

# HLA Venture Global Fund (HLAVGLF)

Jan 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

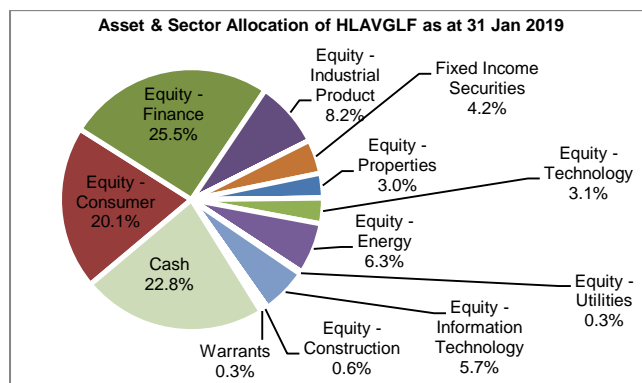
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

<b>Unit Price (31/1/2019)</b>	:RM1.2421
<b>Fund Size (31/1/2019)</b>	:RM27.6mil
<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 Jan 2019	%
Hong Leong Asia-Pacific Dividend Fund	55.6
Hong Leong Strategic Fund	43.3
Cash	1.1
<b>Total</b>	<b>100.0</b>



Top 5 Holdings for HLAVGLF as at 31 Jan 2019	%
1. Tencent Holdings Limited	5.7
2. Galaxy Entertainment Group	5.2
3. Malayan Banking Berhad	4.2
4. Malaysian Government Securities	4.1
5. China Construction Bank Corporation - H	4.1
<b>Total Top 5</b>	<b>23.3</b>

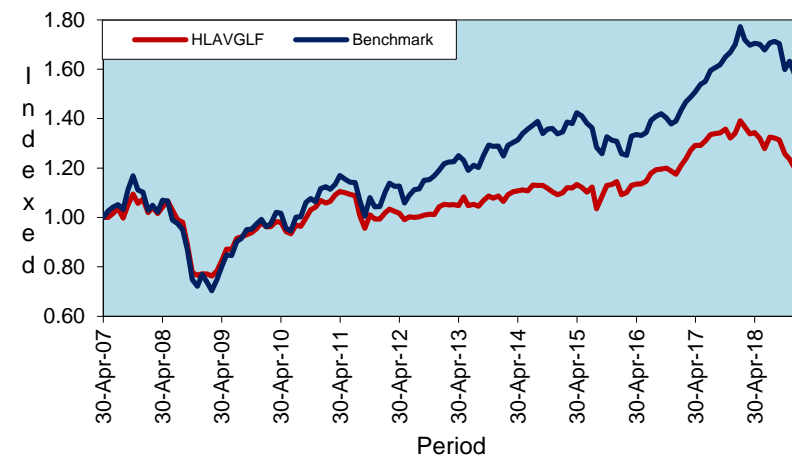
## Hong Leong Assurance Berhad (94613-X)

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## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	3.31%	3.31%	-10.75%	13.70%	16.63%	61.31%	24.21%
<b>Benchmark*</b>	5.36%	5.36%	-5.97%	32.52%	33.36%	126.70%	66.64%
<b>Relative</b>	-2.04%	-2.04%	-4.78%	-18.81%	-16.73%	-65.39%	-42.43%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – Global markets were quick off the blocks to put a torrid 2018 behind and started 2019 with a strong rally. Some of the catalysts for the rally included more dovish statements from the Federal Reserve (Fed) and a more reconciliatory approach by the United States (US) towards China with regards to the ongoing trade negotiations. The Dow Jones Industrial Average Index rose 7.2% and the broader S&P 500 Index rose 7.9%. The Euro Stoxx Index rose 5.3% and the FTSE 100 Index rose 3.6%.

**Asia Pacific** – Regional markets also rose in tandem with global markets as the more dovish tone from the Fed raised investors' risk appetite. In the region, Hong Kong and Korea were the leaders while Malaysia and India markets were the laggards.

**Malaysia** – The local market was the lone outlier among regional peers as it posted a negative return during the month. The FTSE BM KLCI declined 0.4% to close at 1,684 points. The broader market outperformed as the FTSE BM EMAS Index rose 1.2% to close at 11,661 points. Small caps outperformed as the FTSE BM Small Cap Index rose 7.2% to close at 12,109 points.

### Outlook & Strategy

**Global** - It appears some progress has been made in resolving the trade dispute between US and China. The employment numbers in US are well ahead of expectations but inflation remains under control. January also saw the longest US government shutdown being finally resolved at the end of the month. In Europe, Italy fell into recession after registering negative growth for the final two quarters of last year.

**Asia Pacific** - Recent China economic data was lackluster as the country's economic growth is clearly deteriorating. In light of the slowing economy, the People's Bank of China announced that it would cut its Reserve Requirement Ratio in order to free up more liquidity in the Chinese economy. We expect more easing measures should there be any further slowdown in the economy. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia** – February could be a rocky month for the local market as the upcoming results season may disappoint expectations given the global growth slowdown towards the end of last 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

As widely expected, the US Fed left the target of its key policy rate unchanged at the first Federal Open Market Committee (FOMC) meeting of the year. Treasuries rallied on the US government shutdown and the ongoing trade war tension between US and China. Local government bonds continue to be in demand, driven by both local and foreign investors. As expected Bank Negara Malaysia (BNM) maintained its policy rate, but cautioned on downside risk to growth.

In the primary sovereign market, the reopening of the 5-year Government Investment Issue (GII) printed a decent bid-to-cover ratio of 1.97 times while the 10.5-year new GII issue saw an impressive bid-to-cover-ratio 4.06 times. Pengurusan Air SPV Berhad, Dananinfra Nasional Berhad and Malayan Banking Berhad were some of the significant primary issuers that tapped the bond market during the month.

Malaysia's headline inflation averaged at 1.0% in 2018. For 2019, inflation is expected to average moderately higher though much will also depend on global oil prices. We expect trading volume to ease due to the upcoming Chinese New Year holidays. BNM is likely to maintain its policy rate in the near-to-medium term as the central bank continues to be accommodative in its policy stance. On portfolio positioning, we look to remain defensive by reducing duration and to maintain a higher holding in corporate bonds to minimise marked-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.

## 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.