HLA Venture Blue Chip Fund (HLAVBCF)

May 2022

Fund Features

1. Investment Objective

The objective of the fund is to achieve returns comparable to the general stock market by taking average risks, with focus on well-capitalised and financially sound "blue chip" stocks to achieve a balance of capital gains and dividend income.

2. Investment Strategy & Approach

This fund provides participation in the stock market without taking excessive risk by focusing on fundamentally strong "blue chip" stocks listed in Bursa Malaysia and/or in any foreign stock exchanges. This fund is suitable for investors with moderate risk tolerance and expects returns that are comparable to the market as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

3. Asset Allocation

The fund may invest up to 95% of its NAV in equities.

4. Target Market

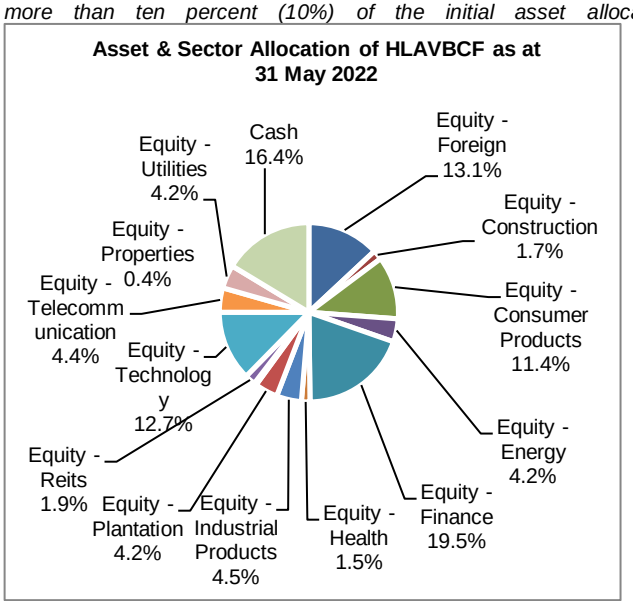
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Fund Details

Unit Price (31/5/2022)	: RM2.5463
Fund Size (31/5/2022)	: RM525.9 mil
Fund Management Fee (effective as at 01/05/2018)	: 1.43% p.a. (capped at 1.50%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jan 2000
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency of Unit Valuation	: Daily

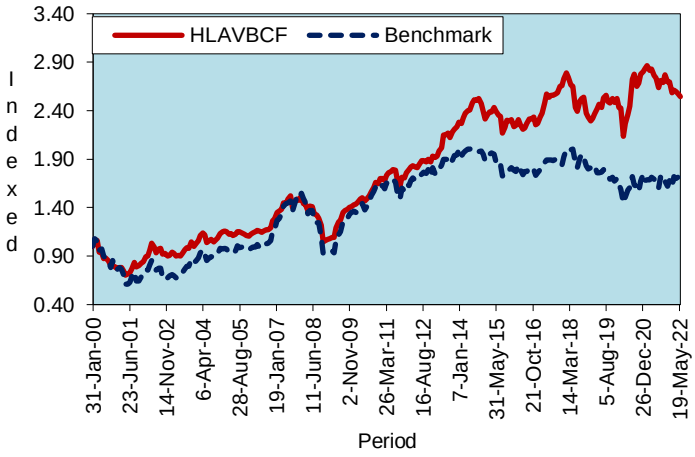
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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

Asset & Sector Allocation of HLAVBCF as at 31 May 2022



Top 5 Holdings for HLAVBCF as at 31 May 2022		%
1.	CIMB	6.0
2.	MAYBANK	4.8
3.	RHBBANK	4.7
4.	GENTING	4.6
5.	SIMEPLT	4.2
	Total Top 5	24.3

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVBCF	-5.69%	-1.13%	-7.95%	4.75%	0.41%	40.58%	154.63%
Benchmark*	0.16%	-1.90%	-0.85%	-4.89%	-11.09%	-0.67%	68.22%
Relative	-5.86%	0.77%	-7.10%	9.63%	11.50%	41.25%	86.41%

*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 risk aversion deepened in the month of May sending US stocks into bear market territory briefly (down 20% from the recent peak) before reversing as some investors saw it as a buying opportunity. The release of weaker economic data and corporate earnings in the US have also thrown doubts over the health of the US economy. Sentiment was further weighed when US retailers like Walmart and Target gave a more downbeat guidance (due to rising inventories) which suggested that US consumers could finally be feeling the strain. Markets continued to trade tumultuously as investors questioned the trajectory of US inflation and the effectiveness of Federal Reserve's monetary policy in reigning in inflation without curtailing growth. Over in China, sentiment recovered following the State Council executive meeting where policymakers decided to roll out a broad package of measures to stabilise the economy amid intensifying downward pressure on the economy. PBoC also lowered the 5Y LPR by 15bps to 4.45% during the month. Oil price resumed its uptrend touching the US$115/barrel level as EU agreed to a partial ban on Russian oil imports. The Ringgit continued to weaken against the US$ during the month from 4.35/US$ to a low of 4.40/US$ before recovering to 4.38/US$ at month end.

Domestically in May we saw the economy return to a stronger footing in 1Q22 with a GDP growth of +5% (4Q21: +3.6% yoy). The latest economic indicators also continued to point towards a sustained economic recovery as Malaysia transitions towards a full reopening of its economic activities. With the domestic economy on a stronger footing, Bank Negara Malaysia surprised the market by announcing the first Overnight Policy Rate hike of 25 bps point after maintaining it at a record low of 1.75% since Jul 20. It was also the first quarter reporting season which we deem as largely neutral with major sectors like banks, plantation and telco coming in largely within expectations.

The average daily trading value in May increased to RM2.4b from April's RM2.1b. Retailers were net buyers with +RM0.5b whilst local institutions stayed net sellers -RM0.6b. Foreign institutions stayed small net buyers with a net buy of +RM0.1b. Retailers and local institutions accounted by 21.6% and 31.2% of value traded. Foreign institutions accounted for 35.9% of value traded. The four indices were down in May. FBM KLCI outperformed with a smaller decline of 1.9% mom to close at 1,570.10pts. FBM Shariah declined by 4.3% mom, FBM Emas was down by 2.7% mom and FBM Small Cap retreated the most with a -7% mom drop.

In June, the Federal Reserve will start to shrink its US$8.9tn balance sheet, deploying the second tool alongside higher interest rates to curb inflation. For the upcoming mid-June FOMC meeting, market is already anticipating another 50bps hike to the Federal Fund Rates. Over in China, more cities are gradually easing Covid-19 curbs and Shanghai reopened on 1st June following the improvement seen in nationwide new cases. This is positive as with production resuming in China, the current widespread supply chain disruptions could ease in coming months. For Malaysia, the reopening will continue to support economic recovery but there are also early signs of corporates facing cost pressure due to ongoing labour shortages and high commodity prices. This trend will likely be more evident in the upcoming quarter results. We maintain our barbell strategy by investing in both the value and growth sectors, but will look to pivot towards increasing weightage in dividend-yielding stocks. We continue to favour 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%
HLAVBF- Gross	11.9%	21.4%	3.2%	1.1%	-0.1%	23.6%	-15.7%	12.5%	13.4%	-2.5%
HLAVBF - Net	9.6%	18.3%	1.5%	-0.4%	-1.6%	20.3%	-15.9%	10.1%	10.9%	-3.7%

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.

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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

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 Blue Chip 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.