

# HLA Venture Global Fund (HLAVGLF)

Aug 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

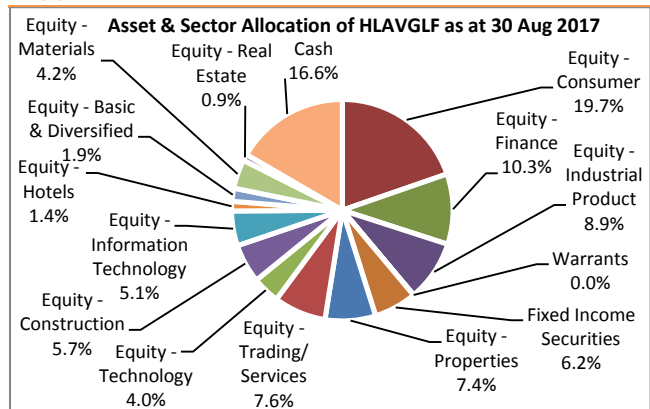
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

### Fund Details

<b>Unit Price (30/8/2017)</b>	:RM1.3392
<b>Fund Size (30/8/2017)</b>	:RM29.8mil
<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 30 Aug 2017	%
Hong Leong Asia-Pacific Dividend Fund	55.5
Hong Leong Strategic Fund	43.0
Cash	1.5
<b>Total</b>	<b>100.0</b>



Top 10 Holdings for HLAVGLF as at 30 Aug 2017	%
1. GII Murabahah	4.7
2. BYD Electronic International Co Ltd	2.7
3. China Life Insurance Co – H	2.7
4. China Yongda Automobiles Services	2.6
5. Swire Properties Ltd	2.5
6. Lee & Man Paper Manufacturing	2.5
7. Great Wall Motor Company Limited	2.4
8. Jacobson Pharma Corp Ltd	2.4
9. IGG Inc	2.3
10. Country Garden Holdings Co	2.2
<b>Total Top 10</b>	<b>27.0</b>

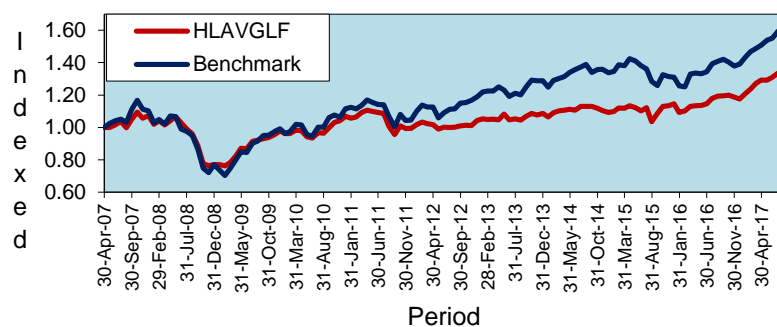
## Hong Leong Assurance Berhad (94613-X)

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## Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVGLF	0.25%	13.96%	12.20%	33.59%	34.20%	33.92%
Benchmark	0.68%	15.49%	13.95%	44.00%	55.57%	60.61%
Relative	-0.43%	-1.53%	-1.75%	-10.41%	-21.37%	-26.69%

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

### Equity Review

**Global-US** equity markets managed to eke out slight positive return for the month despite investors' nerves rattled by rising North Korea-US tensions and terrorist attack in Spain. August was a quiet month for Europe as it is traditionally a month when Europeans go on holiday. The Dow Jones Industrial Average Index rose 0.3% and the broader S&P 500 Index rose 0.1%. The Euro Stoxx Index declined 0.8% and the FTSE 100 Index rose 0.8%.

**Asia Pac-** Regional markets posted another month of gains albeit more subdued compared to the past few months. China and Hong Kong led the region with the largest gains during the month while India and Korea were the laggards. Korea market fell due to escalation of geopolitical tension triggered by North Korea missile launches and concerns over new government policies with regards to changes in the corporate tax rate and tightening of mortgages. The Chinese Yuan touched a 14-month high against the US Dollar and recorded the best monthly gain since August 2005.

**Malaysia-** The local market was lackluster for much of the month despite closing higher in August due to a disappointing reporting season. The FTSE BM KLCI rose 0.75% to close at 1,773 points. The broader market underperformed as the FTSE BM EMAS Index rose 0.5% to close at 12,610 points. Small caps underperformed as the FTSE BM Small Cap Index declined 3.1% to close at 16,747 points.

### Equity Outlook

**Global-** The US economy continues to demonstrate solid growth as unemployment rate falls to 4.3% and retail sales pick up. Consumer sentiment is also stronger than expected. Economic momentum in Europe also improves as the Euro area posted second-quarter gross domestic product (GDP) of 2.2%, the highest since 2011. Purchasing manager's indices (PMI) are strong and consumer confidence is at multi-year high.

**Asia Pac-** China manufacturing PMI remained above 51, signaling further expansion in the economy. Hong Kong and China companies also reported decent first half results as most companies reported results which either met or beat expectations. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia-** August results season saw majority of companies reporting results that missed expectations. The cautious sentiment may spill over to September due to lack of positive catalysts. 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

The Federal Reserve (Fed) maintained its rates in July as anticipated by the market. Recent signs of robust economic data appear to pave the way for a balance sheet reduction by the Fed. We expect the Fed to reduce its balance sheet on a gradual basis.

The local sovereign bond market rallied in August, as safe haven sentiment prevailed amidst renewed geopolitical risk between North Korea and the United States (US). The Ringgit saw stable demand over the month as domestic fundamentals remained supportive.

The new 3.5-year Malaysian Government Securities (MGS) 2/21 auction drew a moderate bid-to-cover of 1.71 times on a slightly smaller than expected issue size whilst the 7-year Government Investment Issue (GII) drew a bid-to-cover of 2.1 times. Demand for corporate bonds remains strong, taking cue from the robust demand for the new RM2 billion issuance of Tenaga Nasional Berhad sukuk.

Treasury yields are likely to be capped in the short term period ahead of the September Federal Open Market Committee (FOMC) meeting and US economic data releases.

Most investors expect the Fed to announce its balance sheet reduction plans during the September meeting.

The local monetary policy meeting outcome was in line with our expectation and we continue to see Bank Negara Malaysia (BNM) maintaining its policy rate for the rest of the year.

Demand for investment grade bonds is likely to remain strong due to limited primary issuance.

After the recent rally in the sovereign bond market, we turn neutral from a bullish position.

We look to reduce duration when the opportunity presents itself.

# HLA Venture Global Fund (HLAVGLF)

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

Year	2012	2013	2014	2015	2016
Benchmark	14.0%	8.3%	3.9%	-2.2%	6.2%
HLAVGLF- Gross	6.8%	6.0%	1.9%	6.7%	4.2%
HLAVGLF - Net	5.0%	4.2%	0.5%	4.9%	2.6%

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 detailed explanation of the risk 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	2012	2013	2014	2015	2016
Performance	15.2%	-4.8%	-1.0%	6.5%	1.8%

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

Year	2012	2013	2014	2015	2016
Performance	4.9%	14.5%	-0.7%	4.3%	4.8%

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.