Hong Leong SMART Growth Fund (HLSGF)

February 2024

Fund Features

1. Investment Objective
The primary objective of the fund is to provide investors with steady long-term capital growth at moderate risk.

2. Investment Strategy & Approach
The strategy is to provide investors an access into a diversified portfolio of growth stocks listed on Bursa Malaysia and/or in any foreign stock exchanges that offer potential capital appreciation at moderate risk. The fund may feed into collective investment schemes that meet the fund's objective. At inception, HLSGF will invest by feeding into Kenanga Growth Fund ("Target Fund") with the option to increase the number of funds or replace the Target Fund in future. The Target Fund's assets are actively invested in a diversified portfolio of Malaysian equity and equity-related securities, such as warrants and convertible loan stocks which are capable of being converted into new shares. The Target Fund may invest up to 25% of the Fund's NAV in foreign markets, which may include but not limited to Singapore, Indonesia, Thailand, Philippines, Vietnam, India, Hong Kong, China, Japan, Korea, Taiwan, Australia, United States of America and any other Eligible Markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions. The Target Fund does not have an active asset allocation strategy but seeks to manage portfolios by investing in companies that satisfy the criteria of having a sustainable and credible business model, and are also trading at a discount to their intrinsic value. However, under conditions of extreme market volatility and/or when the market is trading at valuations deemed unsustainable, the Fund will seek to judiciously scale back its equity exposure.

3. Asset Allocation
Under normal market conditions, the Target Fund's equity exposure is expected to range from 75% to 95% of the Target Fund's NAV with the balance in money market instruments, fixed deposits and/or cash.

4. Target Market
This fund is suitable for investors who have long term investment time horizon and have a moderate risk profile with tolerance for short-term periods of volatility.

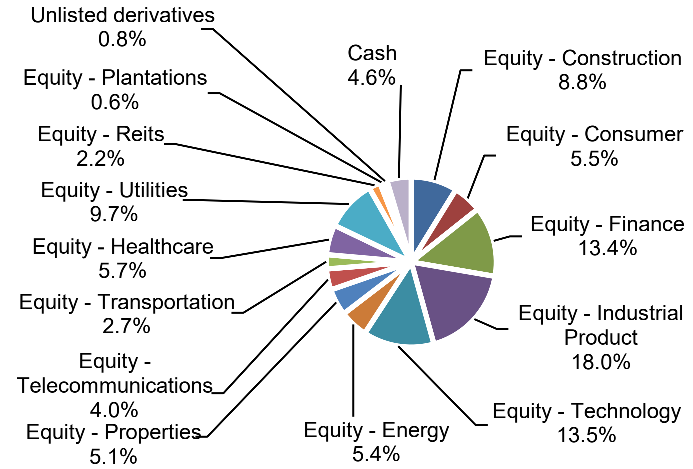
Fund Details

Unit Price (29/2/2024)	: RM2.3775
Fund Size (29/2/2024)	: RM194 mil
Fund Management Fee	:1.50% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	:01 Oct 2012
Benchmark	:FTSE Bursa Malaysia KLCI Index (FBM KLCI)
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.

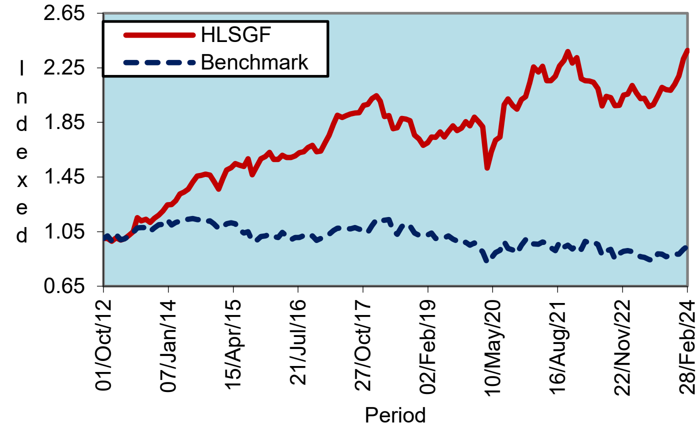
Asset Allocation for HLSGF as at 29 Feb 2024	%
Kenanga Growth Fund	99.96
Cash	0.04
Total	**100.0**

Asset & Sector Allocation of HLSGF as at 29 Feb 2024



Top 5 Holdings for HLSGF as at 29 Feb 2024		%
1.	Frontken Corporation Berhad	5.8
2.	Sunway Berhad	4.9
3.	YTL Power International Berhad	4.5
4.	Kellington Group Berhad	4.1
5.	CIMB Group Holdings Berhad	3.6
	Total Top 5	22.9

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLSGF	8.54%	2.74%	15.04%	5.37%	36.35%	137.75%
Benchmark*	6.65%	2.54%	6.69%	-1.67%	-9.15%	-5.59%
Relative	1.89%	0.19%	8.35%	7.04%	45.50%	143.34%

Source: Bloomberg

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

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Market Review, Outlook & Strategy relevant to Target Fund

In US, the Nasdaq, S&P500 and Dow Jones were up 6.1%, 5.2%, 2.2% month-on-month (MoM) in February respectively. The US market is fueled by stronger growth and falling tail risks, with 2024 Gross Domestic Product (GDP) now expected to grow 2.1%. US services labor market remains strong with wage growth above trend, leading to consumer spending delivering a positive surprise. Further, January US producer-price index rose 0.3% MoM, which is considerably higher than the increase of 0.1% MoM forecasted, led by strength in the services Purchasing Managers Index (PMI). Subsequently, reported 4Q23 EPS grew 10% year-on-year (YoY) with earnings more than 7% above expectations, led mainly by the technology sector.

In Europe, the Euro STOXX 50 was up 4.9% MoM in February. Inflation in February eased to 2.6% versus 2.8% in January but still higher than the expected 2.5%, while core inflation stripping out energy, food, alcohol and tobacco was 3.1%, above the 2.9% expected. The European Central Bank (ECB) is expected to keep rates on hold in the upcoming March meeting and reiterate its commitment to remain data-dependent.
In Asia, all markets recorded positive returns in the month except Singapore which was down 0.4% MoM from weaker January manufacturing production that rose 1.1% YoY undershooting expectations for a 3.7% YoY expansion as the electronics sector retreated. Japan's Nikkei Index was up 7.9% MoM in local currency, driven by weaker yen and Japan's exit from deflation. Taiwan surged 6.0% MoM, as the ongoing global AI optimism reaffirmed strong corporate earnings, and helped drive further upside in the IT sector. Korea rallied 5.8% MoM driven by foreign inflows as the government's value up program gained traction. India gained 1.0% MoM as lackluster interim budget reduced hope for consumption upside, and financials continued to struggle with margin pressure. Meanwhile, the MSCI ASEAN gained 1.7% MoM, and Indonesia gained 1.5% MoM led by financials as market proxies, after the conclusion of the Presidential election assured investors about policy continuity. Thailand gained marginally 0.5% MoM on lower 2024 GDP forecast from 3.7% to 2.7% range, to 3.2% to 2.2% range on weaker exports, according to the National Economic and Social Development Council (NESDC) of Thailand.

The best-performing major equity markets in February were the Shanghai Shenzhen CSI300 Index and the Hang Seng China Enterprise Index, both up 9.4% and 9.3% MoM in local currency respectively. Factors contributing to positive market performance include easier monetary policies (5-year LPR cut by -25bps to 3.95%), corporate share buybacks, and net inflow into A-share from SOEs. Key sectors that contributed to the outperformance were IT, healthcare and consumer discretionary. Further, the government is providing direct funding through Pledged Supplementary Lending (PSL) to policy banks to support affordable housing, urban village development, and public infrastructure.
Locally, the FBM100, FBM Shariah and FBM Small Cap registered MoM gains of 2.5%, 2.3% and 0.4% respectively. The positive performance was attributed to strong foreign buying interests and improving domestic fundamentals. Foreign investors continued to be the largest net buyers for the fourth consecutive month with net buy flow increasing 95% MoM to RM1.3b. Technology, consumer and energy sectors emerged as the best-performing sectors in February, while the healthcare, property and utilities sectors were the worst-performing.
In February, Malaysia witnessed the installation of the 17th King on 31 January 2024. There were revisions to Malaysia's GDP growth for 4Q23 from 3.4% to 3.0%, and from 3.8% to 3.7% for the full year 2023. The inclusion of YTL Corp and YTL Power International in the MSCI Malaysia Index as of the close of 29 February and the announcement of tax incentives for companies relocating their bases to Tun Razak Exchange were other key developments.

In commodities, Brent crude oil prices grew 2.3% MoM to close the month of February at USD83.6/bbl as positive US economic growth and signs of Chinese stimulus boosted demand expectations, while Middle East supply concerns added support. Meanwhile, Crude Palm Oil (CPO) increased 4.5% MoM to close at RM3,970/ton given the expectations of low output as well as rebound in export demand.

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Market Outlook
Markets expect the Federal Open Market Committee (FOMC) to keep rates unchanged and possibly shift to cutting rates in 2H24, with a similar pattern expected in the Eurozone. Easier monetary conditions globally are expected to support growth and liquidity, thus improving the outlook for equities. However, markets could remain volatile as the growth slowdown takes hold in major regions such as the US, Europe and China. Meanwhile in Asia, China's additional fiscal stimulus has been supportive but further measures are necessary to revive the property market and restore market confidence. We remain optimistic on the ASEAN market as the region benefits from easing global monetary conditions later in the year.
We are positive on the Malaysian equity market going into 2024 as we expect resilient GDP growth of 4-5%, improving momentum of policy execution on construction and infrastructure projects, rising FDI, while valuation and foreign shareholding remain low. Key events to watch in March include the government's plans to rationalize subsidies, details of the EPF Account three expected in April, and the High-Value Goods Tax in May. Also in focus will be the capital gains tax and 2% rise in service tax which came into effect on 1 March 2024.

Fund Strategy
Given the positive outlook, we are positive on sectors such as financials, construction, property, new energy and utilities. Additionally, we continue to like the technology sector as the key beneficiary of long-term growth trends such as AI, EVs and supply chain relocation.

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

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Benchmark	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%	2.4%	-3.7%	-4.6%
HLSGF- Gross	27.8%	11.8%	23.1%	2.3%	27.1%	-16.8%	15.0%	10.3%	17.1%	-11.1%
HLSGF - Net	24.1%	9.3%	19.8%	0.6%	23.5%	-17.0%	12.3%	8.0%	14.0%	-11.6%

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

The fund was only launched on 1 October 2012. The actual investment returns are calculated based on unit price from 1 October 2012 to 31 December 2012.

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.

7. **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.

8. **Warrant and Convertible Loan Stock Risk**
   The price of the warrant and convertible loan stock are typically linked to the underlying stock. However, it generally fluctuates more that the underlying stocks due to the greater volatility of the warrants market. The fluctuation may have a great impact on the value of the funds. Generally, as the warrants have a limited life, they will depreciate in value as they approach their maturity date, assuming that all other factors remain unchanged. Warrants that are not exercised at maturity become worthless and negatively affect the NAV of the Fund. Convertible loan stocks must be converted to the underlying stock at a predetermined conversion ratio and conversion rate, and in the event the total costs of converting into underlying stock is higher than the market price of that the underlying stock, it will negatively affect the NAV of the Fund.

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

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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

Kenanga Growth Fund is an Equity fund managed by Kenanga Investors Berhad. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Performance	26.4%	9.3%	20.9%	-0.1%	25.8%	-18.1%	13.5%	8.9%	14.4%	-12.7%

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

Hong Leong Smart Growth 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.