

# HLA Venture Global Fund (HLAVGLF)

June 2021

## 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.

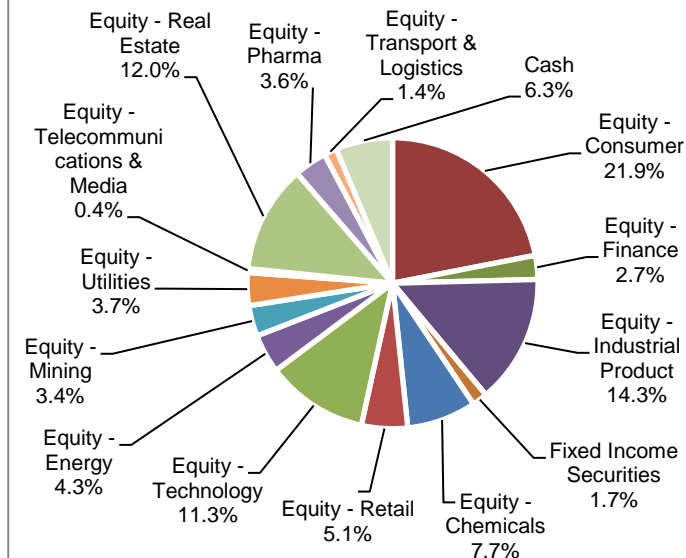
## Fund Details

Unit Price (30/6/2021)	:RM1.8996
Fund Size (30/6/2021)	:RM41.8 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 30 June 2021	%
Hong Leong Asia-Pacific Dividend Fund	71.48
Hong Leong Strategic Fund	27.41
Cash	0.1
<b>Total</b>	<b>100.0</b>

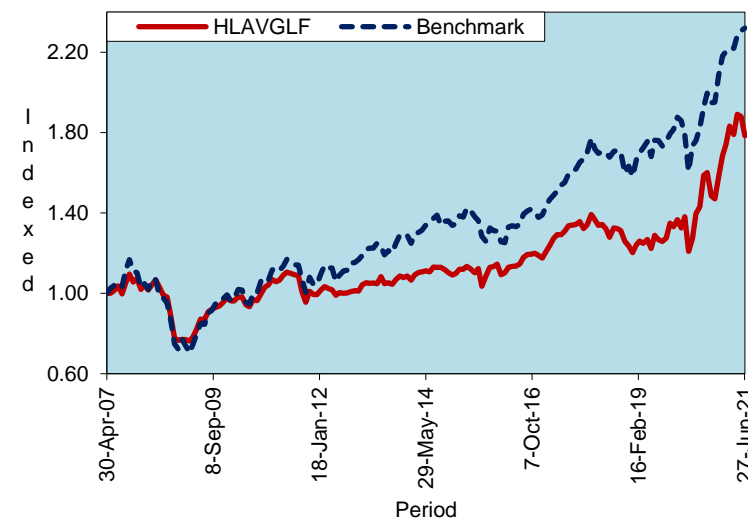
**Asset & Sector Allocation of HLAVGLF as at 30 June 2021**



**Top 5 Holdings for HLAVGLF as at 30 June 2021**

	%
1. Shimao Services Holdings Limited	6.2
2. Eclat Textile Company Limited	5.7
3. Chow Tai Fook Jewellery Group Limited	5.1
4. Makalot Industrial Company Limited	4.9
5. D&O Green Technologies Berhad	4.6
<b>Total Top 5</b>	<b>26.5</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	12.75%	1.04%	32.85%	48.57%	65.61%	73.80%	89.96%
Benchmark*	6.38%	0.56%	27.19%	38.33%	72.66%	103.07%	132.07%
Relative	6.36%	0.48%	5.66%	10.23%	-7.05%	-29.27%	-42.11%

\*Source: Bloomberg, RAM Quantshop

**Notice: Past performance of the fund is not an indication of its future performance.**

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## Market Review, Outlook & Strategy relevant to Target Fund

### Equity Review

**Global** – Global developed markets continue to trend higher despite the US Federal Reserve (Fed) turning slightly hawkish. The unexpected decline in Treasury yields spurred investors to relook at technology stocks that have corrected in the past few months. The Dow Jones Industrial Average Index declined 0.1% and the broader S&P 500 Index rose 2.2%. The Euro Stoxx Index rose 0.6% and the FTSE 100 Index rose 0.2%.

**Asia Pacific** – Regional equities sentiment was dampened slightly after a hawkish turn by the US Fed and rising US Dollar. Taiwan market rebounded after the number of COVID-19 cases declined. In the region, Philippines and Taiwan were the leaders while Malaysia and Hong Kong were the laggards.

**Malaysia** – The local market declined as the number of COVID-19 cases continues to rise, raising concerns about the effectiveness of the current lockdown and rising likelihood of further movement restrictions. The FTSE BM KLCI declined 3.2% to close at 1,533 points. The broader market outperformed as the FTSE BM EMAS Index declined 3.0% to close at 11,156 points. Small caps underperformed as the FTSE BM Small Cap declined Index 3.6% to close at 15,423 points

### Outlook & Strategy

**Global** – The rebound in economic activities and severe supply chain disruption have fuelled inflation in some countries, particularly in countries that have successfully reopened their economies. The US Fed continues to see inflation as transitory despite moving forward the expectations of the first rate hike. Despite these mixed signals, the one definitive conclusion we can draw from this is that the ongoing economic recovery remains robust.

**Asia Pacific** – The economies in parts of the region remain under severe pressure due to the renewed COVID-19 resurgence. Certain countries that have previously successfully battled the pandemic are experiencing new COVID-19 waves, partly due to the low vaccination rate. The emergence of a new and highly contagious variant is seen to be hampering reopening efforts in certain countries and this is expected to push the economic recovery further down the road.

**Malaysia** – Despite the encouraging vaccination rollout, we expect investors remain cautious in the local market due to the persistently high number of COVID-19 cases. We prefer to be invested in selected export stocks.

### Fixed Income Review and Outlook

Malaysia's gross domestic product (GDP) growth forecast is projected to be revised lower from official 6.0% to 4.0% in light of the lockdown extension. Headline inflation came in at 4.4% in May 2021 compared to 4.7% in the preceding month with year-to-date (YTD) inflation for the period stood at 2.1%. Exports continued to post strong growth with 47.3% increase in May to RM92.3 billion while imports grew by 50.3% to RM78.6 billion bringing trade surplus to RM13.7 billion. We continued to see modest growth in the re-exports and manufacturing industry given global supply chain bottlenecks.

The Prime Minister also unveiled new stimulus package (PEMULIH) worth RM150 billion with RM10 billion in direct fiscal injection to tide the nation over the Movement Control Order (MCO) 3.0. The cumulative package grew to RM530 billion announced over eight fiscal packages with total direct cash infusion of RM87.6 billion. The measures amongst others include opt-in loan moratorium, Employees' Provident Fund (EPF) cash withdrawals and extension of wage subsidies program.

We expect Bank Negara Malaysia (BNM) to maintain its Overnight Policy Rate (OPR) in July Monetary Policy Committee (MPC) meeting at 1.75% but we do not discount a possible 0.25% rate cut this year as growth forecast is likely to be affected by the recent lockdowns.

On portfolio positioning, we are maintaining our defensive positioning by keeping portfolio duration short as the UST continues to drive the local bond market. We expect BNM to maintain its policy rate for the rest of the year but we do not discount marginal possibility of a 25-basis-point cut this year given weaker-than-expectations GDP growth forecast and Institute for Supply Management (ISM) production numbers arising from recent lockdown measures.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Benchmark</b>	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%	16.2%
<b>HLAVGLF- Gross</b>	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%	26.7%
<b>HLAVGLF - Net</b>	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%	23.3%

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.

**Notice: Past performance of the fund is not an indication of its future performance.**

### 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.

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### 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 covers the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. The potential investment risks that are taken into consideration in managing the fund include economic conditions, liquidity, qualitative and quantitative aspects of the securities. The investment manager(s) have put in place the following controls to reduce the risks through:

- having a flexible tactical asset allocation
- investing in a wide range of companies across different sectors
- setting prudent investment limits on various exposures
- taking into account the liquidity factor in selecting securities
- engaging in the hedging of foreign currency exposure where appropriate

### 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%	24.9%	50.7%

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%	2.2%	-13.4%

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.