

# HLA Venture Global Fund (HLAVGLF)

Oct 2018

## 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.

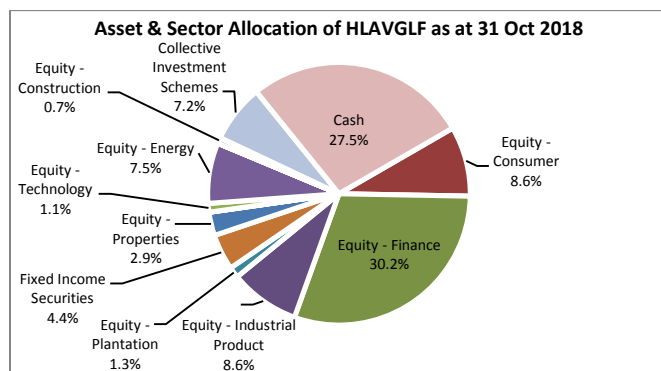
## Fund Details

<b>Unit Price (31/10/2018)</b>	:RM1.2585
<b>Fund Size (31/10/2018)</b>	:RM27.4mil
<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 31 Oct 2018 %

Hong Leong Asia-Pacific Dividend Fund	57.2
Hong Leong Strategic Fund	41.8
Cash	1.0
<b>Total</b>	<b>100.0</b>



### Top 5 Holdings for HLAVGLF as at 31 Oct 2018 %

1. Malayan Banking Berhad	6.8
2. Hong Leong Islamic Institutional Income Management Fund II	6.8
3. Industrial and Commercial Bank of China Limited - H	4.3
4. CNOOC Limited	4.2
5. Malaysian Government Securities	4.1
<b>Total Top 5</b>	<b>26.2</b>

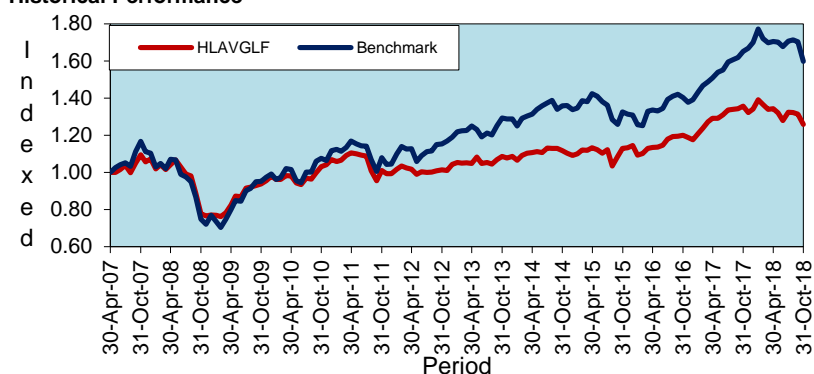
## Hong Leong Assurance Berhad (94613-X)

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## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	-6.15%	-4.16%	-7.29%	11.36%	15.81%	61.84%	25.85%
<b>Benchmark*</b>	-5.98%	-6.18%	-3.20%	20.54%	23.67%	113.68%	59.86%
<b>Relative</b>	-0.17%	2.02%	-4.09%	-9.17%	-7.86%	-51.83%	-34.01%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – It was a torrid month for global markets despite strong economic fundamentals, impressive earnings season and strong global employment environment. The sharp move through the 3.2% level in the United States (US) 10-year Treasury yield during the month dampened investors' sentiment. The Dow Jones Industrial Average Index declined 5.1% and the broader S&P 500 Index declined 6.9%. The Euro Stoxx Index declined 5.9% and the FTSE 100 Index declined 5.1%.

**Asia Pacific** – The sell-off accelerated in the region as concerns over China slowdown grew. Other issues troubling the markets were the sharp rise in the US 10-year Treasury yield and rising trade tensions between the US and China. In the region, Philippines and Indonesia were the leaders while Korea and Taiwan were the laggards.

**Malaysia** – Malaysia market succumbed to the regional sell-off but to a lesser extent. The FTSE BM KLSCI declined 4.7% to close at 1,709 points. The broader market underperformed as the FTSE BM EMAS Index declined 6.1% to close at 11,770 points while the small caps underperformed as the FTSE BM Small Cap Index declined 11.4% to 12,726 points.

### Outlook & Strategy

**Global** – The positive economic momentum in the US remains intact. The US economy shows no signs of weakness as unemployment rate falls to lowest level in almost 50 years while consumer confidence remains close to record highs. Recent economic indicators in Europe appear weaker than expected. Investors' focus remains on the budget discussion between Italy and the European Commission.

**Asia Pacific** – China's economy remains robust but showing signs of slowing. The latest gross-domestic-product (GDP) numbers are slightly lower than expectations but remain firm. The government continues to implement measures to support economic growth whilst ensuring no further aggravation of financial imbalances. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia** – After a month of market turmoil, there is a likelihood of a technical market rebound. The upcoming Budget 2019 is expected to provide some clarity on the financial situation of the country and boost investor confidence. 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

Risk assets tumbled in October due to the continuation of trade war between China and US and steep rise of interest rates. Investors feared the rise of rates may cause risk assets to be repriced. Local government benchmark yields rose in tandem with US Treasury yields. Sovereign yields rose on concerns of the country's budget deficit and any potential review of the sovereign rating by the international rating agencies. The sovereign market liquidity remained muted as investors await the unveiling of the Malaysian Budget on 2 November 2018. In the sovereign bond market, there was decent demand despite a larger-than-expected issuance size of the Government Investment Issue (GII) 10-year re-opening and the 20-year re-opening. Both tenders garnered a decent demand of 1.6 times and 2.2 times respectively. Primary corporate bond space was dominated by Telekom Malaysia Berhad and Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) with a total issuance of RM4 billion from both issuers.

Malaysia's inflation continued to moderate to 0.30% in September due to the Goods & Services Tax (GST) holiday period and the deceleration in transport, food and beverage cost. Going forward, we expect headline inflation to rise incrementally due to the Sales & Services Tax (SST) effect. However, we do not expect Bank Negara Malaysia (BNM) to shift its monetary policy in the near-to-medium term as the trade war between US and China is expected to cause a slowdown in global trade, which may adversely affect the local manufacturing industry. On portfolio positioning, we look to remain defensive by reducing duration and maintaining higher holdings in corporate bonds to minimise marked-to-market volatility.

# HLA Venture Global Fund (HLAVGLF)

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

Year	2013	2014	2015	2016	2017
Benchmark	8.3%	3.9%	-2.2%	6.2%	22.3%
HLAVGLF- Gross	6.0%	1.9%	6.7%	4.2%	16.7%
HLAVGLF - Net	4.2%	0.5%	4.9%	2.6%	14.1%

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.

### 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	2013	2014	2015	2016	2017
Performance	-4.8%	-1.0%	6.5%	1.8%	19.2%

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

Year	2013	2014	2015	2016	2017
Performance	14.5%	-0.7%	4.3%	4.8%	10.9%

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.