HLA Venture Income Fund (HLAVIF)

July 2021

Fund Features

1. Investment Objective

The objective of the fund is to achieve high principal security and steady income by investing in fixed-income instruments. Returns will be comparable to prevailing interest rates but correspondingly, the risks will be significantly lower than that for equities investment.

2. Investment Strategy & Approach

This fund focuses on fixed income securities and money market instruments as well as benchmarked against Maybank's 3 months fixed deposit rate. This fund is suitable for investors who have low to moderate risk profile.

3. Asset Allocation

The fund will invest up to 100% of its NAV in fixed income instruments.

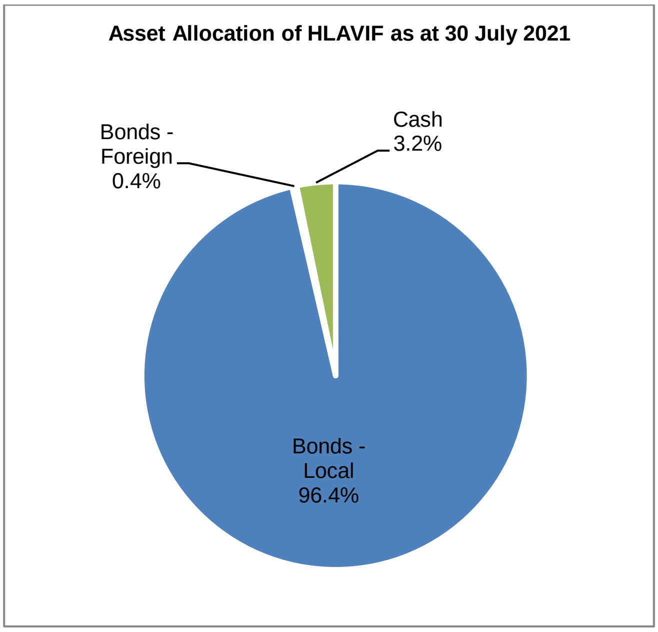
4. Target Market

This fund is suitable for investors who have low to moderate risk profile

Fund Details

Unit Price (30/7/2021)	:RM2.7317
Fund Size (30/7/2021)	:RM441.1 mil
Fund Management Fee	: 0.50% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Bond
Fund Inception	:19 Jan 2000
Benchmark	:3-month Fixed Deposit Interest Rates
Frequency of Unit Valuation	:Daily

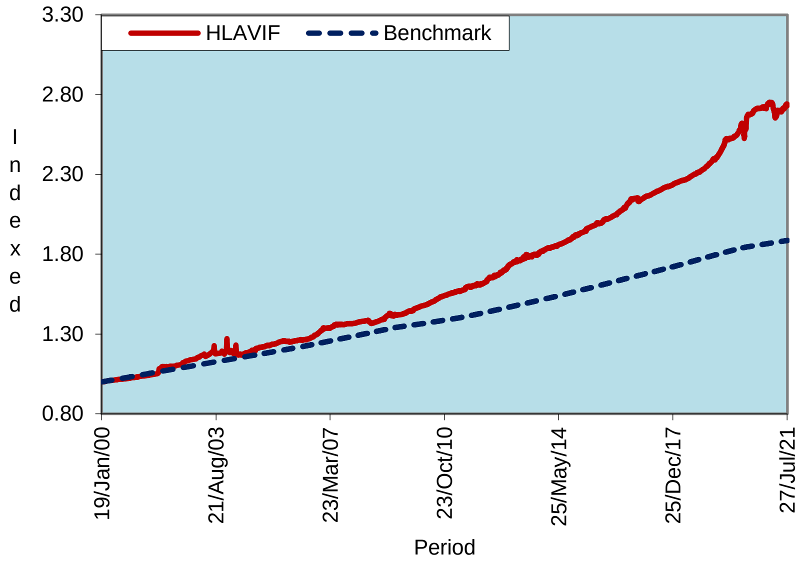
The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



Top 5 Holdings for HLAVIF as at 30 July 2021

		%
1.	M'SIAN GOVERNMENT SECURITIES 0	13.8
2.	MALAYSIA INVESTMENT ISSUE 3	11.7
3.	M'SIAN GOVERNMENT SECURITIES 1	11.2
4.	M'SIAN GOVERNMENT SECURITIES 1	10.7
5.	MALAYSIA INVESTMENT ISSUE 1	9.2
	Total Top 5	56.6

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVIF	-0.60%	0.53%	0.90%	19.24%	29.09%	70.84%	173.17%
Benchmark*	0.99%	0.14%	1.71%	7.52%	14.29%	33.48%	88.62%
Relative	-1.59%	0.39%	-0.81%	11.72%	14.80%	37.36%	84.55%

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

Hong Leong Assurance

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Market Review

U.S. Treasury ("UST") rallied in July. Yields declined by 5 to 25bps MoM across the curve, with long end outperforming the short end. Buying momentum was supported by the risk off sentiments amid concerns over resurgence of Covid-19 cases and the highly contagious delta variants which will deter the global recovery. The July FOMC statement was largely in line with the expectation whereby the Fed did not signal any immediate withdrawal of monetary policy support, especially Quantitative Easing ("QE") tapering. Though the Fed acknowledged that longer term steps towards tighter policy remains in queue as the economy is likely to show improvements with vaccination progress in place.

On the local front, government bond market had a bullish run with rally seen in the long tenors across MGS and GII. The strong buying flows in 20-year MGS benchmark made the tenor outperform the rest of the curve, with yield down by 21bps MoM to close the month at 3.98%. On the contrary, the 5-year MGS benchmark yield rose by 8bps MoM. The market reacted briefly towards the dovish implication of MPC in early July, where BNM kept the OPR at 1.75%. In the MPC statement, BNM cited that the economic outlook remains and is still subject to significant downside risks, mainly due to factors that could lead to a delay in the easing of containment measures or imposition of tighter containment measures and weaker-than-expected global growth recovery.

In the corporate bond segment, risk off sentiment continues to support the yield, especially on those with stronger credit profiles. The AAA-rated and government guaranteed ("GG") bonds continued to make up bulk of the daily transactions. Some prominent new issuances during the month were CIMB Thai Bank Public Company Ltd (RM660 million, AA3), Exsim Capital Resources Bhd (RM323 million, AA3), and Malaysia Rail Link Sdn Bhd (RM3.0 billion, GG).

Market Outlook & Strategy

Fears of transitory inflation and slower pace of growth began to unwind reflation trades with Central Bank also pushing back the tapering talk currently. The pace of growth and recovery seems to be at a slower pace than expected since more developing nations continue to see a surge in Covid-19 cases as new virus variants has spread swiftly and infected deeply into the community. To this front, policy makers worldwide will be more inclined to keep rates on hold, looking to balance the increasing risks to inflation with downside risks to growth. The accommodative policies should bode well for UST as a safe haven asset.

Government bond market in Malaysia is expected to react in a cautious mood amidst the political noises with the ongoing special parliament sittings. The reopening of the parliament with the unexpected announcement on the emergency proclamation and ordinances being revoked took everyone by surprise. Close attention will be paid on the political development and the Malaysia Budget 2022 which will be unveiled on Oct 29. The budget will focus on three key areas, namely agenda to drive economic recovery, rebuild country's resilience and catalysing reforms.

With the profound political risks and concerns over future fiscal policy constraints, we are cautious and would stay defensive in near term while looking for more clarity to reposition the fund.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benchmark	2.8%	3.1%	3.1%	3.2%	3.2%	3.1%	3.0%	3.3%	3.0%	1.5%
HLAVIF- Gross	4.8%	10.0%	5.4%	5.8%	6.5%	6.9%	5.3%	5.6%	10.2%	9.0%
HLAVIF - Net	3.9%	8.7%	4.5%	4.8%	5.5%	5.8%	4.4%	4.6%	8.9%	7.8%

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.

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 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

HLA Venture Income Fund (HLAVIF)

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.

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 Income 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.