

HLA Venture Dana Putra (HLAVDP)

May 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.

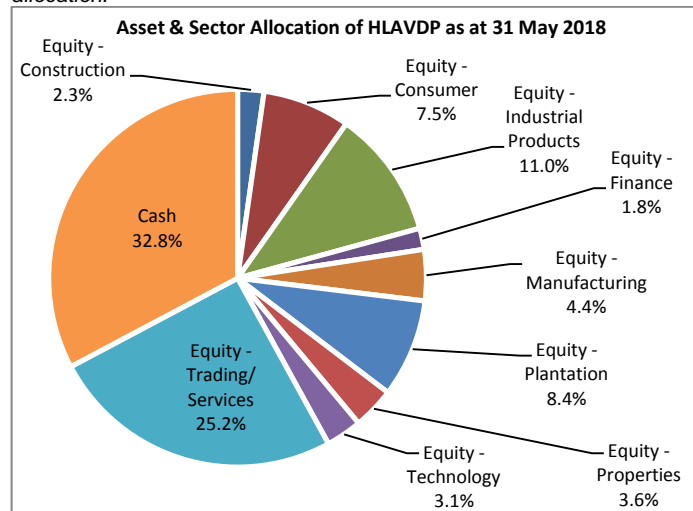
4. Target Market

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

Fund Details

Unit Price (31/5/2018)	: RM2.4469
Fund Size (31/5/2018)	: RM67.2mil
Fund Management Fee (effective as at 01/09/2016)	: 1.40% p.a. (capped at 1.40%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jul 2000
Benchmark	: FBM EmasShariah Index (KL Shariah Index)
Frequency of Unit Valuation	: Daily

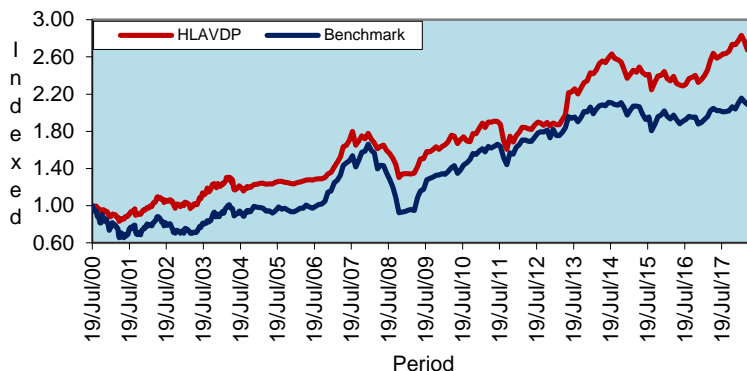
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%)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



Top 10 Holdings for HLAVDP as at 31 May 2018

	%
1. TENAGA	7.8
2. QL	4.7
3. DIALOG	4.5
4. INARI	4.4
5. YINSON	3.7
6. IOICORP	3.2
7. SIMEPLT	3.2
8. AXIATA	3.2
9. KERJAYA	2.9
10. SPSETIA	2.4
Total Top 10	40.0

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVDP	-11.78%	-8.24%	-5.46%	0.54%	10.39%	48.13%	144.69%
Benchmark*	-8.47%	-7.54%	-4.91%	-3.18%	-1.84%	34.28%	92.27%
Relative	-3.31%	-0.70%	-0.55%	3.73%	12.23%	13.85%	52.42%

Source: Bloomberg

Market Review, Outlook & Strategy

Regional markets started positively with the meeting of the two Korean premiers with the possibility of ending hostilities. Strong corporate earnings on Wall Street also lifted sentiment despite lingering concerns over rising inflation and bond yields in the US. However, the uptrend did not last as towards month-end, Pyongyang called off diplomatic talks with Seoul. This raised doubts over whether the US-Korean summit will still take place which resulted in US 10-year treasuries spiking to 3.095% overnight. Hopes for an amicable resolution to the trade war tensions between the US and China were also dashed when US indicated that tariffs were still on the cards. Investors were further spooked over a possible Eurozone crisis with Italy and Spain facing domestic political crises as neither had a stable government.

Meanwhile in Malaysia, all focus was on the unanticipated outcome of the general elections which saw Pakatan Harapan staging a major upset and forming the new government. While it was a smooth transition, the biggest casualty from a market perspective has been the construction sector as many of the mega projects such as MRT 3, HSR and ECRL were scrapped or if not, downsized significantly in terms of value. The other sectors which were also affected were the telcos and toll concessionaires as the new government's manifesto intends for double the speed of broadband at half the price, and also abolishing toll roads. The further revelation of the actual national debt level of RM1 trn was also not well received with fears that Malaysia's sovereign rating may be downgraded by the international rating agencies especially after announcing the abolishment of GST. In tandem with policy uncertainties and the sell-off in emerging markets, there was a significant outflow of foreign funds during the month.

As such, the KLCI fell by 6.9% mom to close at 1,740.62pts. Similarly, the broader markets also fell in tandem with the FTSE Emas, FTSE Bursa Small Cap and FTSE Emas Shariah falling 6.95%, 5.3% and 7.5% mom respectively. The Ringgit also depreciated by 1.4% mom against the US\$ to 3.9798 despite rising oil prices.

On the local front, the next 100 days of transition of the new government will continue to be volatile while economic growth policies have yet to be unveiled. The recent corporate earnings season for the January - March quarter was also quite weak with earnings disappointment coming from the telco, plantations, construction, property and technology sectors. However, the current broad market correction presents an opportunity to reposition the portfolios structurally. We will continue to seek cover in quality stocks that offer earnings certainty and stable dividend yields whilst maintaining price and valuation discipline. The sector which is a clear winner is the consumer sector which is a direct beneficiary of the removal of GST that includes consumer staples and auto players. Gaming, financials and selected retail REITs are also indirect exposures to rising consumerism.

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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.