HLA Venture Flexi Fund (HLAVFF)

October 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

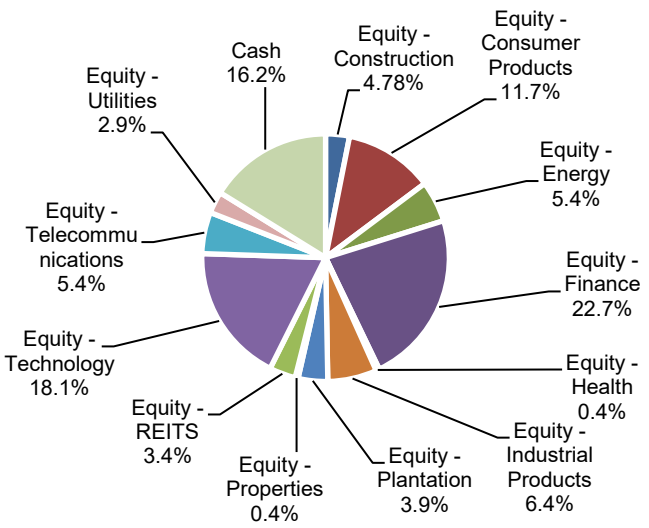
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Fund Details

Unit Price (31/10/2022)	: RM0.9781
Fund Size (31/10/2022)	: RM150.2 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

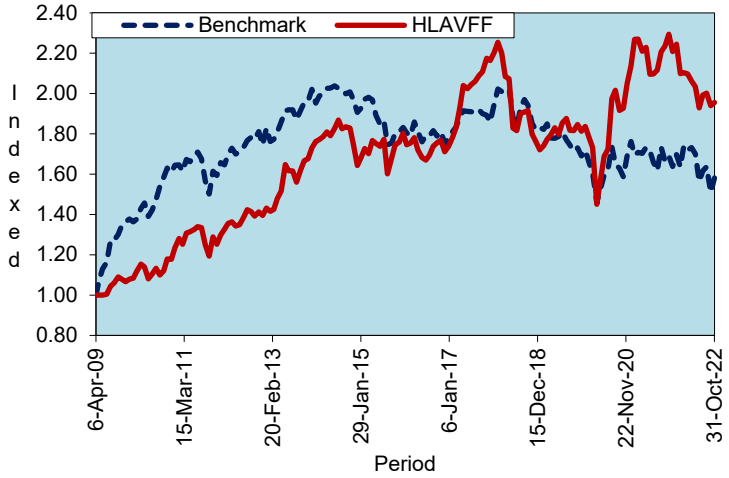
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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

Asset & Sector Allocation of HLAVFF as at 31 Oct 2022



Top 5 Holdings for HLAVFF as at 31 Oct 2022		%
1.	CIMB	8.6
2.	MAYBANK	5.7
3.	GENM	3.8
4.	RHBBANK	3.7
5.	INARI	3.6
	Total Top 5	25.2

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVFF	-12.84%	0.85%	-14.73%	6.00%	-10.08%	38.52%	95.62%
Benchmark*	-6.84%	4.71%	-6.52%	-8.61%	-16.45%	-12.71%	58.09%
Relative	-6.01%	-3.87%	-8.20%	14.61%	6.37%	51.23%	37.53%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

Global equities staged a recovery in October as market is now pinning hopes of smaller rate hikes ahead by the Fed. This was following a more dovish ECB and the Bank of Canada which delivered smaller-than-expected interest rate hikes. On the other hand, recession risks are also rising and the US Big Tech earnings have missed expectations amid pressures from weaker consumer demand and a strong USD. Geopolitical tensions continued to escalate between the US and China following US' issuance of restrictions on advanced semi sales to China and US persons employed by Chinese semi firms. The Russia-Ukraine situation appeared to have deteriorate further after the Russian's vicious attacks on critical infrastructure in Ukraine and froze its participation in the Black Sea grain-export programme. Over to China, we saw the conclusion of the 20th Party Congress meeting where President Xi Jinping was being re-elected for the third-term and the Standing Committee was being reshuffled to feature all his allies. These changes to existing practices of selecting Party positions signalled the virtual end of the system of collective responsibility and during the meeting the party also formalized China's forceful position on international relations, geopolitics and on reunification. These factors led to a further plunge in the Chinese market.

In October, we saw a broad-based recovery for the FBM KLCI. Budget 2023 was tabled on 7th Oct but on 10th Oct the announcement to dissolve the Parliament to pave way for GE15 was made, with the polling date set to be held on 19th Nov. The three best performing sectors in October were healthcare (+15% mom), transport (+12% mom) and plantation (+6% mom). The top three worst performing sectors were technology (-4% mom), construction (-1% mom) and REIT (-1% mom).

Average daily trading value fell to RM1.7b in October from RM1.8b in September. Foreign institutions remained net sellers -RM594m (Sep: -RM1.6b) while local institutions stayed as the largest net buyers with +RM885m (Sep: +RM1.1b). Local retailers turned net sellers of -RM133m in October. Retailers, local institutions and foreign institutions accounted for 25%, 46% and 29% respectively of value traded. The 4 major indices recovered in October with FBM KLCI leading the broader market. FBM KLCI was up by 4.7% to close at 1,460.38 pts, FBM Shariah +4.0% mom, FBM Emas +3.8% mom and FBMSC +4.2% mom.

On the global front, the key focus events will include the FOMC meeting, US mid-term elections and the G20 Summit (potential meeting between President Xi Jinping and President Biden). Investors will continue to track closely the ongoing developments in the Russia-Ukraine war and its impact on commodity prices. As for domestic key events, it will include the MPC meeting where market expects another 25bps hike, outcome of GE15 which is expected to be market neutral and the 3Q earnings reporting season which should continue to see cost pressures. We remain defensive, investing in both value and growth. Sectors that we continue to favour include interest rate hike beneficiaries (banks), selected recovery/reopening names (consumers with pricing power) and 5G/ technology (easing of supply chain bottlenecks).

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.