

# HLA Secure Fund (HLASF)

Sep 2019

## 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.

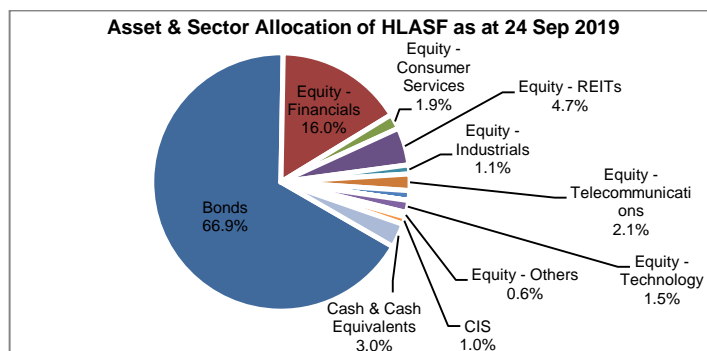
### 4. Target Market

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 (24/9/2019)	:RM1.4021
Fund Size (24/9/2019)	:RM19.5mil
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	:Weekly

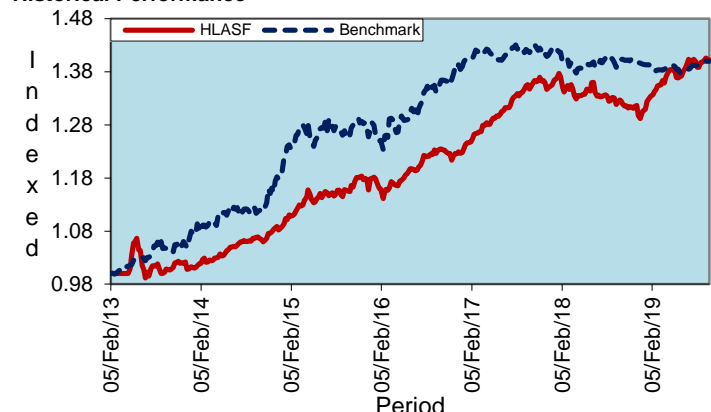
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



## Top 5 Holdings for HLASF as at 24 Sep 2019

		%
1.	AIA Group Ltd	Equity 2.9
2.	China Construction Bank Corp	Equity 2.4
3.	United States Treasury	FI 2.4
4.	Ping An Insurance Grp Co China	Equity 2.0
5.	Hong Kong Exchange & Clearing	Equity 1.6
<b>Total Top 5</b>		<b>11.2</b>

## Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	7.44%	0.29%	5.67%	13.62%	31.57%	40.21%
Benchmark*	0.41%	0.08%	-0.24%	3.24%	25.13%	40.00%
Relative	7.03%	0.21%	5.91%	10.38%	6.43%	0.21%

\*Source: AffinHwang

## Market Review, Outlook & Strategy relevant to Target Fund

Global bonds are expected to trade range bound as political and trade tension uncertainties continue to dominate. We expect markets to stay flatish until high-level trade negotiations conclude in October, though expectations of further monetary easing as well as anticipation of fiscal stimulus by governments like India and Indonesia could bolster markets. The Fund's fixed income portfolio duration was extended to 4.5 years through purchase of longer dated US Treasuries following the correction at the start of the month. The Fund's equity holdings were slightly increased to 24%, the majority of which is made up of dividend yielding stocks such as China Construction Bank and Singapore Telecom.

Globally markets recovered in September amidst a temporary lull in trade tensions and synchronised easing from global central banks. In the past 6 months, 25 central banks in total delivered rate cuts. The US Federal Reserve delivered a widely expected 25 bps rate cut, bringing its benchmark rate to a target range of 1.75% to 2.0%. The Fed stopped short of guiding for more aggressive easing, where it does not expect to cut rates further in 2019 and 2020, though Fed fund futures are still pricing in 3 more rate cuts by 2020. The ECB announced a fresh stimulus package to prop-up growth, cutting its deposit rate to a record low -0.5 and restarting its quantitative easing programme. The ECB painted a dovish outlook in its projections and pledged to continue its bond buybacks until inflation reaches its targeted rate of 2%. A less-than-dovish announcement by the PBoC, which dismissed the possibility of a near-term rate cut while stating that China's economic conditions are still within a "reasonable range", prompted adverse reactions from investors. Major economic indicators in China point to slower growth, with fixed asset investment growth slowing to 4.2% dragged by weak manufacturing investment, retail sales missed expectations with growth easing to 7.5%, from 7.6% in July, while industrial output growth unexpectedly weakened to 4.4% in August from the same period a year earlier. Asian equities edged higher in September as stimulus measures globally and optimism on trade in the early part of the month buoyed risk assets. The MSCI Asia ex-Japan index was up 1.4% during the month. Towards the end of the month, however, Asian equities gave up some of its earlier gains following reports that the Trump administration is floating with the possibility of restricting investments and capital flows into China, as well as limiting Chinese companies from trading on US exchanges.

Hong Leong Assurance Berhad 198201014849 (94613-X)

Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.

Telephone 03-7650 1818 Facsimile 03-7650 1991

Customer Service Hotline 03-7650 1288 Customer Service Hotfax 03-7650 12991

## HLA Secure Fund (HLASF)

### Actual Annual Investment Returns for the Past Six (6) Calendar Years

Year	2013	2014	2015	2016	2017	2018
<b>Benchmark</b>	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%
<b>HLASF - Gross</b>	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%
<b>HLASF - Net</b>	1.3%	7.5%	8.4%	4.1%	10.4%	-3.7%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past six (6) 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 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.

### 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.

### 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Performance</b>	19.4%	9.3%	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%

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.

## HLA Secure Fund (HLASF)

### **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.