

# HLA Venture Dana Putra (HLAVDP)

**Oct 2018**

## Fund Features

### 1. Investment Objective

The objective of the fund is to achieve capital growth over the medium to long term.

### 2. Investment Strategy & Approach

This fund invests in Syariah-approved securities and money market instruments. This is a balanced fund with a medium risk profile.

### 3. Asset Allocation

The fund will invest up to 90% but not less than 40% of its NAV in equities.

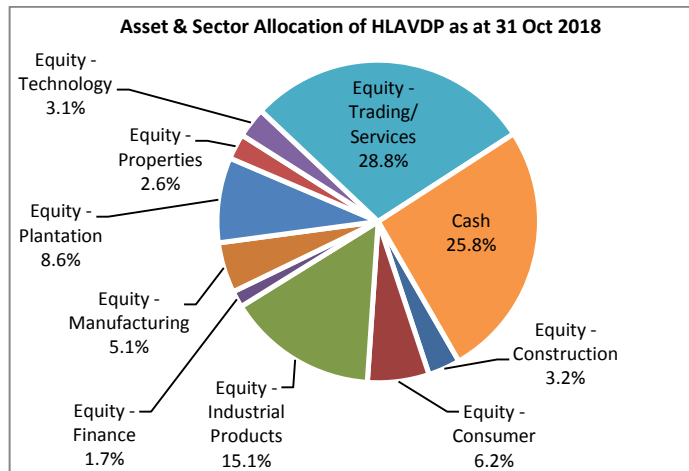
### 4. Target Market

This fund is suitable for investors who are willing to take moderate risk.

## Fund Details

<b>Unit Price (31/10/2018)</b>	: RM2.3925
<b>Fund Size (31/10/2018)</b>	: RM68.4mil
<b>Fund Management Fee (effective as at 01/09/2016)</b>	: 1.40% p.a. (capped at 1.40%)
<b>Fund Manager</b>	: Hong Leong Assurance Berhad
<b>Fund Category</b>	: Equity
<b>Fund Inception</b>	: 19 Jul 2000
<b>Benchmark</b>	: FBM EmasShariah Index (KL Shariah Index)
<b>Frequency of Unit Valuation</b>	: Daily

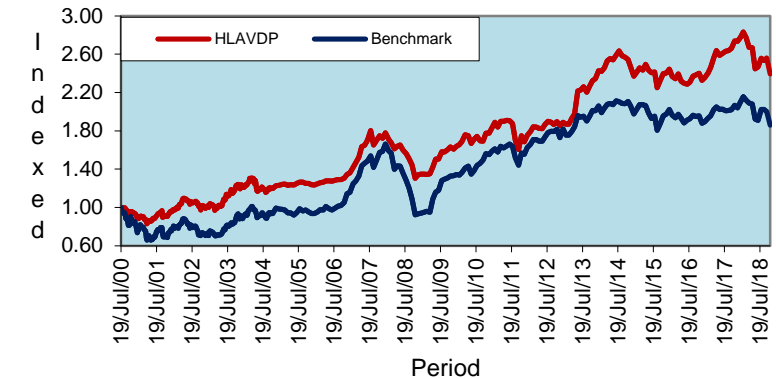
*The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.*



## Top 5 Holdings for HLAVDP as at 31 Oct 2018

		%
1.	TENAGA	8.7
2.	QL	6.2
3.	INARI	5.1
4.	DIALOG	4.6
5.	YINSON	4.4
<b>Total Top 5</b>		<b>28.9</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVDP	-13.74%	-6.57%	-12.59%	-0.14%	2.97%	83.35%	139.25%
Benchmark*	-11.51%	-7.15%	-10.02%	-5.01%	-7.62%	101.11%	85.89%
Relative	-2.23%	0.58%	-2.57%	4.87%	10.59%	-17.76%	53.36%

Source: Bloomberg

## Market Review, Outlook & Strategy

The month started off on a weak footing with the International Monetary Fund cutting global growth for 2018 and 2019 to 3.7% from 3.9% citing rising trade tensions and stress in the emerging markets. The US-China trade tension escalated further during the month with US President Trump threatening to impose tariffs on US\$267b worth of additional Chinese imports if Beijing retaliates. Fortunately, the North American Free Trade Agreement (Nafta) between the US, Mexico and Canada did send a sign of relief that a trade conflict would not worsen in that part of the world, even though the new deal does not fundamentally change much.

Sentiment was then weighed down when China's economic data points indicated that the overall economy was slowing down. 3Q18 GDP growth came in at 6.5% from 6.7% in the previous quarter, while the PBOC attempted to increase liquidity by cutting bank cash reserves and lowering financing costs. China then allowed its Yuan to depreciate further, adding to more negative pressure for emerging currencies. Oil price also took a breather during the month as Saudi Arabia's Prince Salman continued to pledge adequate supply of crude to markets despite growing protestations over the killing of journalist Jamal Khashoggi.

Back in Malaysia, the worsening external environment with continued outflow from Emerging Markets also derailed sentiment. The situation was made worse during the Government of Malaysia's investor conference – Malaysia A New Dawn - where the Finance Minister reiterated that Budget 2019 would be difficult and required sacrifices with the potential introduction of new taxes. GDP growth is also expected to moderate to 4.5-5.5% (from 5-6%) over 2018-2020, a wider budget deficit of -3% of GDP in 2020 and reduction of development expenditure from RM260b to RM220b. The expenditure would focus on infrastructure and economic enablers with over 4,000 ongoing projects to continue building affordable houses, schools, hospitals and roads. Mega projects meanwhile came under scrutiny again with the latest casualty being the Gamuda-MMC underground portion for MRT2 initially cancelled but subsequently renegotiated downwards after some last minute horse-trading.

FBM KLCI ended October with a decline of 4.7% mom to 1709.27pts on a strong last day of the month. It outperformed the broad market as well as the small-cap sector. FTSE Emas Shariah declined by 7.2% mom, FTSE Small Cap Index was down by 11.4% mom and FTSE Emas was also down by 6.1% mom.

On the external front, investors will be keeping a close watch on the US decision to re-impose oil-related sanctions on Iran on 4<sup>th</sup> November and the outcome of the US mid-term elections on 6<sup>th</sup> November. Domestically, investors will also be following closely the upcoming 2019 Budget which will be tabled on 2<sup>nd</sup> November, the 3Q18 earnings season and GDP growth releases. Markets are expected to continue being volatile. As such we will maintain our defensive strategy and invest in dividend yielding blue chip stocks with some certainty of earnings.

# HLA Venture Dana Putra (HLAVDP)

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

Year	2013	2014	2015	2016	2017
Benchmark	13.3%	-4.2%	2.4%	-6.1%	10.7%
HLAVDP- Gross	32.6%	-1.1%	4.9%	-2.4%	20.8%
HLAVDP - Net	28.6%	-2.4%	3.1%	-3.6%	17.7%

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.

### 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 the Company 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.

### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

### Others

HLA Venture Dana Putra 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.