

HLA Secure Fund (HLASF)

August 2021

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.

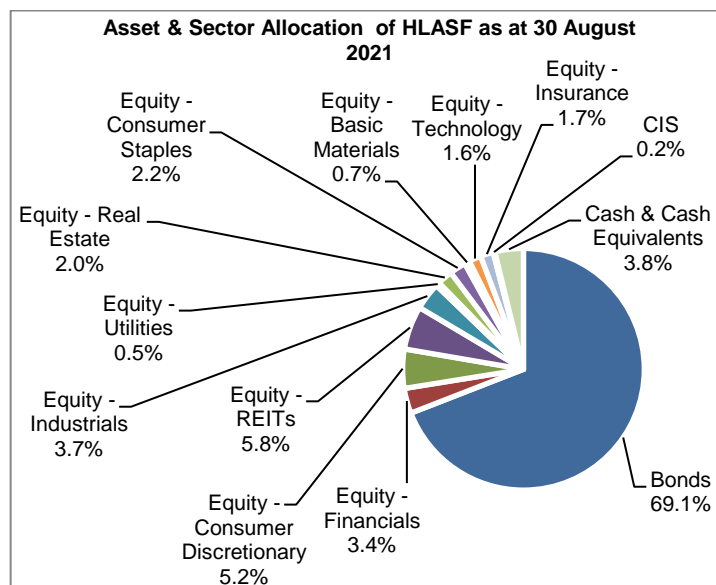
4. Target Market

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 (30/8/2021)	:RM1.5373
Fund Size (30/8/2021)	:RM23.6 mil
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	:Daily

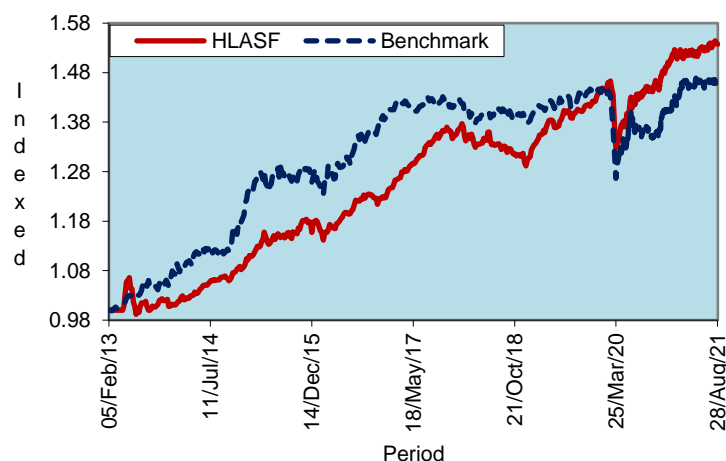
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



Top 5 Holdings for HLASF as at 30 Aug 2021

		%
1.	MGS (22.05.2040)	FI 2.5
2.	Weichai Int HK Energy Grp Co	FI 1.8
3.	Lafarge Cement Sdn Bhd	FI 1.7
4.	AIA Group Ltd	Equity 1.7
5.	Taiwan Semiconductor Manufacturing	Equity 1.6
Total Top 5		9.3

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	2.17%	0.42%	5.97%	15.41%	25.58%	53.73%
Benchmark*	3.35%	-0.48%	5.72%	3.22%	7.39%	44.95%
Relative	-1.19%	0.90%	0.25%	12.19%	18.18%	8.78%

*Source: AffinHwang

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

Global equities advanced in August despite taper talks by the US Federal Reserve. The S&P 500 rose 3.0% in the month as Fed Chair Jerome Powell indicated at the Jackson Hole summit that the central bank is likely to begin tapering before the end of the year. However, he soothed market fears by asserting that the Fed will remain accommodative and not rush to raise rates, as there is still “much ground to cover” before the economy hits full employment.

Bond yields ended higher with the US 10 year Treasury yield climbing 13 bps to close at 1.31% in August. Whilst bond yields are expected to trend higher, markets are unlikely to see a similar taper tantrum event like that in 2013, as it has been widely priced-in. This is also supported by a lower US Treasury issuance pipeline next year following a strong fiscal stimulus in 2021.

In Asia, the broader MSCI Asia ex-Japan index was barely unchanged at 0.5% as regulatory headwinds continue to batter North Asian markets. China passed a major data protection law setting out tougher rules on how companies collect and handle their users’ information. The new data privacy laws are set to come into effect on 1 September. Share price of luxury stocks and retailers in China also fell as investors started panic selling on concerns that ultra-wealthy individuals may be targeted. This comes on the back of a recent policy meeting chaired by President Xi Jinping, in which he added that China must pursue “common prosperity” in which wealth is shared by all people. Among those were pledges to adjust excessive income and encourage the wealthy to “give back to society more”.

On the domestic front, the local market bucked regional trend with the KLCI benchmark index gaining 7.2% despite a politically-charged month. Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. As an outcome largely expected by markets, the appointment provided a lift to sentiment by resolving the political impasse following the resignation of Tan Sri Muhyiddin Yassin. Despite holding a slim majority, Sabri’s new government is expected to maintain some form of policy continuity. The next Parliament sitting is slated in September which will see Datuk Seri Ismail Sabri face a test of majority support through a vote of confidence. However, the risk of him being ousted is minimal. With political stability expected until the next General Election (GE) due by 2023, the local market could see further support on the back of continued vaccination roll-outs. The gradual reopening of more economic sectors also point to economic growth improving in the coming quarters.

On the local bond market, the MGS 10 Year yield inched 2 bps higher to close the month at 3.20%. During its quarterly GDP briefing, BNM said that Malaysia’s GDP grew 16.1% y-o-y in the 2Q’21, although it contracted 2% on a q-o-q basis. The central bank also revised its full-year GDP growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

Actual Annual Investment Returns for the Past Eight (8) Calendar Years

Year	2013	2014	2015	2016	2017	2018	2019	2020
Benchmark	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%	-0.2%	-3.1%
HLASF - Gross	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%	12.3%	6.0%
HLASF - Net	1.3%	7.5%	8.4%	4.1%	10.4%	-3.7%	10.4%	4.5%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past eight (8) 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.

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.

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

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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

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%	10.0%	4.7%

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.

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.