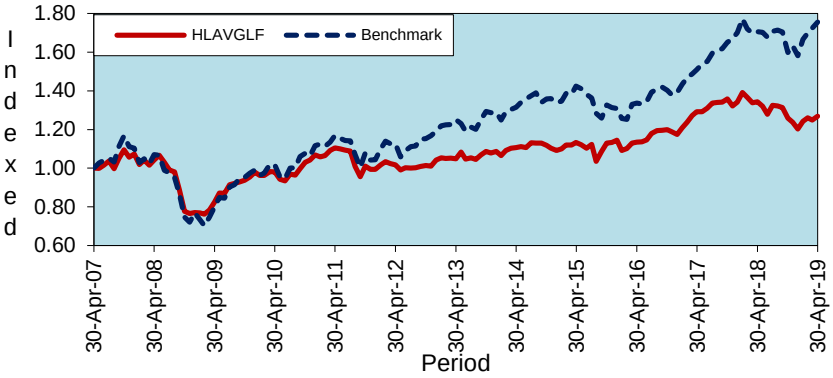
HLA Venture Global Fund (HLAVGLF)

Apr 2019



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	5.51%	1.56%	-5.60%	11.80%	14.58%	53.79%	26.85%
Benchmark*	10.96%	1.81%	2.95%	31.33%	33.53%	119.13%	75.50%
Relative	-5.46%	-0.25%	-8.55%	-19.53%	-18.96%	-65.33%	-48.65%

Source: Bloomberg, RAM Quantshop

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

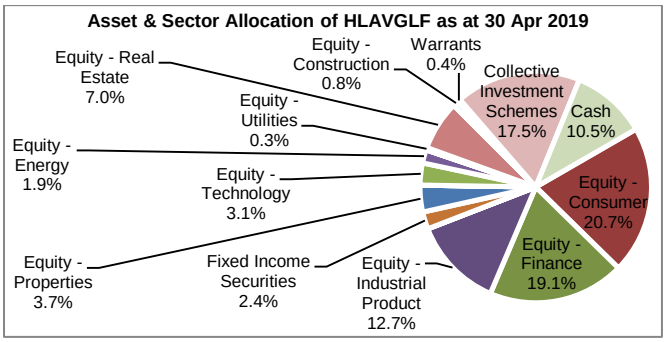
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

Fund Details

Unit Price (30/4/2019)	:RM1.2685
Fund Size (30/4/2019)	:RM28.1mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
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 ninety (90) days prior written notice.

Asset Allocation for HLAVGLF as at 30 Apr 2019	%
Hong Leong Asia-Pacific Dividend Fund	56.5
Hong Leong Strategic Fund	42.9
Cash	0.6
Total	**100.0**



Top 5 Holdings for HLAVGLF as at 30 Apr 2019		%
1.	Kerry Logistics Network Ltd	4.6
2.	Sunac China Holdings Ltd	4.4
3.	AIA Group Limited	4.3
4.	Ausnutria Dairy Corporation Ltd	4.0
5.	Mitra Adiperkasa TBK PT	3.9
	Total Top 5	**21.2**

Historical Performance

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Global markets continued to rise during the month, even after an already strong rally in the first quarter of 2019. Investor sentiment continued to be uplifted by accommodative central banks, notably United States (US) and China. An impressive first-quarter earnings season in the US also propelled stocks higher. The Dow Jones Industrial Average Index rose 2.6% and the broader S&P 500 Index rose 3.9%. The Euro Stoxx Index rose 4.9% and the FTSE 100 Index rose 1.9%.

Asia Pacific – Markets in the region saw some spillover of the positive investor sentiment in the US. In China, although economic indicators saw no meaningful recovery, it appears that the economy has stabilized. The latest credit growth was higher than expectations, reflecting the government's intention to stabilize the economy and prevent further economic deterioration. In the region, Singapore and Taiwan were the leaders while Indonesia and China were the laggards.

Malaysia – The local market put up another poor showing relative to regional peers during the month, if evaluated by the performance of the FTSE BM KLCI alone. The FTSE BM KLCI declined 0.1% to close at 1,642 points. The broader market outperformed as the FTSE BM EMAS Index rose 0.9% to close at 11,653 points. Small caps outperformed as the FTSE BM Small Cap Index rose 7.2% to close at 13,621 points.

Outlook & Strategy

Global - The US GDP data in the first quarter of 2019 showed that the government shutdown and cold weather appear to have hardly dented the overall economic growth during the quarter. The latest wage growth and unemployment numbers were better than expected and reaffirmed the view that the US economy is still expanding strongly. In Europe, manufacturing activities appear to be going through a soft patch although the labour market appears to be unaffected. In United Kingdom (UK), recent economic data, in particular manufacturing and employment, painted a surprisingly robust economy despite the cloud of Brexit related uncertainties.

Asia Pacific - After a rocky start in 2019, China economy appears to have stabilized according to the latest economic data. Although the government is expected to continue with its stimulus measures, they are careful not to aggravate existing financial imbalances, as conveyed by the government's recent attempt to manage expectations of more stimuli in the future. According to the latest preliminary count results, Joko Widodo and Ma'ruf Amin are expected to win the Indonesia elections. We expect Jokowi to push through his infrastructure agenda in his second term as president.

Malaysia – As foreign investors continue to flock to markets that are perceived to have higher expected earnings growth and trading at more attractive valuations, we expect interest in the Malaysia market, traditionally viewed as a defensive market, to be tepid. We prefer to be invested in blue-chip stocks that are trading at attractive levels, selected consumer stocks and export stocks.

Fixed Income Review and Outlook

During the April Federal Open Market Committee (FOMC) meeting, the Federal Reserve (Fed) decided to maintain rates as the central bank continues to see expansion of economic activity, with US gross domestic product (GDP) growth at 3.20% coupled with strong labour market conditions. In Malaysia, the sovereign bond rallied at the beginning of the month, largely supported by investors speculating on a rate cut. However, market sentiment reversed after FTSE Russell announced that Malaysia has been put on the watch list for a potential removal from its bond index. The Malaysian Government Securities (MGS) bond curve rose 2-6 basis points (bps) post announcement. In the primary sovereign market, there were the 7-year and 15-year MGS reopening and 7-year Government Investment Issue (GII) amounting to RM10 billion in total. All issuances were well supported with bid-to-ratio of 2.79, 2.3 and 1.5 times respectively. The only prominent issuer during the month was Danum Capital Berhad issuing an amount of RM2 billion and Putrajaya Bina Sendirian Berhad with an issuance size of RM380 million.

In the US, inflation remains a key data to monitor moving forward. We think the Fed will maintain its policy rate in the near term given inflation remains transitory and US economic growth remains robust. Bank Negara Malaysia (BNM) will be releasing some major data and heading into major events in May i.e. Monetary Policy Committee (MPC) meeting on 7 May and first quarter 2019 GDP numbers. Whilst we think the central bank is comfortable with current monetary policy, the central may cut its rate in the near term. On portfolio positioning, we look to reduce duration given the recent rally in the government bond market. The Funds will maintain a higher corporate bond holding to minimise mark-to-market volatility.

HLA Venture Global Fund (HLAVGLF)

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Benchmark	28.8%	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%
HLAVGLF- Gross	30.6%	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%
HLAVGLF - Net	26.9%	9.2%	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%

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.

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

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 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.
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

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Performance	52.6%	6.4%	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Performance	38.9%	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%

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.