# HLA EverGreen Funds

**May 2018**

**Fund Features**

**1. Investment Objective**

The fund is designed to provide investors with principal and enhanced profit protection via a systematic investment in a globally diversified multi asset (equities, currency, rates, commodities, property, hedge fund strategies) long short strategy.

**2. Investment Strategy & Approach**

The main investment strategy is executed via portfolio optimization methodology. The fund is open ended with defined maturity date. The investment execution is accomplished via a Floating Rate Negotiable Instrument of Deposits ("FRNID") issued by CIMB Bank Berhad.

The FRNID is principal protected at maturity by CIMB Bank. The FRNID dynamically adjusts its exposure to the strategy, such as to reduce exposure when the strategy has negative performance and increase exposure when it has positive performance.

**3. Asset Allocation**

The fund will invest in a FRNID.

**4. Target Market**

The fund is suitable for investors who wish to engage in long-term wealth-planning, such as for children's education, retirement planning or wealth-building for future generations, whereby the investor's return on their lifetime of investments will be safely locked at fund maturity.

**Fund Details**

| | | | | | |
|---|---|---|---|---|---|
| **Fund Management Fee** | : | HLA EverGreen 2023 Fund<br>HLA EverGreen 2025 Fund | : 0%*p.a. | HLA EverGreen 2028 Fund<br>HLA EverGreen 2030 Fund<br>HLA EverGreen 2035 Fund | : 1.30% p.a. |
| **Fund Manager** | : | Hong Leong Assurance Berhad | | | |
| **Fund Inception** | : | 28 Dec 2010 | | | |
| **Benchmark** | : | 3-month Klibor + 2.65% | | | |
| **Frequency of Unit Valuation** | : | Weekly | | | |

*The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.*
**The Company shall cease to charge the Fund Management Fee for HLA EverGreen 2023 and HLA EverGreen 2025 with effective from 22 Jan 2016 and 5 July 2016 respectively.*

**Other Details**

| Fund Name | Unit Price (30/5/2018) | Fund Size (30/5/2018) | Fund Maturity Date | Minimum Guaranteed Unit Price at Fund Maturity (before tax) |
|---|---|---|---|---|
| **HLA EverGreen 2023 Fund** | : RM0.9943 | RM25.77 mil | 26 Dec 2023 | 1.2358 |
| **HLA EverGreen 2025 Fund** | : RM0.9460 | RM8.09 mil | 26 Dec 2025 | 1.2670 |
| **HLA EverGreen 2028 Fund** | : RM0.8892 | RM8.53 mil | 26 Dec 2028 | 1.3136 |
| **HLA EverGreen 2030 Fund** | : RM0.8698 | RM30.55 mil | 26 Dec 2030 | 1.3446 |
| **HLA EverGreen 2035 Fund** | : RM0.8558 | RM471.01 mil | 26 Dec 2035 | 1.4221 |

The Minimum Guaranteed Unit Price at Fund Maturity before tax will attract a portion of tax which has yet to be provided for. The further tax adjustment is the difference of tax payable on the capital gains of the funds determined at funds maturity and tax which has been provided for the funds through weekly unit pricing. The unit prices published weekly are on after tax basis.

**Market Review *(by CIMB Bank Berhad)***

Max InvestSave decreased by 0.29% in the reported period with five out of eleven Underlying Assets moving against the Effective Max InvestSave Weightings. Losses were mainly due to the appreciation of American Equities and Currency where negative weightings were held and the depreciation of European Equities where positive weightings were held by the Effective Max InvestSave Weightings.

May 2018 ended well for American Equities albeit with a few bumps in the road. Companies listed on the S&P 500 index have been showing stellar quarterly earnings results over the last few weeks but they haven't translated into significant share price increases. Much of that is due to concerns by market observers about the sustainability of profits continuing to accelerate given the fact that costs for businesses could be rising due to increasing commodity prices and higher interest rates. The ongoing trade rift between USA and China about proposed tariffs on imports is also weighing on the performance of equities as concerns are raised about the possibility of a trade war that would not be conducive for economic growth. On the other hand, the Eurozone received a boost from the favourable data shown by its biggest component economy, Germany. This was a welcome change from the rather lacklustre performance by the region over the last few months. However, geopolitical issues are now surfacing with Italy trying to form a new government and Spain looking to oust their current prime minister. Japan's economy shrunk in the Q1 2018 for the first time in two years. Japan has also voiced their displeasure about imposed metal tariffs and potential additional vehicle tariffs by the United States.

In the United Kingdom, the Bank of England kept the benchmark interest rate unchanged due to underwhelming economic growth during Q1 2018. Even so, the governor of the BoE is considering raising the rate in the near future to maintain the pace of inflation. OPEC members will be meeting in June to discuss the possibility of raising oil production after the International Energy Agency reported that the glut in the oil market had been overcome. (Source: Bloomberg)

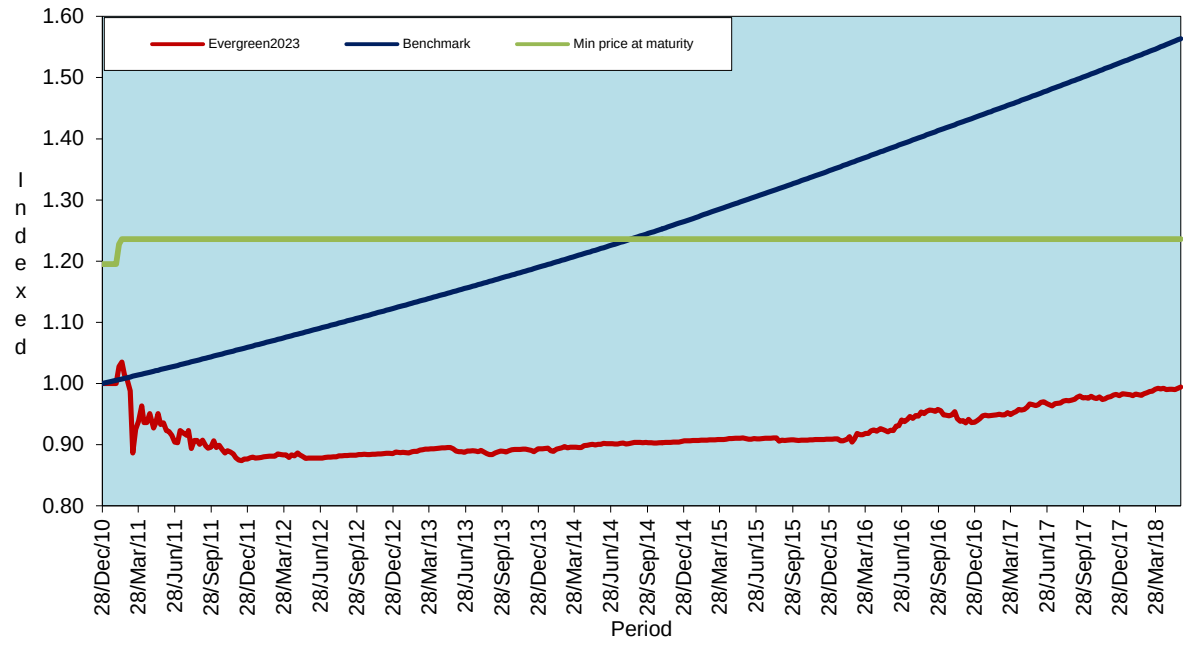
**Net Exposure of HLA EverGreen Funds to CIMB EverGreen Index**

| Fund | HLA EverGreen 2023 | HLA EverGreen 2025 | HLA EverGreen 2028 | HLA EverGreen 2030 | HLA EverGreen 2035 |
|---|---|---|---|---|---|
| **Avg Exposure of Maximum Assurance FRNID to Max InvestSave PSSIA-i 30Y** | 0.00% | 0.00% | 0.00% | 6.60% | 22.92% |
| **Exposure of MaxInvestSave PSSIA-i 30Y to CIMB EverGreen Index** | | | 103.53% | | |
| **Net Exposure of HLA EverGreen Funds to CIMB EverGreen Index in Apr 2018** | 0.00% | 0.00% | 0.00% | 6.83% | 23.73% |

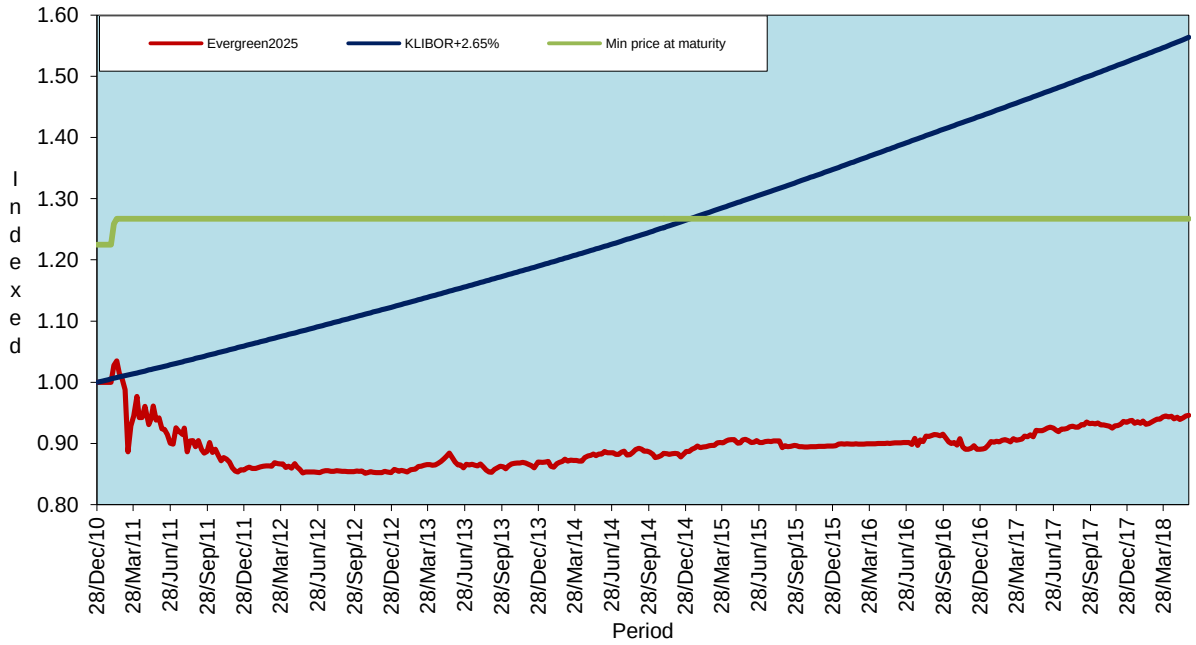
# HLA EverGreen Funds

**Historical Performance**

| HLA EverGreen 2023 Fund | | | | | | |
|---|---|---|---|---|---|---|
| As of 30/5/18 | Year to-date | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
| HLA EverGreen 2023 | 1.43% | 0.42% | 3.16% | 9.14% | 11.33% | -0.57% |
| KLIBOR+2.65% p.a.* | 2.63% | 0.62% | 6.25% | 20.46% | 35.96% | 56.36% |
| Performance vs Benchmark | -1.20% | -0.20% | -3.09% | -11.31% | -24.63% | -56.93% |

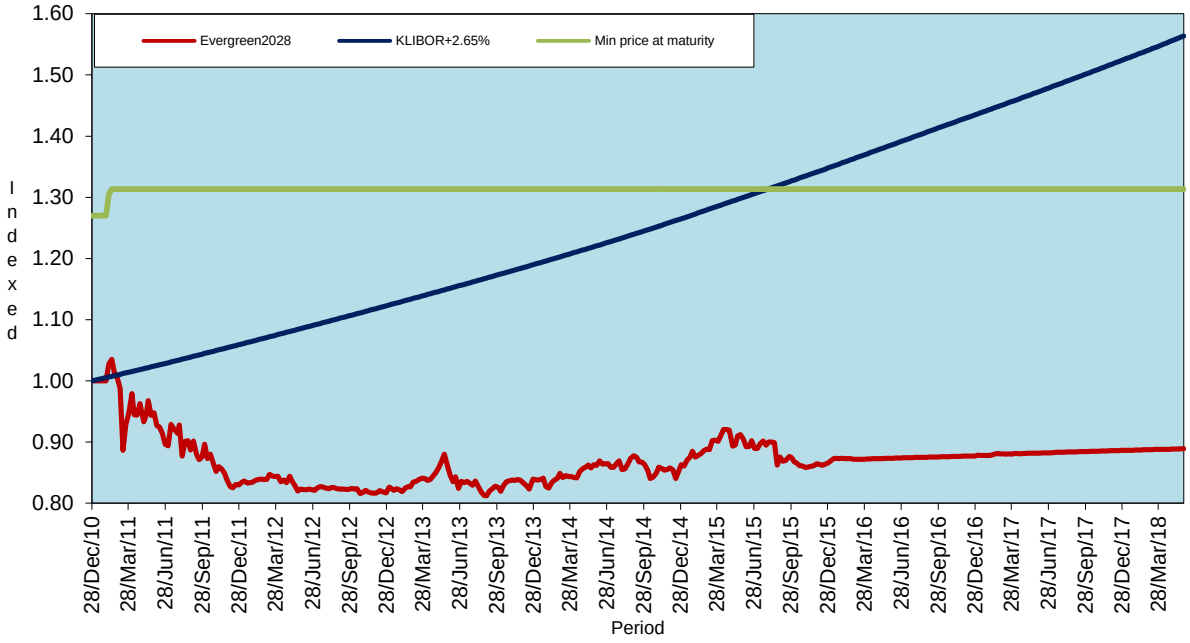



| HLA EverGreen 2025 Fund | | | | | | |
|---|---|---|---|---|---|---|
| As of 30/5/18 | Year to-date | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
| HLA EverGreen 2025 | 1.24% | 0.60% | 2.74% | 4.33% | 7.89% | -5.40% |
| KLIBOR+2.65% p.a.* | 2.63% | 0.62% | 6.25% | 20.46% | 35.96% | 56.36% |
| Performance vs Benchmark | -1.39% | -0.03% | -3.52% | -16.12% | -28.07% | -61.76% |

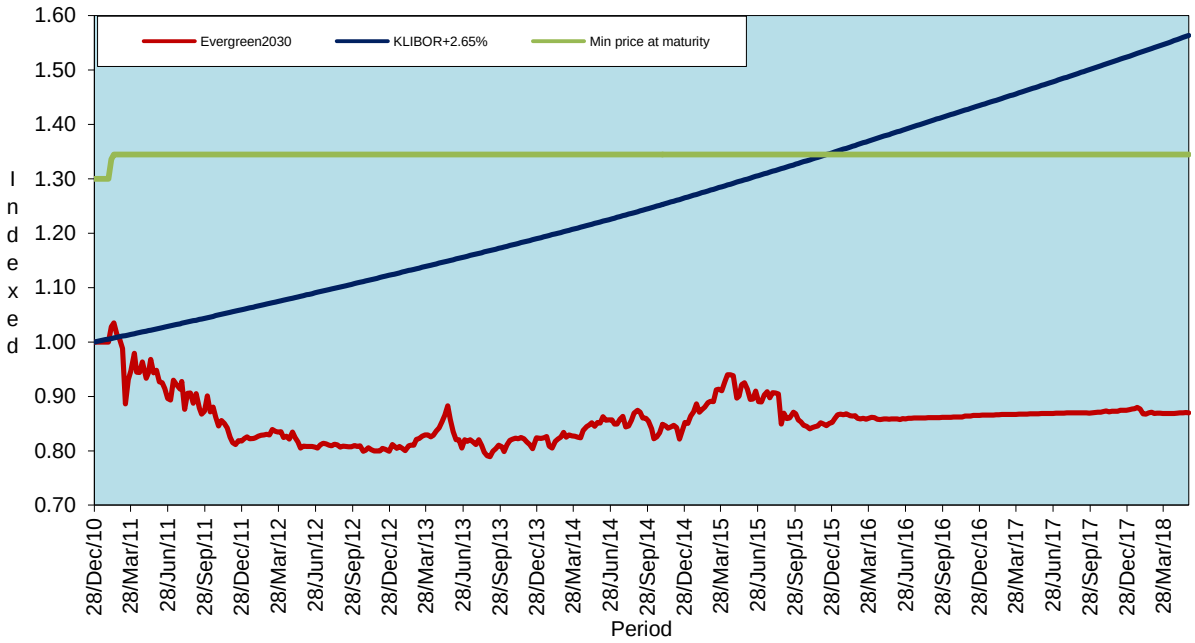


# HLA EverGreen Funds

| HLA EverGreen 2028 Fund | | | | | | |
|---|---|---|---|---|---|---|
| As of 30/5/18 | Year to-date | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
| HLA EverGreen 2028 | 0.33% | 0.10% | 0.83% | -2.54% | 3.11% | -11.08% |
| KLIBOR+2.65% p.a.* | 2.63% | 0.62% | 6.25% | 20.46% | 35.96% | 56.36% |
| Performance vs Benchmark | -2.30% | -0.52% | -5.42% | -23.00% | -32.85% | -67.44% |

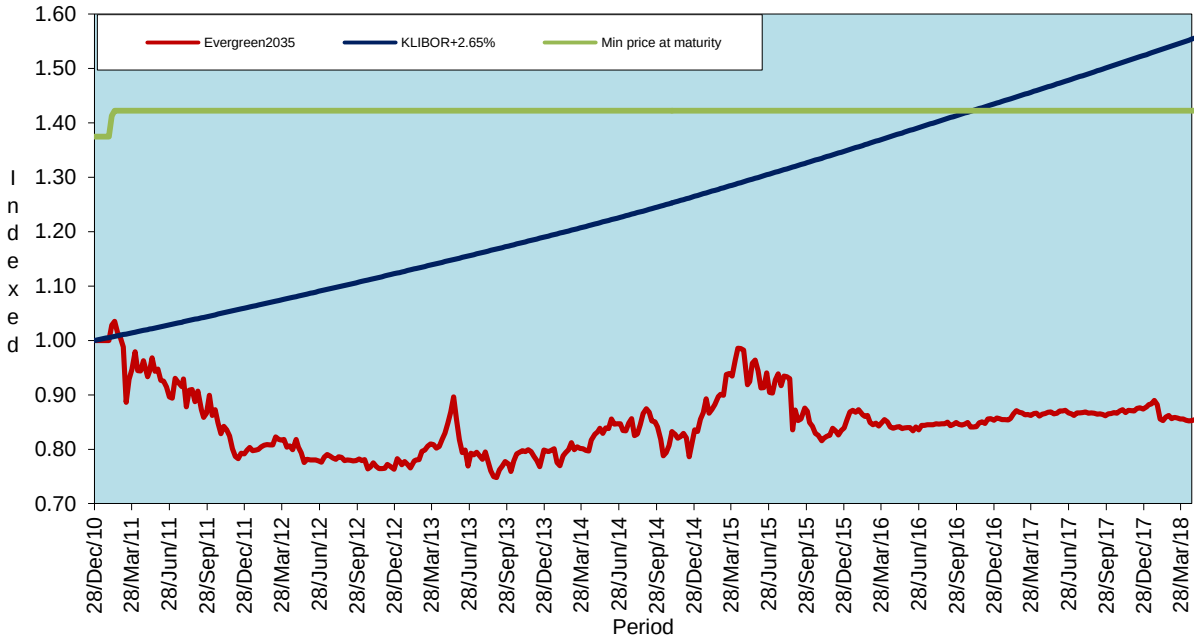



| HLA EverGreen 2030 Fund | | | | | | |
|---|---|---|---|---|---|---|
| As of 30/5/18 | Year to-date | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
| HLA EverGreen 2030 | -0.50% | 0.14% | 0.17% | -5.99% | 1.41% | -13.02% |
| KLIBOR+2.65% p.a.* | 2.63% | 0.62% | 6.25% | 20.46% | 35.96% | 56.36% |
| Performance vs Benchmark | -3.13% | -0.48% | -6.08% | -26.44% | -34.55% | -69.38% |



# HLA EverGreen Funds

| HLA EverGreen 2035 Fund | | | | | | |
|---|---|---|---|---|---|---|
| As of 30/5/18 | Year to-date | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
| HLA EverGreen 2035 | -2.22% | 0.21% | -1.37% | -11.34% | 0.01% | -14.54% |
| KLIBOR+2.65% p.a.* | 2.63% | 0.62% | 6.25% | 20.46% | 35.96% | 56.36% |
| Performance vs Benchmark | -4.85% | -0.41% | -7.63% | -31.80% | -35.95% | -70.90% |




*Source: Bloomberg

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

| Year | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Benchmark | 6.0% | 6.3% | 6.5% | 6.5% | 6.2% |
| HLA EVERGREEN 2023 – Gross | 2.4% | 3.0% | 1.7% | 4.7% | 6.5% |
| HLA EVERGREEN 2023 – Net | 0.9% | 1.4% | 0.3% | 3.0% | 4.7% |
| HLA EVERGREEN 2025 – Gross | 3.6% | 3.6% | 2.5% | 0.8% | 6.7% |
| HLA EVERGREEN 2025 – Net | 2.0% | 2.0% | 1.0% | -0.6% | 4.9% |
| HLA EVERGREEN 2028 – Gross | 4.5% | 4.5% | 1.7% | 2.9% | 2.5% |
| HLA EVERGREEN 2028 – Net | 2.8% | 2.8% | 0.3% | 1.4% | 1.0% |
| HLA EVERGREEN 2030 – Gross | 4.8% | 5.1% | 1.4% | 3.0% | 2.6% |
| HLA EVERGREEN 2030 – Net | 3.1% | 3.4% | 0.0% | 1.5% | 1.1% |
| HLA EVERGREEN 2035 – Gross | 6.4% | 6.5% | 1.9% | 3.2% | 4.1% |
| HLA EVERGREEN 2035 – Net | 4.6% | 4.7% | 0.4% | 1.6% | 2.4% |

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. Deleverage Risk**
Deleveraging may occur if the bond floor rises due to falling interest rates or due to nearing maturity, or due to sustained underperformance of the underlying asset. When this occurs, the Funds will unwind all allocation to the underlying asset and will effectively become a zero-coupon bond fund.

**7. 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.

**8. Performance 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**
1. 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.
2. The unit price of a unit of a fund shall be determined by the Company 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.
3. The maximum value of any asset of any fund shall not exceed the following price:
   a) The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
   b) 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.
4. 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.

**Performance of Max InvestSave PSSIA-I 30Y**

**Month on month historical performance***

| Year | Jan | Feb | Mar | April | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD^ | RTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2011 | - | 1.69% | -6.28% | 2.21% | -1.23% | -4.08% | 2.04% | -3.97% | -1.16% | -3.57% | 3.57% | -1.34% | -18.00% | - |
| 2012 | 2.41% | 1.07% | 1.07% | -0.41% | -4.17% | -1.18% | 2.35% | -0.49% | -0.66% | -1.88% | 0.66% | -0.58% | -1.98% | - |
| 2013 | 0.85% | 3.31% | 3.47% | 3.25% | 0.11% | -4.18% | -2.19% | -4.28% | 4.44% | 3.75% | 0.54% | 0.55% | 9.50% | - |
| 2014 | -3.65% | 5.03% | -1.05% | 4.21% | 1.61% | -0.38% | 0.72% | 3.50% | -2.35% | -0.76% | 0.42% | 2.21% | 9.51% | - |
| 2015 | 4.74% | 3.12% | 3.50% | 0.48% | 1.51% | -4.21% | 2.83% | -5.19% | 0.63% | -5.27% | 1.28% | 1.54% | 4.39% | - |
| 2016 | 1.82% | 0.60% | -1.24% | -1.96% | 0.34% | 0.93% | 0.78% | 0.66% | -0.16% | -1.10% | 1.39% | 0.81% | 2.84% | - |
| 2017 | 0.64% | 3.87% | -0.52% | -0.22% | 0.89% | -1.58% | 0.67% | 0.76% | -2.20% | 3.91% | -0.01% | 1.07% | 7.32% | - |
| 2018 | 4.22% | -5.86% | -2.06% | -0.96% | -0.29% | | | | | | | | -5.12% | 5.38% |

^Note that calculation for YTD starts from first day of the year to the last day of the same year

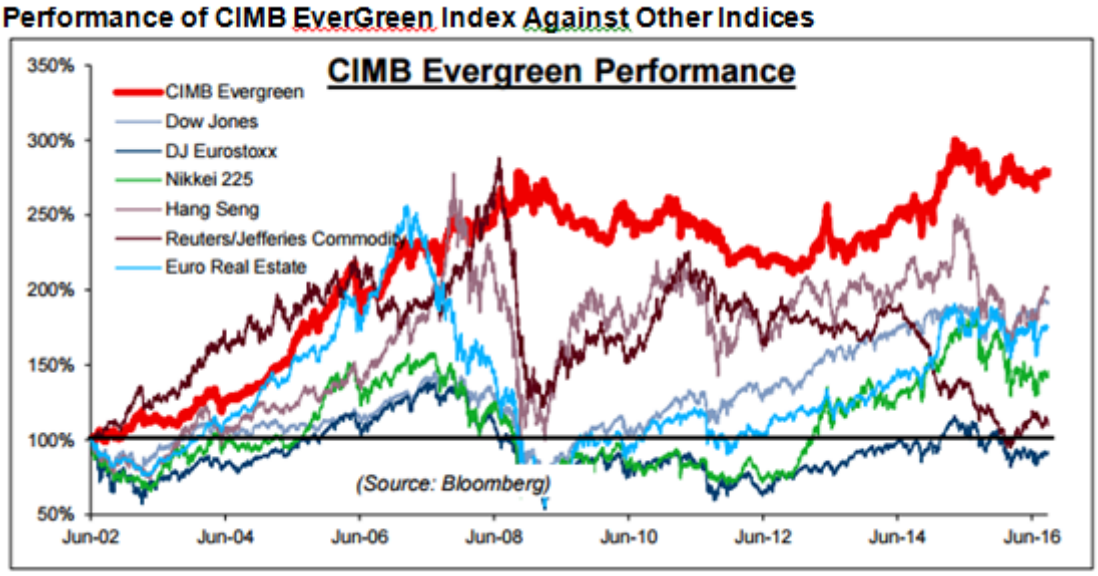
**Underlying Performance**

| Underlying Asset | 30-Apr-18 Closing Px | 31-May-18 Closing Px | Performance (30 Apr 18 - 31 May 18)* | Effective Max InvestSave Weights** (26 Apr 18) |
|---|---|---|---|---|
| American Equity | 5,193.04 | 5,318.10 | 2.41% | -25.88% |
| Japanese Equity | 2,611.85 | 2,568.21 | -1.67% | 20.05% |
| European Equity | 7,174.28 | 6,993.52 | -2.52% | 25.88% |
| UK Equity | 6,463.52 | 6,644.27 | 2.80% | 24.25% |
| Emerging Market Equity | 4,313.06 | 4,243.27 | -1.62% | 0.00% |
| China Equity | 12,331.39 | 11,978.30 | -2.86% | 10.06% |
| Commodity Index | 855.17 | 877.67 | 2.63% | 15.57% |
| European Real Estate | 6,073.79 | 6,128.49 | 0.90% | 25.88% |
| American Real Estate | 75.64 | 78.19 | 3.37% | 0.00% |
| Hedge Fund Strategies | 211.01 | 223.38 | 5.86% | 0.00% |
| Currency | 0.83 | 0.86 | 3.31% | -22.87% |

* Month on month historical performance is calculated from previous Month End Date to current Month End Date
** Effective Max InvestSave Weights are re-balanced monthy

# HLA EverGreen Funds

**Performance of CIMB EverGreen Index Against Other Indices**




**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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

**Others**

HLA EverGreen Funds are managed by Hong Leong Assurance Berhad (HLA). Allocated premiums of the policy invested in the fund are invested by HLA on behalf of the Policy Owner in a FRNID issued by CIMB Bank Berhad. The amount invested in the FRNID is guaranteed by the issuer if held to maturity. If the issuer of the FRNID defaults or becomes insolvent, the Policy Owner risks losing part or all of his/her allocated premium amounts that were invested into the FRNID on his/her behalf by HLA. Should the issuer/financial institutions default the above investment instrument, the Minimum Guaranteed Unit Price at Fund Maturity will not be applicable.

**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.

**CIMB Evergreen Index Disclaimer:**

The index sponsor or the calculation agent of the CIMB Evergreen Index (the "Index") does not guarantee the accuracy and/or completeness of the composition, calculation, publication and adjustment of the Index, any data included therein, or any data from which it is based, and the calculation agent and the index sponsor of the Index shall have no liability for any errors, omissions, or interruptions therein. The calculation agent and the index sponsor of the Index make no warranty, express or implied, as to results to be obtained from the use of the Index. The calculation agent and the index sponsor of the Index make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall the calculation agent or the index sponsor of the Index have any liability for any special, punitive, indirect, or consequential damages (including loss of profits), even if notified of the possibility of such damages.