

# HLA Venture Global Fund (HLAVGLF)

Mar 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

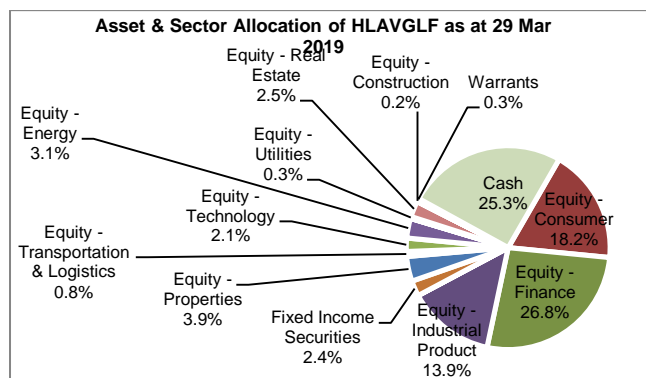
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

<b>Unit Price (29/3/2019)</b>	:RM1.2490
<b>Fund Size (29/3/2019)</b>	:RM27.7mil
<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 29 Mar 2019	%
Hong Leong Asia-Pacific Dividend Fund	56.2
Hong Leong Strategic Fund	43.1
Cash	0.7
<b>Total</b>	<b>100.0</b>



Top 5 Holdings for HLAVGLF as at 29 Mar 2019	%
1. AIA Group Limited	4.1
2. PT Bank Rakyat Indonesia (Persero) TBK	4.0
3. China Communications Services Corporate Limited - H	3.9
4. China Construction Bank Corporation - H	3.7
5. Mitra Adiperkasa TBK PT	3.7
<b>Total Top 5</b>	<b>19.3</b>

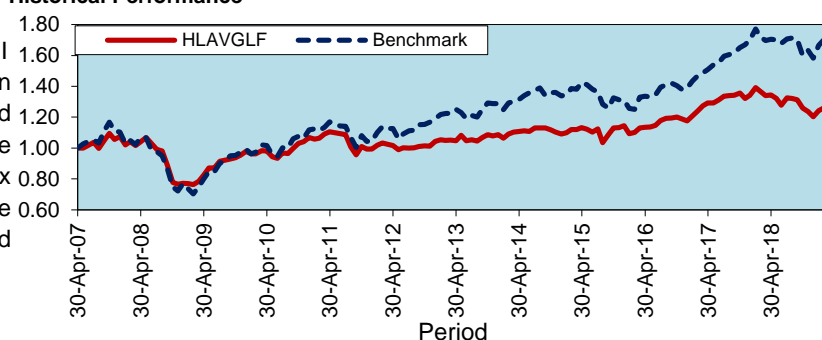
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## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	3.88%	-0.85%	-6.71%	10.58%	13.19%	59.37%	24.90%
<b>Benchmark*</b>	8.99%	1.43%	1.57%	29.62%	32.32%	130.44%	72.38%
<b>Relative</b>	-5.10%	-2.28%	-8.28%	-19.04%	-19.14%	-71.07%	-47.48%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – Global markets rallied for the third consecutive month to end the first quarter of 2019 on a strong note. The conclusion of the Mueller investigation removed some of the political uncertainty in the United States (US). Renewed global monetary easing also lent support to equity valuations. The Dow Jones Industrial Average Index rose 0.1% and the broader S&P 500 Index rose 1.8%. The Euro Stoxx Index rose 1.6% and the FTSE 100 Index rose 2.9%.

**Asia Pacific** – Waves of investor optimism and exuberance continued to wash over the regional equity markets following more dovish statements from the Federal Reserve (Fed). In China, the government's willingness to support the economy via more stimulus measures also gave investor sentiment a boost to carry the market higher. In the region, India and China markets were the leaders while Malaysia and Korea markets were the laggards.

**Malaysia** – The local market performed poorly during the month, mainly dragged by the performance of bank shares. The rising possibility of an interest rate cut by Bank Negara Malaysia (BNM) dampened sentiment over the bank shares. The FTSE BM KLCI declined 3.8% to close at 1,644 points. The broader market outperformed as the FTSE BM EMAS Index declined 2.3% to close at 11,554 points. Small caps outperformed as the FTSE BM Small Cap Index rose 1.3% to close at 12,711 points.

### Outlook & Strategy

**Global** – Recent economic data suggest that weakness in global economic growth is particularly more pronounced in the manufacturing and export sectors. Recent comments by key Fed officials suggest that inflation could be allowed to run above 2% before any meaningful tightening is required. The Fed also indicated that quantitative tightening will end in September and there will be no rate hikes this year. In Europe, the European Central Bank (ECB) also indicated that it would not raise rates until at least next year.

**Asia Pacific** – Weakness in China's economy prompts the government to continue with its stimulus measures. Economic easing appears to be targeted on stimulating the domestic demand via tax cuts and infrastructure spending. However, the government is cognizant of stabilizing the economy with stimulus measures without causing any financial imbalances. Recent economic data from China does not see any improvement but appears to be stabilizing.

**Malaysia** – We expect the FTSE BM KLCI will trade range-bound as the banking sector, which has a heavy weightage in the index, appears to be facing some headwinds. 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

During the March Federal Open Market Committee (FOMC) meeting, the Fed held rates and signalled a possible pause in rate hikes. Despite the dovish signals, Fed Chief Jerome Powell said that the US economic fundamentals remained strong. Bond traders are monitoring the US Fed with many betting on Fed cutting interest rate this year. BNM released its 2018 Annual Report during the month in which it revised down its projection for gross domestic product (GDP) and inflation. At the same time, the central bank published further liberalization measures on Ringgit trading. The Ringgit and bonds reacted positively, as bonds rallied in the market. In the primary sovereign market, there new 20.5-year and 7-year Malaysian Government Investment Issues (MGII) amounting to RM6.5 billion in total. Both issuances were well supported with bid-to-ratio of 2.7 and 2.2 times respectively. The prominent issuers during the month were Danalinfra Nasional Berhad who raised a total of RM3.8 billion and Hong Leong Financial Group Berhad (AA1) raising RM400 million.

BNM projected Malaysia's 2019 GDP growth at a 4.30-4.80% range and inflation at 0.7-1.7%, driven by domestic demand amid a challenging global environment. With the revised projections, the central bank is signalling several downside risks, namely global trade disputes, political uncertainty and sudden shifts in investor sentiment. Whilst we think the central bank is comfortable with current monetary policy, a rate cut is possible in the near term. On portfolio positioning, we look to reduce duration given the recent rally in the government bond market. Our investment portfolios 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
<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.

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### **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.