

# HLA Venture Global Fund (HLAVGLF)

Jun 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.

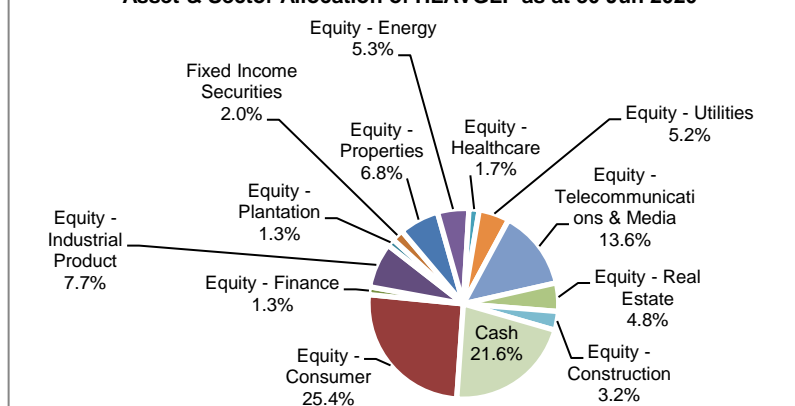
## Fund Details

Unit Price (30/6/2020)	:RM1.4299
Fund Size (30/6/2020)	:RM31.9mil
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 Jun 2020	%
Hong Leong Asia-Pacific Dividend Fund	69.7
Hong Leong Strategic Fund	29.7
Cash	0.6
<b>Total</b>	<b>100.0</b>

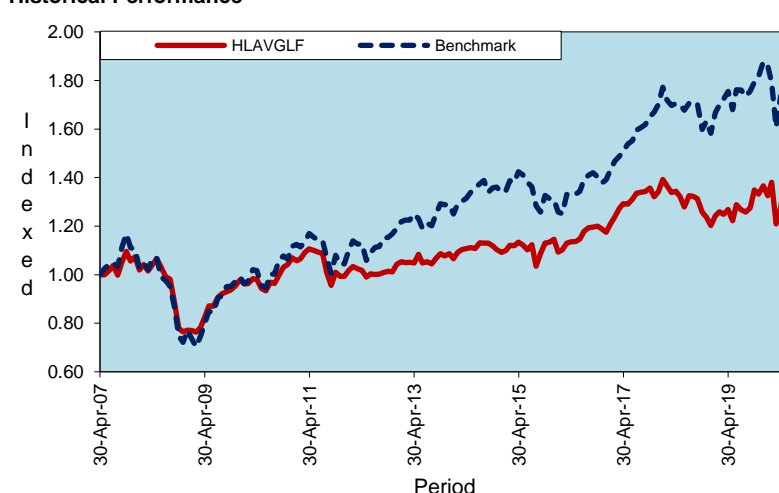
Asset & Sector Allocation of HLAVGLF as at 30 Jun 2020



Top 5 Holdings for HLAVGLF as at 30 Jun 2020

	%
1. Weimob Inc.	10.8
2. Shandong Weigao Group Medical Polymer Company Limited	10.3
3. Meituan Dianping	8.8
4. Ping An Healthcare and Technology Company Limited	7.5
5. CSC Financial Co., Ltd	7.5
<b>Total Top 5</b>	<b>44.8</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	4.64%	2.39%	10.95%	9.14%	29.65%	53.11%	42.99%
<b>Benchmark*</b>	-2.83%	3.60%	3.55%	17.60%	32.11%	92.94%	82.45%
<b>Relative</b>	7.47%	-1.21%	7.40%	-8.46%	-2.46%	-39.82%	-39.46%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – Global equities had one of the best quarters in history as more countries started to re-open their economies and the rates of infections have fallen to lower levels in most of the countries. The Dow Jones Industrial Average Index rose 1.7% and the broader S&P 500 Index rose 1.8%. The Euro Stoxx Index rose 6.0% and the FTSE 100 Index rose 1.5%.

**Asia Pacific** – Asia equity markets rallied strongly during the month. Better-than-expected economic data and reopening of the economies boosted market sentiment in the region. In the region, India and Hong Kong markets were the leaders while Thailand and Malaysia were the laggards.

**Malaysia** – The local market also posted a positive performance during the month, but lagged behind regional peers. The FTSE BM KLCI rose 1.9% to close at 1,501 points. The broader market underperformed as the FTSE BM EMAS Index rose 0.8% to close at 10,552 points. Small caps underperformed as the FTSE BM Small Cap Index declined 1.7% to close at 11,859 points.

### Outlook & Strategy

**Global** - Economic data in the US is encouraging as part of the country has started to reopen. Although it appears that the US will register a historic decline in gross domestic product (GDP) in the second quarter of 2020, certain economic indicators seem to have turned the corner earlier and more strongly than expected. In the meantime, stimulus cheques from the government and generous unemployment benefits have been crucial to support household income.

**Asia Pacific** - We expect monetary policy in China to stay accommodative for some time as there could be potential spillover effect from the uncertain economic outlook, particularly in Europe and the US. In Japan, the services segment appears to show a sharp rebound but manufacturing sector remains weak. Investment and capital expenditure by companies are expected to stay muted as businesses hoard cash in the face of an uncertain economic outlook.

**Malaysia** – Malaysia appears to be ahead of most regional peers in terms of containing the virus. We expect interest in the local stock market to pick up as the country remains firmly in the path towards a full re-opening of the economy. We prefer to be invested in high-yield stocks, selected consumer and export stocks and selected financial stocks.

### Fixed Income Review and Outlook

US Treasuries weakened amid demand for riskier assets due to increase confidence in US growth. The confidence was further supported as the May Non-Farm Payrolls surprised to the upside by adding 2.5 million jobs when economists expected a contraction. The local sovereign market yields rose in line with US Treasuries. Locally, Standard and Poor's (S&P) Global Ratings revised Malaysia's credit outlook to negative to reflect the additional fiscal pressure taken on by the government to combat the economic effects of COVID-19, depressed oil price and heightened policy uncertainty. Malaysia is now placed under negative outlook by two out of the big-three credit rating agencies, including Fitch Ratings, and could potentially see its outlook revised by Moody's Investor Service as well. The 30-year auction during the month became the new benchmark with an auction size of MYR3 billion and an additional MYR2.5 billion which was privately placed. In the corporate segment, Sarawak Energy Berhad (AAA) issued the 10-year and 15-year tenures with a size of RM1.5 billion issuance.

There are renewed concerns on Malaysia's fiscal position as the government announced additional stimulus plans during the month. S&P expect Malaysia's debt to GDP ratio to surpass 60% amid higher fiscal deficit. S&P expects officials to raise the debt ceiling in the near future and forecasted a 2.0% contraction in GDP in 2020, before making a strong recovery to 7.5% in 2021. Whilst the market consensus is evenly balanced, Bank Negara Malaysia (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 look to be more cautious due to the strong rally the bond market has experienced and any potential political headwinds in the coming months. We will consider selective profit taking and to reduce duration.

### 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

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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	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.