

# HLA Venture Global Fund (HLAVGLF)

Feb 2019

## 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

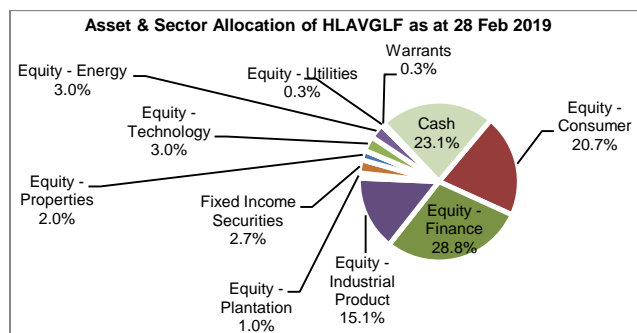
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

<b>Unit Price (28/2/2019)</b>	:RM1.2597
<b>Fund Size (28/2/2019)</b>	:RM28.0mil
<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

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.

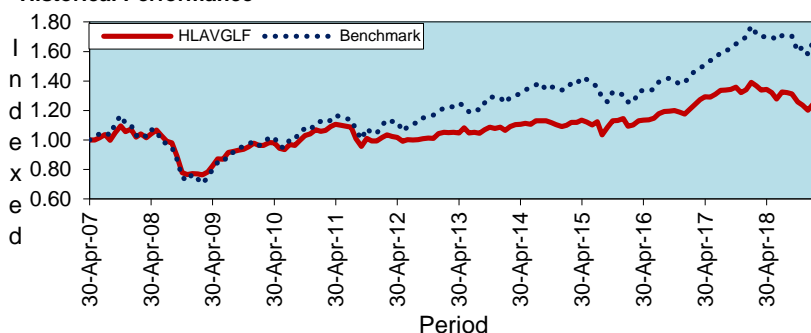
Asset Allocation for HLAVGLF as at 28 Feb 2019	%
Hong Leong Asia-Pacific Dividend Fund	56.1
Hong Leong Strategic Fund	43.1
Cash	0.8
<b>Total</b>	<b>100.0</b>



## Top 5 Holdings for HLAVGLF as at 28 Feb 2019

	%
1. China Communications Services Corporate Limited - H	4.5
2. Malayan Banking Berhad	4.3
3. AIA Group Limited	4.2
4. Mitra Adiperkasa TBK PT	4.1
5. China Construction Bank Corporation - H	4.1
<b>Total Top 5</b>	<b>21.3</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	4.77%	1.42%	-7.80%	14.34%	15.40%	65.08%	25.97%
<b>Benchmark*</b>	7.45%	1.99%	-1.17%	35.81%	31.61%	141.63%	69.95%
<b>Relative</b>	-2.67%	-0.57%	-6.63%	-21.47%	-16.22%	-76.55%	-43.98%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – Most markets continued to climb higher for a second consecutive month after a very good performance in January. Positive US-China trade talks and a more dovish stance from the Federal Reserve (Fed) spurred bullish sentiments in the equity markets. The Dow Jones Industrial Average Index rose 3.7% and the broader S&P 500 Index rose 3.0%. The Euro Stoxx Index rose 4.4% and the FTSE 100 Index rose 1.5%.

**Asia Pacific** – Regional markets were also buoyed by a dovish remark from the Fed and introduction of more stimulus measures in China to support the economy. In particular, the China market soared 14% due to expectations of substantial capital inflow following the possible increase of the MSCI inclusion factor of China's A-Share market. In the region, China and Australia were the leaders while Philippines and Indonesia were the laggards.

**Malaysia** – The local market posted a better performance this month as compared to January but still lagged behind regional peers. The FTSE BM KLCI rose 1.4% to close at 1,708 points. The broader market also rose in tandem as the FTSE BM EMAS Index rose 1.4% to close at 11,827 points. Small caps outperformed as the FTSE BM Small Cap Index rose 3.6% to close at 12,546 points.

### Outlook & Strategy

**Global** - Progress in the trade talks between China and US continues to dominate the headlines throughout the month. Although there was no final resolution to the trade dispute, the headways that were made in the negotiations was sufficient enough to avert the scheduled increase in tariffs indefinitely. Recent economic data suggest that the US government shutdown appears to have dampened household sentiment in the US. In Europe, there are signs of weakening economic momentum as the manufacturing Purchasing Managers' Index (PMI) fell below 50, indicating a contraction in manufacturing activity.

**Asia Pacific** - Monetary and fiscal easing measures are being implemented in China. Total social financing and infrastructure spending rose as efforts are made to negate the effects of an economic slowdown in China. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia** – The results season in February was disappointing and that may dampen investor sentiment in the near term. 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

The US Fed continued to emanate a dovish tone in its latest Federal Open Market Committee (FOMC) meeting minutes. It highlighted increasing downside risks from external environment due to tighter global liquidity, as well as softer US inflation all of which suggests an imminent rate hike is unlikely at this point. The local sovereign bond market saw some profit-taking after the recent rally in January, with yields slightly higher over the month.

In the primary sovereign market, the 10.5-year new issue of Malaysian Government Securities (MGS) printed a bid-to-cover ratio of 2.5 times whilst the 15-year Government Investment Issue (GI) reopening printed an exceptional decent bid-to-cover ratio of 3.9 times. The prominent issuers during the month were Pengurusan Air SPV Berhad who raised RM 1.4 billion and PTPN raising RM3 billion.

Local inflation in January fell 0.7%, more than expected due to the high-base effect and lower fuel price. Moving forward, we expect inflation to rise gradually as we expect higher fuel cost to filter through. We reaffirm our view for Bank Negara Malaysia (BNM) to maintain the Overnight Policy Rate (OPR) at 3.25% in the medium term. The current subdued inflation and potential challenges in the global trade environment will prompt the central bank to keep its monetary policy accommodative. On portfolio positioning, sovereign bond holdings were reduced with profit-taking activities during recent bond market rally. We look to remain defensive by reducing duration and maintaining higher corporate bond holdings to minimise mark-to-market volatility.

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# 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
<b>Benchmark</b>	28.8%	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%
<b>HLAVGLF- Gross</b>	30.6%	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%
<b>HLAVGLF - Net</b>	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

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

- 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
<b>Performance</b>	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.