

HLA Venture Global Fund (HLAVGLF)

August 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.

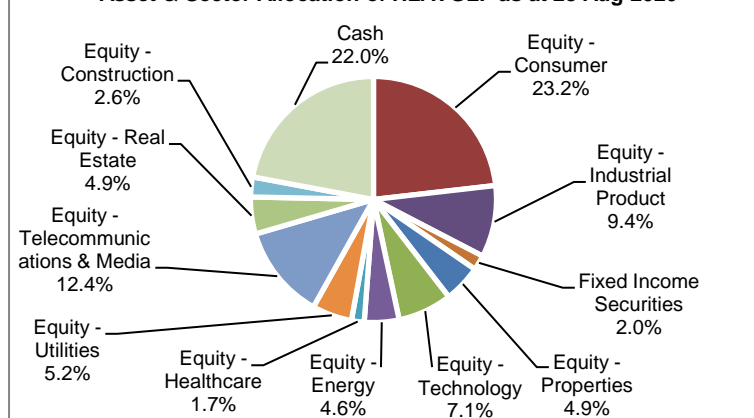
Fund Details

Unit Price (28/8/2020)	:RM1.6013
Fund Size (28/8/2020)	:RM35.7 mil
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 28 Aug 2020	%
Hong Leong Asia-Pacific Dividend Fund	69.3
Hong Leong Strategic Fund	30.3
Cash	0.4
Total	100.0

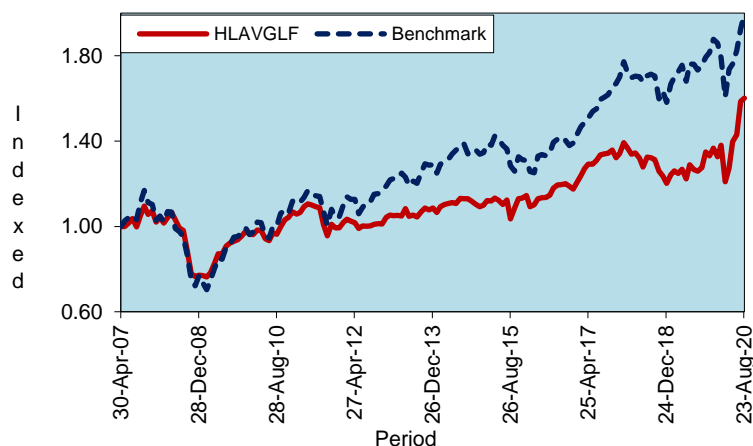
Asset & Sector Allocation of HLAVGLF as at 28 Aug 2020



Top 5 Holdings for HLAVGLF as at 28 Aug 2020

	%
1. Weimob Inc.	6.5
2. Xiaomi Corporation	5.9
3. China East Education Holdings Limited	5.8
4. China Education Group Holdings Limited	5.7
5. CSC Financial Co., Ltd	5.2
Total Top 5	29.1

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	17.18%	0.95%	27.28%	19.57%	54.70%	66.13%	60.13%
Benchmark*	6.33%	3.68%	15.17%	24.30%	55.45%	99.24%	99.64%
Relative	10.85%	-2.73%	12.11%	-4.73%	-0.75%	-33.11%	-39.51%

*Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Global equities enjoyed another month of substantial gains. Better-than-expected second-quarter earnings season and the possibility of a vaccine to be made available soon boosted investor sentiment. The Dow Jones Industrial Average Index rose 7.6% and the broader S&P 500 Index rose 7.0%. The Euro Stoxx Index rose 3.1% and the FTSE 100 Index rose 1.1%.

Asia Pacific – Asian equity markets marched higher during the month, in tandem with global markets. Interest in emerging markets returned as risk appetite among investors rose on the back of improving economic data and encouraging earnings season. In the region, Korea and India markets were the leaders while Malaysia and Thailand were the laggards.

Malaysia – The local market succumbed to some profit taking activities after having had a good run in previous months. The FTSE BM KLCI fell 4.9% to close at 1,525 points. The broader market outperformed as the FTSE BM EMAS Index fell 2.9% to close at 11,086 points. Small caps outperformed as the FTSE BM Small cap Index rose 5.0% to close at 13,700 points.

Outlook & Strategy

Global - Recent economic data suggest that the economic recovery is moderating, but still heading in the right direction. The number of COVID-19 cases in the US appears to be decreasing, although it still at an elevated level. In the US, the manufacturing outlook appears to be on a much firmer footing, as suggested by the Purchasing Managers' Index (PMI) numbers beating market expectations while the housing market remains solid. However, economic recovery appears uneven as the labour market fell short of expectations, with recent data suggesting firms are still reluctant to make aggressive hiring.

Asia Pacific - In China, economic data suggest that the economy is improving, although at a moderate pace. Daily COVID-19 cases rose in India, Indonesia, Philippines and Australia. We expect the virus resurgence to affect the economy adversely.

Malaysia – The recently concluded corporate earnings season showed a substantial year-on-year earnings decline for most of the companies as it reflected the full-impact of the Movement Control Order (MCO). We expect earnings to recover in the following quarter. We prefer to be invested in high-yield stocks, selected consumer and export stocks and selected financial stocks.

Fixed Income Review and Outlook

Whilst the global economy has shown signs of recovering from its worst quarterly performance in the second quarter of 2020, the outlook will depend on the pace of recovery in business activities amid the gradual lifting of lockdown measures worldwide and the on-going US-China trade tensions. The Federal Reserve (Fed) policymakers indicated a shift in focus to average inflation and higher employment. The framework triggered a retreat from the dollar, with the central bank now given more scope to keep benchmark rates lower for longer. Global rates rose marginally in August on profit taking increased risk appetite. The local bond yields tracked US Treasuries higher with the 10-year benchmark rising 7 basis points (bps) to 2.62%. The 15-year Government Investment Issue (GII) 11/34 reopening auction garnered a weak bid-to-cover ratio of 1.42 times, which was lower than previous 20-year benchmark auction which saw a poor 1.47 times bid-to-cover ratio. In the primary corporate market, Press Metal Aluminium Berhad raised RM700 million 5-year sukuk under its RM5 billion programme.

Malaysia's government bonds weakened on profit taking activity with losses skewed towards long-tenured bonds as recent rise in yields sent investors to shorten their duration holdings. Support for short-term government bonds is likely to remain as there is a high probability of a rate cut by in the near term by Bank Negara Malaysia (BNM) following the contraction of second-quarter gross domestic product (GDP) by 17.1% year-on-year. Local inflation fell for a fifth consecutive month with the Consumer Price Index (CPI) at -1.3% in July vs -1.9% in June. On portfolio positioning, we continue to be positive on the bond market as we believe the central bank may ease its policy rate in the near term. We look to increase duration opportunistically.

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Benchmark	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%
HLAVGLF - Gross	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%
HLAVGLF - Net	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

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.

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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.