# HLA Venture Income Fund (HLAVIF)

**March 2023**

## Fund Features

### 1. Investment Objective

The objective of the fund is to achieve high principal security and steady income by investing in fixed-income instruments. Returns will be comparable to prevailing interest rates but correspondingly, the risks will be significantly lower than that for equities investment.

### 2. Investment Strategy & Approach

This fund focuses on fixed income securities and money market instruments as well as benchmarked against Maybank's 3 months fixed deposit rate. This fund is suitable for investors who have low to moderate risk profile.

### 3. Asset Allocation

The fund will invest up to 100% of its NAV in fixed income instruments.

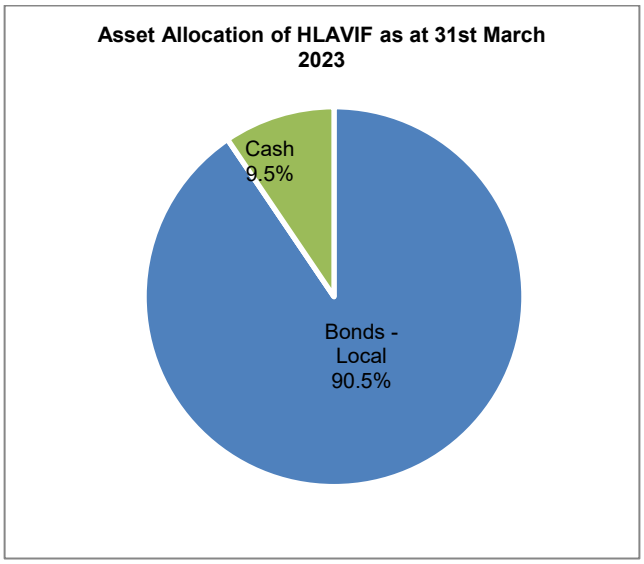
### 4. Target Market

This fund is suitable for investors who have low to moderate risk profile

## Fund Details

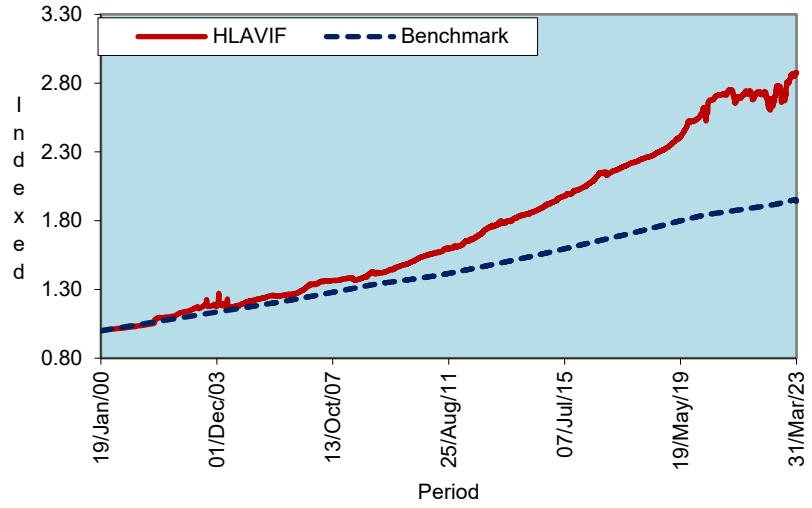
| | |
|---|---|
| **Unit Price (31/3/2023)** | :RM2.8758 |
| **Fund Size (31/3/2023)** | :RM656.6 mil |
| **Fund Management Fee** | : 0.50% p.a. |
| **Fund Manager** | :Hong Leong Assurance Berhad |
| **Fund Category** | :Bond |
| **Fund Inception** | :19 Jan 2000 |
| **Benchmark** | :3-month Fixed Deposit Interest Rates |
| **Frequency of Unit Valuation** | :Daily |

*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 HLAVIF as at 31 Mar 2023 | | % |
|---|---|---|
| 1. | M'SIAN GOVERNMENT SECURITIES 1 | 14.4 |
| 2. | M'SIAN GOVERNMENT SECURITIES 1 | 11.7 |
| 3. | TNB POWER GENERATION SDN BHD 0 | 11.5 |
| 4. | M'SIAN GOVERNMENT SECURITIES 0 | 8.7 |
| 5. | CAGAMAS Berhad | 7.2 |
| | Total Top 5 | 53.5 |

## Historical Performance




| | YTD | 1 month | 1 year | 3 years | 5 years | 10 years | Since Inception |
|---|---|---|---|---|---|---|---|
| HLAVIF | 2.45% | 0.57% | 6.27% | 11.17% | 27.24% | 62.53% | 187.58% |
| Benchmark* | 0.00% | -0.44% | 1.81% | 5.38% | 11.90% | 30.66% | 94.22% |
| Relative | 2.45% | 1.02% | 4.46% | 5.79% | 15.34% | 31.87% | 93.36% |

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


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# HLA Venture Income Fund (HLAVIF)

**Market Review**

US Treasury ("UST") yields tumbled by 27bps to 79bps across the curve in March. Jittery market sentiment kicked in after investors rushed to safety on fears of Silicon Valley Bank ("SVB") failure contagion, while reassessing positions related to the Fed's policy rate. As a result, 2-year UST yield plunged 61bps to below 4%, the biggest one-day slump in decades. The UST rally was also ignited by the softer than expected wage indicators within the Feb's labour market report. As expected, the Fed delivered a 25bps hike, setting the range of the federal funds rate at 4.75% to 5.0%. The statement now refers to "some additional policy firming" as being appropriate. The Committee will monitor incoming information closely, reflecting the Fed's focus both on the incoming economic data and financial market developments. To close out the month, the 2-, 10- and 30-year UST settled at 4.09% (-79bps), 3.47% (-45bps) and 3.65% (-27bps) respectively.

Tracking the rally in the UST market, local government bond ("govvies") yields also plummeted but with relatively lesser quantum. With Bank Negara Malaysia ("BNM") holding onto its Overnight Policy Rate ("OPR") at 2.75%, govvies curve was bull steepened with front-end curve lowered by 4-5bps. Yields continued to fall as investors flocked to safety on US and Europe banks' crisis contagion fears. However, the rally lost steam after American financial regulators took steps to shore up the financial sector with a new lending program in the wake of SVB's failure. On the economic front, BNM expects moderate real GDP growth of +4.0% to +5.0% range in 2023 (previous forecast: +4.5%; 2022: +8.7%) underpinned by slower global growth and elevated inflation and input costs. To close the month, the 3-, 10- and 30-year MGS settled at 3.37% (-14bps), 3.90% (-2bps) and 4.43% (+6bps) respectively

In the corporate bond segment, some prominent new issuances during the month were Cagamas Bhd (RM1.715 billion, AAA), Point Zone (M) Sdn Bhd (RM555 million, AA-), TNB Power Generation Sdn Bhd (RM2.0 billion, AAA) and YTL Power International Bhd (RM1.715 billion, AAA).

**Outlook & Strategy**

Both UST and govvies are expected to trade range bound with relatively wider band as market is still uncertain of the Fed's policy direction. Bank turmoil eased as data showed that banks reduced borrowing from two Fed backstops, suggesting that liquidity conditions were normalizing and stress on banks was abating. While the picture remains rosy for now, we remain cautious of the Core PCE services inflation as it has proven to be sticky. We are concern that even if the Core PCE deflator is below consensus, it may not be enough to deter the Fed from hiking at the May meeting. This is against a backdrop of Fed officials reiterating their resolve to battle inflation, echoing comments from Powell that the Fed will not shirk its responsibility to restore price stability amid financial system concerns. Collins (non-voter), Kashkari (voter) and Barkin (non-voter) all cited inflation as a concern and reaffirmed the Fed's commitments to raising rates to keep price pressures in check.

Given the economic scenario is still fluid and uncertain, we will continue to monitor incoming data closely before implementing any new investment strategy.

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

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Benchmark | 3.1% | 3.2% | 3.2% | 3.1% | 3.0% | 3.3% | 3.0% | 1.5% | 1.7% | 0.9% |
| HLAVIF- Gross | 5.4% | 5.8% | 6.5% | 6.9% | 5.3% | 5.6% | 10.2% | 9.0% | 0.1% | 3.4% |
| HLAVIF - Net | 4.5% | 4.8% | 5.5% | 5.8% | 4.4% | 4.6% | 8.9% | 7.8% | -0.4% | 2.6% |

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:

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

# HLA Venture Income Fund (HLAVIF)

**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 Income 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.