

# HLA Secure Fund (HLASF)

May 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

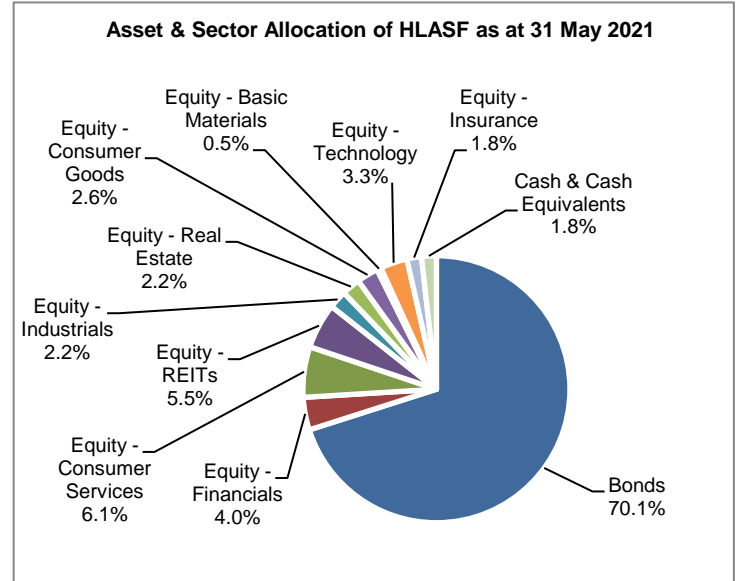
The strategy is to provide investors an affordable access into a diversified investment portfolio with a mixture of equities and fixed income instrument. The fund will invest primarily in fixed income instruments such as bonds, money market instruments, repo and deposits with financial institutions that 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

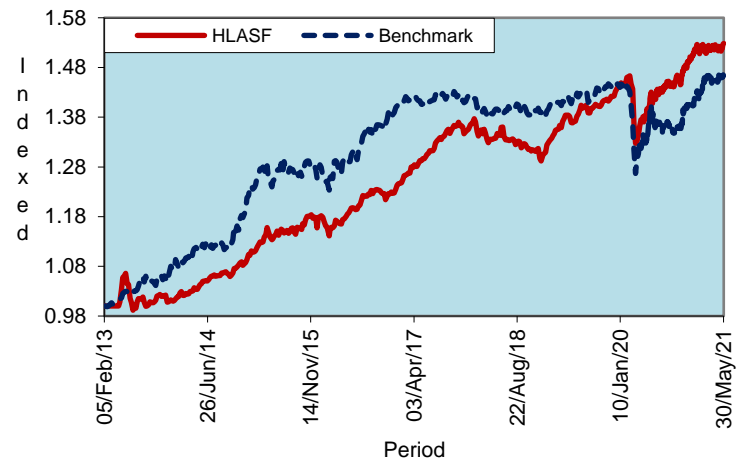
Unit Price (31/5/2021)	:RM1.5284
Fund Size (31/5/2021)	:RM23.6 mil
Fund Management Fee	:1.00% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
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 31 May 2021

Rank	Company Name	Asset Class	Percentage
1.	MGS	FI	2.3
2.	AIA Group Ltd	Equity	1.8
3.	Weichai Int HK Energy Grp Co	FI	1.7
4.	Lafarge Cement Sdn Bhd	FI	1.7
5.	TSMC	Equity	1.6
Total Top 5			9.1

## Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	1.58%	0.80%	9.18%	13.75%	27.64%	52.84%
Benchmark*	4.09%	0.64%	7.46%	4.77%	11.95%	45.99%
Relative	-2.52%	0.16%	1.72%	8.97%	15.69%	6.85%

\*Source: AffinHwang

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

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# HLA Secure Fund (HLASF)

## Market Review, Outlook & Strategy relevant to Target Fund

It was a slow grind for markets in May as a slew of economic data releases boosted optimism, though this was tempered by a resurgence of COVID-19 cases especially in emerging markets. The US S&P 500 closed 0.70% higher, whilst the tech heavy Nasdaq index was down 1.17% in the month.

In Asia, the MSCI Asia ex-Japan index climbed 1.2% with Taiwan leading the recovery in the region following a rout before. Strong economic growth has lent strength to the Chinese Renminbi which rose to the strongest level against the greenback since 2018. Last month, US President Joe Biden unveiled a US\$6 trillion budget in Congress for the 2022 fiscal year as part of a nationwide rebuilding effort to boost social spending as well as investments in infrastructure, childcare and other public works. The budget is expected to be funded by higher taxes on corporates as well as wealthy individuals to cap the fiscal deficit. Voting on the fiscal budget is likely to be split along partisan lines especially with midterm elections looming next year. It is likely that a watered down version of the budget would be passed instead as the Democrats hold a slim majority in Congress. Meanwhile, earnings season continue to roll-out. Notable ones include Alibaba whose results came below expectations. Topline growth was strong, but margin compression resulted in a miss for its bottomline. Its management had also state that it would be reinvesting all of its incremental profits for financial year 2022 into its business. Tencent results expectations, though much of the market's focus was on the management's statement that it would be partially reinvesting back its profits into the business similar to Alibaba.

On the domestic front, the local market was weaker with the benchmark KLCI down 0.53% in May as new daily COVID-19 infections pierced chilling new highs. To contain the pandemic, the government revealed that a "total lockdown" or Full Movement Control Order ("FMCO") will take place beginning 1 June until 14 June 2021. During this period, all economic activities are not allowed to operate unless deemed essential such as food and beverage ("F&B"), banking and telecommunication. All subsectors of manufacturing are also not allowed, with the exception of aerospace, F&B, packaging and printing (related to the F&B or medical sector), as well as health and medical. Despite the sudden announcement, the local market was still well-behaved dropping marginally post-announcement. Markets were likely relieved that there was no complete shutdown of the economy with export-oriented and essential sectors / services still allowed to operate at 60.0% capacity. Channel checks also show that companies are more prepared this time around to mitigate the impact of the lockdown after going through so many rounds of MCOs before. These include opening up night shifts as well operating production during weekends to manage output. The overall impact to the economy could see the country's GDP shaved between 1.0- 1.5% assuming that the total lockdown is not prolonged beyond 1 month. Discretionary spending including leisure, services and property might take a dip during this time. Meanwhile, the country's national inoculation continues to gain momentum with urban centres such as Kuala Lumpur and Penang already reporting healthy progress for those who have registered. With further supplies underway and more vaccination centres set[1]up, we could see the pace pick up faster towards 2H2021.

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

Year	2013	2014	2015	2016	2017	2018	2019	2020
<b>Benchmark</b>	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%	-0.2%	-3.1%
<b>HLASF - Gross</b>	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%	12.3%	6.0%
<b>HLASF - Net</b>	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.

- 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. Country Risk**  
The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.
- 4. 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.
- 5. 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:

- 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

## HLA Secure Fund (HLASF)

- e) engaging in the hedging of foreign currency exposure where appropriate

### 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.