

HLA Venture Global Fund (HLAVGLF)

May 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.

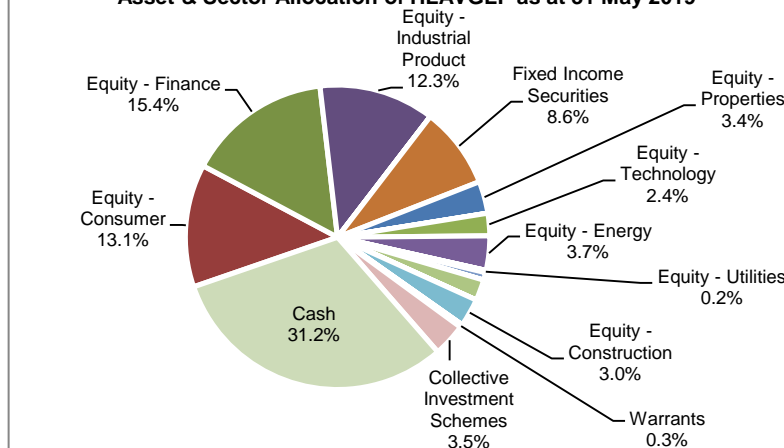
Fund Details

Unit Price (31/5/2019)	:RM1.2227
Fund Size (31/5/2019)	:RM27.1mil
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 31 May 2019	%
Hong Leong Asia-Pacific Dividend Fund	56.3
Hong Leong Strategic Fund	43.3
Cash	0.4
Total	100.0

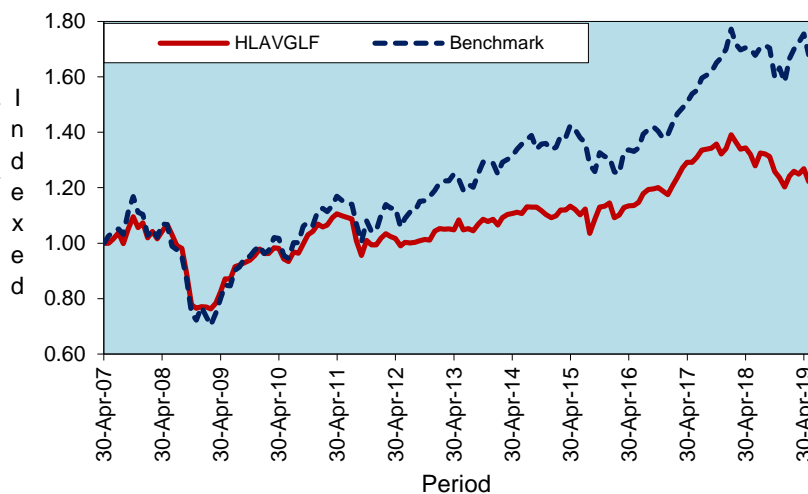
Asset & Sector Allocation of HLAVGLF as at 31 May 2019



Top 5 Holdings for HLAVGLF as at 31 May 2019

	%
1. Malaysian Government Securities	8.6
2. Country Garden Services Holdings Co Ltd	4.2
3. Kerry Logistics Network Ltd	4.0
4. AIA Group Limited	3.8
5. Genting Berhad	3.8
Total Top 5	24.4

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	1.70%	-3.61%	-7.41%	7.59%	9.95%	40.23%	22.27%
Benchmark*	6.24%	-4.26%	-1.24%	26.20%	25.44%	97.96%	68.03%
Relative	-4.54%	0.65%	-6.17%	-18.61%	-15.50%	-57.73%	-45.76%

Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Global markets succumbed to intense selling pressure during the month as trade tensions between China and the United States (US) escalated quickly. Donald Trump announced tariff increase on China goods, leading to a breakdown in trade negotiations, much to the surprise of investors. The Dow Jones Industrial Average Index declined 6.7% and the broader S&P 500 Index declined 6.6%. The Euro Stoxx Index declined 6.7% and the FTSE 100 Index declined 3.5%.

Asia Pacific – The negative sentiment from the failed trade negotiations spread to regional equity markets. In particular, the ban on Huawei by the US commerce department affected sentiment on technology stocks in the region. India markets rallied briefly on anticipation of greater political stability and policy continuity following the election results which confirmed the victory by the National Democratic Alliance. In the region, Australia and India were the leaders while Hong Kong and Singapore were the laggards.

Malaysia – The local market lived up to its widely held perception as a defensive market as the FTSE BM KLCI bucked the overall trend and registered a positive return during the month. The FTSE BM KLCI rose 0.5% to close at 1,651 points. The broader market underperformed as the FTSE BM EMAS Index declined 0.6% to close at 11,588 points. Small caps underperformed as the FTSE BM Small Cap Index declined 7.9% to close at 12,547 points.

Outlook & Strategy

Global - The US increased tariff from 10% to 25% on USD200 billion worth of goods imported from China during the month. Economic data in the US gave a mixed picture of the overall health of the US economy. The US Manufacturing Purchasing Managers' Index (PMI) fell in May while US consumer confidence rose and appears to be holding up for now. Economic data in Europe also appeared mixed as the Manufacturing PMI fell to below 50, indicating contraction while consumer confidence picked up.

Asia Pacific - Even before the US announced the increase in tariffs, the recent economic data from China suggests that economic recovery remains fragile and this is likely to spur more stimulus measures by the government. Fears of uncontrolled Chinese Yuan depreciation also weighs on market sentiment. In China, private sector and manufacturing investments appear to have slowed while the slack has been taken up by infrastructure and real estate investments, driven by recent policy supports.

Malaysia – As foreign interest in the local market remains low, we expect the Malaysia market to see less of a beating than regional peers should the current market turmoil persist. We prefer to be invested in blue-chip stocks that are trading at attractive levels, selected consumer stocks and export stocks.

Fixed Income Review and Outlook

Asian markets continued to be weighed down by US-China trade tensions since negotiations crumbled in early May. Geopolitical risks stemming from the latest development in the Brexit saga as well as results from the European parliamentary elections also kept investors on the edge. Locally, markets turned risk-off last week as sentiments were derailed by the recent trade developments. Investors broadly flocked towards safe haven assets for refuge, which saw the 10-year US treasury benchmark rallied to 2.32%. In Malaysia, Bank Negara Malaysia (BNM) cut policy rate by 25 basis points (bps) to 3% in an anticipated move as the global and domestic economy growth momentum showed signs of moderation. Inflation rose to +0.2% in March from -0.4% in February, largely caused by changes in petrol prices. In the primary sovereign market, there were the 30.5-year and 15.5-year new Government Investment Issue (GII) reopening and 10-year Malaysian Government Securities (MGS) amounting to RM8.5 billion open to the market for tender. All issuances were well supported with bid-to-ratio of 2.8, 2.3 and 1.5 times respectively. In the corporate bond issuances, the prominent issuers during the month were CIMB Group Holdings Berhad and RHB Islamic Berhad, both issuing RM1billion each.

The Malaysian economy grew at a more moderate pace of 4.70% in 2018. Looking ahead, with slowing global demand and prolonged trade tensions between US and China, Malaysian economic growth is expected to slow down as well. Headline inflation is expected to be broadly stable compared to 2018, supported by continued expansion in economic activity. We expect BNM to maintain the Overnight Policy Rate (OPR) at 3% for the rest of the year. On portfolio positioning, we look to reduce duration given the recent rally in the government bond market. We will maintain a higher corporate bond holding to minimise mark-to-market volatility.

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Benchmark	28.8%	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%
HLAVGLF- Gross	30.6%	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%
HLAVGLF - Net	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.

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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
Performance	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
Performance	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.

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.