

HLA Venture Income Fund (HLAVIF)

April 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

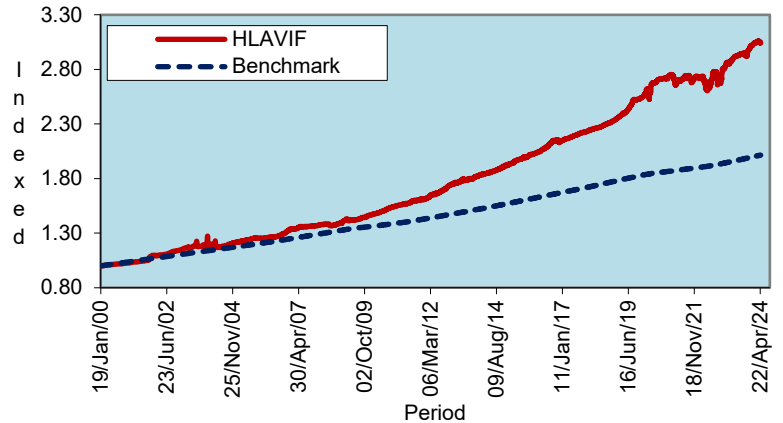
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Fund Details

Unit Price (30/4/2024)	:RM3.0450
Fund Size (30/4/2024)	:RM927.46 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.

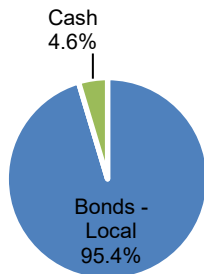
Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVIF	0.82%	-0.47%	4.88%	12.91%	26.88%	64.62%	204.50%
Benchmark*	0.95%	0.25%	2.85%	7.29%	12.16%	31.15%	101.51%
Relative	-0.13%	-0.71%	2.03%	5.62%	14.72%	33.47%	102.99%

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

Asset Allocation of HLAVIF as at 30 April 2024



Top 5 Holdings for HLAVIF as at 29 March 2024

Rank	Holder	%
1.	MSIAN GOVERNMENT SECURITIES 0	43.2
2.	MSIAN GOVERNMENT SECURITIES 3	9.3
3.	TNB POWER GENERATION SDN BHD 0	8.6
4.	CAGAMAS BERHAD 1	5.2
5.	RHB BANK BERHAD 2	3.9
Total Top 5		70.1

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Fixed Income Market Review

US Treasuries (“UST”) sold off in April, driving benchmark yields to new highs for the year as investors reassessed the Federal Reserve’s expectations and G10 policy divergence following the release of unfavourable economic data. A closely watched measure of underlying US inflation, core PCE prices, advanced faster-than-expected to 3.7% YoY in 1Q2024 (expected: 3.4%, 4Q2023: 2.0%). The print combined with much slower than expected 1Q2024 GDP that came in at 1.6% YoY (expected: 2.4%, 4Q2024: 3.4%) rekindled the spectre of stagflation. It is anticipated that the rise in inflation and the significant decrease in growth may pose a challenge for a potential rate cut before December 2024. At month-end, the 2-, 5-, 10- and 30-year UST closed at 5.04% (+42bps), 4.72% (+50bps), 4.68% (+48bps), and 4.78% (+44bps), respectively.

Ringgit bonds were also bearish at the onset tracking UST yield movements with yields going higher despite lower March YoY inflation print (actual: 1.8% vs. forecast: 2.0%). With investors already rattled by the upside risk in inflation and the prospect of higher-for-longer interest rate over in the US, the escalation of the Middle East crisis risks has injected further volatility into market. As such, cautious price reaction translated into wide bid-offer quotes of around 8 to 10bps across govies benchmark on the back of looming geopolitical risk couple with uncertainty in the Fed policy path. At month-end, the 3-, 5-, 10-, and 30-year MGS settled at 3.62% (+12bps), 3.78% (+20bps), 3.98% (+12bps), and 4.30% (+11bps), respectively.

In the corporate bonds segment, some prominent new issuances during the month were Maybank Islamic Berhad (RM 1 billion, AA1) and KLCC Property Holdings Berhad (RM 1.95 billion, AAA).

Outlook & Strategy

In the US, the message from the recent FOMC meeting remains hawkish. Powell has strongly emphasized that more time may be needed to regain confidence to tame inflation. Higher energy prices arising from the escalation of the Middle East crisis risks, are likely to further induce inflation, resulting in higher rates for a longer period of time. With that, rate cut expectations are being pushed back to December 2024, in contrast to the start of 2024 where up to four rate cuts were expected.

Looking ahead, the local bond market is likely to remain weak although we do not expect BNM to change its monetary policy stance in the upcoming MPC meeting as opposed to Bank of Indonesia which hiked its key rate in an attempt seen to support the Rupiah. We think offshore unwinding in the local bond market is likely to persist despite the USD-MYR rate appearing to be resilient. However, MGS 10-year was exhibiting strong resistance at 4%, and we noted two-way interests with local buyers seen buying the dip. We also draw comfort on the scarcity of bonds supply in the local market which could potentially provide some support. Nonetheless, with hawkish sentiment continuing to dominate the market and uncertainties to persist, we will remain neutral in the local bond market for the time being.

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

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Benchmark	3.1%	3.2%	3.2%	3.1%	3.0%	3.3%	3.0%	1.5%	1.7%	0.9%	2.79%
HLAVIF - Gross	5.4%	5.8%	6.5%	6.9%	5.3%	5.6%	10.2%	9.0%	0.1%	3.4%	8.9%
HLAVIF - Net	4.5%	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.

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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.