

HLA Venture Income Fund (HLAVIF)

July 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

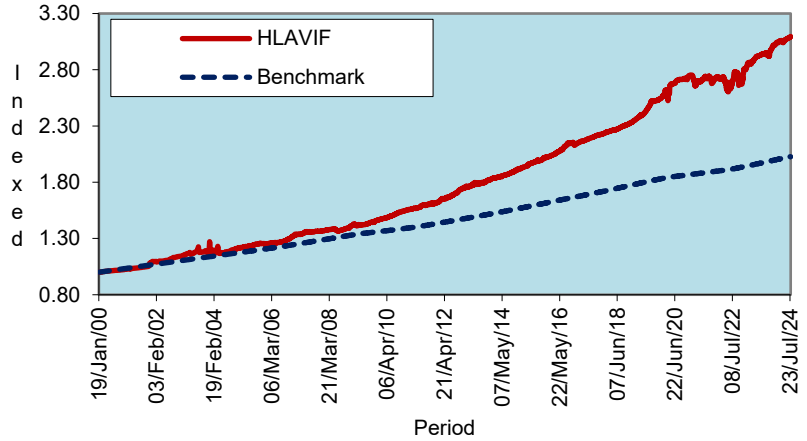
This fund is suitable for investors who have low to moderate risk profile

Fund Details

Unit Price (31/7/2024)	:RM3.0962
Fund Size (31/7/2024)	:RM1005.29 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.

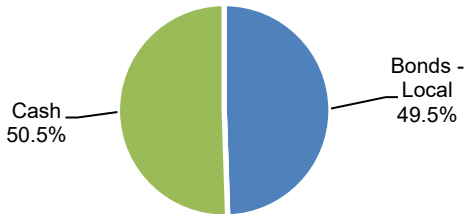
Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVIF	2.51%	0.48%	5.30%	13.34%	24.97%	65.17%	209.62%
Benchmark*	1.56%	0.23%	2.75%	7.49%	12.04%	30.91%	102.75%
Relative	0.95%	0.25%	2.55%	5.85%	12.93%	34.26%	106.87%

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

Asset Allocation of HLAVIF as at 31 July 2024



Top 5 Holdings for HLAVIF as at 31 July 2024

Rank	Holder	Percentage (%)
1.	TNB POWER GENERATION SDN BHD 0	8.0
2.	MSIAN GOVERNMENT SECURITIES 3	6.3
3.	PUBLIC BANK BERHAD 2	5.6
4.	CAGAMAS BERHAD 1	4.7
5.	RHB BANK BERHAD 2	3.5
Total Top 5		28.1

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Fixed Income Market Review

US Treasuries (“UST”) yields slumped 26-50bps with significant buying interest on front-ends, driven by growing rate cut expectations while US data supported a soft-landing outlook. US headline CPI fell 0.1% MoM in Jun (consensus: +0.1%; May: +0.0%) and core inflation cooled as well (Jun: +0.1% MoM; May: +0.2%); driven by a broad-based cooling in prices including energy, shelter, and transportation. However, the rally was somehow moderated by US election dynamics that contributed to core rate weakness, following the US Supreme court ruling granted Trump immunity from criminal prosecution during “official acts”. On monetary policy stance, the Fed kept the Fed Fund Target Rate (“FFTR”) steady at 5.25-5.50% in the Jul FOMC as widely expected. The FOMC statement shifted Fed’s focus to a dual mandate instead of just on inflation while Powell’s subsequent commentary was viewed dovish, putting a September rate cut on the table, if inflation cools in line with expectations and the labour market remains stable. At month end, the 2-, 5-, 10- and 30-year UST closed at 4.26% (-50bps), 3.91% (-46bps), 4.03% (-37bps), and 4.30% (-26bps), respectively.

Malaysian Government Securities (“MGS”) experienced a slower-tempo bull-steepening with yields falling 8-16bps across the curve when compared to the UST. Trading activities were concentrated on the short end to the belly part of the curve, partly influenced by MYR IRS levels. On monetary policy, BNM maintained the Overnight Policy Rate (“OPR”) at 3.00% as widely expected. The reaffirmation of Malaysia’s sovereign credit ratings and positive economic outlook by global credit rating agencies contributed to the increase of foreign participations in MYR bonds. Additionally, GLC and GLICs’ assets repatriation, diesel subsidy rationalisation and RON95 in the future have resulted a steady MYR. Foreign shareholdings of MYR sovereign debts have increased in the recent months and this trend may continue with the falling of UST yields. Real money accounts and traders have been loading up inventory on bonds during this period with risk sentiments generally positive. At month end, the 3-, 5-, 10- and 30-year MGS settled at 3.36% (-16bps), 3.53% (-12bps), 3.72% (-15bps), and 4.14% (-8bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Cagamas Berhad (RM450 million, AAA), Danainfra National Berhad (RM2.5 billion, GG), SunREIT Bond Berhad (RM400 million, AA2), Bank Islam Malaysia Berhad (RM1 billion, AA3), Malayan Cement Berhad (RM1 billion, AA3), and Public Bank Berhad (RM1.5 billion, AA1).

Outlook & Strategy

US Treasury yields appear to trend downwards amid growing expectations for Fed policy rate cuts in September, further bolstering by Fed Chair Powell’s dovishness and generally soft economic data. In general, market expectations consolidated over a Fed rate cut by 3Q24, with swaps now fully pricing in a 25bps rate cut by September as well as three 25bps rate cuts by Jan next year. Core PCE showed that inflation rose at a tame pace in June as consumer spending remained healthy, while CPI data has been slowing for three consecutive months, an encouraging sign for the Fed.

With the macro backdrop improving and global yields easing, the local bond yields are expected to trade lower with trading activities picking-up in tandem with growing expectations for a Fed cut in September. In the absence of fresh catalyst locally, with MGS closely tracking the UST movement, the risks for the upcoming FOMC meetings could tilt towards a bond yield reversal should Fed suggest otherwise. Therefore, we are cautiously optimistic about the local bond market.

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

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Benchmark	3.2%	3.2%	3.1%	3.0%	3.3%	3.0%	1.5%	1.7%	0.9%	2.8%
HLAVIF - Gross	5.8%	6.5%	6.9%	5.3%	5.6%	10.2%	9.0%	0.1%	3.4%	8.9%
HLAVIF - Net	4.8%	5.5%	5.8%	4.4%	4.6%	8.9%	7.8%	-0.4%	2.6%	7.6%

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.