

HLA Venture Dana Putra (HLAVDP)

June 2021

Fund Features

1. Investment Objective

The objective of the fund is to achieve capital growth over the medium to long term.

2. Investment Strategy & Approach

This fund invests in Syariah-approved securities and money market instruments.

3. Asset Allocation

The fund will invest up to 90% but not less than 40% of its NAV in equities.

4. Target Market

This fund is suitable for investors who are willing to take moderate risk.

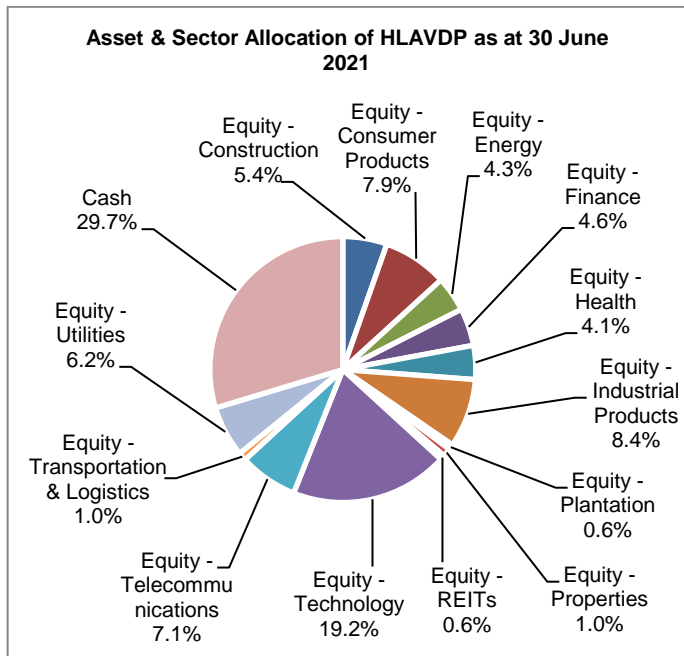
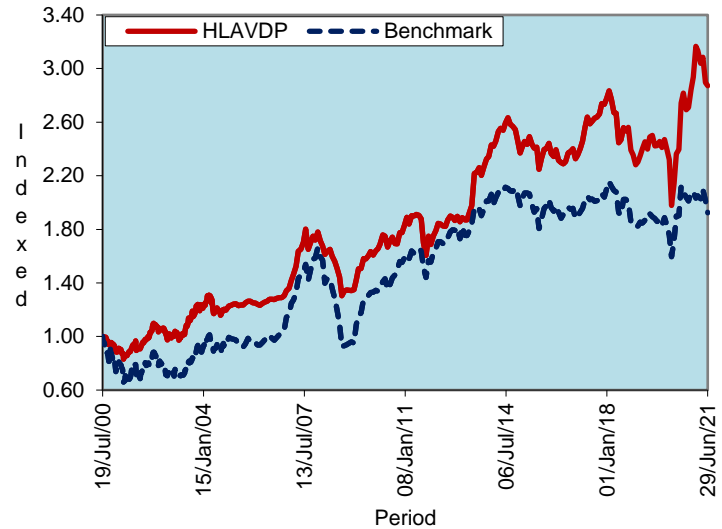
Fund Details

Unit Price (30/6/2021)	: RM2.8719
Fund Size (30/6/2021)	: RM135.1 mil
Fund Management Fee (effective as at 01/01/2019)	: 1.34% p.a. (capped at 1.40%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jul 2000
Benchmark	: FBM EmasShariah Index (KL Shariah Index)
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 HLAVDP as at 30 June 2021		%
1.	TM	4.2
2.	TENAGA	4.0
3.	MYEG	4.0
4.	BIMB	3.8
5.	UWC	3.7
Total Top 5		19.7

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVDP	-2.21%	-0.78%	19.83%	16.42%	25.50%	50.76%	187.19%
Benchmark*	-7.45%	-4.66%	1.27%	0.71%	0.62%	15.79%	92.31%
Relative	5.24%	3.87%	18.55%	15.71%	24.88%	34.97%	94.88%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

For the month of June, global equities continued to edge higher driven by the US and Europe, while Asian markets continued to underperform. Strong economic data and continued assurances from the Fed and ECB of unwavering support provided a boost to markets despite the spread of the Delta variant. The Fed chief reiterated that the central bank would not simply raise interest rates too quickly based only on the fear of coming inflation as the central bank views the recent high inflation readings as transitory. They will instead focus more on encouraging a broad and inclusive recovery of the job market. Vaccination rollout continues to gain momentum in the US making it the first country out the “reopening” gate. Likewise in Europe, its economy is slowly accelerating on the backdrop of reopening and progress in vaccinations. In contrast, parts of Asia that performed well in the pandemic like Singapore, Hong Kong and Australia dropped in rankings as strict border curbs remain in place and a zero-tolerance approach to small virus flare-ups limit their ability to reopen. Elsewhere within the Asean region, Malaysia, Thailand and Indonesia have shifted to some form of lockdown to contain new cases whilst accelerating vaccinations.

Back to Malaysia, the full MCO 3.0 was extended beyond 14th Jun dragging into July as daily new Covid-19 cases remain stubbornly high at >5k levels. The National Recovery Plan was also unveiled during the month and it comprised four phases of an exit strategy from the Covid-19 pandemic. Each phase will have three main threshold indicators that need to be met for progression to the next phase which are – daily cases of infection, bed utilization rates in ICU and the % of population having received two doses of Covid-19 vaccine injections. The government also announced further aid under the PEMULIH package worth RM150b where RM10b will be via direct fiscal injection. This will likely result in a widening of the fiscal deficit, putting further downward pressure on its sovereign ratings. S&P during the month affirmed Malaysia’s credit rating at A- but maintained the “negative” outlook which has been in place since Jun 2000. There were some interesting corporate actions during the month with MMC to be privatized by Tan Sri Syed Mokhtar via a selective capital reduction (SCR) at RM2/share (>60% premium to the last traded price prior to the announcement), KLK will be acquiring IJM Corp’s 56.2% equity stake in IJM Plant for total consideration of RM1.5b (RM3.10/share) and Sunway successfully divested a 16% stake in Sunway Healthcare for RM750m to GIC (implied valuation for Sunway Healthcare was RM4.7b).

Retailers were net buyers at +RM1.7bn (+USD409m) whilst local institutions were net sellers at – RM1.2bn (-USD289m). Foreign institutions were net sellers at -RM1.2bn (-USD289m). Retailers and local institutions accounted for 35.7% and 27.5% of value traded with foreigners the remaining 17.4%. For the month, FBMKLCI was down by 3.22% mom to 1,532.63 pts. The FBM Shariah declined by 4.7%, FBMSC retraced by 3.6% and FBM Emas was lower by 3%.

Going forward, market will continue to be sensitive to economic data, inflation readings and the movement in bond yields. Sustained inflation beyond the near-term transitory increases and/or a sudden spike in bond yields will result in a very volatile market. Given the emergence of the Delta variant, the sustainability of the US reopening will be closely followed by market participants. In Malaysia, the Covid-19 infection trend and pace of vaccination will continue to dictate market movements. The domestic political turmoil continues as despite calls from the King to resume parliament, there has not been a firm announcement from the Prime Minister or his cabinet. The upcoming MPC meeting will also be closely followed where given the recent turn of events, there are noises of a potential rate cut. Markets will remain volatile – 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.

The UST’s performance over the near term will be influenced by key economic data releases which will form a basis of investors’ perception on inflationary pressures be it one that is sustained or transient. The market will also be keeping a close watch on the Fed’s tone as signs of a shift in its previously dovish tone at the onset of the pandemic have been made present as of late. On the supply front, progress and outcome of President Biden’s USD 1 trillion infrastructure plan will be monitored as the plan could be partly funded through issuances of public debt.

On the domestic front, close attention will be paid on the MPC meeting in July given the challenges facing the economy amid growing concerns on the public health situation. Key indicators on the nations’ pandemic containment measure will be monitored given that there are now clear conditions that are to be met before gradual reopening of the economy would resume. Over the near term, supply of domestic debt could increase to fund the government latest stimulus package dubbed ‘PEMULIH’ which includes a RM10.0 billion direct fiscal injection. Any weakness in the bond market will provide good opportunity for the Fund to rebuild its position for the second half of the year as we expect OPR to remain low for a prolong period coupled with a potential rate cut within next 6 to 12 months.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benchmark	2.4%	11.9%	13.3%	-4.2%	2.4%	-6.1%	10.7%	-13.5%	3.9%	10.1%
HLAVDP- Gross	-3.1%	10.0%	32.6%	-1.1%	4.9%	-2.4%	20.8%	-17.8%	10.5%	22.0%
HLAVDP - Net	-4.5%	7.8%	28.6%	-2.4%	3.1%	-3.6%	17.7%	-17.7%	8.3%	18.9%

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.

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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 Dana Putra 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.