8%

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.