

HLA Venture Blue Chip Fund (HLAVBCF)

January 2022

Fund Features

1. Investment Objective

The objective of the fund is to achieve returns comparable to the general stock market by taking average risks, with focus on well-capitalised and financially sound "blue chip" stocks to achieve a balance of capital gains and dividend income.

2. Investment Strategy & Approach

This fund provides participation in the stock market without taking excessive risk by focusing on fundamentally strong "blue chip" stocks listed in Bursa Malaysia and/or in any foreign stock exchanges. This fund is suitable for investors with moderate risk tolerance and expects returns that are comparable to the market as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

3. Asset Allocation

The fund may invest up to 95% of its NAV in equities.

4. Target Market

This fund is suitable for investors with moderate risk tolerance and expects returns that are comparable to the market as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

Fund Details

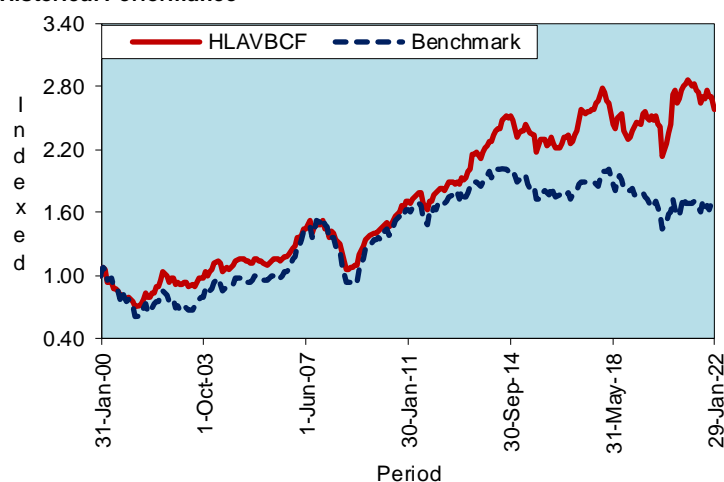
Unit Price (31/1/2022)	: RM2.5869
Fund Size (31/1/2022)	: RM505.3 mil
Fund Management Fee (effective as at 01/05/2018)	: 1.43% p.a. (capped at 1.50%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jan 2000
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency 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 HLAVBCF as at 31 Jan 2022

	%
1. CIMB	5.7
2. INARI	4.9
3. MAYBANK	4.5
4. RHBBANK	4.5
5. TENCENT	4.2
Total Top 5	23.8

Historical Performance

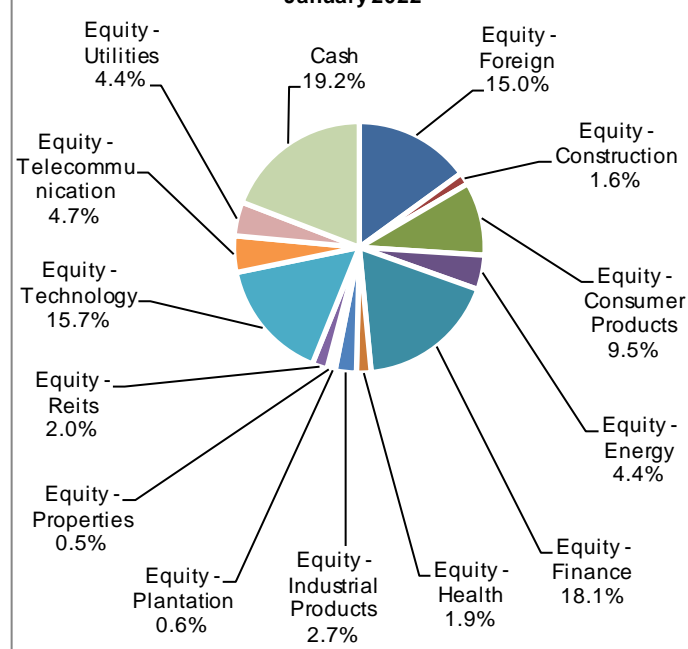


	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVBCF	-4.19%	-4.19%	-8.80%	11.43%	10.71%	44.34%	158.69%
Benchmark*	-3.53%	-3.53%	-3.46%	-10.17%	-9.53%	-0.59%	62.02%
Relative	-0.66%	-0.66%	-5.35%	21.60%	20.24%	44.94%	96.67%

*Source: Bloomberg

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

Asset & Sector Allocation of HLAVBCF as at 31 January 2022



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HLA Venture Blue Chip Fund (HLAVBCF)

Market Review, Outlook & Strategy

Global equities in January weakened led by the decline in developed markets in the US, Europe and Japan, while ASEAN outperformed. Investors were concerned about inflation, supply chain issues and the upcoming rate hikes from the Federal Reserve. The upcoming rate hike in March would be the first in two years after the Fed drastically cut rates to zero to help the economy survive the pandemic. Consensus is also now implying more rate hikes - with some expecting as many as five hikes for 2022. This led to a sell-off in the technology and REITs space, while banks outperformed as financial institutions are beneficiaries of higher interest rates. Chinese policymakers bucked the trend, continuing on its monetary easing mode. Just days after policymakers cut a major interest rate for central bank lending to big commercial banks, officials cut the loan prime rate (the de facto benchmark lending rate) in both the five-year and one-year terms. Geopolitics was also in focus with the ongoing tensions between Russia and Ukraine. The simmering tensions led to oil prices breaching US\$88/barrel (+17% mom) in January, a level not seen since 2014, due to supply concerns.

Domestically, the broad trend was similar to the other markets where investors rotated out from the growth/technology sectors into the value/financials/commodities space. As a result, underperformance was seen across the tech, healthcare and telco sectors while the energy and financial sectors outperformed. Bank Negara Malaysia during the month kept the Overnight Policy Rate unchanged and expects inflation to be manageable in 2022. Notable newsflow included a) Energy Commission announcing the continuation of the imbalance cost pass-through (ICPT) mechanism and implementation of the incentive based regulation for regulatory period 3 resulting in commercial and industrial customers paying the highest net tariff since the introduction of this mechanism in 2015, b) US Customs and Border Protection (US CBP) issued a notice of finding in which it determined that Sime Plant is using forced labour at its Malaysia operations and c) Dato' Khairussaleh Ramli who resigned as the CEO of RHB Bank to replace Dato' Sri Abdul Farid (current CEO of Maybank) who did not renew his contract due in August. Separately, the Johor state assembly was dissolved and this paved the way for the country's third state elections.

In January, average daily trading value and volume improved by 3% mom to RM2.1b and 13% mom to 3.34b units respectively. Local institutions turned net sellers of RM663m in January, from net buyers of RM958m in December. Foreign investors turned largest net buyers of RM332m in January after being net sellers of RM1.1b in December. Retail investors remained net buyers but the net buying fell by 73% mom to RM87m in January. The FBM KLCI closed lower at 1,512 points (-3.5% mom). FBM Shariah was the worst performing index with a decline of 5.7% mom. FBM Emas and FBMSC also retreated by 3.9% mom and 1.6% mom respectively in January.

Market volatility will continue at least until the expected first rate-hike by the Fed in March and will then be dependent on the tone of hawkishness from the Fed in terms of further rate hikes. With the Winter Olympics ending on the 20th February, investors will also be watching for potential changes to China's zero covid policy and its pollution control measures. Market observers would also be monitoring whether there would be further escalation to the standoff between Russia and NATO as it affects the energy market. Domestically, the outcome of the Johor state elections might pave the way for the General Elections to take place post the expiry of the MOU in July. We maintain our barbell strategy by investing in both the value and growth sectors, with focus still on the recovery/reopening theme, reflation beneficiaries and 5G/technology names.

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

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Benchmark	10.3%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%	2.4%	-3.7%
HLAVBF- Gross	11.9%	21.4%	3.2%	1.1%	-0.1%	23.6%	-15.7%	12.5%	13.4%	-2.5%
HLAVBF - Net	9.6%	18.3%	1.5%	-0.4%	-1.6%	20.3%	-15.9%	10.1%	10.9%	-3.7%

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:

- having a flexible tactical asset allocation
- investing in a wide range of companies across different sectors
- setting prudent investment limits on various exposures
- taking into account the liquidity factor in selecting securities
- engaging in the hedging of foreign currency exposure where appropriate

HLA Venture Blue Chip Fund (HLAVBCF)

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 Blue Chip 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.