

HLA Venture Flexi Fund (HLAVFF)

January 2023

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

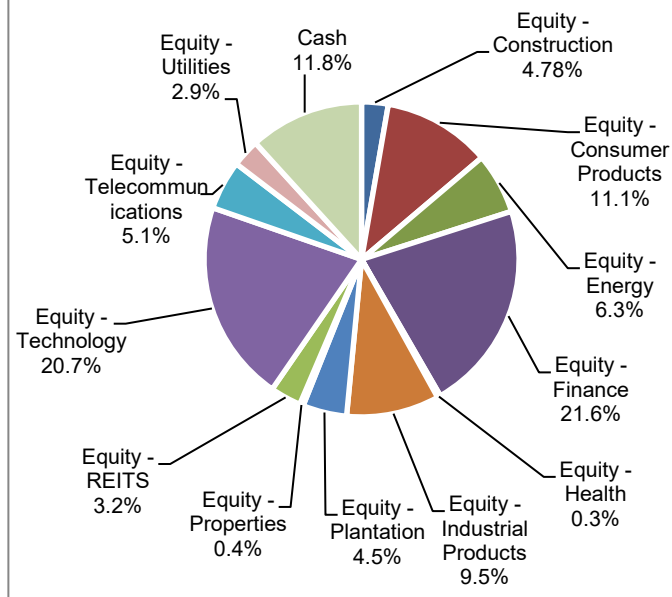
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Fund Details

| | |
|--|---|
| Unit Price (31/1/2023) | : RM1.0352 |
| Fund Size (31/1/2023) | : RM163.4 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.

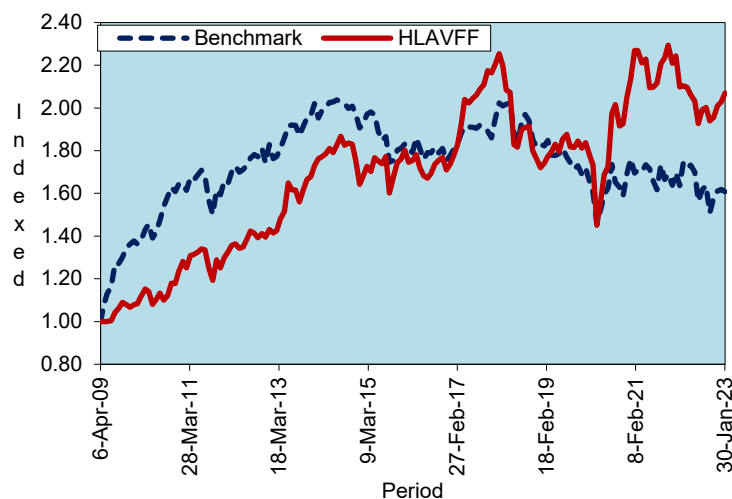
Asset & Sector Allocation of HLAVFF as at 31 Jan 2023



Top 5 Holdings for HLAVFF as at 31 Jan 2023

| | % |
|-------------|------|
| 1. CIMB | 8.1 |
| 2. MAYBANK | 5.7 |
| 3. YINSON | 4.0 |
| 4. GENM | 3.5 |
| 5. RHBBANK | 3.4 |
| Total Top 5 | 24.8 |

Historical Performance



| | YTD | 1 month | 1 year | 3 years | 5 years | 10 years | Since Inception |
|------------|--------|---------|--------|---------|---------|----------|-----------------|
| HLAVFF | 2.00% | 2.00% | -1.32% | 16.28% | -8.14% | 46.28% | 107.04% |
| Benchmark* | -0.67% | -0.67% | -1.77% | -2.98% | -20.50% | -8.73% | 60.81% |
| Relative | 2.67% | 2.67% | 0.45% | 19.25% | 12.36% | 55.00% | 46.23% |

*Source: Bloomberg

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

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HLA Venture Flexi Fund (HLAVFF)

Market Review, Outlook & Strategy

Global equities continued to advance in January, led by lagging markets of 2022 – China, South Korea and Taiwan. Growth stocks globally outperformed, especially the technology sector, following the release of economic data from the US which indicated that inflation was cooling for a third consecutive month. As for China equities, the strong outperformance continued into January driven by favourable factors such as positive policy shifts over online game approvals and real estate, faster than expected mobility & consumption recovery and resumption of foreign investor inflows.

Domestically, it was a relatively quiet month with a shorter number of trading days given the festive holidays. Bank Negara Malaysia surprised the market with its decision to keep the overnight policy rate (OPR) unchanged at 2.75%. The government also announced that it has eased the conditions for hiring foreign workers in five critical industries – manufacturing, construction, plantations, agriculture and food & beverage, which is a positive as it eases the workers shortage situation. On the political front, we saw UMNO's party president, Zahid Hamidi, performed a large-scale "cleansing" of the party by sacking two members – namely Khairy Jamaluddin and Noh Omar and suspended four members for 6 years – namely Hishammuddin Hussein, Maulizan Bujang, Mohd Salim Sharif and Shahril Sufian Hamdan. The Ringggit strengthened further in January by around 3% to RM4.274/ US\$ following the formation of the unity government which provided political stability.

Average daily trading value increased to RM2.1b in Jan 2023 from Dec 2022's RM1.9b. Foreign investors continued to be net sellers for the fifth consecutive month, but their net sell flow fell 85% mom to RM201m. Local institutional investors were the only and largest net buyer in Jan, but their net buying fell 45% mom to RM916m of local equities. Local retailers stayed net seller for the second month and their net sell rose 3.7x m-o-m to RM485m. The top three best-performing sectoral indices in Jan 23 were energy, transport, and technology whilst the worst three performing sectors were healthcare, plantation and finance. The FBMSC outperformed the broader market with a +8.3% m-o-m return. FBM KLCI closed lower by -0.7% m-o-m to 1,485.5pts. FBM Shariah and FBM Emas recorded +1.3% m-o-m and 1.1% m-o-m respectively.

Globally, investors will continue to monitor the US bond yield movements, global monetary policies as well as any potential indications of a recession. China's reopening progress should continue to provide support to the North Asia markets as well as spillover positive sentiment to the ASEAN region. Domestically, key upcoming events will include the release of Malaysia's 4Q GDP, re-tabling of Budget 2023, 4Q earnings season and the upcoming Parliament sitting. We remain defensive, investing in value, growth and dividend-yielding names. Sectors that we continue to favour include selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks). We are neutral on interest rate hike beneficiaries (banks) given the peak in inflation.

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

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| Benchmark | 10.5% | -5.7% | -3.9% | -3.0% | 9.5% | -5.9% | -6.0% | 2.4% | -3.7% | -4.6% |
| HLAVFF- Gross | 24.1% | -3.9% | 12.2% | -2.4% | 30.6% | -22.2% | 8.8% | 19.4% | 7.1% | -8.9% |
| HLAVFF - Net | 20.8% | -5.0% | 9.8% | -3.7% | 26.7% | -21.9% | 6.7% | 16.4% | 5.0% | -9.6% |

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.

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 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 Flexi Fund (HLAVFF)

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.