

HLA Venture Global Fund (HLAVGLF)

May 2018

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.

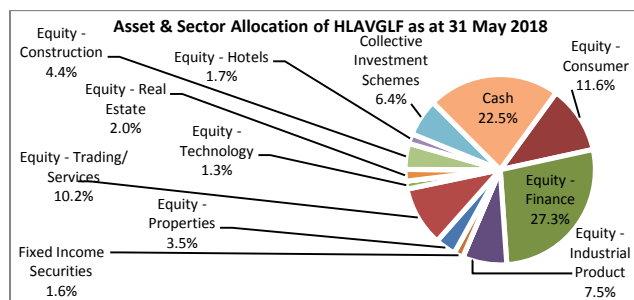
Fund Details

Unit Price (31/5/2018)	:RM1.3205
Fund Size (31/5/2018)	:RM29.0mil
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 31 May 2018

	%
Hong Leong Asia-Pacific Dividend Fund	56.4
Hong Leong Strategic Fund	42.4
Cash	1.2
Total	100.0



Top 10 Holdings for HLAVGLF as at 31 May 2018

	%
1. Hong Leong Islamic Institutional Income Management Fund II	6.4
2. China Resources Cement Holdings Ltd	2.9
3. Public Bank Berhad	2.9
4. Industrial and Commercial Bank of China Limited - H	2.9
5. China Construction Bank Corporation - H	2.8
6. ZhongSheng Group Holdings Ltd	2.7
7. Bank of China Limited-H	2.6
8. Fraser & Neave Holdings Berhad	2.6
9. Malayan Banking Berhad	2.5
10. Frontken Corporation Berhad	2.3
Total Top 10	30.6

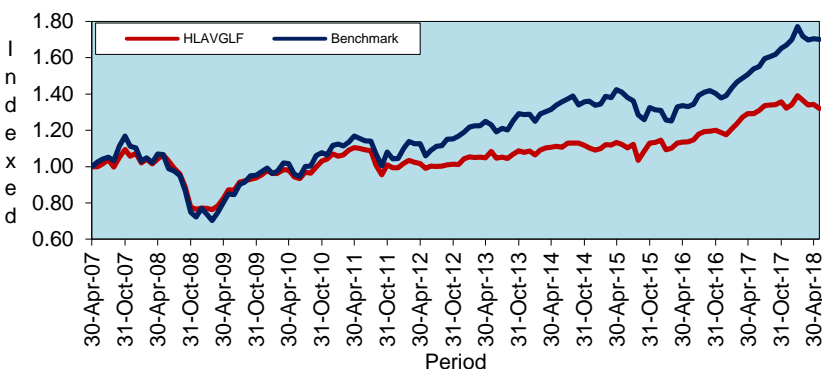
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Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	-1.53%	-1.73%	2.25%	17.70%	21.87%	23.74%	32.05%
Benchmark*	0.07%	-0.20%	10.57%	20.60%	38.24%	59.51%	70.14%
Relative	-1.60%	-1.53%	-8.32%	-2.90%	-16.36%	-35.78%	-38.09%

Source: Bloomberg, RAM Quantshop

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Volatility continued to beset the market during the month. Geopolitical risk dominated most of the headlines during the month, in particular trade frictions and uncertainty over North Korea and Iran. Markets rebounded towards the end of the month on the back of strong economic numbers and corporate earnings in the US. The Dow Jones Industrial Index rose 1.1% and the broader S&P 500 index rose 2.2%. The Euro Stoxx Index declined 3.7% and the FTSE 100 Index rose 2.3%.

Asia Pacific - Regional markets declined, contributed by the risk-off sentiment during the month as investors prefer to wait on the sidelines due to geopolitical uncertainties. Markets recovered some lost ground at the end of the month on the back of strong economic data from the US. In the region, Taiwan and Australia were the best performing markets while Malaysia and Philippines were the laggards.

Malaysia - The local market saw severe foreign selling after the shock election results. The FTSE BM KLCI and FTSE BM EMAS Index declined 6.9% and 6.9% to close at 1,741 and 12,129 points respectively. Small caps outperformed as the FTSE BM Small Cap Index declined 5.3% to close at 13,801 points.

Outlook & Strategy

Global - The economic data in the US is strong across the board. Consumer confidence remains near the 17-year high while the manufacturing activity in manufacturing activity. US corporate earnings outlook remains positive as earnings growth in the first quarter met expectations. Eurozone economic outlook remains positive as the labour market still appears strong while consumer confidence remains elevated.

Asia Pacific - US and China released a joint announcement to undertake measures to reduce the bilateral trade imbalance. China agreed to significantly increase its purchase of US goods. However, the US administration subsequently signaled its intention to publish a list of Chinese and fundamentals remain solid. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia - We expect foreign outflow to continue in the local market after the shock 14th General Election results. We expect market to experience some degree of volatility in the near term as the government policies are gradually being firmed up. 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

We expect US Treasuries to consolidate in the near term as Federal Reserve (Fed) policymakers continued to maintain a total of three hikes for 2018. We think the Fed is unlikely to go on an accelerated rate hike in view of maintaining the US growth momentum. Locally, inflation is likely to moderate in the coming months due to the government's abolishment of the Goods & Services Tax (GST). As inflation is expected to moderate in 2018, Bank Negara Malaysia (BNM) would most likelihood to maintain the Overnight Policy Rate (OPR) at 3.25%. We look to position defensively on the duration front to minimise volatility. We look to reduce duration and selectively add corporate bonds.

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

Year	2013	2014	2015	2016	2017
Benchmark	8.3%	3.9%	-2.2%	6.2%	22.3%
HLAVGLF- Gross	6.0%	1.9%	6.7%	4.2%	16.7%
HLAVGLF - Net	4.2%	0.5%	4.9%	2.6%	14.1%

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.

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	2013	2014	2015	2016	2017
Performance	-4.8%	-1.0%	6.5%	1.8%	19.2%

- Hong Leong Strategic Fund is a Mixed Assets fund managed by HLAM. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	14.5%	-0.7%	4.3%	4.8%	10.9%

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.