Hong Leong SMART Growth Fund (HLSGF)

June 2022

Fund Features

1. Investment Objective
The primary objective of the fund is to provide investors with steady long-term capital growth at moderate risk.

2. Investment Strategy & Approach
The strategy is to provide investors an access into a diversified portfolio of growth stocks listed on Bursa Malaysia and/or in any foreign stock exchanges that offer potential capital appreciation at moderate risk. The fund may feed into collective investment schemes that meet the fund's objective. At inception, HLSGF will invest by feeding into Kenanga Growth Fund ("Target Fund") with the option to increase the number of funds or replace the Target Fund in future. The Target Fund's assets are actively invested in a diversified portfolio of Malaysian equity and equity-related securities, such as warrants and convertible loan stocks which are capable of being converted into new shares. The Target Fund may invest up to 25% of the Fund's NAV in foreign markets, which may include but not limited to Singapore, Indonesia, Thailand, Philippines, Vietnam, India, Hong Kong, China, Japan, Korea, Taiwan, Australia, United States of America and any other Eligible Markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions. The Target Fund does not have an active asset allocation strategy but seeks to manage portfolios by investing in companies that satisfy the criteria of having a sustainable and credible business model, and are also trading at a discount to their intrinsic value. However, under conditions of extreme market volatility and/or when the market is trading at valuations deemed unsustainable, the Fund will seek to judiciously scale back its equity exposure.

3. Asset Allocation
Under normal market conditions, the Target Fund's equity exposure is expected to range from 75% to 95% of the Target Fund's NAV with the balance in money market instruments, fixed deposits and/or cash.

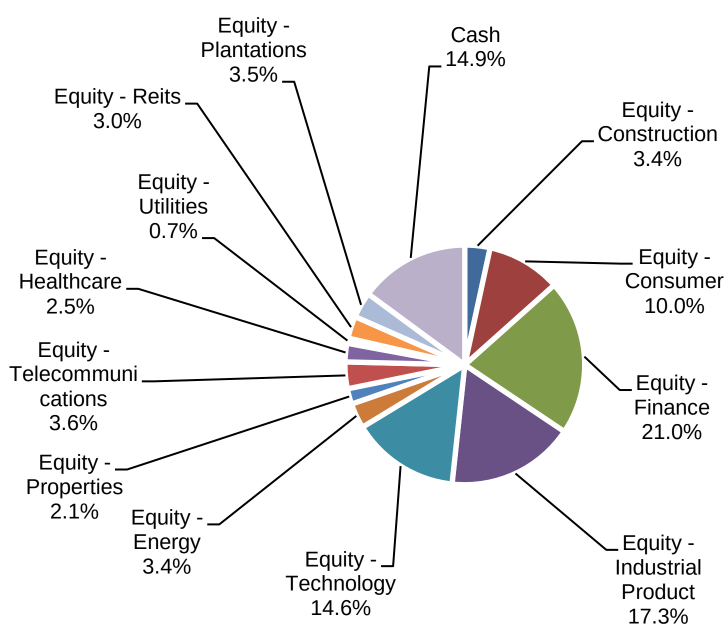
4. Target Market
This fund is suitable for investors who have long term investment time horizon and have a moderate risk profile with tolerance for short-term periods of volatility.

Fund Details

Unit Price (30/6/2022)	: RM1.9713
Fund Size (30/6/2022)	: RM185.4 mil
Fund Management Fee	:1.50% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	:01 Oct 2012
Benchmark	:FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency of Unit Valuation	:Daily

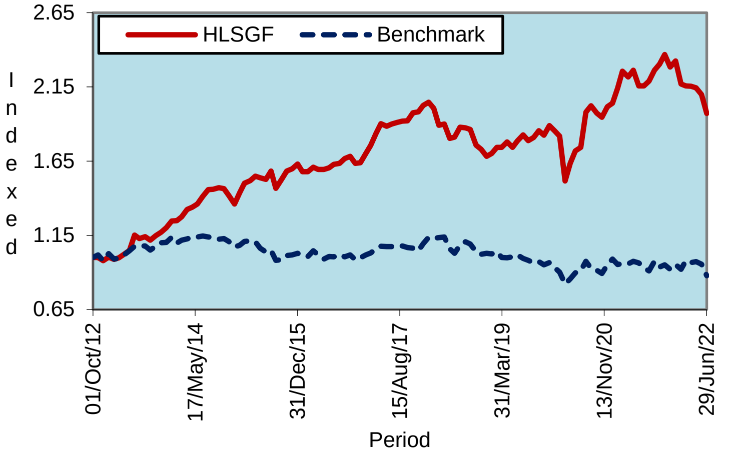
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

Asset & Sector Allocation of HLSGF as at 30 June 2022



Top 5 Holdings for HLSGF as at 30 June 2022		**%**
1.	FRONTKEN CORPORATION BERHAD	6.0
2.	RHB BANK BHD	3.7
3.	HONG LEONG FINANCIAL GROUP BHD	3.7
4.	SUNWAY BERHAD	3.6
5.	PETRONAS CHEMICALS GROUP	3.3
	Total Top 5	20.4

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLSGF	-15.23%	-6.02%	-8.59%	10.39%	3.75%	97.13%
Benchmark*	-7.87%	-8.02%	-5.77%	-13.63%	-18.11%	-12.12%
Relative	-7.37%	2.00%	-2.82%	24.02%	21.86%	109.25%

Source: Bloomberg

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

US equities slides to close worst first half in 52 years with S&P 500 down by 20.6% YTD and 8.4% in June. The Dow Jones fell by 15.3% YTD, its worst first half performance since 1962 while Nasdaq fell 29.5% YTD, its worst first half record. The annual inflation rate in the US accelerated to 8.6% in May of 2022, the highest since 1981 due to soaring energy costs from the prolong Russia-Ukraine war crisis which added more cost pressure along with labour shortages, and supply disruptions. The Federal Reserve (Fed) hiked interest rate by 75bps, the biggest increase since 1994 to a range of 1.5% to 1.75% in June 2022. The FOMC members indicated a much stronger path of rate hike ahead to tame the inflationary pressure. Analysts are now expecting the Fed to hike interest rate to near 3.5% by end of this year. US retail sales for the month of May posted a surprise 0.3% MoM decline, below the analyst's estimate of an increase of 0.1% MoM. The retail sales growth turned negative in May as consumers pulled back on spending.

Europe STOXX 50 closed 7.7% lower in June and 19.6% YTD on fears that soaring inflation and rising interest rates could hit earnings and tip economies into a recession. Eurozone headline inflation rose 0.5 ppt to 8.6% YoY in June, setting a new record, driven by higher energy and food prices. The ECB left its key policy rates unchanged, but provided a rather hawkish guidance on the interest rate outlook and announced asset purchase programmes to terminate in July as expected.

Meanwhile, in China, equities rallied on the back of continuous fiscal support on consumption, Shanghai reopening and relaxation of mobility restrictions at the country level, as well as more signals on possible reduction in US tariffs over China goods. Chinese President Xi Jinping pledged that China would strengthen the macro-policy adjustment and adopt more effective measures to strive to meet social and economic development targets for 2022.

In local currency, majority of the Asian markets are down for the month except for Shanghai and Hong Kong. The MSCI Asia ex-Japan fell by 5.06% along with the MSCI ASEAN which fell by 8.79%. Outperformers were Shanghai (SHCOMP +6.67%), and Hong Kong (HSI +2.08%). Underperformers were Korea (KOSPI -13.15%), Taiwan (TWSE -11.79%), and Philippines (PSEI -9.14%).

Locally, the KLCI index fell by 8.02% in June to 1,444 points, its sharpest monthly decline since the start of the Covid-19 pandemic in March 2020. YTD, FBMKLCI, FBM100, FBM Small Cap and FBM Shariah index fell by 7.9%, 8.8%, 9.7%, and 14.3% respectively. The weak index was due to negative global market sentiment over concerns on inflation and monetary tightening which could tip the global economy into a recession. Analysts are expecting BNM to raise its OPR by 50 bps in 2HCY22. Nonetheless, inflation remains supressed by the government's decision to keep electricity and water tariff rates unchanged for the time being.

For month of June, foreign investors were net sellers at RM1,282 million, a reversal from last month net buying position of RM77 million. This bring the cumulative foreign net inflow for 1H22 to RM6.1 billion (versus 5M22 net buy of RM7.4 billion). The top three best-performing sectors in May were REIT (-2.0%), Transport (-3.3%), and Consumer (-3.4%). The top three worst-performing sectors were Energy (-17%), Plantation (-13.4%), and Healthcare (-12.8%).

Onto commodities, oil marked its first monthly declined since November 2021 with the Brent declined by 6.5% closing the month at USD114.8/bbl as OPEC+ completed the return of output it halted during the pandemic and signs emerged that the global economy was on weaker footing than expected. CPO prices also closed sharply lower at RM4,910/mt, tumbling 22.1% MoM on oversupply concerns as Indonesia eases export measures.

With US entering late cycle dynamics and decelerating growth, rising inflation and policy tightening would weigh on economic expansion. Key focus remains on the path of central bank monetary policy, easing of geopolitical tensions, China lockdown, as well as corporate earnings.

Malaysia continues to benefit from the reopening trade, with a post-lockdown cyclical rebound ongoing on the back of consumer spending. Meanwhile, China's policy stimulus to spur economic growth, maintaining stability of capital markets, could lend support to the regional economic recovery. However, Malaysia still remains geared to global growth and economic conditions given its high dependence on exports.

Overall, for Malaysia we still maintain a defensive strategy, focusing on companies where fundamentals remain solid. Sector wise, we still prefer consumer discretionary, financials, and industrials. For structural growth themes such as tech, we are buyers on market weakness for its longer-term potential.

Actual Annual Investment Returns for the Past Nine (9) Calendar Years

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past nine (9) 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.

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Benchmark	2.8%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%	2.4%	-3.7%
HLSGF- Gross	3.3%	27.8%	11.8%	23.1%	2.3%	27.1%	-16.8%	15.0%	10.3%	17.1%
HLSGF - Net	1.6%	24.1%	9.3%	19.8%	0.6%	23.5%	-17.0%	12.3%	8.0%	14.0%

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

The fund was only launched on 1 October 2012. The actual investment returns are calculated based on unit price from 1 October 2012 to 31 December 2012.

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.

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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.

7. **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.

8. **Warrant and Convertible Loan Stock Risk**
The price of the warrant and convertible loan stock are typically linked to the underlying stock. However, it generally fluctuates more that the underlying stocks due to the greater volatility of the warrants market. The fluctuation may have a great impact on the value of the funds. Generally, as the warrants have a limited life, they will depreciate in value as they approach their maturity date, assuming that all other factors remain unchanged. Warrants that are not exercised at maturity become worthless and negatively affect the NAV of the Fund. Convertible loan stocks must be converted to the underlying stock at a predetermined conversion ratio and conversion rate, and in the event the total costs of converting into underlying stock is higher than the market price of that the underlying stock, it will negatively affect the NAV of the Fund.

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
Kenanga Growth Fund is an Equity fund managed by Kenanga Investors Berhad. The past performance of this fund is as follows:

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Performance	14.1%	26.4%	9.3%	20.9%	-0.1%	25.8%	-18.1%	13.5%	8.9%	14.4%

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.

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Others
Hong Leong Smart Growth 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.