

# HLA Venture Global Fund (HLAVGLF)

Jul 2020

## 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

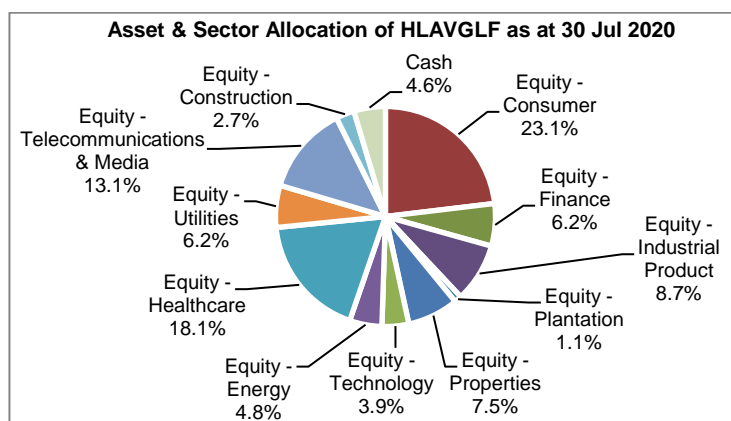
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

Unit Price (30/7/2020)	: RM1.5863
Fund Size (30/7/2020)	: RM35.4mil
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.

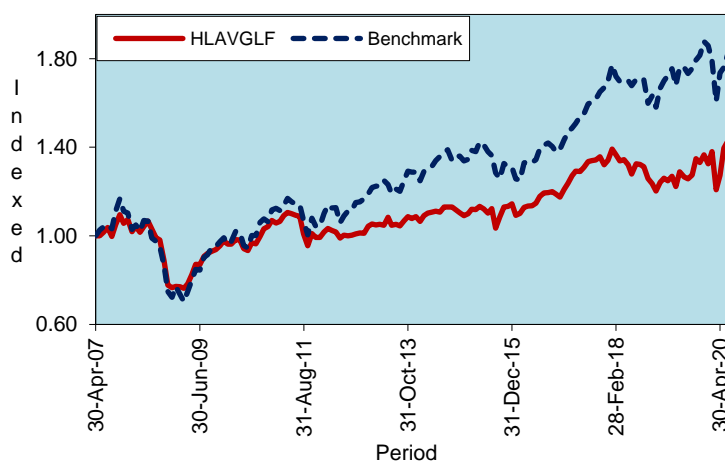
Asset Allocation for HLAVGLF as at 30 Jul 2020	%
Hong Leong Asia-Pacific Dividend Fund	68.4
Hong Leong Strategic Fund	31.0
Cash	0.6
<b>Total</b>	<b>100.0</b>



### Top 5 Holdings for HLAVGLF as at 30 Jul 2020

	%
1. Ping An Healthcare and Technology Company Limited	8.4
2. Kossan Rubber Industries Berhad	8.0
3. China East Education Holdings Limited	7.1
4. Weimob Inc.	6.8
5. Top Glove Corporation Berhad	6.2
<b>Total Top 5</b>	<b>36.5</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	16.08%	10.94%	25.22%	18.74%	41.23%	63.79%	58.63%
<b>Benchmark*</b>	2.56%	5.54%	9.37%	20.71%	41.34%	92.28%	92.56%
<b>Relative</b>	13.53%	5.40%	15.85%	-1.96%	-0.11%	-28.49%	-33.93%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – Global equities continued its seemingly unstoppable ascent. The rally, mostly led by the United States (US) technology sector, was all the more confounding considering that the pace of new COVID-19 infections rose in most regions during the month, including in the US. Recent economic data suggested a pause in global economic recovery, but this fact was also brushed aside by the bulls as equity markets marched higher. The Dow Jones Industrial Average Index rose 2.4% and the broader S&P 500 Index rose 5.5%. The Euro Stoxx Index declined 1.9% and the FTSE 100 Index declined 4.4%.

**Asia Pacific** – Asia equity markets had another good performance during the month. Recent virus outbreak in Hong Kong and subdued economic numbers from China were not able to dampen the wall of liquidity driving up equity markets. In the region, China and Taiwan markets were the leaders while Philippines and Singapore were the laggards.

**Malaysia** – The local market outperformed its ASEAN peers as glove stocks propelled the local index higher. The FTSE BM KLCI rose 6.9% to close at 1,604 points. The broader market outperformed as the FTSE BM EMAS Index rose 8.2% to close at 11,414 points. Small caps outperformed as the FTSE BM Small Cap Index rose 10.1% to close at 13,051 points.

### Outlook & Strategy

**Global** - Economic data in the US suggest that the economic recovery may be stuttering. The rise in daily new infections caused many states to partly reverse or pause their reopening plans. Consumer income appears to be well supported by stimulus cheques from the government and various unemployment benefits. The US second-quarter earnings have been better than expected.

**Asia Pacific** - China manufacturing outlook appears to have stabilized. We expect monetary policy in China to remain accommodative as the employment situation appears to deteriorate. Singapore also saw rising unemployment, along with a contraction in retail sales.

**Malaysia** – We expect local equity market conditions to remain buoyant as retail participation rises and trading volume remains at record levels. We prefer to be invested in high-yield stocks, selected consumer and export stocks and selected financial stocks.

### Fixed Income Review and Outlook

US risk assets rose after the Federal Reserve (Fed) left rates unchanged as widely anticipated. During the month, the number of new infections continued to rise in the US caused by aggressive reopening of businesses by certain states. Bank Negara Malaysia (BNM) delivered a rate cut by 25 basis points (bps) in the July Monetary Policy Committee (MPC) meeting and guided for more uncertain outlook. Subsequently, local government bonds yields fell sharply amid strong buying interest from both foreign and local players, especially on the medium and longer end of the curve. During the month, the 10-year benchmark fell by 31bps to 2.55%. The 3-year Malaysian Government Securities (MGS) benchmark reopening garnered a bid-to-cover ratio of 2.51 times whilst the 15-year MGS benchmark had a stronger demand with a bid to cover ratio of 3.51 times. In the sukuk segment, the 10-year Government Investment Issue (GII) benchmark was well supported with a bid to cover ratio of 2.59 times. The notable issuance of the month was by Malaysia Rail Link Sendirian Berhad with a government-guaranteed multi-year tranche issuance totalling RM2 billion.

Malaysia remained in deflation as the nation continued to grapple with the effect of the pandemic due to broader slowdown in growth globally. Local inflation for June 2020 came in at -1.9% year-on-year. S&P expects Malaysia's debt-to-GDP ratio to surpass 60% amid higher fiscal deficit as the government announced additional stimulus plans. BNM could potentially ease its monetary policy rate in the near term as a pre-emptive measure to combat the slowdown in domestic growth. On portfolio positioning, we continue to be positive on the bond market as we believe the central bank has room to ease its policy rate further. We will look to increase duration opportunistically.

### Actual Annual Investment Returns for the Past Ten (10) Calendar Years

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Benchmark</b>	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%
<b>HLAVGLF - Gross</b>	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%
<b>HLAVGLF - Net</b>	9.2%	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%

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.

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## 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Performance	6.4%	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%	24.9%

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Performance	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%	2.2%

Source: Hong Leong Asset Management Berhad (HLAM)

Note: Hong Leong Global Resources Income Fund has been liquidated on 17 April 2014.

## 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.