

HLA Venture Global Fund (HLAVGLF)

Mar 2017

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

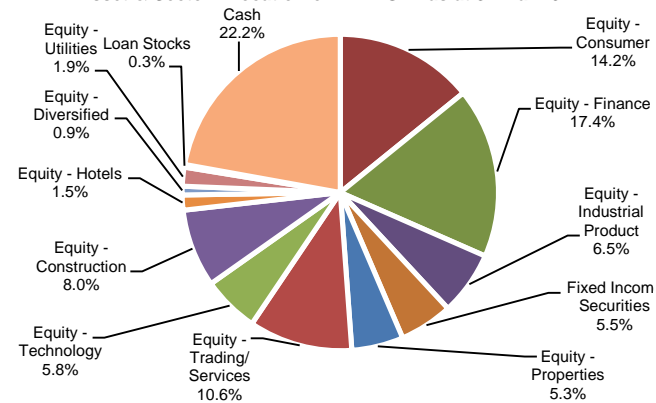
Unit Price (31/3/2017)	:RM1.2725
Fund Size (31/3/2017)	:RM28.0mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	: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 31 Mar 2017

	%
Hong Leong Asia-Pacific Dividend Fund	51.5
Hong Leong Strategic Fund	45.4
Cash	3.1
Total	100.0

Asset & Sector Allocation of HLAVGLF as at 31 Mar 2017



Top 10 Holdings for HLAVGLF as at 31 Mar 2017

	%
1. GII Murabahah	5.4
2. Bank of China Ltd - H	3.4
3. China Life Insurance Co - H	3.2
4. Industrial & Commercial Bank of China - H	2.7
5. Great Wall Motor Company Limited	2.6
6. Prada SPA	2.4
7. Tenaga Nasional Berhad	2.3
8. Samchem Holdings Berhad	2.1
9. Hong Leong Industries Berhad	2.1
10. Guocoland (Malaysia) Berhad	2.0
Total Top 10	28.2

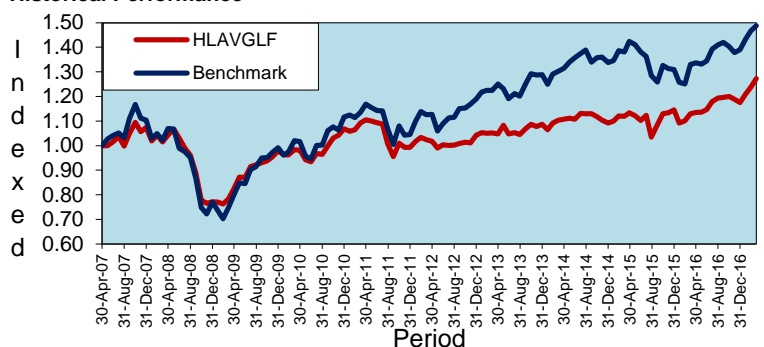
Hong Leong Assurance Berhad (94613-X)

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

Historical Performance



	1 month	YTD	1 year	3 years	5 years	Since Inception
HLAVGLF	2.80%	8.28%	12.66%	15.31%	24.24%	27.25%
Benchmark	1.38%	6.98%	11.87%	14.20%	32.11%	48.77%
Relative	1.42%	1.30%	0.79%	1.12%	-7.87%	-21.52%

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global- Global indices took a breather during the month after rallying strongly in the previous two months. Investors are starting to question the ability of the new US administration to deliver some of its policy agenda such as the tax reform. The Dow Jones Industrial Average Index declined 0.7% and the broader S&P 500 Index was unchanged during the month. The Euro Stoxx Index rose 5.5% during the month while the FTSE 100 Index rose 0.8%.

Asia Pac- Regional markets continued their upward trend during the month. All markets in the region posted positive returns with the exception of China and Japan. Indonesia and Korea posted the biggest gains during the month. Foreign inflows momentum into emerging market equities extended to March.

Malaysia- Foreign investor money that poured into the local market during the month extended market gains. The FTSE BM KLCI rose 2.7% to close at 1,740 points. The broader market outperformed as the FTSE BM EMAS Index rose 3.4% to close at 12,361 points. Small caps outperformed as the FTSE BM Small Cap Index rose 8.4% to close at 17,081 points.

Equity Outlook & Strategy

Global- The US business surveys and consumer confidence surveys continue to show encouraging improvements. The March consumer confidence index soared to its highest level since December 2000. The major global economies outside the US, such as Europe, are also showing signs of improving economic outlook. In Europe, business surveys have risen to their highest levels in over five years and European companies are starting to show growth in earnings. We expect equity markets in developed countries to consolidate in the near-term as likelihood of rate hikes may rise and may dampen investors' sentiment.

Asia Pacific – Korean president Park was impeached and fresh elections will take place no later than 9 May in Korea. In India, the incumbent government Bharatiya Janata Party (BJP) had a landslide victory in the Uttar Pradesh state elections. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia- We expect the local market to trade in a tight range following the strong rally in the last few months. Interest may pick up for the second and third tier stocks as laggards may move up to catch up with the rest of the market. 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

As widely anticipated, the Federal Reserve (Fed) hiked its policy rate by 25 basis points (bps) at the March Federal Open Market Committee (FOMC) meeting and indicated that they are expecting two more hikes for the rest of the year. The Fed's affirmation of its initial rate hike guidance improved initial trading sentiment in the bond market. However, over the month, the local sovereign bond market traded softer with yields rising by 6-20bps across the curve. Government bonds were pressured post release of the headline inflation which was higher than expected. There were three government auctions during the month, the 5-year Malaysian Government Securities (MGS), 15-year Malaysian Government Investment Issue (MGII) and the new 7.5-year MGS, which drew a decent bid to cover ratio of 1.538 times, 1.897 times and 2.064 times respectively. Corporate bond trading was fairly subdued ahead of the March FOMC meeting as many investors remained cautious. In the corporate bond market, Genting Malaysia Berhad issued a RM2.6 billion of AAA-rated bonds whilst Danainfra Nasional Berhad issued RM2 billion bonds of government guaranteed bonds.

The US Treasury curve fell since the March rate hike as Trump failed to deliver his key election promise of replacing the existing healthcare bill. The 10-year Treasury rose whilst the US Dollar dropped against most currencies as markets continued to feel uneasy over Trump's potential delays in his fiscal plans and reforms. Malaysia's inflation rose to 4.50% in February, spurred by higher transportation costs and higher food prices. Bank Negara Malaysia (BNM) released its 2016 annual report with a firm projection of gross domestic product (GDP) growth at 4.3-4.8% this year. Even though inflation is expected to remain high in the near term, we think the central bank will maintain its monetary policy stance. We look to be opportunistic in the sovereign bond market by adding to position on any dips.

HLA Venture Global Fund (HLAVGLF)

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

Year	2012	2013	2014	2015	2016
Benchmark	14.0%	8.3%	3.9%	-2.2%	6.2%
HLAVGLF- Gross	6.8%	6.0%	1.9%	6.7%	4.2%
HLAVGLF - Net	5.0%	4.2%	0.5%	4.9%	2.6%

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 detailed explanation of the risk 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.

HLA Venture Global Fund (HLAVGLF)

Target Fund Details

1. Hong Leong Asia-Pacific Dividend Fund is an Equity fund managed by HLAM. The past performance of this fund is as follows:

Year	2012	2013	2014	2015	2016
Performance	15.2%	-4.8%	-1.0%	6.5%	1.8%

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

Year	2012	2013	2014	2015	2016
Performance	4.9%	14.5%	-0.7%	4.3%	4.8%

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.