

HLA Venture Global Fund (HLAVGLF)

Jun 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

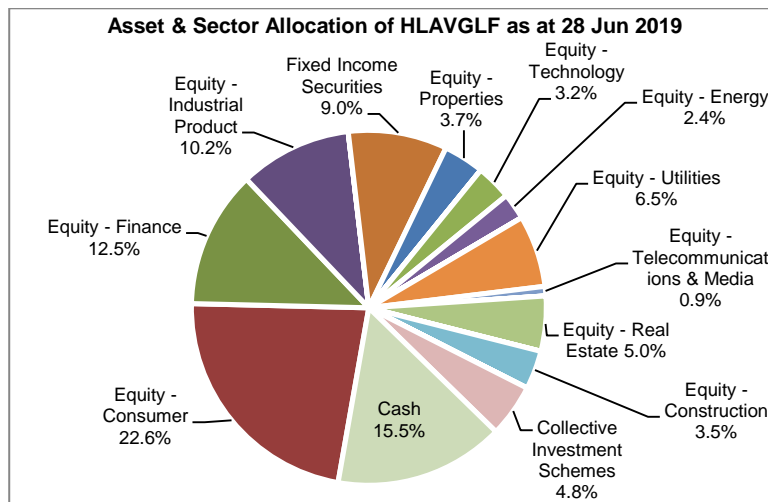
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

Fund Details

Unit Price (28/6/2019)	:RM1.2888
Fund Size (28/6/2019)	:RM28.6mil
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.

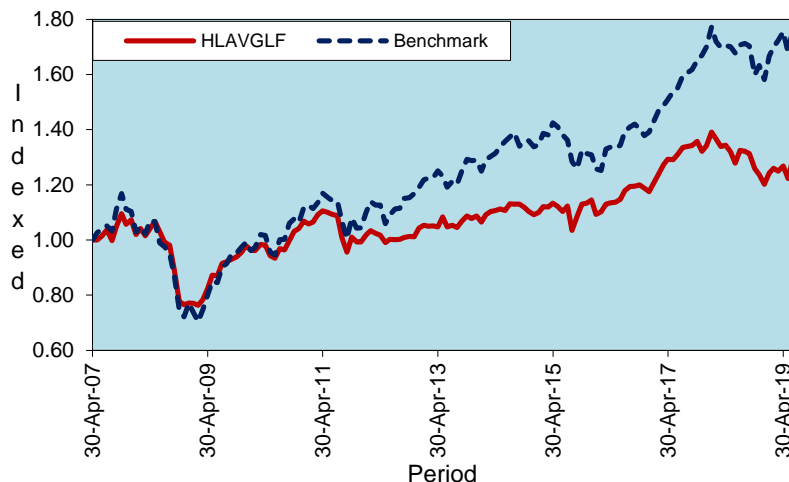
Asset Allocation for HLAVGLF as at 28 Jun 2019	%
Hong Leong Asia-Pacific Dividend Fund	57.6
Hong Leong Strategic Fund	41.6
Cash	0.8
Total	100.0



Top 5 Holdings for HLAVGLF as at 28 Jun 2019

	%
1. Government Investment Issue	9.0
2. Tenaga Nasional Berhad	6.3
3. Country Garden Services Holdings Co Ltd	5.7
4. Nissin Foods Co Ltd	5.4
5. Kerry Logistics Network Ltd	5.4
Total Top 5	31.8

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	7.19%	5.41%	0.80%	12.36%	16.39%	48.12%	28.88%
Benchmark*	11.40%	4.86%	5.03%	31.09%	29.74%	108.33%	76.19%
Relative	-4.20%	0.55%	-4.23%	-18.73%	-13.35%	-60.21%	-47.31%

Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Global markets rebounded in June following a correction in the previous month. Although the prospects of a Federal Reserve (Fed) rate cut provided some support to the market, sentiment was weighed by uncertain trade developments at the G-20 meeting which was held at the end of the month. The Dow Jones Industrial Average Index rose 7.2% and the broader S&P 500 Index rose 6.9%. The Euro Stoxx Index rose 5.9% and the FTSE 100 Index rose 3.7%.

Asia Pacific –Regional equities also rose in tandem with developed market equities as investor risk appetite improved during the month. Risk assets such as emerging equities and commodities rallied on the back of dovish statements by the Fed and European Central Bank (ECB). In the region, Thailand and Singapore were the leaders while India and Philippines were the laggards.

Malaysia – The local market posted a positive monthly return but lagged behind its regional peers. The FTSE BM KLCI rose 1.3% to close at 1,672 points. The broader market outperformed as the FTSE BM EMAS Index rose 1.7% to close at 11,782 points. Small Caps outperformed as the FTSE BM Small Cap Index rose 3.6% to close at 12,996 points.

Outlook & Strategy

Global - Most of the manufacturing surveys around the world showed weakening outlook. The main underlying theme across the latest economic data is that corporates are unwilling to spend on expansion due to the uncertain economic outlook. There is a concern that the weak manufacturing outlook may lead to job cuts and falling consumer confidence, although this has not materialized. The central banks are clearly aware of the downside risks to the economic outlook and have indicated their willingness to take preemptive actions to mitigate these risks.

Asia Pacific - Economic activity remains subdued in China, as reflected by the slowing growth in fixed asset investment. Uncertain economic outlook made it difficult for corporates to commit significant amounts of money to invest in any form of business expansion. The G20 concluded without any meaningful progress in resolving the trade war, apart from the agreement by the United States (US) and China to resume talking to each other and no further escalation of tariffs by the US at the moment.

Malaysia – We expect the local market to garner more foreign investor interest due to the significant underperformance compared to its peers during the first half of this year. 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

At the June's Federal Open Market Committee (FOMC) meeting, the Fed has indicated that it will act as necessary to sustain economic expansion, implying a rate cut could arrive as soon as the next meeting in July. Fed Chairman Powell mentioned that the Fed will closely monitor the implication of United States-China trade talks and will act as appropriate to sustain the economy. Locally, the momentum of Malaysian Government Securities (MGS) rally has been strong as lingering trade worries and geopolitical tensions sent yields lower since May. Longer dated duration bonds outperformed with yields for the 20-year benchmark plunging 17 basis points (bps) to 4.06%. In the primary sovereign market, the 20-year Government Investment Issue (GII) reopened with a record bid-to-ratio of 4.28 times at an average yield of 4.07%.

The disappointment in the US labour market data contributed to the dovish sentiment at the Fed, with a lower-than-expected increase in May's nonfarm payroll of 75,000 (consensus: 175,000, prior: 263,000) and still modest wage growth of 3.1% year-on-year (consensus and prior: 3.2% year-on-year). Local inflation rose marginally in May to 0.2% and could stay fairly muted in the near term due to softer domestic sentiments. Bank Negara Malaysia (BNM) will continue to monitor and assess the balance of risks surrounding the outlook for domestic growth and inflation. Should external trade conditions not severely worsen, we expect BNM to maintain its policy rate for the rest of the year. On portfolio positioning, we look to reduce duration given the recent rally in the government bond market. The Funds will maintain a higher corporate bond holding to minimise mark-to-market volatility.

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
Benchmark	28.8%	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%
HLAVGLF- Gross	30.6%	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%
HLAVGLF - Net	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
Performance	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
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HLA Venture Global Fund (HLAVGLF)

Performance	38.9%	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%
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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.