

HLA Venture Income Fund (HLAVIF)

January 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

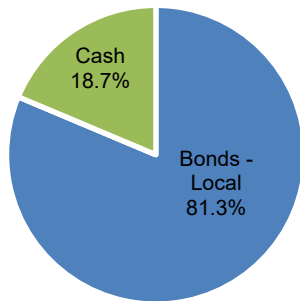
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Fund Details

Unit Price (31/1/2024)	: RM3.0404
Fund Size (31/1/2024)	: RM875.0 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.

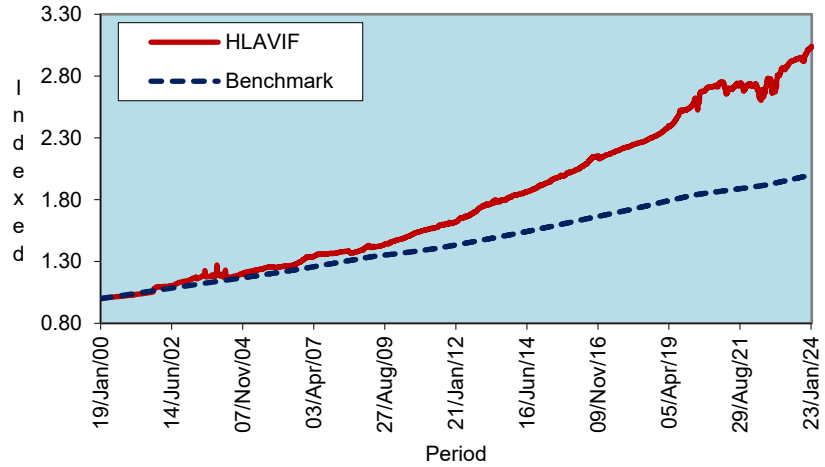
Asset Allocation of HLAVIF as at 31 January 2024



Top 5 Holdings for HLAVIF as at 31 January 2024

Rank	Holder	%
1.	MSIAN GOVERNMENT SECURITIES 3	19.6
2.	MSIAN GOVERNMENT SECURITIES 0	18.5
3.	TNB POWER GENERATION SDN BHD 0	9.1
4.	CAGAMAS BERHAD 1	5.5
5.	RHB BANK BERHAD 2	4.1
Total Top 5		56.8

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVIF	0.67%	0.67%	6.24%	10.53%	28.98%	65.43%	204.04%
Benchmark*	0.25%	0.25%	2.80%	7.01%	12.26%	31.24%	100.13%
Relative	0.41%	0.41%	3.44%	3.52%	16.72%	34.19%	103.91%

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

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Fixed Income Market Review

US Treasuries (UST) experienced a sell-off as investors tempered expectations for Federal Reserve (Fed) rate cuts this year following comments from US Fed governor Christopher Waller. He pushed back against the aggressive market pricing for rate cuts, stating there was no reason to move as quickly or cut as rapidly as in the past. This came as a surprise to the markets, given his dovish speech back in November 2023. Treasuries yields rose further after stronger-than-estimated retail sales (0.6% vs. 0.4% est, 0.3% prior) were released, while industrial production beat economist estimates (rising 0.1% MoM). However, the market reversed course when the Fed held rates steady for the fourth consecutive meeting on 31st January. FOMC chair Powell noted that the policy rate is likely at its peak but also pushed back against expectations of an imminent rate cut in the upcoming 20th March Fed meeting. At month-end, the 2-, 5-, 10-, and 30-year UST closed at 4.21% (-4bps), 3.84% (-1bps), 3.91% (+3bps), and 4.17% (+14bps), respectively.

Local bonds were generally bearish on the onset tracking global bonds performance as speculation increased that the probability of aggressive Fed interest rates cuts was being dialed back in light of Waller's comments. Bond yields trended upwards around 6bps on the most liquid MGS 10-year bond although the ultra-short and long-end space remained supported, with real money investors bottom fishing for duration requirements. On the monetary policy, BNM has maintained the OPR at the current level with a seemingly neutral statement. At month-end, the 3-, 5-, 10-, and 30-year MGS settled at 3.39% (-8bps), 3.54% (-4bps), 3.79 (+6bps), and 4.21% (-3bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Projek Lebuhraya Usahasama Berhad (RM750 million, AAA) and Malayan Banking Berhad (RM3,000mil, AA1).

Outlook & Strategy

The bond market will continue to respond to a recalibration of Fed rate cut expectations while watching remarks from policymakers on the rate cut outlook. Strong economic data and less dovish Fed commentary are expected to weigh on UST and rate cut projections could recede. On the local front, there is no clear catalyst in the near-term except for taking clue from the Fed's rate cut outlook and closely watching on economic developments. We will continue to observe bond valuations for trading and be vigilant in credit selection.

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.

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