

HLA Venture Income Fund (HLAVIF)

March 2024

Fund Features

1. Investment Objective

The objective of the fund is to achieve high principal security and steady income by investing in fixed-income instruments. Returns will be comparable to prevailing interest rates but correspondingly, the risks will be significantly lower than that for equities investment.

2. Investment Strategy & Approach

This fund focuses on fixed income securities and money market instruments as well as benchmarked against Maybank's 3 months fixed deposit rate. This fund is suitable for investors who have low to moderate risk profile.

3. Asset Allocation

The fund will invest up to 100% of its NAV in fixed income instruments.

4. Target Market

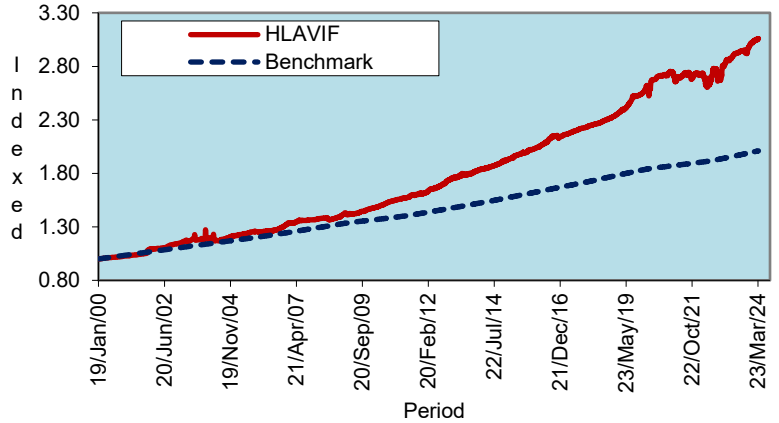
This fund is suitable for investors who have low to moderate risk profile

Fund Details

| | |
|-----------------------------|---------------------------------------|
| Unit Price (29/3/2024) | :RM3.0593 |
| Fund Size (29/3/2024) | :RM915.44 mil |
| Fund Management Fee | : 0.50% p.a. |
| Fund Manager | :Hong Leong Assurance Berhad |
| Fund Category | :Bond |
| Fund Inception | :19 Jan 2000 |
| Benchmark | :3-month Fixed Deposit Interest Rates |
| Frequency of Unit Valuation | :Daily |

The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner three (3) months prior written notice.

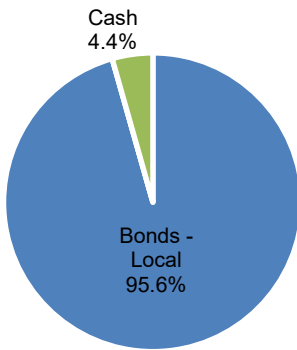
Historical Performance



| | YTD | 1 month | 1 year | 3 years | 5 years | 10 years | Since Inception |
|------------|-------|---------|--------|---------|---------|----------|-----------------|
| HLAVIF | 1.29% | 0.35% | 6.38% | 14.42% | 27.82% | 65.66% | 205.93% |
| Benchmark* | 0.70% | 0.22% | 2.81% | 7.18% | 12.20% | 31.16% | 101.02% |
| Relative | 0.59% | 0.13% | 3.57% | 7.24% | 15.62% | 34.50% | 104.91% |

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

Asset Allocation of HLAVIF as at 29 March 2024



Top 5 Holdings for HLAVIF as at 29 March 2024

| Rank | Holder | % |
|-------------|--------------------------------|------|
| 1. | MSIAN GOVERNMENT SECURITIES 0 | 42.3 |
| 2. | MSIAN GOVERNMENT SECURITIES 3 | 9.6 |
| 3. | TNB POWER GENERATION SDN BHD 0 | 8.8 |
| 4. | CAGAMAS BERHAD 1 | 5.2 |
| 5. | RHB BANK BERHAD 2 | 3.9 |
| Total Top 5 | | 69.8 |

HLA Venture Income Fund (HLAVIF)

Fixed Income Market Review

March was a choppy month for the US Treasuries (UST) market. The 10-year UST yield moved from 4.25% to a low of 4.04% at the beginning of the month, then drifted higher to 4.34% in the middle of the month before settling at 4.20% at close. Overall, the UST yield curve was bull-flattened with mid- to long-end yield coming off by 3-5bps. Softer US economic data such as Core Retail Sales (actual: 0.30% vs. forecast: 0.50%) and ISM Non-Manufacturing PMI (actual: 52.6 vs. forecast: 53) were the main drivers pushing yields lower in general. Sentiment was bullish especially after FOMC signalled its commitment to cutting interest rates three times in 2024. At month-end, the 2-, 5-, 10- and 30-year UST closed at 4.62% (unchanged), 4.21% (-3bps), 4.20% (-5bps), and 4.34% (-4bps), respectively.

Ringgit bonds were also bullish at the onset tracking UST yields movements with yields drifting lower marginally. The local bond market had little reaction post MPC meeting decision as BNM set the OPR to remain unchanged at 3%. The market is envisaged to have priced in the decision and interpreted the statement as neutral. BNM mentioned its determination to keep Ringgit stable and reiterated that the Ringgit is currently undervalued. The USDMYR pair gapped lower after the statement release to touch 4.6835 before it closed at 4.7250. At month-end, the 3-, 5-, 10-, and 30-year MGS settled at 3.49% (-1bps), 3.59% (unchanged), 3.85 (-2bps), and 4.18% (-2bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Yinson Holdings Berhad (RM 640 million, A3) and YTL Power International Berhad (RM 1.0 billion, AA1).

Outlook & Strategy

In the US, the message from the recent FOMC meeting is dovish. Powell continued to guide that rate cuts will "likely be appropriate" this year. However, the statement was left unchanged, implying that officials are still waiting for more certainty before initiating rate cuts.

Sentiment in the Malaysian bond market remains fragile, with bond yields tracking UST rates in the absence of local catalysts. Nevertheless, yields on the long-end bonds continue holding up steadily, while credit spreads on GG and corporate bonds are tightening further. The tight credit spreads made reinvestment into GG and corporate bonds more expensive. This should provide stronger support to the highly liquid MGS papers. MGS yields are envisaged to trade range bound within +/-10bps. With the above backdrop, we remain neutral on the Ringgit bond market.

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

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|------|------|------|------|------|------|-------|------|-------|------|
| Benchmark | 3.1% | 3.2% | 3.2% | 3.1% | 3.0% | 3.3% | 3.0% | 1.5% | 1.7% | 0.9% |
| HLAVIF- Gross | 5.4% | 5.8% | 6.5% | 6.9% | 5.3% | 5.6% | 10.2% | 9.0% | 0.1% | 3.4% |
| HLAVIF - Net | 4.5% | 4.8% | 5.5% | 5.8% | 4.4% | 4.6% | 8.9% | 7.8% | -0.4% | 2.6% |

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.

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 Income Fund (HLAVIF)

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 Income 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.