

HLA Venture Global Fund (HLAVGLF)

Jan 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.

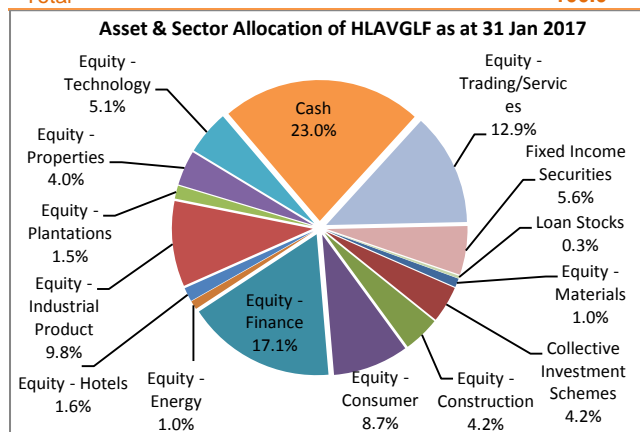
Fund Details

Unit Price (31/1/2017)	:RM1.2098
Fund Size (31/1/2017)	:RM26.4mil
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

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 31 Jan 2017 %

Hong Leong Asia-Pacific Dividend Fund	51.6
Hong Leong Strategic Fund	45.7
Cash	2.7
Total	100.0



Top 10 Holdings for HLAVGLF as at 31 Jan 2017 %

1. GII Murabahah	5.6
2. Hong Leong Industries Berhad	2.9
3. Tracker Fund of Hong Kong	2.7
4. Engtex Group Bhd	2.5
5. Galaxy Entertainment Group Limited	2.3
6. Hai-O Enterprise Berhad	2.1
7. Yinson Holdings Berhad	2.0
8. Guocoland (Malaysia) Berhad	2.0
9. MUI Properties Berhad	2.0
10. Sunny Optical Technology Group	1.9
Total Top 10	26

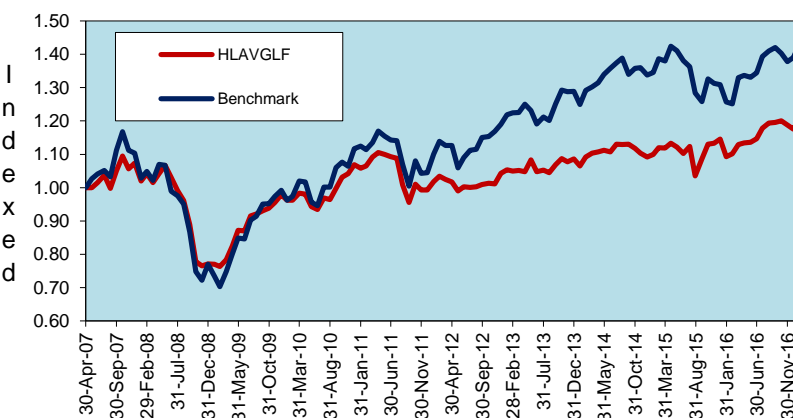
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Historical Performance



Period

	1 month	YTD	1year	3 years	5 years	Since Inception
HLAVGLF	2.94%	2.94%	10.75%	13.60%	18.83%	20.98%
Benchmark	3.15%	3.15%	14.08%	14.81%	30.32%	43.46%
Relative	-0.21%	-0.21%	-3.34%	-1.21%	-11.49%	-22.48%

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global-Global indices rallied as equity prices were driven higher by accelerating economic growth and higher corporate earnings optimism. The month has been dominated by political headlines. Apart from the Europe market, the political noise did not appear have any significant impact on the market rally. The Dow Jones Industrial Average Index rose 0.5% and the broader S&P Index rose 1.8% during the month. The Euro Stoxx Index declined 1.8% during the month while the FTSE 100 Index declined 0.6%

Asia Pac-The regional index rebounded strongly during the month as the improving global economic backdrop propelled equities higher. Hong Kong and Singapore posted the biggest gains while Australia and Japan were the laggards. The correction in US Dollar (USD) and improving emerging market growth prospects on the back of rising commodity prices also helped support market sentiment.

Malaysia- The Malaysia market had a good start to the year. The FTSE BM KLCI rose 1.8% to close at 1,672 points. The broader market outperformed as the FTSE BM EMAS Index rose 2.4% to close at 11,741 points. Small caps outperformed as the FTSE BM Small Cap Index rose 4.8% to close at 15,428 points.

Global- In the US, the fourth-quarter gross domestic product (GDP) release showed a 1.6% year-on-year growth for 2016, the slowest annual growth rate since 2011. However, investors are confident growth will rebound in 2017, driven by expected fiscal expansion and deregulation. We expect equity markets in the developed countries to consolidate in the near term as likelihood of rate hikes may rise and may dampen investors' sentiment.

Asia Pacific - Recent data flow from Singapore point towards a modest recovery, with industrial production accelerating and business surveys edging up. December saw a surge in electronics output and reflects acceleration in tech exports. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia- After a strong start to the year, we expect the local market to enter a period of consolidation. The upcoming results season is expected to be lackluster. Lack of positive catalysts is unlikely to result in any meaningful or sustainable market rally. 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

Bond yields continued to inch higher post Fed December rate hike but dealt firmer as investors continue to fill their investments requirement for the year. During the month, we saw 3 government bond auctions i.e. 3-year and 15-year Malaysian Government Securities (MGS); and the new 10.5-year Government Investment Issue (GII). All 3 auctions saw robust demand with very good bid-to-cover signaling continuous support from onshore as well as foreign investors. We saw some peaks of rally in the month but slowed down in thin liquidity towards month end due to the long Chinese New Year break.

The US economy continued to thrive with stronger Labour Data reported in December despite uncertainty over Trump's policies. On local monetary policy, as expected, Bank Negara Malaysia (BNM) maintained its policy rate at 3.00% as the global economy continues to grow at a moderate pace. BNM has successfully reduced the volatility of the ringgit towards the end of 2016 with its continuous intervention in the trading of the ringgit. However, we do expect USD to remain strong in the near term backed by US's encouraging economic data. We opine that market liquidity will continue to build up as more primary issuances are expected post the Chinese New Year holidays. We aim to take profit on government bond holdings when opportunities arise and look to add on position where possible as we still see some value in the sovereign bond market.

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.