

HLA Secure Fund (HLASF)

January 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

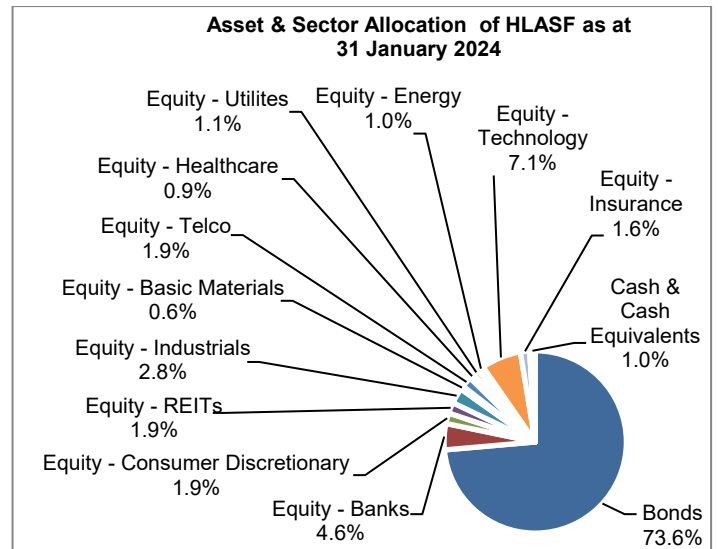
Unit Price (31/1/2024)	: RM1.5618
Fund Size (31/1/2024)	: RM24.8 mil
Fund Management Fee	: 1.00% p.a.
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Managed
Fund Inception	: 05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x MSCI AC Asia Pacific excluding Japan 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.

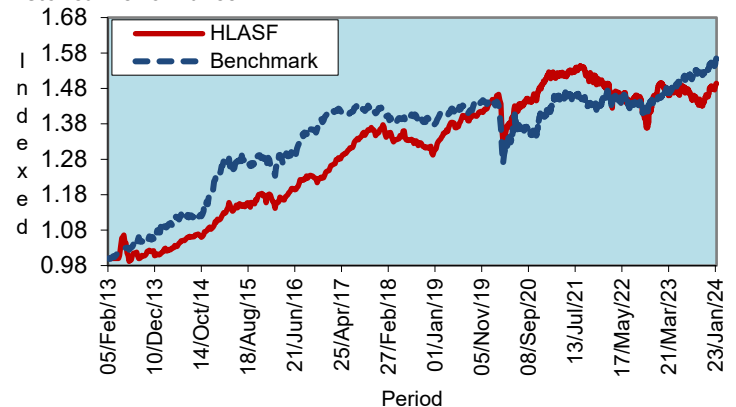
Asset Allocation for HLASF as at 31 January 2024	%
Affin Hwang Select Income Fund	99.25
Cash	0.75
Total	100.0



Top 5 Holdings for HLASF as at 31 Jan 2024

Rank	Company Name	Asset Class	%
1.	MGS (22.05.2040)	FI	4.0
2.	Taiwan Semiconductor Manufacturing	EQ	3.3
3.	Yinson Juniper Ltd	FI	2.4
4.	Geely Automobile Holdings Ltd	FI	2.2
5.	MGS (31.05.2027)	FI	2.1
Total Top 5			14.0

Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	0.06%	0.59%	0.06%	-1.80%	12.05%	49.41%
Benchmark*	7.37%	0.22%	7.37%	10.53%	11.32%	56.19%
Relative	-7.31%	0.38%	-7.31%	-12.33%	0.73%	-6.78%

*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)

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Market Review, Outlook & Strategy relevant to Target Fund

US equities started 2024 on a strong note underpinned by robust economic indicators that fortified the case for a soft landing. The S&P 500 index surged by 1.60% reaching a new all-time high in January. Notably, US GDP surpassed expectations, expanding by 3.30% in the 4Q'2023 exceeding the forecast of 2.00%. The labour market also showcased strength with January's nonfarm payrolls (NFP) surpassing expectations, expanding by 353,000. The unemployment rate held steady at 3.70% better than the estimate of 3.80%. However, the raft of strong economic data led to a recalibration of expectations regarding aggressive rate cuts by the US Federal Reserve (Fed). At its January FOMC meeting, the Fed opted to keep benchmark rates unchanged, but pushed back on the timing of potential rate cuts until the central bank saw more concrete evidence of inflation easing. This stance prompted a slight uptick in US Treasury yields, with the benchmark 10-Year yield rising by 11 basis points to settle at 3.91%. Bond markets are now setting its sight on a potential rate cut in May compared to March previously. In Asia, the broader MSCI Asia ex-Japan fell 5.50% pressured by higher bond yields as rate cut bets were dialled back. China equities bore the brunt of the selloff with the MSCI China index sliding 10.50% as its domestic economy continues to struggle. China's 4Q'2023 GDP data fell short of estimates with the economy expanding by 5.20% in the October to December period, culminating in full-year GDP growth of 5.20%. The disappointment extended to retail sales in December, growing by 7.40% y-o-y missing the forecast of 8%. During the month, the People's Bank of China (PBoC) took a significant policy step, announcing a 50 bps cut in the reserve ratio requirements (RRR) for banks. Despite the initial boost from the stimulus, market gains quickly petered out later in the month due to a lack of more forceful stimulus measures to revitalise economic growth. Meanwhile, Taiwan's elections saw Vice President Lai Ching-te from the ruling Democratic Progressive Party (DPP) emerging victorious in the presidential race. However, the DPP lost its parliamentary majority as opposition parties made significant inroads. With results largely at a status quo, the election outcome is unlikely to bring any significant change to Taiwan's political status or lead to an escalation between US-China.

On the domestic front, the benchmark KLCI surged 4.00% with Johor-focused names taking the spotlight following the installation of the new Yang Di-Pertuan Agong. However, the small-cap space saw more measured gains of 2.30% with several small-cap stocks hitting limit-down in the month. Malaysia's advanced 4Q'2023 GDP figures revealed a growth of 3.40%, falling short of estimates of 4.00%. The full-year 2023 GDP growth settled at 3.80%, below the government's initial projection of 4.00% to 4.50%. Notably, sectors such as mining, manufacturing, and construction exhibited slower growth. In significant developments, a Memorandum of Understanding (MOU) was signed between Malaysia and Singapore on the establishment of a Johor-Singapore Special Economic Zone (JS-SEZ). Among the proposed initiatives include a passport-free clearance system between both countries as well as plans to boost investments in renewable energy. The government also unveiled the Central Database Hub (Padu) to streamline data related to the implementation of targeted subsidies. This initiative is expected to improve the efficient distribution of subsidies to eligible demographic groups, aligning with the government's broader goal of reducing its subsidy bill.

In the local bond market, the 10-year MGS yield rose by 6 bps, closing at 3.79%. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% at its January policy meeting. Throughout 2024, BNM is anticipated to maintain a neutral stance with domestic inflation easing. Malaysia's overall inflation rate, measured through the Consumer Price Index (CPI), remained at 1.50% in December 2023.

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

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Benchmark	7.2%	10.4%	7.7%	8.2%	2.6%	-2.2%	-0.2%	-3.1%	2.2%	1.1%
HLASF - Gross	2.5%	9.2%	10.2%	5.6%	12.4%	-3.0%	12.3%	6.0%	0.7%	-2.0%
HLASF - Net	1.3%	7.5%	8.4%	4.1%	10.4%	-3.7%	10.4%	4.5%	-0.3%	-2.8%

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.

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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

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.

