

HLA Venture Global Fund (HLAVGLF)

Sep 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

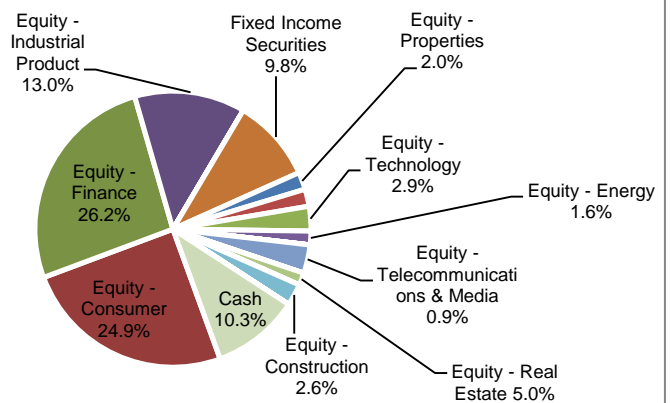
Unit Price (30/9/2019)	:RM1.2751
Fund Size (30/9/2019)	:RM28.2mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	: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 Sep 2019

	%
Hong Leong Asia-Pacific Dividend Fund	58.8
Hong Leong Strategic Fund	41.1
Cash	0.1
Total	100.0

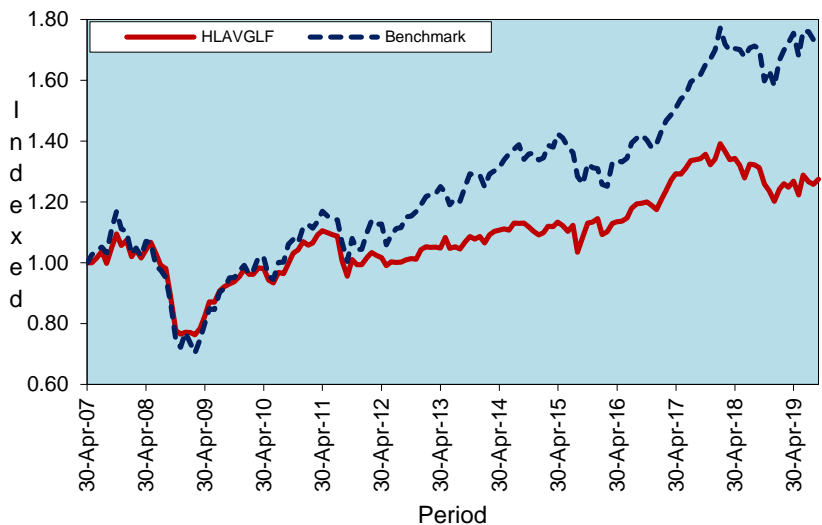
Asset & Sector Allocation of HLAVGLF as at 30 Sep 2019



Top 5 Holdings for HLAVGLF as at 30 Sep 2019

	%
1. Government Investment Issue	9.8
2. Country Garden Services Holdings Co Ltd	7.1
3. A-Living Services Co Ltd	7.0
4. Nissin Foods Co Ltd	6.2
5. Dufu Technology Corporation Berhad	4.6
Total Top 5	34.6

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	6.06%	1.35%	-2.89%	6.66%	12.82%	37.08%	27.51%
Benchmark*	11.02%	1.30%	3.06%	23.67%	31.08%	84.80%	75.60%
Relative	-4.97%	0.05%	-5.95%	-17.01%	-18.26%	-47.42%	-48.09%

Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Markets rebounded following a massive sell-off in the previous month. Market sentiment was supported by interest rate cuts by both the European Central Bank (ECB) and the Federal Reserve (Fed). The ECB also stated its commitment to continue with asset purchases and restarting quantitative easing. The Dow Jones Industrial Average Index rose 2.0% and the broader S&P 500 Index rose 1.7%. The Euro Stoxx Index rose 4.2% and the FTSE 100 Index rose 2.8%.

Asia Pacific – Most regional markets posted positive returns for the month following a slew of monetary easing measures by the Fed and ECB. However, the market sentiment was dampened by the drone attack on Saudi Arabia's oil facilities and heightened geopolitical tensions. In the region, the India and Korea markets were the leaders while the Indonesia and Philippines markets were the laggards.

Malaysia – The performance of the FTSE BM KLCI continued to be weighed down by the financial sector underperformance as banks succumbed to selling pressure while the telecommunication sector declined due to the breakdown of the Axiata-Telenor merger. The FTSE BM KLCI declined 1.8% to close at 1,584 points. The broader market outperformed as the FTSE BM EMAS Index declined 1.3% to close at 11,204 points. Small caps outperformed as the FTSE BM Small Cap Index rose 0.8% to close at 12,978 points.

Outlook & Strategy

Global - Although the economy in the US is still growing, the pace of growth and employment is clearly slowing down. Consumer confidence also declines. In Europe, the business surveys still point towards an economy that is slowing down, particularly in the manufacturing sector. The Fed and ECB's policy easing are part of the effort by the central banks to prolong the economic expansion against a backdrop of a slowdown in the global economy.

Asia Pacific - Recent economic data from China suggest that the China economy is looking increasingly fragile. It is unlikely that neither the US nor China will concede to each other's demand on trade. We expect China government to continue to take additional measures to support the economy.

Malaysia – We expect some recovery in market sentiment as investors look forward to the upcoming Budget. We prefer to be invested in high-yield stocks and selected consumer and export stocks.

Fixed Income Review and Outlook

Bond yields stabilised as investors remained optimistic ahead of trade negotiations between the United States (US) and China to be held in Washington in October. The Fed cut its policy rate by 25 basis points (bps) as widely expected but followed up with a hawkish outlook, leading most investors to take profit. Local sovereign bond yields rose in September, tracking global bond yields. There were also profit-taking activities after Bank Negara Malaysia (BNM) held its monetary policy during its September meeting. The 10-year Malaysian Government Securities (MGS) traded weaker during the month where yields rose by 19bps to 3.49%. The 7-year MGS re-opening was one of the weakest tender in the year with a bid-to-cover ratio of only 1.2 times as we expect investors to be cautious ahead of FTSE Russell news.

The Fed's projections were more hawkish than anticipated as investors had expected two more cuts by the end of 2020 but central bank's median forecast was flat. This divergence in expectation may cause near term volatility in the interest rate market. Malaysia's annual inflation rate edged up to 1.5% in August from 1.4% in the previous month and was in line with market expectations. Whilst trade negotiations are scheduled, we think a full resolution is unlikely to happen and thus reaffirm that BNM may ease its monetary policy rate in the near term should the trade conflict remain unresolved. On portfolio positioning, we look to remain defensive given the poor performance 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.

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.

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	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.