

HLA Secure Fund (HLASF)

July 2024

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. The Target Fund will invest primarily in Asia pacific excluding Japan companies.

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.

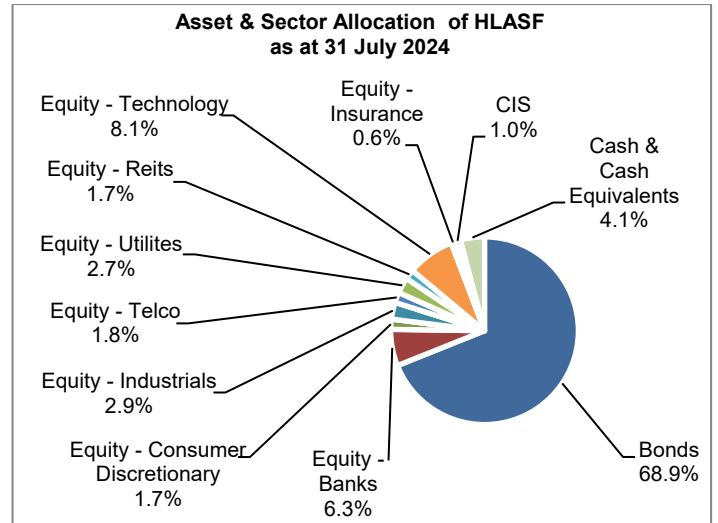
Fund Details

Unit Price (31/7/2024)	: RM1.5485
Fund Size (31/7/2024)	: RM24.83 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 MSCI AC Asia Pacific excluding Japan High Dividend Yield 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 three (3) months prior written notice.

With effect 27 April 2020, the frequency of unit valuation will be changed from weekly to daily.

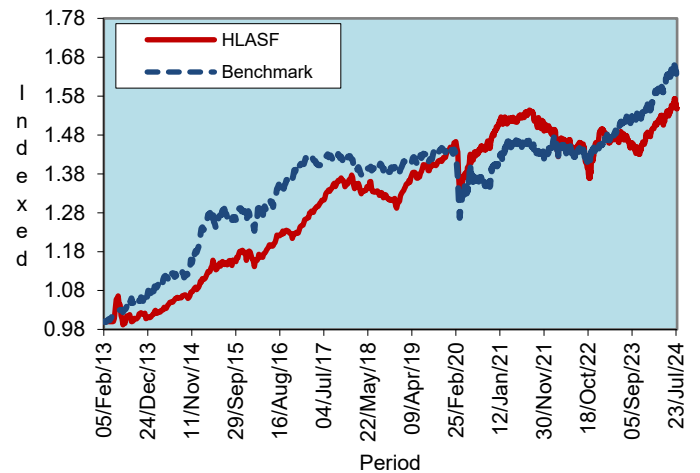
Asset Allocation for HLASF as at 31 July 2024	%
Affin Hwang Select Income Fund	99.97
Cash	0.03
Total	100.0



Top 5 Holdings for HLASF as at 31 July 2024

Rank	Company Name	Asset Class	Weight (%)
1.	Taiwan Semiconductor Manufacturing	EQ	3.8
2.	Tenaga Nasional Bhd	EQ	1.9
3.	MGS (22.05.2040)	FI	1.9
4.	Scentre Group Turst	FI	1.8
5.	Yinson Holdings Bhd	FI	1.7
Total Top 5			11.1

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	4.26%	-0.36%	4.97%	1.15%	10.66%	54.85%
Benchmark*	4.71%	-0.89%	7.03%	12.03%	14.21%	63.18%
Relative	-0.45%	0.53%	-2.07%	-10.88%	-3.54%	-8.33%

*Source: AffinHwang

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

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Benchmark*

Time Frame	Benchmark
Prior to March 2016	(70% x JP Morgan Asia Credit Investment Grade Index) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
March 2016 to February 2022	(70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
February 2022 onwards	(70% x Maybank 12 Months Fixed Deposit Rate) + (30% x MSCI AC Asia Pacific excluding Japan High Dividend Yield Index)

HLA Secure Fund (HLASF)

Market Review, Outlook & Strategy relevant to Target Fund

July capped off a turbulent month for US markets as investors digested a raft of economic data. Softer inflation prints earlier in the month and weak labour market data fortified expectations of rate cuts by the US Federal Reserve (Fed). However, bad data is no longer seen as good news for risk assets, as investors also weigh the risks of a prolonged downturn in the US economy. Nonfarm payrolls grew by just 114,000 in July, down from the downwardly revised 179,000 in June and significantly below market estimates of 185,000. Similarly, the unemployment rate edged higher to 4.3%, its highest since October 2021. These weak data releases came as the Fed chose to keep interest rates steady at its July FOMC meeting. Fed Chair Jerome Powell acknowledged progress on inflation and signalled that a rate cut could come as soon as September if inflation continues to ease.

Overall, the S&P 500 index gained 1.10% in the month, jolted by a sharp rotation out of megacap tech names in favour of small-cap stocks and previously lagging sectors. Earnings season started on a whimper as Big Tech results underwhelm investors amidst signs of exuberance in the AI space. US Treasury yields rallied, with the benchmark 10-year yield dropping 37 bps to settle at 4.03%. Bond markets are currently pricing in a higher likelihood that the Fed could take a more aggressive stance on cutting rates by 50 bps in its September FOMC meeting compared to 25 bps before. In the political arena, President Joe Biden withdrew from the 2024 presidential election, throwing his support behind Vice President Kamala Harris and endorsing her as the Democratic Party's new presidential nominee. While the market's base case is that Trump could still win as President, the odds of the Republicans winning both houses of Congress may be lowered.

Shifting to the East, Japanese equities tumbled with the Nikkei 225 index falling 1.20%, pressured by a stronger yen following the Bank of Japan's (BoJ) decision to raise interest rates and plans to halve its bond-buying program. This move prompted speculators and fast-money investors to exit their carry trades, sparking a selloff in many asset classes in the region. The broader MSCI Asia ex-Japan index closed 0.60% lower, with Taiwan's benchmark gauge tumbling 3.60%, underperforming peers. Chinese equities were muted, with the MSCI China index down 2.20%, following a soft GDP print and the absence of any major policy announcements from China's Third Plenum. However, the People's Bank of China (PBOC) implemented measures to shore up liquidity in the financial system by cutting the reverse repo rate, a key short-term policy rate, and lowering the benchmark loan prime rate.

Back home, the benchmark KLCI remained resilient, closing up 2.30%, led by notable gains in the construction and plantation sectors. These are seen as potential beneficiaries from the Johor-Singapore Special Economic Zone (JS-SEZ) expected to be finalised in September. On the local bond market, the 10-year MGS yield slipped 15 bps lower, settling at 3.72%. June's Consumer Price Index (CPI) was benign, with headline inflation rising by 2.0% y-o-y, below consensus estimates of 2.20%. Food prices were largely stable, and services inflation was largely in check. More importantly, the impact of diesel subsidy rationalisation only led to a small 0.50% m-o-m/1.2% y-o-y increase in transport costs. This lower inflation print reinforces our view that Bank Negara Malaysia (BNM) will keep the Overnight Policy Rate (OPR) unchanged for the remainder of the year.

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

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Benchmark	10.4%	7.7%	8.2%	2.6%	-2.2%	-0.2%	-3.1%	2.2%	1.1%	8.1%
HLASF - Gross	9.2%	10.2%	5.6%	12.4%	-3.0%	12.3%	6.0%	0.7%	-2.0%	3.2%
HLASF - Net	7.5%	8.4%	4.1%	10.4%	-3.7%	10.4%	4.5%	-0.3%	-2.8%	1.9%

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.

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.

- 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. Country Risk**
The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.
- 4. 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.
- 5. 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:

- 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

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.

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.