

HLA Venture Global Fund (HLAVGLF)

May 2020

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

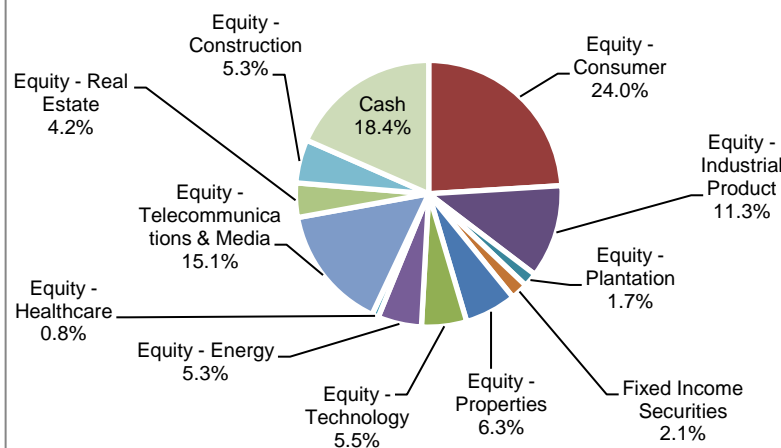
Unit Price (29/5/2020)	:RM1.3965
Fund Size (29/5/2020)	:RM31.2mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	: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 29 May 2020

	%
Hong Leong Asia-Pacific Dividend Fund	65.2
Hong Leong Strategic Fund	34.1
Cash	0.7
Total	100.0

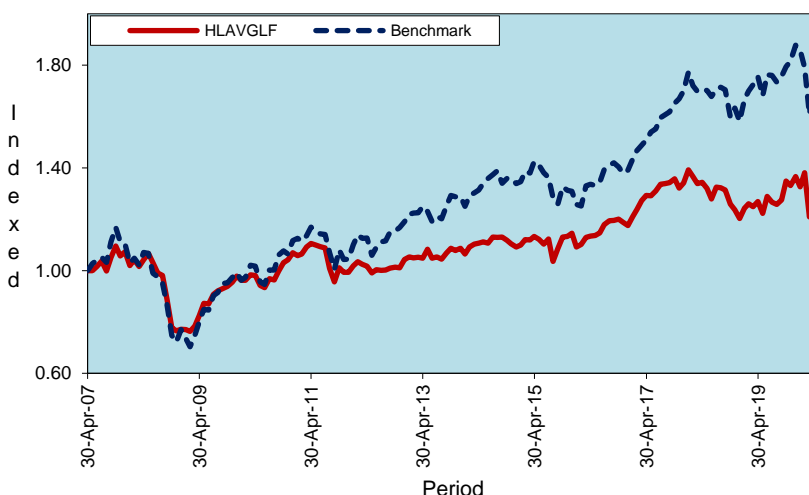
Asset & Sector Allocation of HLAVGLF as at 29 May 2020



Top 5 Holdings for HLAVGLF as at 29 May 2020

	%
1. Meituan Dianping	9.0
2. Shandong Weigao Group Medical Polymer Company Limited	8.8
3. Weimob Inc.	6.1
4. KWG Property Holding Limited	4.2
5. Elite Material Co. Ltd	3.5
Total Top 5	31.6

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	2.20%	9.66%	14.21%	8.14%	24.48%	48.14%	39.65%
Benchmark*	-6.20%	1.47%	4.81%	14.45%	24.83%	84.17%	76.11%
Relative	8.40%	8.18%	9.41%	-6.31%	-0.35%	-36.03%	-36.46%

Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Despite an avalanche of very weak economic data, markets in the United States (US) and Europe continued to march higher during the month. The positive investor sentiment was intact despite repeated warnings by the US Federal Reserve (Fed) about the severity of the impending economic downturn. The Dow Jones Industrial Average Index rose 4.3% and the broader S&P 500 Index rose 4.5%. The Euro Stoxx Index rose 4.2% and the FTSE 100 Index rose 3.0%.

Asia Pacific – Asian equity markets performance was more subdued compared to developed markets as investor sentiment was dampened by the re-emergence of US-China trade tensions. In particular, Hong Kong market declined during the month as China proceeded to impose the national security law in Hong Kong. In the region, Malaysia and Australia were the leaders while Hong Kong and Singapore were the laggards.

Malaysia – The FTSE BM KLCI outperformed regional peers during the month as the skyrocketing glove share prices pushed the local index higher. The FTSE BM KLCI rose 4.7% to close at 1,473 points. The broader market outperformed as the FTSE BM EMAS Index rose 6.7% to close at 10,464 points. Small caps outperformed as the FTSE BM Small Cap rose 9.0% to close at 12,062 points.

Outlook & Strategy

Global - Economic data in the US remains weak and leading indicators suggest the worst is yet to come. Unemployment rate hit the highest level in post-war history. US corporate earnings for the first quarter of the year showed a double-digit decline over a year ago. Second quarter corporate results is expected to be much worse as the impact of the lockdown is more significant. On a positive note, the spread of the virus in Europe appears to be tapering. Austria and Denmark are expected to be ahead of its European neighbours in reopening their economies.

Asia Pacific - For the first time, China scrapped its annual growth target as the government appears to put more focus on maintaining a healthy employment rate. Economic activity in China appears to be normalizing, mainly driven by infrastructure and real estate spending. Positive auto sales suggest that consumer sentiment also appears to be picking up.

Malaysia – As the local COVID-19 situation appears to be improving, investors may expect the movement control order to be further relaxed. The local stock market is expected to trend higher as more parts of the economy reopen. We prefer to be invested in high-yield stocks, selected consumer and export stocks and selected financial stocks.

Fixed Income Review and Outlook

US Treasuries traded range bound in May as risk assets continued to consolidate within a range. This was due to investors remaining uncertain about the shape of the global economic recovery. Malaysia's economic growth slowed to 0.7% in the first quarter of 2020 which is its slowest pace of growth since 2009. Most sectors of the economy contracted except for private consumption which was likely supported by additional spending during the Chinese New Year festivities. Bank Negara Malaysia (BNM) cut the Overnight Policy Rate (OPR) by another 50 basis points (bps) in May as recent indicators showed that the local economy is expected to contract, along with global growth. The local sovereign market has been in profit taking mode since the rate cut. The reopening of 10-Year Malaysian Government Securities (MGS) 8/29 was well subscribed with a bid-to-cover ratio of 1.73 which is the lowest this year. The bonds printed at yields ranging from 2.78% to 2.82% and averaged 2.80% which was pretty close to the traded When Issue levels. In the corporate segment, Pengurusan Air SPV Berhad (AAA) issued 5 and 7-year tenures with a size of RM1.25 billion issuance.

US-China tension towards China's policies towards Hong Kong continues to dampen investor's optimism despite positive development on the world re-opening the economy. Malaysia's inflation in April fell -2.9% due to the effects of the COVID-19 outbreak. With the current poor growth outlook and uncertainty around measures to reopen economies, we expect bonds remain supported. Domestically, moving into the second quarter of 2020 the economic growth will likely come off even more sharply as the quarter captures the full impact of the movement control order period where most businesses came to a halt. The full-year gross domestic product (GDP) growth forecast is expected to shrink between -5.0% and -0.7% in 2020. As such, we are not ruling out the possibility of another rate cut by BNM in the near term. On portfolio positioning, we look to be more cautious due to the strong rally the bond market has experienced and potential political headwinds in the coming months. We will consider selective profit taking and to reduce duration.

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Benchmark	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%
HLAVGLF- Gross	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%
HLAVGLF - Net	9.2%	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%

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.

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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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Performance	6.4%	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%	24.9%

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Performance	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%	2.2%

Source: Hong Leong Asset Management Berhad (HLAM)

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

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.