

HLA Venture Flexi Fund (HLAVFF)

March 2022

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.

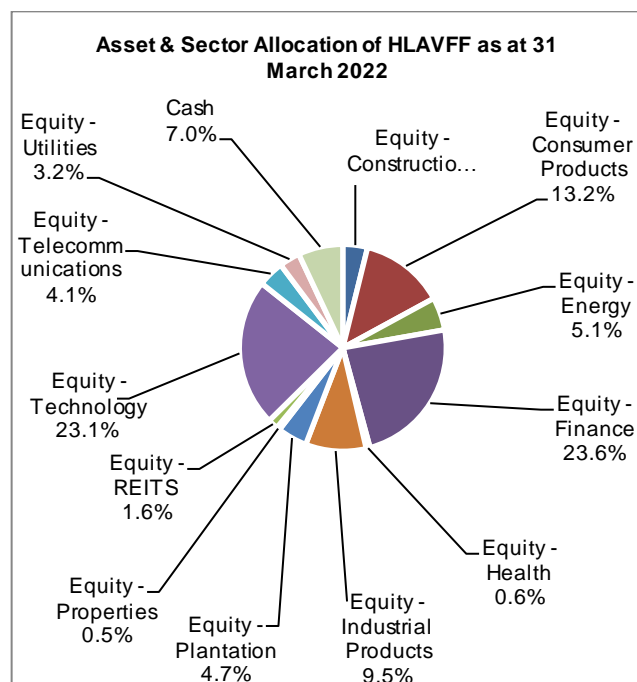
4. Target Market

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 (31/3/2022)	: RM1.0487
Fund Size (31/3/2022)	: RM145.3 mil
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

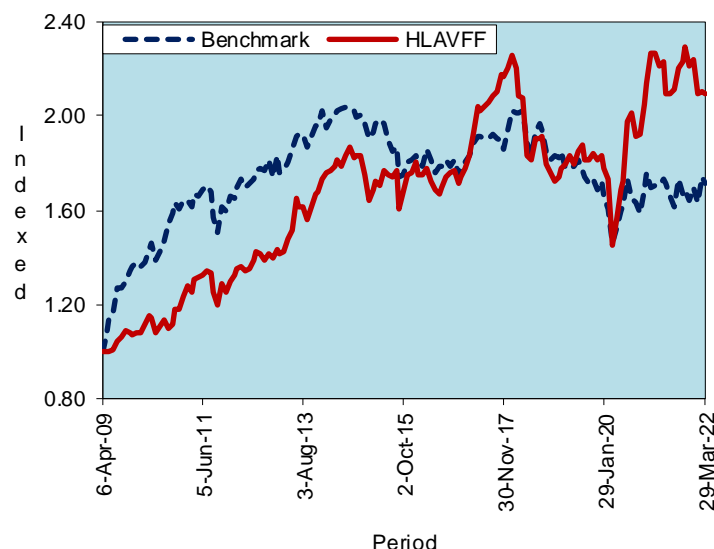
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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



Top 5 Holdings for HLAVFF as at 31 Mar 2022

	%
1. CIMB	8.1
2. MAYBANK	6.0
3. INARI	4.6
4. GENM	4.2
5. RHBBANK	3.8
Total Top 5	26.7

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVFF	-6.55%	-0.32%	-5.10%	16.89%	8.76%	53.81%	109.74%
Benchmark	1.27%	-1.30%	0.88%	-3.42%	-8.78%	-0.56%	71.83%
Relative	-7.81%	0.98%	-5.98%	20.31%	17.54%	54.38%	37.91%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

After a tumultuous start in March, global stocks staged a recovery following news of a potential de-escalation in the Russia-Ukraine conflict. However, the recovery stalled when the talks failed to achieve any major breakthrough. Global commodities remain elevated as a result of the continued geopolitical tension and the steep inflationary environment could force central banks in major developed economies to be more aggressive with interest rate hikes. The dot plot is now indicating seven 25bps hikes in 2022 and another four in 2023. Elsewhere in China, March saw a resurgence in Covid-19 cases. As part of its zero-Covid strategy, the lockdowns imposed affected a number of industrial and financial hubs which are expected to worsen the ongoing supply chain issues (including transport slowdowns and shortage of technology components). The strict lockdowns renewed fears of demand destruction which resulted in oil prices tumbling by 19% from the peak of US\$125/barrel in mid-March. In addition, the Biden administration has also ordered a major release of 180m barrels of oil over the next six months. This is the largest release since the reserve was created in 1974.

In Malaysia, the construction sector finally saw some light at the end of the tunnel when the government finally approved the third Mass Rapid Transit Line (MRT) 3 which would link the existing MRT 1 & 2 lines into one giant loop around the Greater Klang Valley. Prime Minister Ismail Sabri also announced that a special withdrawal facility of RM10,000 will be opened to members below age 55 from 1st Apr until 30th Apr and starting from 1st May, the nationwide minimum wage will be raised from RM1,200 to RM1,500. On politics, Barisan Nasional successfully secured its fourth consecutive state election victory with UMNO's top-five agreeing to continue to honour the MOU signed between the government and opposition. GE 15 is hence only expected to take place from 2H22 onwards.

BNM released its annual report where it expects GDP to strengthen by 5.3-6.3% yoy in 2022 on the back of external demand, lifting of containment measures and reopening of international borders. Inflation is expected to range between 2.2-3.2% yoy in 2022, driven by supply side pressures. However, the much-anticipated award of the 5 digital bank licenses did not materialize but BNM mentioned that the decision will be announced later to successful applicants upon completion of the legal process.

The average daily trading value in March continued its mom uptrend to RM3.1b vs Feb's RM2.8b. Retailers remained net buyers with +RM0.3b whilst local institutions stayed net sellers at -RM3.5b; foreign institutions remained net buyers at +RM3.2b. Retailers and local institutions were 22.1% and 35.5% respectively of the value trade whereas foreign institutions accounted for 28.8%. The FBM KLCI declined by 1.3% mom to close at 1,587.36 pts. FBM Shariah was also down by 1.4% mom, FBM Emas by 0.4% mom and FBM Small Cap by 0.3% mom.

Going forward, we expect markets to remain volatile especially with the recent inversion of the 2-year and 10-year Treasury yields (first time since 2019). Being a closely-watched indicator, this part of the yield curve has been a reliable recession gauge. Investors will also monitor closely the Fed's pace of tightening together with the normalisation of its balance sheet. Ongoing 'peace talks' between Russia and Ukraine will also be attentively followed for any signs of de-escalation. As for China, all eyes will be on the country's ongoing efforts to manage the current resurgence in Covid-19. Notably in Malaysia, the country will be transitioning to the endemic phase for Covid-19 and its borders will be reopened from 1st April. 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%
HLAVFF- Gross	12.7%	24.1%	-3.9%	12.2%	-2.4%	30.6%	-22.2%	8.8%	19.4%	7.1%
HLAVFF - Net	10.2%	20.8%	-5.0%	9.8%	-3.7%	26.7%	-21.9%	6.7%	16.4%	5.0%

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.

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.

- 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

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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.

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.