

# HLA Venture Global Fund (HLAVGLF)

Dec 2017

## Fund Features

### 1. Investment Objective

The objective of the fund is provide investors with steady growth and consistency in income return over a medium to long term investment horizons by investing into global equities.

### 2. Investment Strategy & Approach

This fund will initially invest in, but not limited to Hong Leong Asia-Pacific Dividend Fund and Hong Leong Strategic Fund that uses equity, fixed income and money market instruments as their underlying assets. This fund will seek to diversify its investment geographically and by asset classes i.e. global equity of companies involved in the extraction, processing, transportation and distribution of natural resources, high dividend yield equities in Asia Pacific region (excluding Japan), global equities and/or local equities.

### 3. Asset Allocation

The fund will invest up to 95% of its NAV into selected unit trust funds.

### 4. Target Market

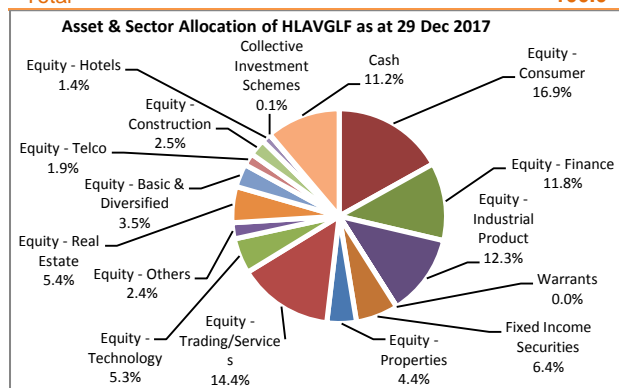
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

<b>Unit Price (29/12/2017)</b>	:RM1.3410
<b>Fund Size (29/12/2017)</b>	:RM29.9mil
<b>Fund Management Fee</b>	:1.29% p.a.
<b>Fund Manager</b>	:Hong Leong Assurance Berhad
<b>Fund Category</b>	:Equity
<b>Fund Inception</b>	: 02 April 2007
<b>Benchmark</b>	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
<b>Frequency of Unit Valuation</b>	:Daily

*The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.*

Asset Allocation for HLAVGLF as at 29 Dec 2017	%
Hong Leong Asia-Pacific Dividend Fund	54.9
Hong Leong Strategic Fund	43.4
Cash	1.7
<b>Total</b>	<b>100.0</b>



Top 10 Holdings for HLAVGLF as at 29 Dec 2017	%
1. GII Murabahah – 2025	4.8
2. Tenaga Nasional	4.2
3. SKP Resources	3.2
4. RHB Bank Berhad	2.7
5. Top Glove	2.4
6. Agricultural Bank of China	2.4
7. Red Star Macalline Group Corporation Limited - H	2.2
8. Dali Foods Group Company Ltd	2.2
9. Oceancash Pacific Berhad	2.1
10. Fu Shou Yuan International Group Ltd	2.0
<b>Total Top 10</b>	<b>28.2</b>

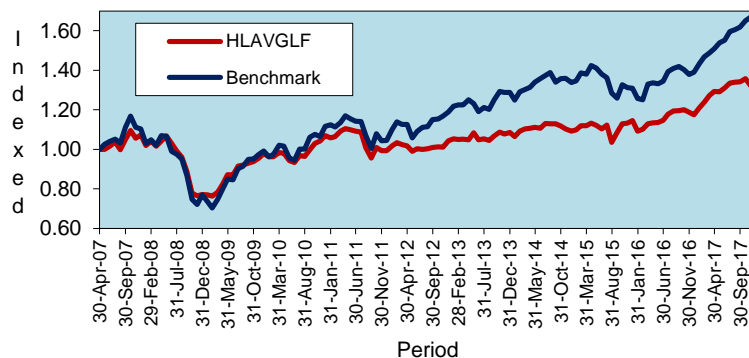
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## Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVGLF	1.45%	14.11%	14.11%	28.58%	24.93%	34.10%
Benchmark	1.85%	22.26%	22.26%	42.86%	54.14%	70.02%
Relative	-0.39%	-8.15%	-8.15%	-14.28%	-29.21%	-35.92%

## Market Review, Outlook & Strategy relevant to Target Fund

### Equity Review

**Global-US** market closed higher in December with the S&P 500 Index rising 0.98% while the Dow Jones Industrial Average Index was up 1.84%. Final Federal Open Market Committee (FOMC) appearance by Federal Reserve (Fed) Chair Yellen offered little policy shift with only a 25-basis-point rate hike, in line with market expectations. The committee's assessment of US economic outlook shows optimism with higher growth outlook and lower unemployment than September report, but projection for inflation was unrevised. The members still see three hikes in 2018 and twice in 2019. Moving on to fiscal policy, the Republican tax reform bill has been signed into law, on track for implementation in January. The European Central Bank (ECB), Bank of England (BoE) and Swiss National Bank (SNB), on the other hand, all kept their policies unchanged as expected. The Euro Stoxx Index ended up by 1.08% while the FTSE 100 Index rose 4.93%.

**Asia Pac-** Regional markets closed the year with a high note with Hong Kong taking the lead, driven by strong recovery in Macau gaming sector. Fitch upgraded Indonesia's sovereign credit rating from BBB- to BBB while the People's Bank of China (PBOC) raised Open-Market Operations (OMO) rate by 5 basis points (bps) and announced temporary Reserve Requirement Ratio (RRR) facility to ease liquidity conditions for the Lunar New Year Holiday. Over in Thailand, central bank's monetary policy committee raised gross domestic product (GDP) growth forecasts for 2017 and 2018 to 3.9% from 3.8% previously on stronger-than-expected exports while holding policy interest rate steady at 1.50%.

### Outlook

**Malaysia-** The local market closed firmer during the last month of trading in 2017 driven mainly by optimism of improved GDP outlook and stronger Ringgit. The FTSE BM KLCI was up 4.60% to close at 1,797 points, outperforming the FTSE BM EMAS Index which was up by 4.31% to close at 12,943 points. Small caps underperformed as the FTSE BM Small Cap Index was up only 1.57% to close at 17,051 points. The Ringgit closed firmer at RM4.05 against US Dollar from RM4.49 back at the start of the year in 2017 amid expectations of interest rate hike in January 2018.

**Global-** Entering into the New Year, we expect the US economy to gain momentum with the new tax legislation being the most significant upside catalyst. The reduction in corporate tax rate is expected to be widely beneficial to all companies while individuals are expected to see higher net disposal income which would be positive for consumption. Over in Europe, growth has gathered speed, but the rate of expansion is likely to slow as spare capacity gets used up and an aging population shrinks the workforce. We expect it will take time for inflation to reach the ECB's target. Japan is heading into 2018 with its reflation agenda still a work-in-progress. The task will get harder, with growth poised to slow, fiscal policy limited by debt, and structural reforms stalling. A potential change in leadership at the central bank adds uncertainty. Even so, a weaker Yen is likely to support the economy, giving Prime Minister Shinzo Abe more time to put Abenomics back on track.

**Asia Pac-** Risks abound in China, but those to growth, both to the upside and downside, remains a political choice. A strong performance in 2017, with GDP poised for 6.8% growth, provides a little more wiggle room. Going forward, China could expand 6.3% a year and still stay on track to double by 2020. Tolerance for growth below that level is likely limited. Economies in Southeast Asia picked up steam in the third quarter of 2017, but in most cases private demand is not shouldering enough of the burden to worry about rate hikes into next year. Growth in ASEAN's five largest economies accelerated to 5.5% year on year on average in the third quarter, up from 4.7% in the first half and 4.3% in 2016.

### Strategy

**Malaysia-** We expect Bank Negara Malaysia (BNM) to raise its policy rate in the first half of 2018 should local economic data continue to remain robust. We maintain our preference for blue-chip stocks that are trading at attractive levels, selected construction and consumer stocks that may benefit from government pump-priming.

### Fixed Income Review and Outlook

As widely expected, the US Fed raised the short-term rates by another 25bps during the December's FOMC meeting. The FOMC was positive on economic growth, upgrading its forecast for GDP and labour market conditions in 2018. Some policymakers suggested that there would be another two or three hikes in 2018 and 2019, supported by potentially higher inflation and lower unemployment while others preferred not to rush the tightening cycle until inflation recovers. During the month, the sovereign bond market remained muted post-FOMC meeting. The new 15-year Government Investment Issue (GII) auction saw relatively weak demand with a 1.7 times bid-to-cover ratio for RM2.0 billion tender. In the primary corporate bond space, Prasarana Malaysia Berhad and Sarawak Energy Berhad tapped the primary market with an issue size of RM2.0 billion and RM1.0 billion respectively.

Locally, inflation moderated to 3.40% in November, due to the higher base effect from transportation and oil related products. The inflation may continue to moderate in the coming months should the Ringgit further strengthen. On the monetary policy outlook, investors have begun to hike in the local monetary policy rate after BNM's last hawkish statement. We think the central bank may raise its policy rate as a pre-emptive measure to the US tightening cycle. We look to remain defensive in the sovereign bond market but may add on any market dip. We are constructive in the corporate bond space.

# HLA Venture Global Fund (HLAVGLF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	8.3%	3.9%	-2.2%	6.2%	22.3%
HLAVGLF- Gross	6.0%	1.9%	6.7%	4.2%	16.7%
HLAVGLF - Net	4.2%	0.5%	4.9%	2.6%	14.1%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past five (5) 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.

## 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.

## Risk Management

The Company has in place its Authorized Investment Framework which forms part of the Risk Management process. The authority framework will cover the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. Besides this, sensitivity and stress testing is conducted to inform the Company's management the profit & loss profiles of their investments under different pre-defined risk scenarios and the necessary action to be taken if the potential losses exceed the Company's risk tolerance level.

## Basis of Unit Valuation

- 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.
- The unit price of a unit of a fund shall be determined by us 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.
- The maximum value of any asset of any fund shall not exceed the following price:
  - The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
  - 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.
- 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

- Hong Leong Asia-Pacific Dividend Fund is an Equity fund managed by HLAM. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	-4.8%	-1.0%	6.5%	1.8%	19.2%

- Hong Leong Strategic Fund is a Mixed Assets fund managed by HLAM. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	14.5%	-0.7%	4.3%	4.8%	10.9%

Source: Hong Leong Asset Management Berhad (HLAM)

Note: Hong Leong Global Resources Income Fund has been liquidated on 17 April 2014.

## HLA Venture Global Fund (HLAVGLF)

### 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 funds, past performance is calculated after adjusting for distribution and/or additional units, if any.

### Others

HLA Venture Global 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.