HLA Dividend Growth Fund (HLDGF)

September 2021

Fund Features

1. Investment Objective

The objective of the fund is to provide investors with return that is potentially higher than prevailing fixed deposit rates. At the same time, the fund also attempts to attain Medium-to-Long term capital appreciation.

2. Investment Strategy & Approach

HLDGF will principally feed into third party collective investment schemes that meet the fund's objective. HLDGF may also invest directly in a diversified portfolio of domestic and/or foreign assets including equities, equity-related securities, deposits or any other financial instruments that offer potential capital appreciation.

At inception, the fund will invest by feeding into Hong Leong Dividend Fund ("Target Fund"), with the option to increase the number of funds or replace the Target Fund in future. The Target Fund will invest primarily in equity securities of growth companies operating in Malaysia. Generally, companies which have good dividend payout policies and reasonable Medium-to-Long term capital appreciation opportunities will be selected. At the same time, the Target Fund will invest in fixed income securities with good credit quality yield enhancement opportunities.

3. Asset Allocation

The indicative asset allocation for Target Fund is to invest a minimum of 70% of its NAV in equities and maximum 30% of its NAV in fixed income securities.

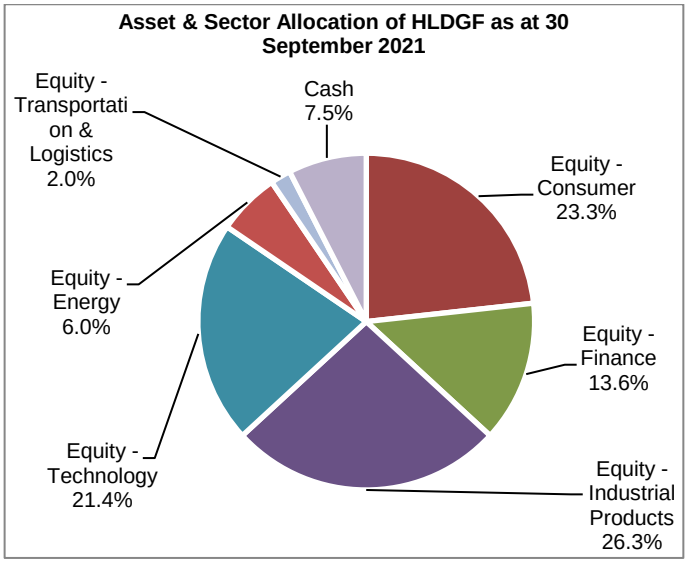
4. Target Market

This fund is suitable for investors looking for investments with potential for Medium-to-Long Term capital appreciation through primarily investing in dividend stocks which have or can potentially have attractive dividend yields.

Fund Details

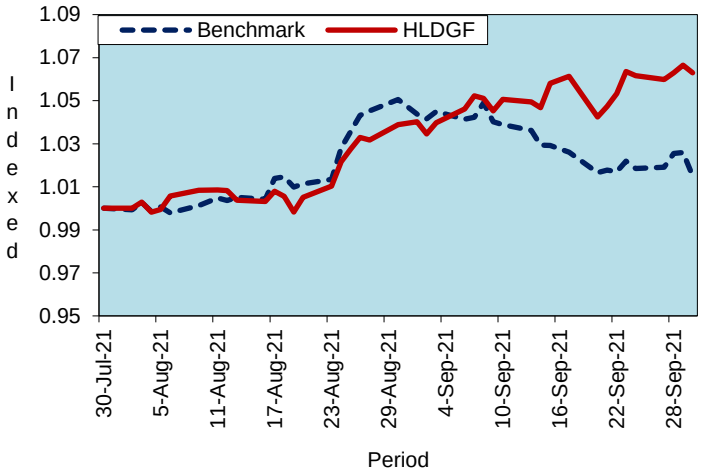
Unit Price 30/9/21	: RM 1.0630
Fund Size 30/9/21	: RM 4.6 mil
Fund Management Fee	: 1.45% p.a.
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 2 July 2021
Benchmark	: 70% FTSE Bursa Malaysia KLCI Index (FMB KLCI) & 30% 12-month KLIBOR
Frequency of Unit Valuation	: Daily

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.



Top 5 Holdings for HLDGF as at 30/9/2021		%
1.	D&O Green Technologies Berhad	9.4
2.	Press Metal Aluminium Holdings Berhad	9.2
3.	Inari Amertron Berhad	5.1
4.	CIMB Group Holdings Berhad	5.0
5.	Petronas Chemicals Group Berhad	4.8
	Total Top 5	33.4

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLDGF	-	2.32%	-	-	-	6.30%
Benchmark*	-	-3.38%	-	-	-	1.51%
Relative	-	5.70%	-	-	-	4.79%

*Source:Bloomberg

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

Market Review, Outlook & Strategy

During the month, the FTSE BM KLCI declined 4.0% to close at 1,538 points. The broader market outperformed as the FTSE BM EMAS Index declined 2.7% to close at 11,311 points. Small caps outperformed as the FTSE BM Small Cap Index rose 0.8% to close at 16,079 points.

Market sentiment was hurt by the China Evergrande debt crisis, global gas crisis and widespread power shortage in China.

On the corporate front, Sunway Berhad, thought its joint venture with Hoi Hup Realty, has won the bid for the en-bloc acquisition of Flynn Park, a condominium project in Singapore. MY EG Services Berhad entered into a partnership with China's Bubi Technologies Company Limited to build supernodes around the world based on blockchain system.

The Fund will continue to identify companies that are potential winners in growing industries helmed by capable management.

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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**
   Defined as the ease with which a security can be sold at or near its fair value. This risk occurs in thinly traded or illiquid securities. Should the fund need to sell a relatively large amount of such securities, such action itself may significantly depress the selling price.

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.

5. **Concentration Risk**
   Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. A feeder fund invests mainly into another collective investment scheme (CIS). The fund's risk is increased as any adverse effect on the CIS will inevitably affect the fund. However, by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and cash, the concentration risk is mitigated. The value of the fund is therefore dependent solely on the performance of the CIS's portfolio of investments

If the fund invests in Foreign Assets, it will be exposed to the following risks:

6. **Country Risk**
   The foreign investments made by the fund are subjected to risks specific to the country in which it invests. Such risks include changes in a country's economic fundamentals, social and political stability, currency movements, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any changes that potentially occur immediately.

7. **Currency Risk**
   This risk applies to foreign investment, in which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movements in currencies exchange rates can result in a loss to the investment. To mitigate the risk, the fund should limit its investments in the number of countries so that specific country risk is minimised.

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

Hong Leong Dividend Fund is an Equity fund managed by Hong Leong Asset Management. The past performance of this fund is as follows:

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	3.66%	13.06%	9.17%	-0.13%	9.54%	7.27%	23.51%	-6.24%	13.63%	27.08%

Source: Hong Leong Asset Management

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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 Dividend Growth Fund is managed by 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.