HLA Venture Blue Chip Fund (HLAVBCF)

November 2021

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

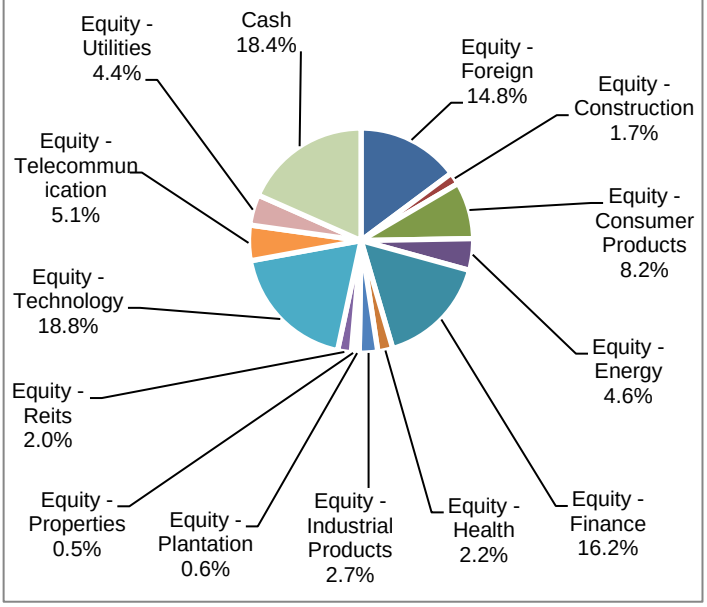
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Fund Details

Unit Price (30/11/2021)	: RM2.6965
Fund Size (30/11/2021)	: RM500.8 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

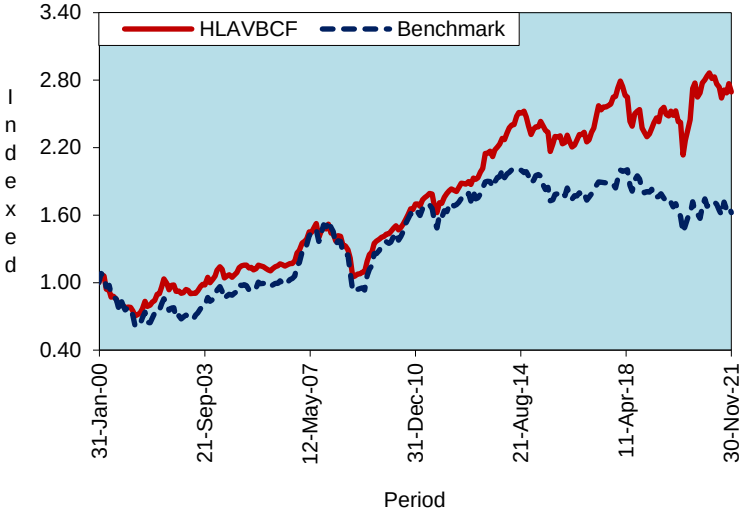
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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

Asset & Sector Allocation of HLAVBCF as at 30 November 2021



Top 5 Holdings for HLAVBCF as at 30 Nov 2021		%
1.	INARI	5.7
2.	CIMB	5.7
3.	MYEG	4.6
4.	MAYBANK	4.4
5.	RHBBANK	4.3
	Total Top 5	24.6

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVBCF	-3.85%	-2.67%	-2.82%	15.41%	19.70%	58.09%	169.65%
Benchmark*	-6.96%	-3.09%	-3.12%	-9.87%	-6.49%	2.84%	62.20%
Relative	3.11%	0.42%	0.30%	25.29%	26.19%	55.24%	107.45%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

In November, global equities erased earlier gains as risk appetite fell sharply on news that the World Health Organisation designated the new Covid strain Omicron as a "variant of concern". Scientists fear Omicron may be more transmissible and could reduce the efficacy of the current vaccines. Commodities were the first to tumble as a result of such macro concerns. Oil price fell by close to 20% mom on worries of demand destruction as several countries immediately imposed travel restrictions on nationals from South Africa. However, the producers of MRNA vaccines subsequently came out to say that updated versions of vaccines could be made available 50-100 days after the sequencing of the new virus variant. Another key focus was the much higher than expected CPI in both the US and China markets which stoked concerns that inflation may be more persistent than expected. Some of the Fed officials have signalled concerns that inflation pressures are broadening and that the Fed may wish to wrap up its asset-purchase program sooner. As for China, sentiment was mixed as various positive news (such as expectations that the crackdown against the property sector may be easing, surge in new mortgage loans in October, Didi's plans to prepare for the relaunch of its apps, Evergrande avoiding default and Biden-Xi virtual meeting) were mitigated by equal amount of negative news (Kaisa and Shimao at risk of default and China government mulling data tax on internet companies).

As for the domestic market, it reversed all the gains in the previous month following the market-unfriendly measures introduced in Budget 2022. Among the measures introduced were: one-off prosperity tax, tax on foreign-sourced income and revision to the stamp duty structure for stock trading. Collectively, the 3 measures are expected to raise around RM5.5b of additional revenue for the government in 2022. Bank Negara Malaysia (BNM) left its policy rate unchanged at 1.75%, which came as no surprise. BNM expects inflation of 2-3% for 2021 and projected to remain moderate in 2022. 3Q21 real GDP contracted by 4.5% yoy amid the strict Covid-19 containment measures in July under Phase 1 of the National Recovery Plan, which weighed on consumption and investment activities.

Average daily trading value declined further to RM2.8b in November from September's RM2.9b. Retailers were net buyers +RM1.1b whilst local institutions stayed net sellers -RM1.5b. Foreigners remained small net buyers +RM0.1b. Retailers and local institutions accounted for 29.6% and 26.4% of value traded. Foreign institutions accounted for 27.7% of value traded. The FBM KLCI closed the month lower at 1,514 points (-3.1% mom) where most sectors were broadly lower led by energy, property, transport and construction. Healthcare gained due to the emergence of the Omicron variant at the end of the month. FBM Shariah and FBMEmas were down by 3.7% mom and 4.1% mom respectively. FBMSC retraced the most with a decline of 7.7% mom.

Markets are likely to remain volatile in the near term with much focus on the developments of the Omicron variant of Covid-19 given so little is known about this new strain and any new information will likely cause large swings in markets. As for the domestic market, investors will continue to digest the impact of the one-off prosperity tax and the tax on foreign-sourced income as well as the recently completed 3Q results. We maintain our barbell strategy by investing in both the value and growth sectors, with focus still on the recovery/reopening theme, reflation beneficiaries and 5G/ technology names.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benchmark	0.8%	10.3%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%	2.4%
HLAVBF- Gross	5.4%	11.9%	21.4%	3.2%	1.1%	-0.1%	23.6%	-15.7%	12.5%	13.4%
HLAVBF - Net	3.6%	9.6%	18.3%	1.5%	-0.4%	-1.6%	20.3%	-15.9%	10.1%	10.9%

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.

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 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.