HLA Venture Growth Fund (HLAVGF)

May 2020

Fund Features

1. Investment Objective

The objective of the fund is to achieve higher returns than the general stock market by investing into growth stocks which potentially generate more superior returns.

2. Investment Strategy & Approach

This fund focuses on growth stocks listed in Bursa Malaysia and/or in any foreign stock exchanges that provide potentially higher capital gains.

3. Asset Allocation

The fund may invest up to 95% of its NAV in equities.

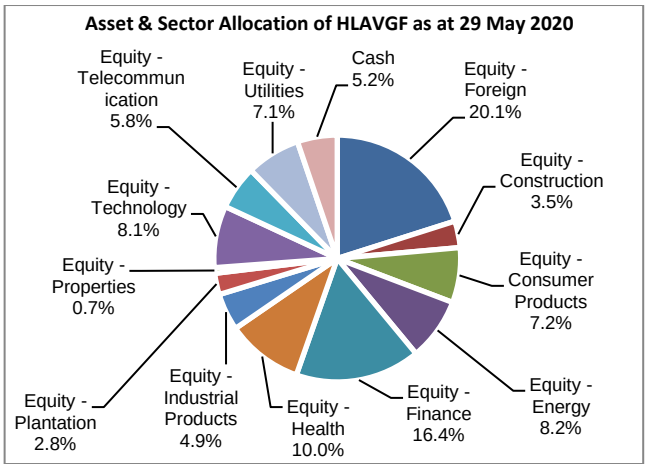
4. Target Market

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

Fund Details

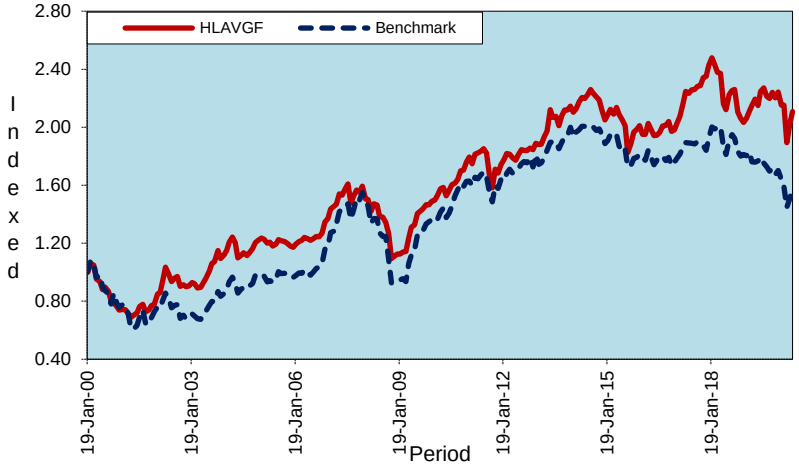
Unit Price (29/5/2020)	:RM2.1086
Fund Size (29/5/2020)	:RM366.8mil
Fund Management Fee (effective as at 01/08/2018)	: 1.39% p.a. (capped at 1.50%)
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	:19 Jan 2000
Benchmark	:FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency 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 5 Holdings for HLAVGF as at 29 May 2020		%
1.	MAYBANK	6.8
2.	CIMB	6.6
3.	TENAGA	6.3
4.	TENCENT	6.2
5.	ALIBABA	4.8
	Total Top 5	**30.7**

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGF	-5.95%	4.55%	-1.91%	-5.63%	1.02%	38.00%	110.86%
Benchmark*	-7.27%	4.65%	-10.75%	-16.57%	-15.69%	14.65%	57.84%
Relative	1.32%	-0.10%	8.84%	10.94%	16.71%	23.35%	53.02%

*Source: Bloomberg

Market Review, Outlook & Strategy

Positive sentiment continued into the month of May on the progressive easing of Covid-19 lockdown measures with additional policy responses by governments throughout the world. This was despite the increasing prospect of a resumption of the new US-China trade war where the US might be using China as the bogeyman once again for the upcoming elections. The US also added 33 Chinese entities to its so-called entities list of Chinese firms, which restricts access to US technology and other items. Turmoil in Hong Kong resurfaced when China proposed a new national security law despite China maintaining that Hong Kong's judiciary will remain independent. US Secretary of State Mike Pompeo said that the US would no longer consider Hong Kong autonomous from China, which means that special treatments under the US law will no longer apply. US-China relations will likely remain tense at least until the US elections in November 2020. On a positive note, crude oil prices recovered by 85% to US$35.32/ barrel on the back of OPEC+ deal, involuntary production cuts in the US and the return of domestic demand in China.

Domestically, Bank Negara announced a 50 bps cuts to the overnight policy rate and also allowed Malaysian government securities and investment issues to offset banks' statutory reserve requirements to help improve liquidity in the financial markets. Local market sentiment was upbeat with the massive domestic liquidity rush that pushed the KLCI to regain all the losses since the start of the Movement Control Order. The recovery was led by a rally in glove makers and healthcare-related companies' shares prices from strong retail interest; boosting its share of participation to 36% of daily trades in May (vs 24% in 2019).

On a relative basis for the month of May, the FBM KLCI again underperformed the broader market by posting a smaller recovery of 4.7% mom to close at 1,473 pts. The FBM Emas Shariah and FBM Emas recorded gains of +10.4% mom and 6.7% mom respectively in May. The Small Cap index also closed up by 9% mom. In May, strong retail participation of RM1b aided to partially offset the net selling by foreign investors in May of RM3b (April's outflow was RM2.4b).

Moving forward, investors will be keeping a close tab on US-China trade relations as well as the progress of the reopening of economies to suggest the likelihood of a potential 2nd wave of Covid-19. Domestically, market will continue to follow closely the first quarter results season which has been spread over two months (May-Jun) as well as domestic political developments as the opposition coalition is said to have garnered adequate support to seize back power from the incumbent government. Investors will also be waiting to see whether the current conditional MCO be extended beyond 9 Jun and await further details of the 6-month economic recovery plan expected in early-Jun. We continue to advocate a defensive strategy in the current volatile trading environment favoring stocks which offer resilient earnings and dividend prospects with strong cash flow profile to weather the economic downturn.

HLA Venture Growth Fund (HLAVGF)

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Benchmark	19.3%	0.8%	10.3%	10.5%	-5.7%	-3.9%	-3.0%	9.5%	-5.9%	-6.0%
HLAVGF- Gross	21.1%	0.5%	10.7%	16.3%	-3.2%	-0.6%	-0.1%	26.0%	-16.1%	12.8%
HLAVGF - Net	18.0%	-0.9%	8.5%	13.6%	-4.4%	-1.9%	-1.5%	22.5%	-16.2%	10.3%

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.

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.

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

1. 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.
2. 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.
3. The maximum value of any asset of any fund shall not exceed the following price:
   a) The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
   b) 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.
4. 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 Growth 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.