

# HLA Venture Global Fund (HLAVGLF)

Sep 2017

## 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.

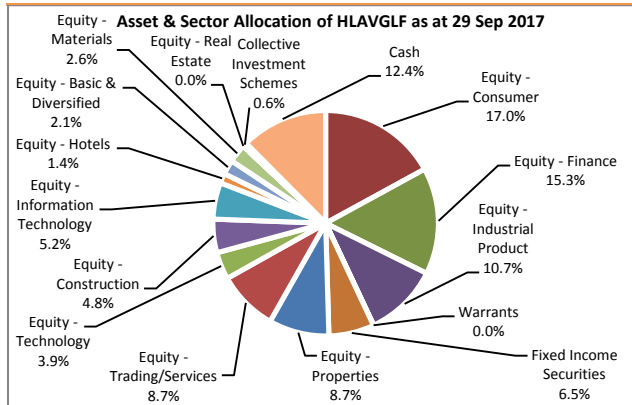
## Fund Details

Unit Price (29/9/2017)	:RM1.3422
Fund Size (29/9/2017)	:RM29.7mil
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

*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 29 Sep 2017 %

Hong Leong Asia-Pacific Dividend Fund	54.9
Hong Leong Strategic Fund	43.7
Cash	1.4
<b>Total</b>	<b>100.0</b>



## Top 10 Holdings for HLAVGLF as at 29 Sep 2017 %

1. GII Murabahah – 2025	4.9
2. Agile Group Holdings Ltd	3.0
3. BYD Electronic International Co Ltd	3.0
4. Country Garden Holdings Co	2.9
5. Swire Properties Ltd	2.7
6. Lee & Man Paper Manufacturing	2.6
7. Jacobson Pharma Corp Ltd	2.6
8. China International Capital Corporation	2.6
9. Oceancash Pacific Berhad	2.4
10. BOC Aviation Ltd	2.3
<b>Total Top 10</b>	<b>29</b>

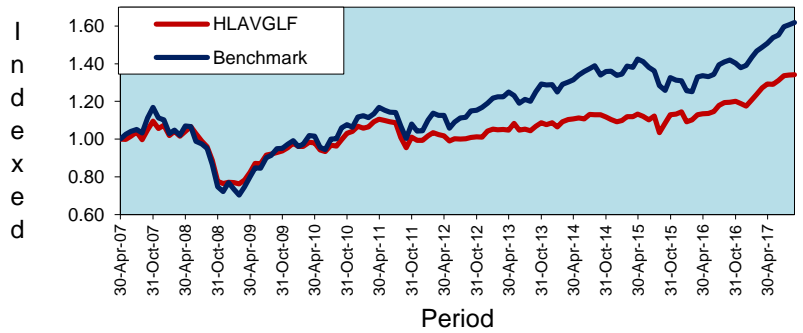
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## Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVGLF	0.22%	14.21%	12.27%	33.01%	27.78%	34.22%
Benchmark	0.74%	16.34%	13.95%	40.64%	45.48%	61.79%
Relative	-0.51%	-2.13%	-1.67%	-7.63%	-17.70%	-27.57%

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

### Equity Review

**Global**-The US market continued with its relentless climb higher during the month as investors moved back to 'risk-on' mode following expectations of improved economic growth and tax reform. It was a good month for European markets as the US market positive sentiment spilled over to Europe. The Dow Jones Industrial Average Index rose 2.1% and the broader S&P 500 Index rose 1.9%. The Euro Stoxx Index rose 5.1% and the FTSE 100 Index declined 0.8%.

**Asia Pac**- Regional markets went through a month of consolidation after a prolonged period of positive returns. Japan and Thailand led the region with the largest gains during the month while Taiwan and Singapore were the laggards. Thailand's SET index set a new record high after breaking the 1,600 strong resistance level. The strong rally reversed its year-to-date underperformance vs the region, supported by improvements in macroeconomic outlook and improving consumption outlook.

**Malaysia**- The local market posted negative returns for the month due to negative investor sentiment following the disappointing reporting season in the previous month. The FTSE BM KLCI declined 1.0% to close at 1,756 points. The broader market outperformed as the FTSE BM EMAS Index declined 0.6% to close at 12,531 points. Small caps outperformed as the FTSE BM Small Cap Index rose 1.2% to close at 16,951 points.

### Outlook & Strategy

**Global**- Recent economic data from the US suggest that the economic expansion should remain on track. The damage done to the Caribbean and the southern states in the US by the recent hurricane season may result in some volatility in the economic data in the near term. Growth continues to improve in Europe as the European Central Bank (ECB) forecast economic growth of 2.2% for this year, the fastest since 2007. A rebound is expected in the consumption sector as improving labour market supports consumer confidence.

**Asia Pac**-The People's Bank of China (PBoC) in China announced a target reserve requirement ratio (RRR) cut for banks that have met certain criteria regarding their exposure to affordable financing. Credit ratings agency, Standard and Poor's, cut China's rating by one point to A+, citing mounting debt and credit problems. In Japan, Prime Minister Shinzo Abe called a snap general election to take advantage of the weak opposition and support for his hard line views against North Korea. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia**- October may see some market rebound after the cautious sentiment following the poor earnings results season spilled over to September. We maintain our preference for blue-chip stocks that are trading at attractive levels, selected construction and consumer stocks that may benefit from government pump-priming.

### Fixed Income Review and Outlook

The recent Federal Open market Committee (FOMC) statement took on a more hawkish stance causing Treasuries to sell off. The 2-year US benchmark rose to its highest level over the last 8 years at 1.44%. Domestically, the recent improvement and stability of the Ringgit has improved market liquidity and renewed foreign investors' interest in the local bond market. Yield curve on the short-dated papers traded declined by 6-10 basis points (bps) whilst the longer tenured papers fell by 4-6bps due to supply of longer duration papers. The 15-year Government Investment Issue (GII) garnered a muted cover of 1.73 times whilst the 5-year Malaysian Government Securities (MGS) posted a slightly higher cover of 1.90 times. A total of RM8.7 billion of corporate bonds was issued in August bringing the year-to-date value of issuance to RM66.3 billion. Issuers such as DanaInfra Nasional Berhad and Southern Power Generation Sendirian Berhad are looking to tap the market in the next quarter.

In September, Federal Reserve Chair Yellen reiterated a gradual rise in interest rates is the most appropriate policy approach even in the midst of higher uncertainty about inflation. Her comments reinforced the central bank's forecast for another hike this year and investors have begun shifting its near-term rate expectations. We reaffirm our view that the Federal Reserve will hike its rate at the end of the year and for Bank Negara Malaysia to maintain its policy rate for the remainder of the year. We look to remain defensive in the sovereign bond market but may add on any market dip. We are constructive in the corporate bond space.

# HLA Venture Global Fund (HLAVGLF)

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

Year	2012	2013	2014	2015	2016
Benchmark	14.0%	8.3%	3.9%	-2.2%	6.2%
HLAVGLF- Gross	6.8%	6.0%	1.9%	6.7%	4.2%
HLAVGLF - Net	5.0%	4.2%	0.5%	4.9%	2.6%

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 detailed explanation of the risk 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	2012	2013	2014	2015	2016
Performance	15.2%	-4.8%	-1.0%	6.5%	1.8%

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

Year	2012	2013	2014	2015	2016
Performance	4.9%	14.5%	-0.7%	4.3%	4.8%

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.