

HLA Venture Global Fund (HLAVGLF)

Jan 2018

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

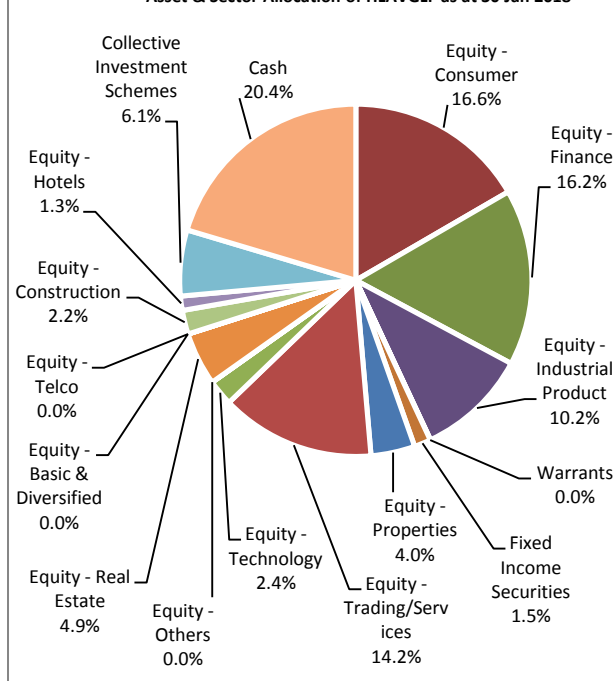
Unit Price (30/1/2018)	:RM1.3917
Fund Size (30/1/2018)	:RM29.8mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	: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 30 Jan 2018

Hong Leong Asia-Pacific Dividend Fund	56.4
Hong Leong Strategic Fund	42.1
Cash	1.5
Total	100.0

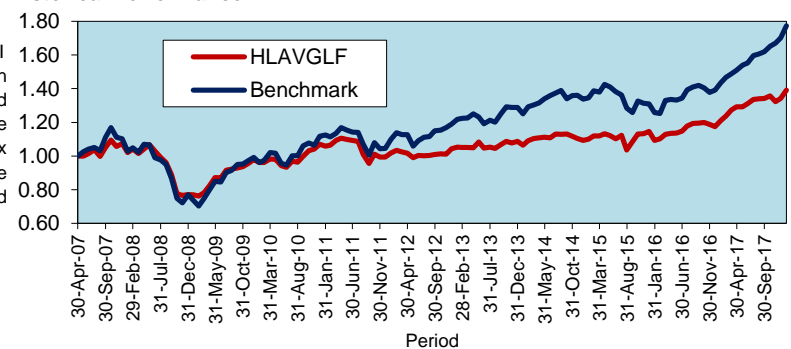
Asset & Sector Allocation of HLAVGLF as at 30 Jan 2018



Top 10 Holdings for HLAVGLF as at 30 Jan 2018

	%
1. Hong Leong Islamic Institutional Income Management Fund II GII Murabahah – 2025	6.0
2. Tenaga Nasional	3.4
3. RHB Bank Berhad	2.9
4. Top Glove	2.5
5. SKP Resources	2.4
6. Malayan Banking Berhad	2.2
7. BAIC Motor Corporation Ltd - H	2.0
8. CK Asset Holdings Ltd	2.0
9. Dali Foods Group Company Ltd	2.0
10. Malayan Flour Mills Bhd	1.9
Total Top 10	27.3

Historical Performance



	1 month	YTD	1year	5 years	10 years	Since Inception
HLAVGLF	3.78%	3.78%	15.04%	32.15%	36.49%	39.17%
Benchmark	4.23%	4.23%	23.54%	45.46%	72.25%	77.22%
Relative	-0.45%	-0.45%	-8.50%	-13.30%	-35.75%	-38.05%

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global-The US market continued with its ascent. The strong positive momentum was largely driven by growing confidence in the economic outlook. Europe markets also performed well given the strong economic backdrop and recovery in earnings expectations. The Dow Jones Industrial Average Index rose 5.8% and the broader S&P 500 Index rose 5.6%. The Euro Stoxx Index rose 3.0% and the FTSE 100 Index declined 2.0%.

Asia Pac- Regional markets rose strongly on the back of US Dollar (USD) weakening, strong economic outlook and rising commodity prices. Hong Kong and India posted the largest gains during the month while Australia and Japan were laggards. The Malaysia Ringgit and Thai Baht were the best performing currencies during the month.

Malaysia-The local market rallied in line with regional peers due to a surge in foreign inflows. The FTSE BM KLCI rose 4.0% to close at 1,869 points. The broader market underperformed as the FTSE BM EMAS Index rose 3.3% to close at 13,372 points. Small Caps underperformed as the FTSE BM Small Cap Index rose 2.7% to close at 17,085 points.

Outlook & Strategy

Global- The broad macroeconomic picture for the US remained strong. Manufacturing activity remained robust. Jobs report was stellar while unemployment rate remained at 4.1%. In Europe, most investors are wary of the Italian election on 4 March 2018. However, most populist parties have toned down their populist and protectionist stance and the result is unlikely to rattle investors. Central bankers in the US and Europe are keeping an eye on inflation and expect inflation to pick up towards their 2% targets.

Asia Pac- China's economy grew in line with expectations in the fourth quarter of 2017. The tertiary sector grew at a faster pace than the secondary sector, suggesting that the China economic rebalancing is well underway. Japan machinery orders continue to be strong, suggesting rising manufacturing activity. In Indonesia, rising import of consumer goods seem to suggest that domestic demand is stabilizing. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia- We expect investors' focus to be on the upcoming February results season and political news with regards to the upcoming general elections to be held this year. 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

Despite the hawkish tone in January's Federal Open Market Committee (FOMC) statement, the US Fed decided to keep rate unchanged in view of current and expected labor market conditions and inflation. Policy makers are now expecting a hike in March along with majority of the investors. Local sovereign bond started the year with strong demands but closed weaker at month end taking the lead from the higher US treasuries yields. The first auction, the 20-year Malaysian Government Securities (MGS) recorded a moderate bid-to-cover of 1.90 times. The subsequent auctions, the 5-year Government Investment Issue (GI) and 15-year MGS received strong bids with higher bid-to-cover of 2.58 times and 2.47 times respectively. In the primary corporate bond space, Danga Capital Berhad issued RM1.5 billion of the 15-year sukuk.

Locally, Bank Negara Malaysia's 25 basis points (bps) hike in the Overnight Policy Rate (OPR) on 25 January 2018 came as expected, citing strong growth fundamentals and robust domestic demand. The hike was seen as normalization and a pre-emptive move to prevent the build-up of risks that could arise from low interest rates for a prolonged period of time. The central bank also signaled that any future policy decisions will be data dependent i.e. the balance of risks for growth and inflation. We expect the OPR to hold at 3.25% for the next 9 months. 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.

Hong Leong Assurance Berhad (94613-X)

Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.

Telephone 03-7650 1818 Facsimile 03-7650 1991

Customer Service Hotline 03-7650 1288 Customer Service Hotfax 03-7650 1299

HLA Venture Global Fund (HLAVGLF)

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

Year	2013	2014	2015	2016	2017
Benchmark	8.3%	3.9%	-2.2%	6.2%	22.3%
HLAVGLF- Gross	6.0%	1.9%	6.7%	4.2%	16.7%
HLAVGLF - Net	4.2%	0.5%	4.9%	2.6%	14.1%

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 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	2013	2014	2015	2016	2017
Performance	-4.8%	-1.0%	6.5%	1.8%	19.2%

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

Year	2013	2014	2015	2016	2017
Performance	14.5%	-0.7%	4.3%	4.8%	10.9%

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.