

HLA Venture Income Fund (HLAVIF)

February 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.

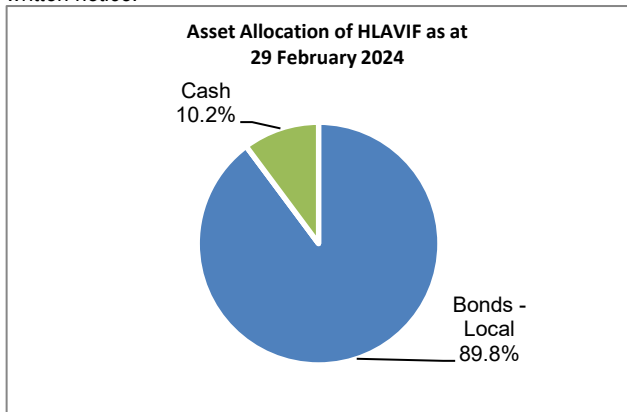
4. Target Market

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

Fund Details

Unit Price (29/2/2024)	: RM3.0506
Fund Size (29/2/2024)	: RM894.4 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

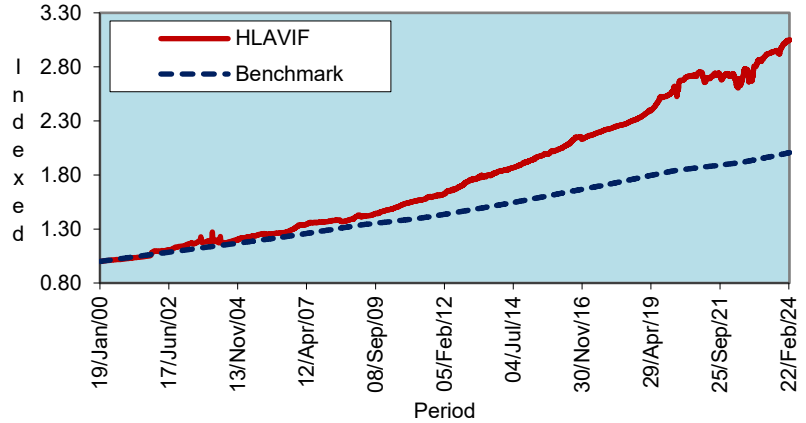
The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner three (3) months prior written notice.



Top 5 Holdings for HLA VIF as at 29 February 2024

Rank	Security Name	Percentage (%)
1.	MSIAN GOVERNMENT SECURITIES 0	32.2
2.	MSIAN GOVERNMENT SECURITIES 3	13.3
3.	TNB POWER GENERATION SDN BHD 0	8.9
4.	CAGAMAS BERHAD 1	5.3
5.	RHB BANK BERHAD 2	4.0
Total Top 5		63.7

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLA VIF	1.00%	0.34%	6.69%	13.30%	28.56%	65.60%	205.06%
Benchmark*	0.51%	0.26%	2.86%	7.14%	12.28%	31.26%	100.65%
Relative	0.49%	0.08%	3.83%	6.16%	16.28%	34.33%	104.41%

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

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Fixed Income Market Review

In February 2024, US Treasuries (“UST”) slumped across all the tenors as the sentiment turned bearish when the FOMC minutes indicated that most of the Federal Reserve Officials flagged concerns over the risk of cutting rates too quickly. They viewed that lowering the borrowing cost could potentially dampen Fed’s progress on tackling inflation. The selling-off pressure was further exacerbated, attributable to several other factors; including an upward surprise of Jan CPI MoM (actual: 0.30% vs. forecast: 0.20%), stronger-than-expected NFP (actual: 353K vs. forecast: 187K), as well as higher-than-expected Jan PPI MoM (actual: 0.3% vs. forecast: 0.1%), slightly offset by lower-than-expected 4Q GDP print QoQ (actual: 3.2% vs. forecast: 3.3%). At month-end, the 2-, 5-, 10-, and 30-year UST closed at 4.62% (+41bps), 4.24% (+41bps), 4.25% (+34bps), and 4.38% (+21bps), respectively.

Ringgit bonds were under pressure due to weaker Ringgit performance coupled with high global yields. Higher USDMYR has led the foreign holdings in Ringgit bonds to remain weak, with January 2024 outflows widening to RM5.1 billion from December 2023 outflows of RM2.1 billion. Nonetheless, the overall foreign outflow had minimal impact on the MGS curve as the outflow mainly concentrated at the front-end. MGS yields remain confined by a relatively tight trading range of around 10bps for the last 3 months compared to UST. On the data front, the 3-, 5-, 10-, and 30-year MGS settled at 3.50% (+11bps), 3.59% (+5bps), 3.86 (+8bps), and 4.20% (-1bps) respectively at month-end.

In the corporate bonds segment, some prominent new issuances during the month were Pengurusan Air SPV Berhad (RM 1.1 billion, AAA), Bank Simpanan Nasional Berhad (RM 1.0 billion, AAA), UEM Sunrise Berhad (RM 500 million, AA- IS) and United Overseas Bank (Malaysia) Berhad (RM500 million, AA1).

Outlook & Strategy

With the Fed’s low confidence in loosening its monetary policy, bearish momentum in UST might continue until supportive catalysts become visible in the near term. It would be ideal if US inflation could further ease nearer to 2.0% (currently 3.1%), giving the Fed more confidence in its rate-cutting decision. The next FOMC would be crucial to watch as rates could be reversed if it becomes less hawkish given the UST had weakened significantly recently.

Domestically, weaker Ringgit will continue to weigh on Ringgit bonds performance especially on the short-end if the foreign outflow persists. We also note on the potential headwinds coming from global macro as US rate cut is now repricing as low as 75bps for 2024, providing a relatively higher investment yield. However, we are not overly concern on the above, as we observed the presence of strong support from onshore real money investors for duration and credit risks. Yields on the long-end bonds are holding up steadily, while credit spreads on GG papers trended lower into single digit lately. Given the tight credit spread to the MGS, we believe this may entice participants to hold the more liquid MGS instead. With the above backdrop, we hold a neutral view 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.