

HLA Venture Flexi Fund (HLAVFF)

Jun 2020

Fund Features

1. Investment Objective

The objective of the fund is to provide investors the opportunity to enjoy medium to long-term capital appreciation from the prevailing sectorial and investment themes in Malaysian equities market.

2. Investment Strategy & Approach

The fund would be actively managed, rotating between sectors deemed to benefit the most at any given point in time, and would comprise several Core Sectors and Trading / Rotational Sectors which would vary depending on prevailing market conditions. The strategy will be to identify the themes in its early phase to capitalize on its growth. This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

3. Asset Allocation

The fund will invest a minimum of 30% and up to 95% of its NAV in equities.

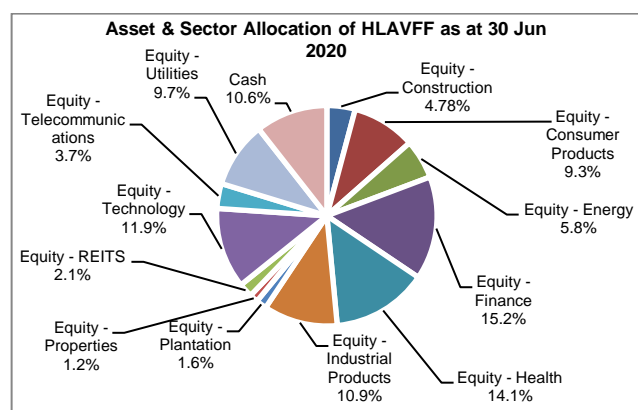
4. Target Market

This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

Fund Details

Unit Price (30/6/2020)	: RM0.8623
Fund Size (30/6/2020)	: RM89.9mil
Fund Management Fee (effective as at 01/01/2019)	: 1.31% p.a. (capped at 1.48%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 06 April 2009
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency of Unit Valuation	: Daily

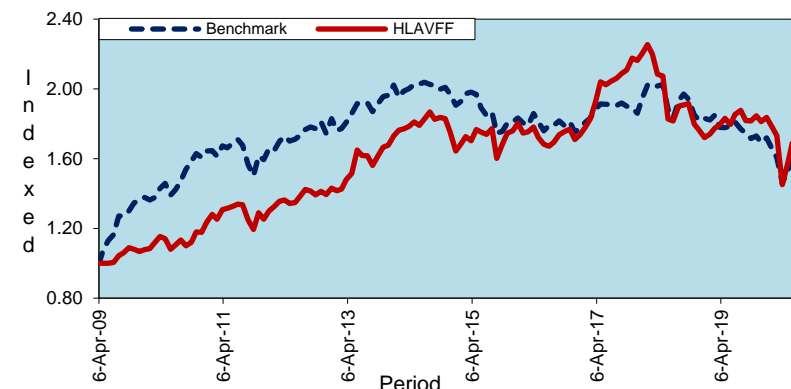
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.



Top 5 Holdings for HLAVFF as at 30 Jun 2020

	%
1. TOPGLOV	7.1
2. TENAGA	6.7
3. MAYBANK	6.4
4. CIMB	4.9
5. SUPERMX	4.2
Total Top 5	29.3

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVFF	-6.11%	2.14%	-6.97%	-15.63%	-0.82%	56.04%	72.46%
Benchmark*	-5.53%	1.88%	-10.24%	-14.90%	-12.05%	14.23%	62.48%
Relative	-0.58%	0.26%	3.27%	-0.74%	11.23%	41.82%	9.98%

*Source: Bloomberg

Market Review, Outlook & Strategy

Regional markets were volatile in the month of June with investors oscillating between renewed risks of a second wave of the Covid-19 infections and improving macro data that was above market estimates. The recovery in the US might be bumpy as some states that reopened abruptly reached new highs of infection cases and that resulted in the state administrator dialing back the reopening plans. The US also revoked Hong Kong's special trading status as a separate entity from China due to heightened risk that sensitive US technology could fall into China's hands after the new national security law that was approved by China's NPC on 30th June. However, markets were relieved when President Trump tweeted that the US China phase 1 trade deal was still 'fully intact' following an earlier statement made by the US trade advisor Peter Navarro that the trade deal was 'over'. Risk off sentiment was also further fuelled by renewed trade tensions when the US mentioned that it was considering new tariffs on the US\$3.1b exports of Germany, France, Spain and UK.

Domestically, the government unveiled a RM35b recovery stimulus package (PENJANA) at the start of the month in addition to the RM260b stimulus package announced earlier to cushion the impact of Covid-19. The added fiscal stimulus is expected to bring the budget deficit up to 5.9% and debt-to-GDP ratio to 60%. In the month of June, KLCI saw the addition of Telekom Malaysia and KLCC into the index and displaced Malaysia Airports and Ambank. The short selling ban on Bursa Malaysia is being extended until 31 Dec 2020. This is the second extension that was supposed to end on 28 Apr and 30 Jun respectively. The Jan to Mar quarter results season was also disappointing due mainly to the restricted movement control order (MCO) effective 18 March, which disrupted operations and dented consumer sentiment. We expect the Apr to Jun quarter results to be weaker before a potential recovery towards 2H20.

On a relative basis for the month of June, the FBM KLCI outperformed the broader market with a mom gain of 1.9% to close at 1,501 pts. The FBM Emas Shariah and FBM Emas recorded gains of +0.1% mom and +0.8% mom respectively in June. The Small Cap index however declined by 1.7% mom. In June, Malaysian equities recorded net foreign fund outflows of close to RM3b and foreign ownership is now at 21% vs 22.3% as at end 2019. Retail participation continued to be strong with net buying of >RM1b for the month.

Volatility is expected to persist into July. Given the strong rally in the past few months, investors have every incentive to profit take; especially with the weak upcoming earnings season, recent uptick in new Covid-19 cases, further tension escalations in the US and China trade war as well as the political developments both in the US and Malaysia. However, we will continue to deploy cash during pullbacks as the recovery of the Covid-19 situation domestically appears to be under control and there could potentially be some form of pump priming activities in the upcoming Budget. We continue to be defensive, favoring stocks that offer resilient earnings and dividend prospects with strong cash flow profile to weather the economic downturn.

HLA Venture Flexi Fund (HLAVFF)

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Benchmark	19.3%	0.8%	10.3%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%
HLAVFF- Gross	17.4%	7.0%	12.7%	24.1%	-3.9%	12.2%	-2.4%	30.6%	-22.2%	8.8%
HLAVFF - Net	14.6%	5.1%	10.2%	20.8%	-5.0%	9.8%	-3.7%	26.7%	-21.9%	6.7%

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.

The fund was only launched on 6 April 2009. The actual investment returns are calculated based on unit price from 6 April 2009 to 31 December 2009.

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.
- 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.
- 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.
- 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.

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.

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 Flexi 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.