

# HLA Venture Blue Chip Fund (HLAVBCF)

April 2023

## 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.

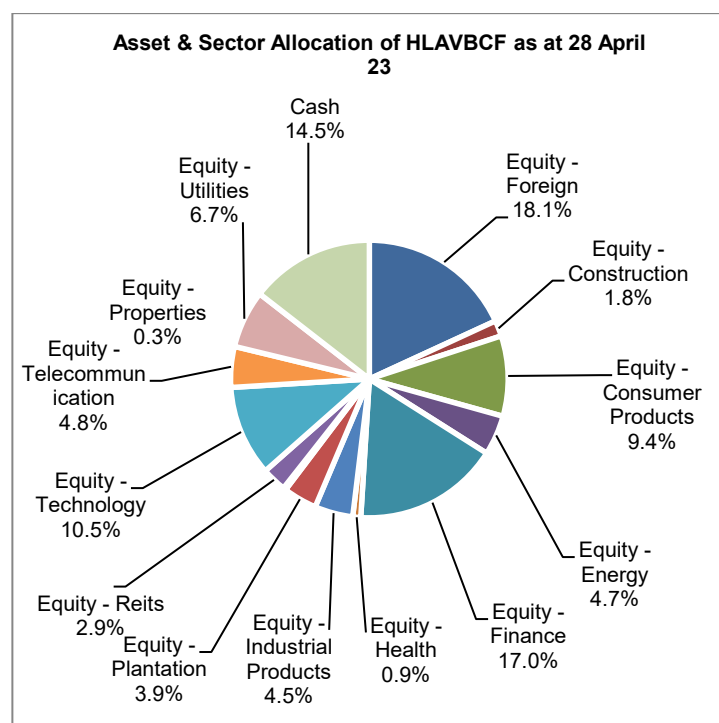
### 4. Target Market

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).

## Fund Details

Unit Price (28/4/2023)	: RM2.4337
Fund Size (28/4/2023)	: RM622.2 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

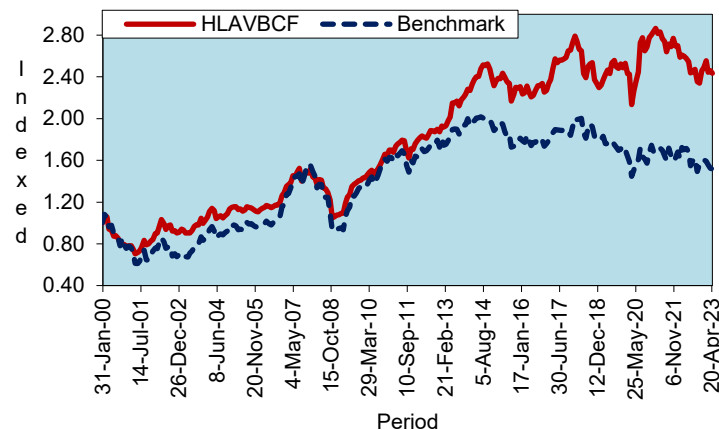
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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



### Top 5 Holdings for HLAVBCF as at 28 Apr 2023

	%
1. TENAGA	6.4
2. CIMB	5.3
3. PINGAN	5.2
4. MAYBANK	5.0
5. ALIBABA	4.8
Total Top 5	26.6

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVBCF	-2.43%	-1.06%	-5.50%	7.40%	-8.20%	20.77%	143.37%
Benchmark*	-5.32%	-0.47%	-11.53%	0.58%	-24.30%	-17.56%	51.70%
Relative	2.89%	-0.59%	6.02%	6.82%	16.10%	38.33%	91.67%

\*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 fared better in April following the release of better-than-feared economic data and stronger corporate earnings from US major banks and technology sector. These were partially mitigated by concerns on the struggling regional banks and a possible recession. While US March CPI slowed to 0.1% mom/ 5% yoy, it is still much higher than the Fed's 2% target and is unlikely to abate to the target level anytime soon. As for the HK/ China markets, the recovery seen in mid-March reversed its course on the back of renewed US-China tensions (potential US FDI restrictions in selected areas to China) and investors' skepticism over the demand recovery following the reopening of its economy as well as the lack of stimulus measures during the China Politburo meeting. Sentiment was further dampened by fund raising activities within selected counters and share disposal by major shareholders. OPEC+ members and Saudi Arabia surprised the market when the coalition announced voluntary cuts to their oil production of around 1.2m barrels a day which led to the recovery in Brent oil prices to above US\$80/barrel. However, Brent failed to hold above the US\$80/barrel following recessionary fears.

Domestically, newsflow was subdued and trading volumes were thin due to the Eid festive period. However, some notable news in April includes Malaysia's plans to introduce a second 5G network from Jan 2024 to challenge DNB's lock on the market and Penang obtained the Environmental Impact Assessment (EIA) approval for the Penang South Island (PSI) reclamation project with a whopping 71 conditions to be fulfilled. On the economic front, Malaysia saw its headline inflation eased to +3.4% yoy in March from Feb's +3.7% yoy dragged by softer growth across most groups.

Average daily trading value decreased further to RM1.7b in April from March's RM2.0b. Foreign investors stayed net sellers at around -RM0.2b. Local institutions turned net sellers at -RM0.3b and local retailers remained as net buyers at +RM0.3b. The best-performing sectoral indices in April 23 were telecommunications, utilities and transportation whilst the worst three performing sectors were technology, healthcare and financials. In April, the FBM KLCI underperformed the broader market with a negative return of -0.5% m-o-m to close at around 1,416 points. The FBM Shariah and FBMSC posted positive returns of +0.2% m-o-m and +1.5% m-o-m respectively. FBM Emas saw a decline of -0.2% m-o-m in April.

Globally, investors will continue to monitor US bond yield movements, global monetary policies, potential recessionary risks as well as the prospects of any US corporate debt default. As for HK/ China markets, investors will continue to focus on datapoints and corporate guidance on China's consumption recovery and outbound travel as economic activities continue to normalize. Domestically, it will be the 1Q results reporting season which investors will be following closely. 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
<b>Benchmark</b>	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%	2.4%	-3.7%	-4.6%
<b>HLAVBF - Gross</b>	21.4%	3.2%	1.1%	-0.1%	23.6%	-15.7%	12.5%	13.4%	-2.5%	-6.8%
<b>HLAVBF - Net</b>	18.3%	1.5%	-0.4%	-1.6%	20.3%	-15.9%	10.1%	10.9%	-3.7%	-7.6%

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.**

## 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. Derivatives are used to hedge against currency risk. The Fund aims to hedge up to 100% of foreign currency exposure using derivatives.

## 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 Blue Chip Fund (HLAVBCF)

### 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.