

# HLA Venture Global Fund (HLAVGLF)

Aug 2019

## 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

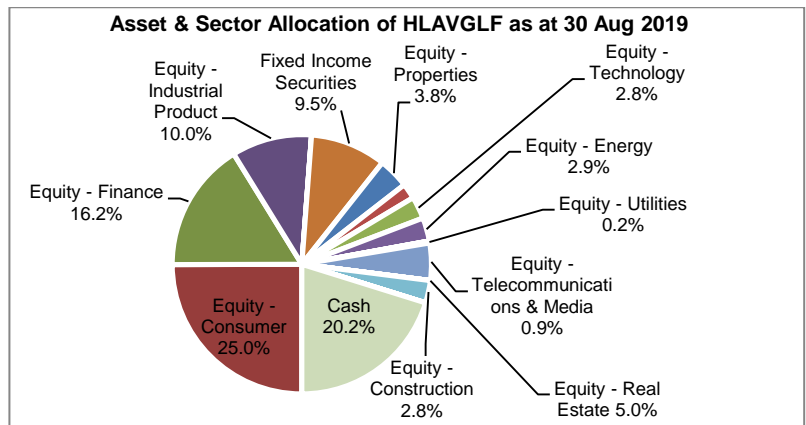
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

Unit Price (30/8/2019)	:RM1.2581
Fund Size (30/8/2019)	:RM27.9mil
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.

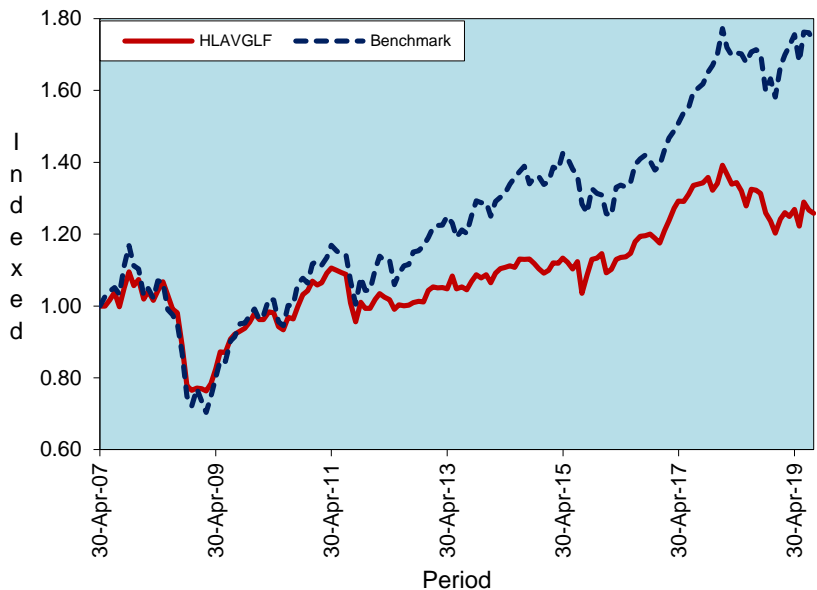
Asset Allocation for HLAVGLF as at 30 Aug 2019	%
Hong Leong Asia-Pacific Dividend Fund	57.9
Hong Leong Strategic Fund	41.8
Cash	0.3
<b>Total</b>	<b>100.0</b>



## Top 5 Holdings for HLAVGLF as at 30 Aug 2019

	%
1. Government Investment Issue	9.5
2. Country Garden Services Holdings Co Ltd	6.7
3. Nissin Foods Co Ltd	5.7
4. A-Living Services Co Ltd	5.6
5. Genting Berhad	3.2
<b>Total Top 5</b>	<b>30.7</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	4.64%	-0.69%	-4.83%	5.40%	11.37%	36.56%	25.81%
<b>Benchmark*</b>	9.60%	-1.55%	1.17%	22.98%	24.83%	89.61%	73.34%
<b>Relative</b>	-4.96%	0.86%	-6.00%	-17.58%	-13.46%	-53.05%	-47.53%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – Markets experienced a selloff in August as most regional equities sold off due to a sharp escalation in the trade tensions between the United States (US) and China as the US raised tariffs in response to China's latest retaliatory measures. Fears of economic recession also resurfaced as global bond yields collapsed. The Dow Jones Industrial Average Index declined 1.7% and the broader S&P 500 Index declined 1.8%. The Euro Stoxx Index declined 1.2% and the FTSE 100 Index declined 5.0%.

**Asia Pacific** – The weak market sentiment and recession fears also spread to regional markets. The China's Yuan plunged during the month, further dampening investor sentiment as manufacturing outlook continues to deteriorate. The Hong Kong market had a poor performance in August as protests continued in the city unabated, fueling concerns about the impact on the Hong Kong economy. In the region, the India and Indonesia markets were the leaders while the Hong Kong and Singapore markets were the laggards.

**Malaysia** – The local market succumbed to selling pressure along with other regional markets. August also saw one of the highest monthly foreign outflow, possibly due to both disappointing results season and MSCI index rebalancing during the month. The FTSE BM KLCI declined 1.4% to close at 1,612 points. The broader market underperformed as the FTSE BM EMAS Index declined 2.1% to close at 11,349 points. Small caps underperformed as the FTSE BM Small Cap Index declined 4.9% to close at 12,877 points.

### Outlook & Strategy

**Global** - Recent economic data in the US suggest that manufacturing outlook remains weak and there are increasing signs that the manufacturing weakness may be spreading to other parts of the economy, as reflected in the recent consumer sentiment indices. In Europe, Germany remains at risk of a recession as the decline in orders for cars and industrial equipment continue to be a drag to the overall economy. Political crisis in Europe continues to dominate the headlines, particularly in Italy and the United Kingdom (UK).

**Asia Pacific** - Following the Federal Reserve (Fed) rate cut in July, central banks in the region also began to turn more dovish. New Zealand, Indonesia, India and Thailand central banks cut rates due to the deteriorating global growth outlook. As the prospects of a truce between China and the US look increasingly unlikely, the China government is likely to take additional measures to support the economy.

**Malaysia** – We expect market could rebound in September following a poor month beset by earnings disappointment and worsening global macro outlook. We prefer to be invested in high-yield stocks and selected consumer and export stocks.

### Fixed Income Review and Outlook

Risk-off sentiments persisted with investors moving into safe havens as expectations for a global recession deepened after central banks of New Zealand, India and Thailand cut their respective rates during the month. US Treasuries rallied as trade tensions between the US and China flared up with the 30- year treasury falling to historic lows at 1.98%. Local sovereign bonds continued to rally in August as it continued to see strong inflows from foreign investors especially on the longer end of the curve. Profit-taking activities were evident following the rally with 10-year Malaysian Government Securities (MGS) yields declining by 20 basis points (bps) to 3.32% from July. Both the 5-year Government Investment Issue (GII) and 20-year MGS re-opening auctions received strong demands with bid-to-cover ratios of 4.1 and 3.2 times, with support largely from domestic investors. The last tender of month which was the GII 10-year re-opening came in at a decent demand bid-to-cover of 2 times. In primary corporate market, Digi Telecommunication Sendirian Berhad (AAA) issued RM900 million from its RM5 billion Islamic Medium Term Note (MTN) Program, issuing at 3.5% and 3.6% for the 7 and 10- year papers respectively.

Sentiment in the global financial markets remained poor as US-China trade conflict continues to drive uncertainty. Investors are also pricing in another rate cut for the year as Powell has hinted Fed's readiness to provide support to pre-empt any slowing growth in the US. Malaysia's second-quarter 2019 gross domestic product (GDP) came in at 4.9% year-on-year against 4.7% earlier. Inflation in July rose by 1.4% year-on-year, continuing the stronger trend in June. With threats to global growth due to the uncertainty caused by the US-China trade conflict, Bank Negara Malaysia (BNM) may cut its monetary policy rate in the near term as a pre-emptive measure to spur growth. On portfolio positioning, we look to maintain portfolio duration given the recent rally in the government bond market. The Funds will maintain a higher corporate bond holding for higher carry yield and to minimise mark-to-market volatility.

# HLA Venture Global Fund (HLAVGLF)

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Benchmark</b>	28.8%	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%
<b>HLAVGLF- Gross</b>	30.6%	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%
<b>HLAVGLF - Net</b>	26.9%	9.2%	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-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.

#### 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Performance</b>	52.6%	6.4%	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Performance</b>	38.9%	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%

Source: Hong Leong Asset Management Berhad (HLAM)

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

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### **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.