

HLA Secure Fund (HLASF)

September 2021

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.

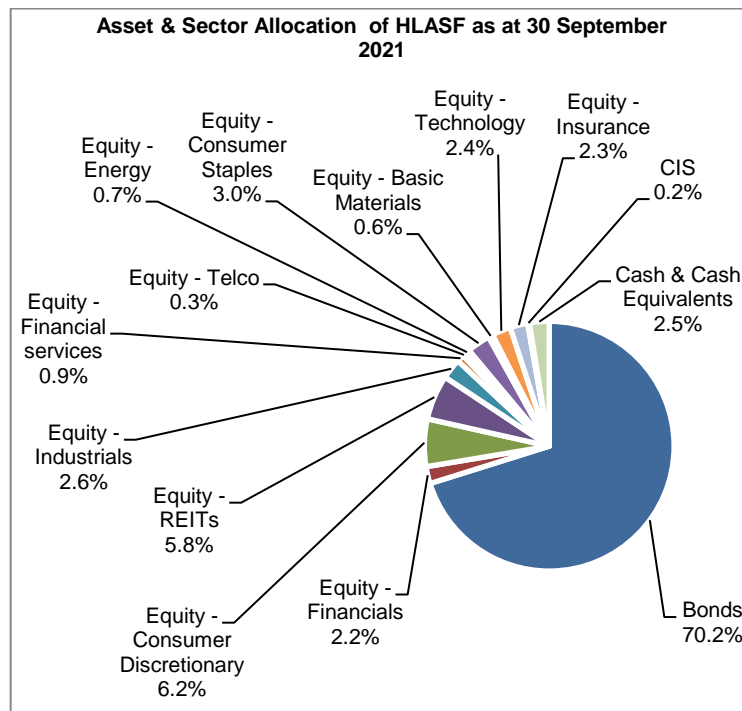
4. Target Market

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 (30/9/2021)	:RM1.5185
Fund Size (30/9/2021)	: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 Dow Jones Asia Pacific Select Dividend 30 Index)
Frequency of Unit Valuation	:Daily

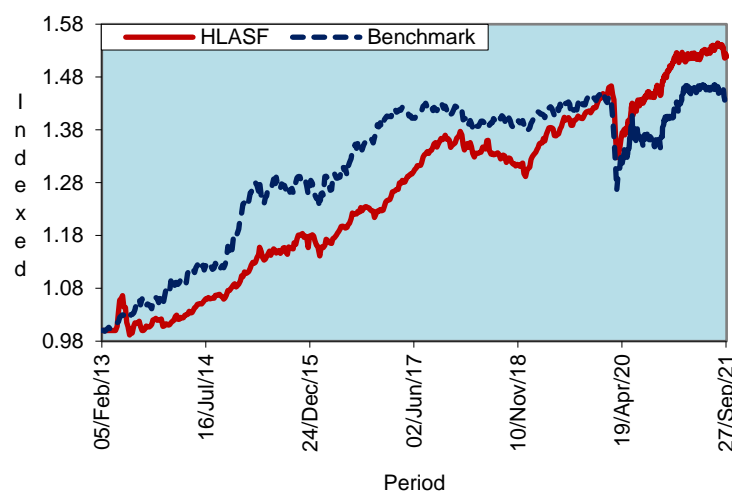
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



Top 5 Holdings for HLASF as at 30 Sept 2021

		%
1.	MGS (22.05.2040)	FI 2.5
2.	Taiwan Semiconductor Manufacturing	Equity 2.0
3.	Lafarge Cement Sdn Bhd	FI 1.8
4.	AIA Group Ltd	Equity 1.7
5.	CapitaLand Integrated Comm Trt	Equity 1.6
Total Top 5		9.6

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	0.92%	-1.22%	5.19%	14.44%	23.06%	51.85%
Benchmark*	2.23%	-1.08%	6.35%	2.23%	5.74%	43.39%
Relative	-1.32%	-0.14%	-1.16%	12.21%	17.31%	8.46%

*Source: AffinHwang

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

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Market Review, Outlook & Strategy relevant to Target Fund

September lived up to its reputation of being the toughest month for markets with global equities rocked by volatility. The S&P 500 index fell 4.7% on tapering fears as well as concerns of the debt ceiling standoff by US lawmakers. The tech-heavy Nasdaq index tumbled by 5.6%. Last month, the US Federal Reserve signalled an earlier than expected tapering which came as a hawkish surprise to markets. Fed Chair Jerome Powell indicated that an official tapering decision could happen at its November meeting, and the process would commence shortly thereafter. The US 10 Year Treasury Yield moved 20 bps higher to end the month at 1.49%

In Asia, the broader MSCI Asia ex-Japan index closed 4.5% lower as a power crunch in China sent shockwaves across the region's supply chain. The crackdown on power consumption is being driven by rising demand for electricity and surging coal and gas prices, as well as strict targets from Beijing to cut emissions. Large manufacturing industries such as aluminium smelters, textiles producers and soybean processing plants have been ordered to curb activity or shut down operations according to Bloomberg. The economic rebound from COVID-19 lockdowns has boosted demand from households and businesses, but lower investment by miners and drillers has constrained production. News of the potential default of China's leading real estate developer Evergrande also sent chills down investors' spines. In our view, a default appears imminent as the developer will be facing a maturity wall in 2022. Though, a government-led restructuring of the group to protect interests of various stakeholders can help mitigate the full impact. (Read more in our Fundamental Flash – Unpacking Evergrande's Debt Woes)

On the domestic front, the benchmark KLCI index ended 1.8% lower in September. A recent memorandum of understanding ("MoU") inked between the government and opposition has led to a temporary ceasefire and some political stability. Part of the bipartisan agreement reached by lawmakers include parliamentary reforms, strengthening institutions, and enactment of an anti-hopping law. The 12th Malaysia Plan (12MP, 2021 – 2025) was also launched last month with notable targets including target GDP of 4.5-5.5% p.a. over the next 5 years and target Gross National Income (GNI) per capita of RM57,882. The 12MP aims to revive the economy as well as move up the supply value chain, with an emphasis of clean & sustainable energy at the forefront. Other priorities include developing less developed states, with at least 50% of the RM400 billion development expenditure allocated to these areas.. Overall, the announcement of 12MP was broadly neutral for markets. On COVID-19 developments, the government is said to be considering reopening Malaysia's international borders in December, once 90% of adults complete their vaccination. Currently, over 87% of Malaysia's adult population has been vaccinated.

In the local bond market, the MGS 10 Year yield rose 17 bps higher to close the month at 3.37%. Local government bond yields trended higher as investors reacted to the cabinet's proposal of increasing Malaysia's statutory debt ceiling to 65.0% (from 60.0%) of GDP. This would see the government's debt limit increase by approximately RM60-70 billion.

Actual Annual Investment Returns for the Past Eight (8) Calendar Years

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

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past eight (8) 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.

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.

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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:

- a) having a flexible tactical asset allocation
- b) investing in a wide range of companies across different sectors
- c) setting prudent investment limits on various exposures
- d) taking into account the liquidity factor in selecting securities
- e) engaging in the hedging of foreign currency exposure where appropriate

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%	10.0%	4.7%

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.