

# HLA Venture Global Fund (HLAVGLF)

July 2021

## 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.

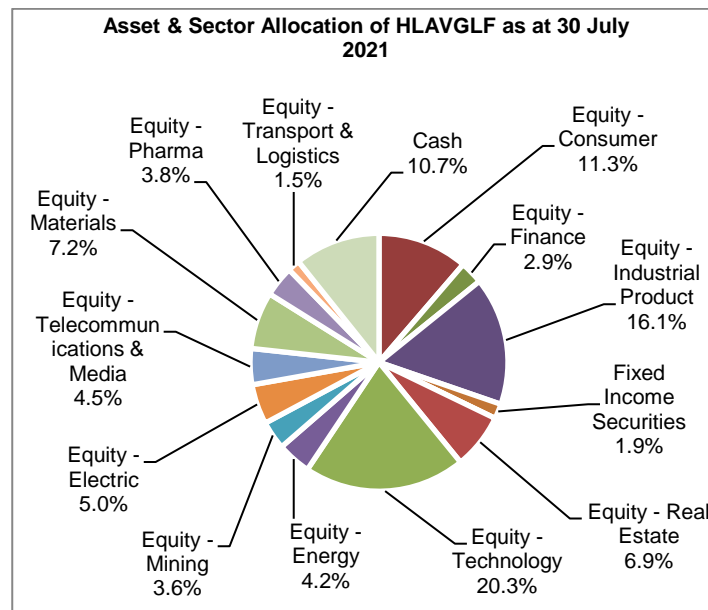
## Fund Details

Unit Price (30/7/2021)	:RM1.8063
Fund Size (30/7/2021)	:RM39.9 mil
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.

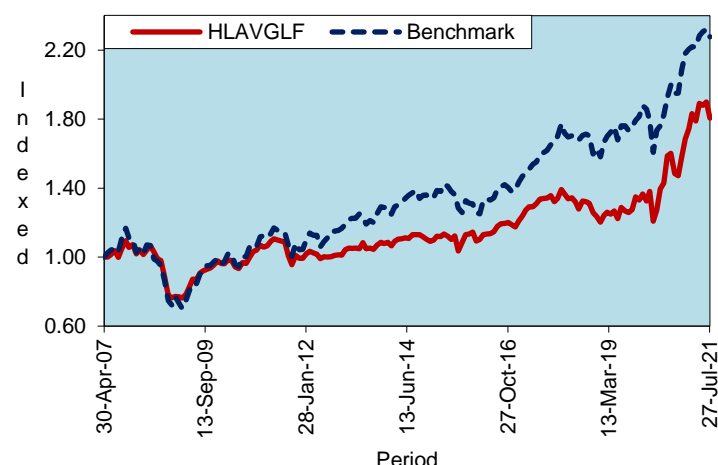
Asset Allocation for HLAVGLF as at 30 July 2021	%
Hong Leong Asia-Pacific Dividend Fund	69.74
Hong Leong Strategic Fund	29.95
Cash	0.31
Total	100.0



## Holdings for HLAVGLF as at 30 July 2021

	%
1. D&O Green Technologies Berhad	5.2
2. Shimao Services Holdings Limited	4.8
3. China Datang Corporation Renewable Power Company Limited	4.8
4. L'O ccitane International S.A	4.7
5. Ganfeng Lithium Company Limited	4.3
Total Top 5	23.7

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	7.21%	-4.91%	13.35%	36.35%	53.25%	66.05%	80.63%
Benchmark*	4.43%	-1.84%	18.30%	33.48%	63.50%	99.68%	127.80%
Relative	2.78%	-3.07%	-4.95%	2.87%	-10.26%	-33.63%	-47.17%

\*Source: Bloomberg, RAM Quantshop

**Notice: Past performance of the fund is not an indication of its future performance.**

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

### Equity Review

**Global** – US markets continued to scale new heights during the month. It appears that investors are willing to overlook the rising number of COVID-19 cases, predominantly due to the Delta variant, and place more emphasis on the robust quarterly corporate earnings that were recently released. The Dow Jones Industrial Average Index rose 1.3% and the broader S&P 500 Index rose 2.3%. The Euro Stoxx Index rose 0.6% and the FTSE 100 Index declined 0.1%.

**Asia Pacific** – While the bulls were firmly in control of the US markets, the situation could not be more different for regional equity markets. Investors' sentiment was adversely affected by China's renewed regulatory crackdown and the rising number of COVID-19 cases, particularly in parts of ASEAN. In the region, Indonesia and Singapore were the leaders while Philippines and Hong Kong were the laggards.

**Malaysia** – As the number of COVID-19 cases in the country accelerated during the month amidst the heightened local political uncertainty, it is hardly surprising that the main index hit a new low for the year at just slightly below 1,500 points. The FTSE BM KLCI declined 2.5% to close at 1,495 points. The broader market outperformed as the FTSE BM EMAS Index declined 1.6% to close at 10,973 points. Small caps outperformed as the FTSE BM Small Cap Index was unchanged at 15,421 points.

### Outlook & Strategy

**Global** - The economic environment in the US remains buoyant. The services sector outlook continues to improve as restrictions in activity are being eased further. The US Fed acknowledged that although the economy is strengthening, further improvement in the job markets will have to be observed before any plans to raise interest rates are formulated.

**Asia Pacific** - COVID-19 hotspots are appearing in more parts of the region due to slow progress in the vaccination rollout and the emergence of the Delta variant. As more movement restrictions are imposed to contain the pandemic, the economic outlook for the region is expected to weaken further. In China, economy has shown signs of slowing, spurring the Chinese authorities to hold back on tightening and instead rolling out more accommodative monetary policies.

**Malaysia** – Foreign investors continue to flee from the local stock market as the uncertainties from the recent political developments remain an overhang on the equity market. We prefer to be invested in selected export stocks.

### Fixed Income Review and Outlook

US Treasury yield curve flattened in July in the intermediate segment with 2-year vs 10-year yield differential tightened to 103.8 basis points (bps) from 120.5bps while 5-year vs 30-year yield spread widened to 120.2bps from 116.8bps underscoring US Federal Reserve (Fed) outlook that inflation path is transitory from supply bottlenecks with longer-term inflation anchored at 2% average.

On domestic front, Bank Negara Malaysia (BNM) maintained its policy rate at 1.75% marking seventh straight Monetary Policy Committee (MPC) meeting the Overnight Policy Rate (OPR) was held. Policymakers are cognizant of increased economic downside risks from the impact of containment measures with headline inflation moderating as base effect diminished.

The 10-year Government Investment Issue (GII) auction drew an unexpectedly strong demand with 3.4 times bid-to-cover (average 2.5 times), the highest in 2021. However, market softened post auction on heightened political uncertainty as market remained side-lined.

Noteworthy corporate issuances were government guaranteed issuances from SME Bank Malaysia Berhad and Malaysia Rail Link Sendirian Berhad, which issued RM 500 million and RM2 billion of sukuk respectively. SME Bank Malaysia Berhad sustainability sukuk issuances garnered 1.75 times bid-to-cover with final 5-year yield guidance at 3.10%. Malaysia Rail Link Sendirian Berhad multitranches issuances gathered 2.05 times bid-to-cover with final yield ranging 2.88-4.48%.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Benchmark</b>	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%	16.2%
<b>HLAVGLF- Gross</b>	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%	26.7%
<b>HLAVGLF - Net</b>	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%	23.3%

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.

**Notice: Past performance of the fund is not an indication of its future performance.**

### 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.

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## 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 covers the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. The potential investment risks that are taken into consideration in managing the fund include economic conditions, liquidity, qualitative and quantitative aspects of the securities. The investment manager(s) have put in place the following controls to reduce the risks through:

- having a flexible tactical asset allocation
- investing in a wide range of companies across different sectors
- setting prudent investment limits on various exposures
- taking into account the liquidity factor in selecting securities
- engaging in the hedging of foreign currency exposure where appropriate

## 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%	24.9%	50.7%

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%	2.2%	-13.4%

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.