

# HLA Secure Fund (HLASF)

October 2021

## Fund Features

### 1. Investment Objective

To provide investors with steady and consistent return over a long-term investment horizon by investing into local and global fixed income securities and equities.

### 2. Investment Strategy & Approach

The strategy is to provide investors an affordable access into a diversified investment portfolio with a mixture of equities and fixed income instrument. The fund will invest primarily in fixed income instruments such as bonds, money market instruments, repo and deposits with financial institutions that provide regular income as well as in high dividend yield stocks to enhance the fund's returns. The asset allocation decision between fixed income instruments and equity is decided after considering the fixed income and equity market outlook over the medium to long-term horizon. Initially the fund will invest by feeding into Affin Hwang Select Income Fund ("Target Fund"), with the option to increase the number of funds or replace Affin Hwang Select Income Fund with other fund(s) in future.

### 3. Asset Allocation

The fund shall invest a minimum 70% of the NAV in Fixed Income Instruments and maximum 30% of NAV in equities.

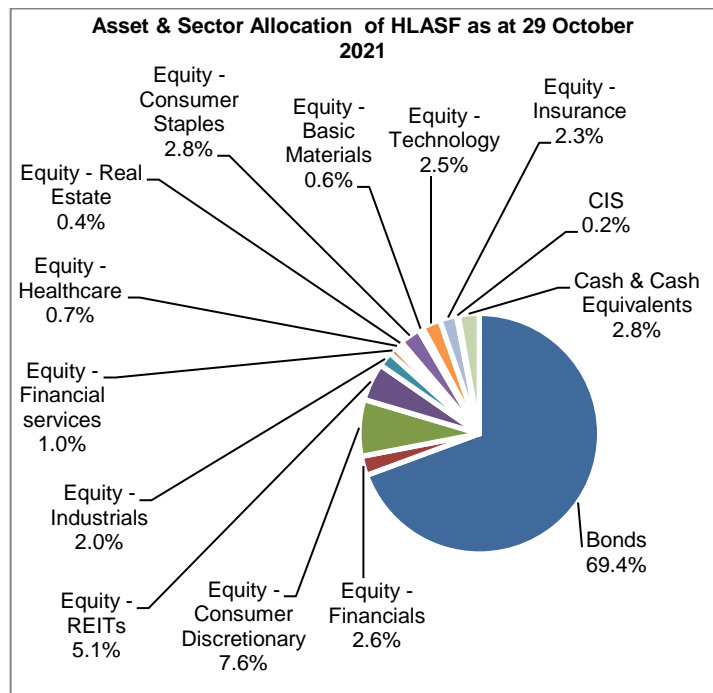
### 4. Target Market

The fund is suitable for investors who are relatively conservative and wish to have a steady and stable return that meets their retirement needs.

## Fund Details

Unit Price (29/10/2021)	:RM1.5135
Fund Size (29/10/2021)	:RM23.4 mil
Fund Management Fee	:1.00% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
Frequency of Unit Valuation	:Daily

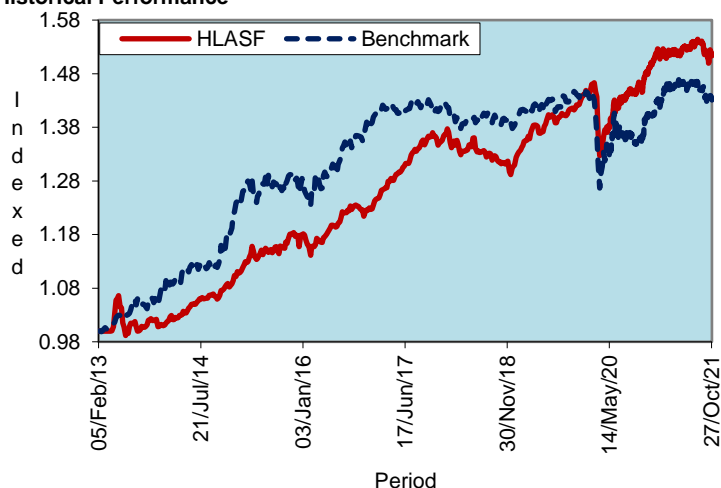
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.



## Top 5 Holdings for HLASF as at 29 October 2021

		%
1.	MGS (22.05.2040)	FI 2.5
2.	Taiwan Semiconductor Manufacturing	Equity 2.0
3.	CapitaLand Integrated Comm Trt	Equity 1.8
4.	Lafarge Cement Sdn Bhd	Equity 1.8
5.	AIA Group Ltd	Equity 1.7
Total Top 5		9.8

## Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	0.58%	-0.33%	4.73%	15.38%	23.21%	51.35%
Benchmark*	2.01%	-0.22%	6.26%	3.30%	5.00%	43.08%
Relative	-1.43%	-0.11%	-1.53%	12.07%	18.21%	8.27%

\*Source: AffinHwang

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

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# HLA Secure Fund (HLASF)

## Market Review, Outlook & Strategy relevant to Target Fund

US equities climbed to a fresh peak in October with the S&P 500 rising 7.0% hitting an all-time high of 4,605 points. The Nasdaq index similarly vaulted 7.3%. Market sentiment was fuelled by robust 3Q'2021 earnings result which has beat expectations. Slightly over half of the companies in the S&P 500 index have reported results. So far, 80.0% of these companies delivered earnings beat by an average of 10.0%. Financials were the best performer beating earnings expectations by over 19.0%. Other sectors posted an aggregate earnings beat of 8.0%. Mega-cap tech names including Apple and Amazon reported a softer set of results on the back of supply chain constraints. However, once supply chain conditions normalise, the tech giants are expected to catch-up in future quarters to meet higher demand which remains robust. Google and Microsoft reported a strong set of results across the board.

In Asia, the MSCI Asia ex-Japan edged 1.4% higher lagging behind gains in developed markets. Regulatory noise from China continue to unnerve investors, though the government sought to soothe fears stemming from the property sector as well as spill-over effects from Evergrande's debt saga. The government reassured investors that it would not further tighten measures in the property space and added that steady economic growth will remain its key goal. Official data had shown China's 3Q'21 GDP missing expectations after rising 4.9% y-o-y compared to consensus projections of 5.0%.

On the domestic front, the benchmark KLCI treaded cautiously closing 1.7% higher as investors' attention turned to Budget 2022. Touted as Malaysia's largest budget to date, the government plans to spend RM332.2 billion in 2022 and expects GDP to grow between 5.5-6.5% as the country recovers from the prolonged effects of the pandemic. Though, markets were jolted when the government announced a one-off prosperity tax (Cukai Makmur) for companies that earned super profits in 2022. The newly announced prosperity tax will raise the corporate tax for companies earning above RM100million in pre-tax profit from 24% to 33%. The hardest hit sectors could be the banks, telcos, utilities, large oil & gas players, gloves and plantation companies. Bursa could see some short-term weakness as markets adjust to the impact of the prosperity tax as growth becomes muted.

On fixed income, the expansionary budget could translate to higher supply of government bond auctions next year which could prompt some upward pressure in yields. Though, the expected return of EPF as a market participant after a brief hiatus during the pandemic should boost market liquidity and demand. The MGS 10 Year Yield rose 20 bps in October to close at 3.58%.

## Actual Annual Investment Returns for the Past Eight (8) Calendar Years

Year	2013	2014	2015	2016	2017	2018	2019	2020
<b>Benchmark</b>	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%	-0.2%	-3.1%
<b>HLASF - Gross</b>	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%	12.3%	6.0%
<b>HLASF - Net</b>	1.3%	7.5%	8.4%	4.1%	10.4%	-3.7%	10.4%	4.5%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past eight (8) 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 14 February 2013. The actual investment returns are calculated based on unit price from 14 February 2013 to 31 December 2013.

## 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.

- 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.
- 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.
- Country Risk**  
The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.
- 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.
- Concentration Risk**  
This risk is associated with a feeder fund whereby the investments of such fund are not diversified. A feeder fund invests mainly into another collective investment scheme.

## 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 Secure Fund (HLASF)

## 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.

## Target Fund Details

Affin Hwang Select Income Fund is a Bond fund managed by Affin Hwang Investment Management. The past performance of this fund is as follows:

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	5.6%	15.1%	2.9%	6.9%	8.6%	4.1%	10.5%	-4.2%	10.0%	4.7%

Source: Affin Hwang Investment Management

## 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

For the underlying Target Fund, past performance is calculated after adjusting for distribution and/or additional units, if any.

## Others

HLA Secure 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.