HLA Secure Fund (HLASF)

Jan 2017

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.

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

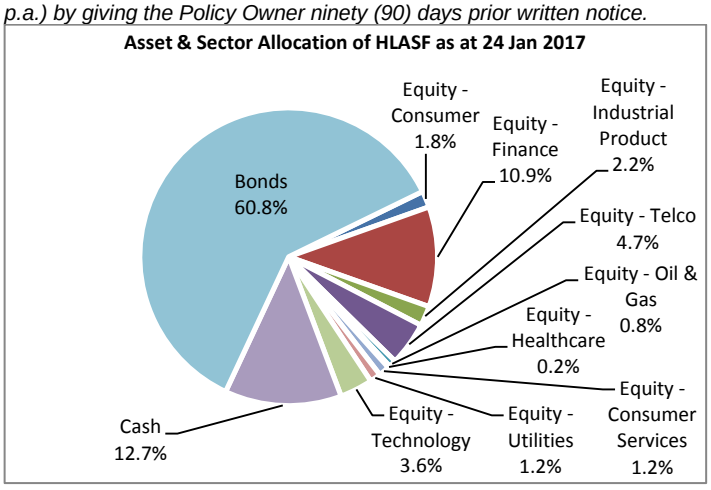
The fund is suitable for investors who are relatively conservative and wish to have a steady and stable return that meets their retirement needs.

Fund Details

Unit Price (24/1/2017)	:RM1.2468
Fund Size (24/1/2017)	:RM9.4mil
Fund Management Fee	:1.00% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Bond
Fund Inception	:05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
Frequency of Unit Valuation	:Weekly

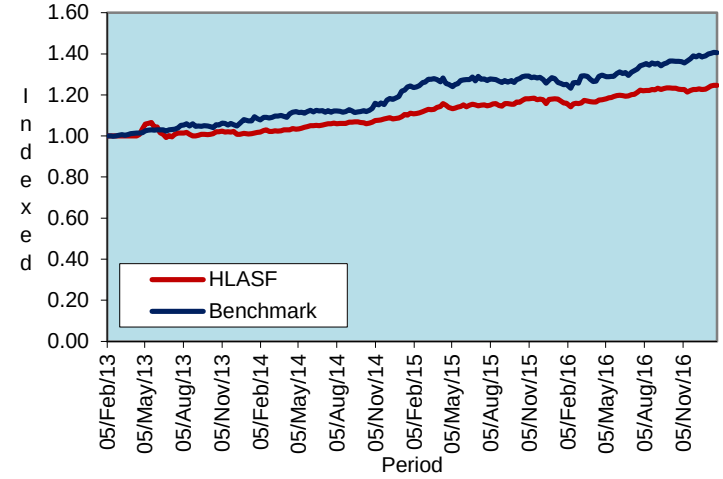
The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

Asset & Sector Allocation of HLASF as at 24 Jan 2017



Top 10 Holdings for HLASF as at 24 Jan 2017			**%**
1.	China Mobile Ltd	Equity	2.1
2.	5.13% Genting Singapore (12.09.17)	Bond	1.9
3.	7.00% Indonesia Treasury Bond (15.05.22)	Bond	1.9
4.	Telekomunikasi Indonesia	Bond	1.5
5.	6.50% Standard Chartered Plc (02.04.49)	Bond	1.4
6.	5.75% NWD Finance BVI Ltd (05.10.49)	Bond	1.4
7.	6.50% Standard Chartered PLC (02.04.49)	Bond	1.3
8.	4.88% Pelabuhan Indonesia III PT (01.10.24)	Bond	1.2
9.	4.25% Indust & Comm Bank of China Asia (21.07.49)	Bond	1.2
10.	China Life Insurance	Equity	1.2
	Total Top 10		**15.1**

Historical Performance



	1 month	1 Year	**3 Years**	YTD	Since Inception
HLASF	1.55%	7.36%	22.48%	1.55%	24.68%
Benchmark	1.11%	12.39%	29.46%	1.11%	40.48%
Relative	0.44%	-5.02%	-6.99%	0.44%	-15.80%

Market Review, Outlook & Strategy relevant to Target Fund

Improving growth prospects and the US Dollar losing some ground had driven global financial markets higher. Sentiment for the region was boosted by expectations that China's economy was stabilising after reported stronger than expected 4th quarter GDP growth. The 6.8% YoY 4Q2016 reading had nudged the economy's full year GDP to 6.7%. However, it was Singapore that stood out with a 5.8% gain in local currency terms – boosted by a 6.4% jump in its industrial production index which was supported by tech stocks. The stronger performance of tech stocks had also supported equity markets in Taiwan, and Korea which both rose more than 2% in local currency terms in January. Political uncertainties in developed markets remained influential to bond prices, with the 10-year German Bunds spiking from 0.21% to 0.44%, while the UK 10-year rose from 1.24% to 1.42% over the month. The US 10-year Treasuries remained relatively more resilient with little change over the month to end at 2.45%.

The uncertainties that continue to hover over global financial markets are expected to continue in the interim. As such, we will be maintaining a tactically cautious view on markets, until more certainty is obtained. The Manager believes that the higher yield environment provides for more participating opportunities. As such, we will be looking out for quality primary issuances that provide attractive valuation to participate in. The Fund's equity exposure will remain tilted towards larger cap names, anchored by dividend yielding play. The Manager will also be looking out for opportunities within the North Asian markets, where valuations are more attractive, with better earnings upgrade.

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

Year	2013	2014	2015	2016
Benchmark	7.2%	10.4%	7.7%	8.2%
HLASF - Gross	2.5%	9.2%	10.2%	5.6%
HLASF - Net	1.3%	7.5%	8.4%	4.1%

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.

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

4. **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.

5. **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.

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.

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	2012	2013	2014	2015	2016
Performance	15.1%	2.9%	6.9%	8.6%	4.1%

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.

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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.