

# HLA Venture Managed Fund (HLAVMF)

**Apr 2018**

## Fund Features

### 1. Investment Objective

The objective of the fund is aim to provide investors with prospects for long-term capital appreciation through diversification in various capital instruments including equity, government securities, private debt securities, money market instruments and foreign assets as well as derivatives. This fund aims to outperform the benchmark comprising of FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) and Maybank 12-month fixed deposit rate in a ratio of 50:50.

### 2. Investment Strategy & Approach

This fund will participate in both fixed income and equity markets as well as benchmarked against the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) and Maybank 12-month fixed deposit rate in equal proportion. This fund is suitable for investors who are willing to take moderate risk.

### 3. Asset Allocation

The fund will invest up to a maximum 50% of its NAV in equities.

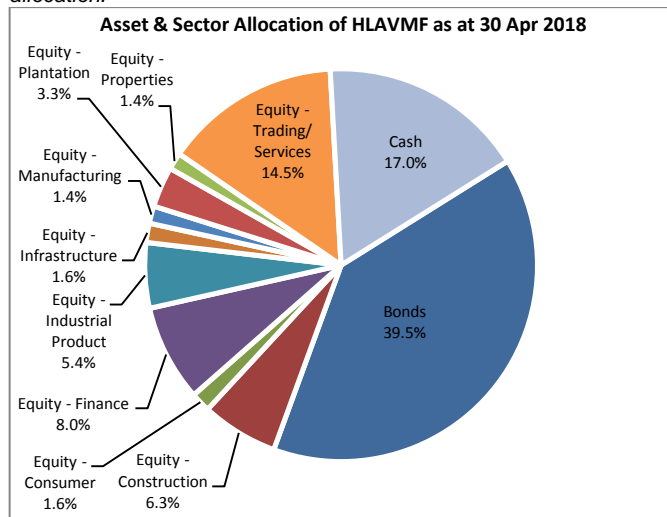
### 4. Target Market

This fund is suitable for investors who are willing to take moderate risk.

## Fund Details

<b>Unit Price (30/4/2018)</b>	:RM2.1797
<b>Fund Size (30/4/2018)</b>	:RM231.7mil
<b>Fund Management Fee (effective as at 01/03/2017)</b>	: 1.23% p.a. (capped at 1.25%)
<b>Fund Manager</b>	:Hong Leong Assurance Berhad
<b>Fund Category</b>	:Managed
<b>Fund Inception</b>	:07 April 2004
<b>Benchmark</b>	:50% FTSE Bursa Malaysia KLCI Index (FBM KLCI)&50% 12-month Fixed Deposit Interest Rates
<b>Frequency of Unit Valuation</b>	:Daily

*The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.*



## Top 10 Holdings for HLAVMF as at 30 Apr 2018

		%
1. TENAGA	EQ	5.5
2. MAYBANK	EQ	4.4
3. CIMB	EQ	3.6
4. ALLIANCE BANK MALAYSIA BHD 1 5.65% 18/12/2020	FI	3.3
5. MALAYAN BANKING BERHAD 2 6.30% 25/09/18	FI	3.3
6. MALAYSIA AIRPORTS HOLDINGS 1 5.75% 12/12/2024	FI	3.1
7. AXIATA	EQ	2.2
8. BGS MANAGEMENT SDN BHD 2 5.25% 24/12/2020	FI	2.2
9. CIMB GROUP HOLDING 2 5.80% 25/05/2021	FI	2.2
10. HONG LEONG BANK 2 4.80% 24/06/2019	FI	2.2
<b>Total Top 10</b>		<b>31.9</b>

FI : Fixed Income  
EQ : Equities

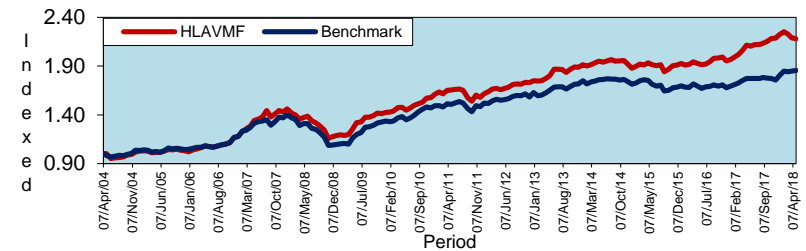
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## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVMF	-1.90%	-0.47%	3.04%	12.79%	21.16%	58.86%	117.97%
Benchmark*	2.80%	0.33%	4.66%	5.78%	12.26%	41.49%	84.59%
Relative	-4.70%	-0.80%	-1.62%	7.01%	8.90%	17.36%	33.38%

\*Source: Bloomberg, Maybank

## Market Review, Outlook & Strategy - Equities Market

Global investment sentiment started off the month weak as the tussle for trade leverage continued between the US and China. However, sentiment started to improve when the Chinese President, Xi Jinping reaffirmed his commitment to more open trade at the Boao Forum in China, possibly paving way for better relations between the two countries.

Oil markets also received a boost as prices appreciated on the back of talks over possible sanctions on Iran, Saudi Arabia's energy minister reaffirming their commitment to prevent another supply glut and increased geopolitical tensions between US and Russia over suspected chemical attacks on Syrian civilians. In addition, industry sources were quoted as saying that Saudi Arabia is hoping that oil prices would rise to US\$80/ barrel or may even touch US\$100/barrel in the near future. Meanwhile, markets started to recover on the back of better than expected US corporate earnings. The Chinese economy expanded 6.8% yoy in the 1Q, which was ahead of expectations.

Domestically the Prime Minister Datuk Seri Najib Tun Razak announced the dissolution of Parliament, paving the way for the long anticipated 14<sup>th</sup> General Elections (GE14) which will take place on 9<sup>th</sup> May. Bursa Malaysia also initiated the intraday short-selling framework for all investors on 16<sup>th</sup> April. On the economic front, March inflation was softer than expected at +1.3% yoy but the overall underlying trend remains broadly positive in 1Q18. Notable news included MyHSR Corp appointing the MRCB-Gamuda consortium and Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd – TH Properties consortium as the PDP's for the KL-SG HSR civil works portion.

During the month, the KLCI gained 0.4% mom to close at 1,870pts. The KLCI continued to outperform the broader market for the fourth consecutive month in 2018. FTSE Emas fell 0.1% mom, FTSE Bursa Small Cap index posted an even larger decline of 1.9% mom while the FTSE Emas Shariah was down by 0.5% mom. Foreigners turned net buyers (RM1.5b) vs net sellers of RM0.1b in March. The Ringgit depreciated by 1.6% mom against the US\$ to 3.9235.

On the local front, investors will be watching for the outcome of GE14 which is closely contested, preferring to stay on the sidelines till after 9 May. Investors will also be tracking the upcoming 1Q18 results reporting season as well as 1Q18's GDP growth. Bank Negara Malaysia (BNM) will also be meeting this month and consensus is expecting that the overnight policy rate will remain unchanged at 3.25%. The current broad market correction presents an opportunity for the portfolio to reposition itself structurally. We will continue to seek cover in quality big cap stocks that offer earnings certainty and stable dividend yield. However we will also nibble on selected small-mid cap names which have been sold down irrationally where the stock specific fundamentals and management quality remain strong.

## Market Review, Outlook & Strategy - Fixed Income Market

For the month of April, US Treasury (UST) movements continued to be the key driver for local govies amid uncertainties arising from GE14. Generally, local market liquidity was thin and yields were creeping higher. During the month, UST peaked at just below 3.03%, breaching the 3.0% mark for the first time in 4 years but it soon corrected to below 3% by month end. Taking the cue from UST, overall MGS benchmark yields spiked up by 12-22bps m-o-m across the curve.

On the economic front, February unemployment rate fell to 3.3% from 3.4% previously reflecting an improving labour market. Meanwhile, inflation data came in lower than expected at 1.3% y-o-y in March, down from 1.4% y-o-y in February (consensus: 1.6%).

As for the government guaranteed (GG) and private debt securities (PDS) space, both GG and PDS yields also marked higher in tandem with the govies' movement. Likewise, secondary volume remained weak in the absence of positive catalysts while primary issuances also slowed down. The few notable new issuances for the month like MBSB, Danainfra, MKD Kencana, UMW and WCT Holdings surprisingly fetched decent demand from the market.

Market is expected to be thinly traded ahead of GE14 as most investors will stay cautious till post polling date. Thus, movement in UST will continue to drive the local sentiment. Most investors expect both the FED and BNM to maintain status quo in both their upcoming monetary policy meetings, however, bonds yields are expected to be volatile especially the local bonds. This is because the bid and offer quoted is currently very wide. Thus, any sell off by foreigners will push the yield up especially when market liquidity is thin.

Meanwhile, there will be 4 govies tenders in the month of May. Since the yields have moved quite substantially recently and the new 15 years benchmark tender will be right before GE14, it will be interesting to see where the yield will be printed. We are well prepared to take on some positions in the new issues and take advantage of the near term volatility in the market.

# HLA Venture Managed Fund (HLAVMF)

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

Year	2013	2014	2015	2016	2017
Benchmark	7.3%	-2.6%	-1.3%	-0.8%	6.6%
HLAVMF - Gross	11.4%	-0.7%	4.3%	3.4%	15.4%
HLAVMF - Net	9.3%	-1.9%	2.7%	2.0%	12.9%

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.

### 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 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.
- 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.

### 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 Managed 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.