

# HLA Secure Fund (HLASF)

April 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

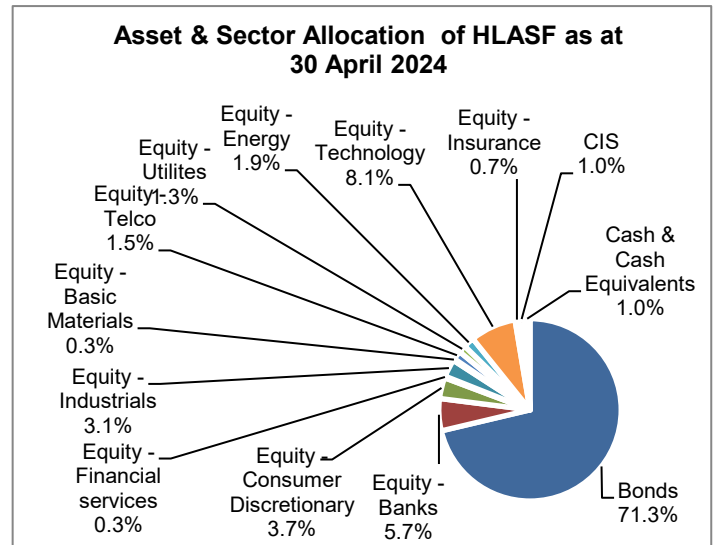
The fund is suitable for investors who are relatively conservative and wish to have a steady and stable return that meets their retirement needs.

## Fund Details

|                             |  |
|-----------------------------|--|
| Unit Price (30/4/2024)      | : RM1.5171   |
| Fund Size (30/4/2024)       | : RM24.13 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 Inex) |
| 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.

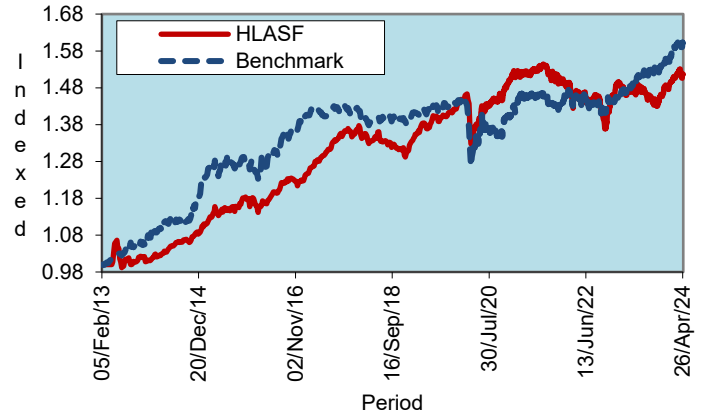
| Asset Allocation for HLASF as at 30 April 2024 | %            |
|--|--------------|
| Affin Hwang Select Income Fund                 | 100.00       |
| Cash   | 0.00         |
| <b>Total</b>                                   | <b>100.0</b> |



## Top 5 Holdings for HLASF as at 30 April 2024

| Rank        | Company Name                       | Sector | %    |
|-------------|------------------------------------|--------|------|
| 1.          | Taiwan Semiconductor Manufacturing | EQ     | 4.0  |
| 2.          | MGS (22.05.2040)                   | FI     | 3.9  |
| 3.          | Scentre Group Turst                | FI     | 1.7  |
| 4.          | Minejesa Capital BV                | FI     | 1.7  |
| 5.          | Yinson Holdings Berhad             | FI     | 1.6  |
| Total Top 5 |                                    |        | 12.9 |

## Historical Performance



|            | YTD    | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
|------------|--------|---------|--------|---------|---------|-----------------|
| HLASF      | 2.14%  | -0.56%  | 3.22%  | 0.06%   | 9.62%   | 51.71%          |
| Benchmark* | 3.07%  | 0.43%   | 8.23%  | 10.74%  | 13.05%  | 60.64%          |
| Relative   | -0.93% | -0.99%  | -5.02% | -10.68% | -3.42%  | -8.93%          |

\*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

April was a tough month for US equities, as the market grappled with a combination of hot inflation data and a lacklustre 1Q'2024 GDP print. The S&P 500 index declined sharply by 4.20%, as expectations for rate cuts by the US Federal Reserve (Fed) were pushed further into the year. The latest consumer price index (CPI) surpassed expectations, growing by 3.50% y-o-y, compared to estimates of 3.40%, indicating an unexpected surge in price pressures. Similarly, core personal consumption expenditures (PCE) price index, which excludes food and energy, showed a 2.80% increase from a year ago, slightly exceeding the consensus estimate of 2.70%. This follows softer US gross domestic product (GDP) which grew 1.60% in the 1Q'2024, significantly lower than the projected estimate of 2.40%. Weaker exports and a decline in private inventory investment weighed on overall growth. However, US valuations were supported by strong earnings particularly from megacap tech giants like Alphabet, Meta, and Microsoft. So far, companies have broadly beaten expectations and provided strong forward guidance, particularly capital expenditure investments in artificial intelligence (AI) that was well-received by the tech sector. Meanwhile, tensions in the Middle East escalated following reports of Israel conducting a limited strike against Iran in a retaliatory exchange. While the situation remains fluid, the likelihood of a direct military confrontation appears low due to geographical factors. Additionally, current domestic and economic challenges faced by Iran, Israel, and its key ally the US also put constraints on their capacity to engage in war.

In Asia, the MSCI Asia ex-Japan index posted positive gains of 1.10%, with Hong Kong and China leading the charge as risk appetite returned to these markets. Hong Kong's Hang Seng index surged by 7.40%, while the MSCI China index posted a 6.40% gain. Sectors that were previously oversold, such as technology, property, and consumer goods, saw the strongest gains. The strong recovery comes on the back of China's GDP outperforming estimates, expanding by 5.30% in the 1Q'2024 compared to a year ago, surpassing the 5.20% growth seen in the 4Q'2023. Additionally, potential stimulus measures hinted at by the country's securities regulator bolstered confidence. While we're cautiously exploring opportunities to deploy into Chinese equities, we are mindful of the prevailing weakness in the country's macro fundamentals. It will be crucial to see a strong follow-through on robust stimulus measures from Beijing to sustain the current rally.

On the domestic front, the benchmark KLCI rose 2.60% mirroring the positive momentum across regional markets. Notably, the FBM Small Cap index similarly climbed 3.40%, catching up with the year-to-date performance of other large-cap indices. This signals a broadening of the market rally as investors' risk appetite in the local market turns stronger. During the month, the Employees Provident Fund (EPF) introduced Account 3 (Flexible Account) which would allow members to make withdrawals at any time and for any purpose, starting from 11 May. Initial estimates suggest withdrawals from Account 3 could range between RM20 to 30 billion in the first year, with subsequent annual withdrawals reaching RM4 to 5 billion. While this may lead to a short-term boost in consumption, as observed with previous EPF withdrawal facilities, the overall impact is expected to be limited, given the depletion in members' account balances as well as quantum in Account 3. Local bond yields drifted higher in April in line with higher US Treasury yields with the 10-year MGS yield rising 13 bps to settle at 3.85%. Headline inflation in March was unchanged at 1.80% y-o-y coming below estimates as prices of healthcare and food rose at a slower pace. Similarly, core inflation also eased to 1.70% compared 1.80% in February 2024.

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

| Year                 | 2013 | 2014  | 2015  | 2016 | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  |
|----------------------|------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| <b>Benchmark</b>     | 7.2% | 10.4% | 7.7%  | 8.2% | 2.6%  | -2.2% | -0.2% | -3.1% | 2.2%  | 1.1%  | 8.13% |
| <b>HLASF - Gross</b> | 2.5% | 9.2%  | 10.2% | 5.6% | 12.4% | -3.0% | 12.3% | 6.0%  | 0.7%  | -2.0% | 3.2%  |
| <b>HLASF - Net</b>   | 1.3% | 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:

- having a flexible tactical asset allocation
- investing in a wide range of companies across different sectors

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- 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.

### 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 | 2021  |
|-------------|------|-------|------|------|------|------|-------|-------|-------|------|-------|
| Performance | 5.6% | 15.1% | 2.9% | 6.9% | 8.6% | 4.1% | 10.5% | -4.2% | 10.0% | 4.7% | -0.8% |

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.