

HLA Venture Flexi Fund (HLAVFF)

Jan 2019

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 sectoral 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.

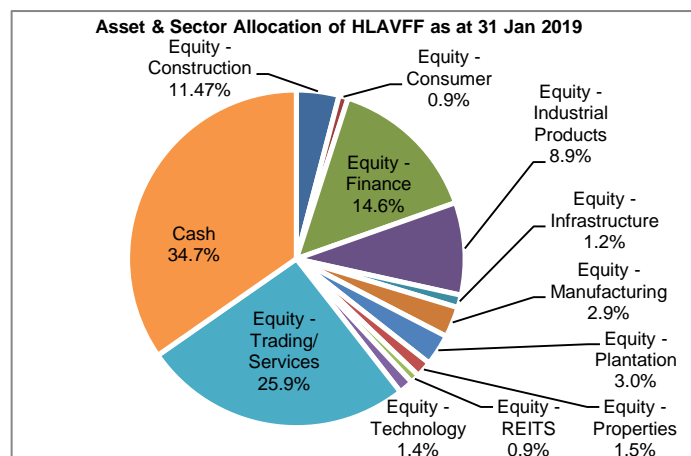
4. Target Market

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

Unit Price (31/1/2019)	: RM0.8706
Fund Size (31/1/2019)	: RM60.0mil
Fund Management Fee (effective as at 01/01/2019)	: 1.31% p.a. (capped at 1.48%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 06 April 2009
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency of Unit Valuation	: Daily

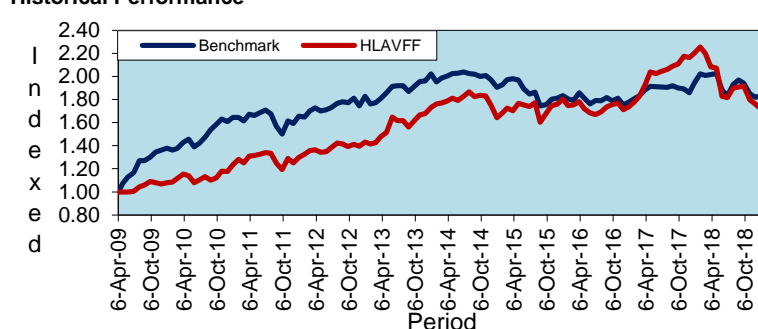
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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



Top 5 Holdings for HLAVFF as at 31 Jan 2019

	%
1. CIMB	7.2
2. MAYBANK	6.5
3. TENAGA	3.7
4. INARI	2.9
5. YINSON	2.8
Total Top 5	23.0

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLAVFF	1.17%	1.17%	-22.74%	-0.32%	-1.21%	74.12%
Benchmark*	-0.42%	-0.42%	-9.90%	0.94%	-6.68%	82.25%
Relative	1.59%	1.59%	-12.84%	-1.26%	5.47%	-8.13%

*Source: Bloomberg

Market Review, Outlook & Strategy

Regional markets started the year firmer, recovering from the lows seen in December and early January. The renewed optimism in equity markets was in part driven by expectations that the Federal Reserve is less inclined to pursue aggressive rate hikes for 2019 after the sharp market correction at the end of 2018. The US meanwhile saw the longest government shutdown in history until President Trump and Congress leaders agreed to reopen the government for 3 weeks on 25 January. Meanwhile, recent US and China economic data have indicated signs of slowdown due to the ongoing US-China trade tensions. Even, Apple Inc issued a revenue warning, cutting its forecast due to slower China demand and fewer iPhone upgrades.

As expected, the Federal Reserve left the overnight policy rate unchanged at 2.25-2.5% with a more dovish tone. China also released its 4Q18 GDP growth figures indicating that growth slowed further to 6.4% from 6.5% in 3Q18. Brexit negotiations also continued to hit a wall with no resolution in sight whilst Prime Minister Theresa May just survived a vote of no confidence in Parliament. Sentiment, however, improved towards month end when China's policymakers cut the reserve requirement ratio for banks by 1% to inject liquidity into the financial system. Policymakers also pledged to offset the economic slowdown by implementing more stimulus measures targeting to boost consumer spending. Finally, it seemed that there was a high chance of a trade resolution between US and China which further boosted markets.

Domestically, the FBM KLCI also recovered in tandem with regional markets despite economic data showing signs of slowing economic growth. During the month, Bank Negara kept its overnight policy unchanged at 3.25% while highlighting moderating global growth momentum with the ongoing trade tensions. The National Housing Policy was unveiled where affordable home prices would be capped at RM300,000 with a minimum unit size of 900 sq ft to help the B40 group. The government will also provide 1m affordable houses over 10 years. Ringgit appreciated by >1% mom crossing the USD/RM4.10 level on the back of stronger crude oil prices with WTI rebounding by close to 19% mom from the low of US\$46/ barrel.

For the month, FBM KLCI underperformed the general market. The index was down marginally by 0.4% to end the month at 1,683.53 pts. The Emas Shariah index increased by 0.4% mom to 11,552.61 pts, Emas index was up by 1.2% mom to 11,660.62 pts and the Small Cap index was the best performing index appreciating by 7.2% mom to 12,108.48 pts.

We continue to expect market volatility in the coming months. Investors will continue to closely monitor the progress of the trade negotiations between the US and China as well as the negotiations between the US President and Congress come February 15. As we enter February 2019, investors will look towards the Oct - Dec 18 quarterly reporting period. We expect a lackluster reporting season given the generally weak economic environment. While negative earnings may have largely been priced in, we remain defensive into 2H 2019 preferring stocks that have been oversold as well as high quality names with earnings resilience and less risk of being adversely affected by changing policy risk.

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HLA Venture Flexi Fund (HLAVFF)

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Benchmark	37.8%	19.3%	0.8%	10.3%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%
HLAVFF- Gross	9.9%	17.4%	7.0%	12.7%	24.1%	-3.9%	12.2%	-2.4%	30.6%	-22.2%
HLAVFF - Net	7.8%	14.6%	5.1%	10.2%	20.8%	-5.0%	9.8%	-3.7%	26.7%	-21.9%

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.

- 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. 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. Country Risk**
The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.
- 6. 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.