

HLA Venture Global Fund (HLAVGLF)

Mar 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.

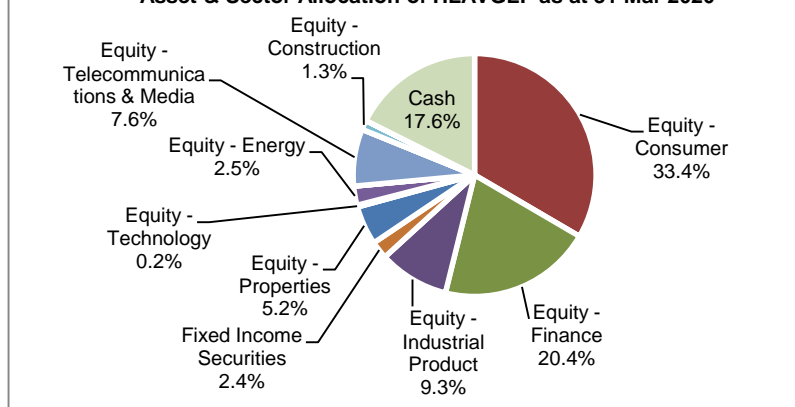
Fund Details

Unit Price (31/3/2020)	:RM1.2090
Fund Size (31/3/2020)	:RM26.9mil
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 31 Mar 2020	%
Hong Leong Asia-Pacific Dividend Fund	61.0
Hong Leong Strategic Fund	38.2
Cash	0.8
Total	100.0

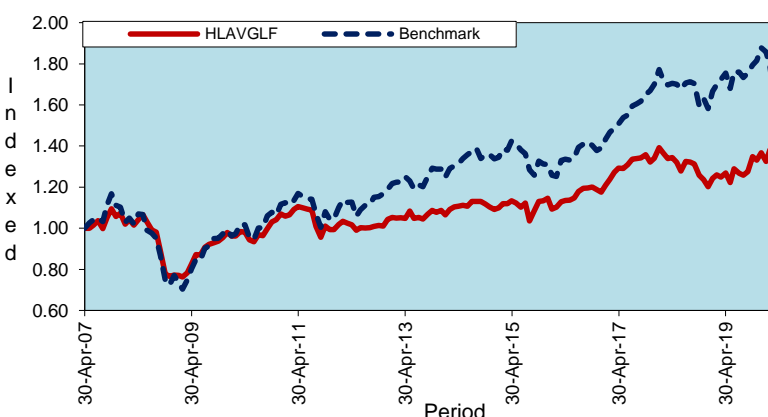
Asset & Sector Allocation of HLAVGLF as at 31 Mar 2020



Top 5 Holdings for HLAVGLF as at 31 Mar 2020

	%
1. Malaysian Government Securities	10.1
2. Country Garden Services Holdings Co Ltd	7.2
3. China Conch Venture Holdings	6.5
4. Shandong Weigao Group Medical Polymer Company Limited	5.9
5. Greentown Service Group Co Ltd	5.7
Total Top 5	35.3

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	-11.53%	-12.45%	-3.20%	-4.99%	8.02%	22.95%	20.90%
Benchmark*	-14.39%	-10.23%	-6.75%	8.05%	16.45%	57.56%	60.75%
Relative	2.86%	-2.23%	3.54%	-13.04%	-8.43%	-34.61%	-39.85%

Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Global equity markets experienced a meltdown during the month as COVID-19 raged on around the globe. Investors were concerned about how long and deep the global recession will be as major cities are being shut down to mitigate the virus outbreak. The Dow Jones Industrial Average Index declined 13.7% and the broader S&P 500 Index declined 12.5%. The Euro Stoxx Index declined 16.3% and the FTSE 100 Index declined 13.8%.

Asia Pacific – Regional markets also had a torrid month as most regional indices slipped into bear territory. Investors were clearly in 'risk-off' mode due to the alarming rise of COVID-19 infections around the world. Emerging market sentiment also took a hit as oil prices plummeted after the Organization of the Petroleum Exporting Countries (OPEC) and Russia failed to reach an agreement in terms of production cuts. In the region, China and Malaysia markets were the leaders while India and Philippines were the laggards.

Malaysia – The FTSE BM KLCI fell along with regional markets but outperformed regional peers. The FTSE BM KLCI declined 8.9% to close at 1,351 points. The broader market underperformed as the FTSE BM EMAS Index declined 11.8% to close at 9,240 points. Small caps underperformed as the FTSE BM Small Cap Index declined 27.7% to close at 9,209 points.

Outlook & Strategy

Global - The COVID-19 outbreak spurs a series of unprecedented monetary and fiscal responses around the world. In the Euro area, United Kingdom (UK) and Germany are committed to subsidise a portion of the wages of selected workers that may face unemployment in an effort to discourage companies from having to lay off employees. In the United States (US), the stimulus package includes government-backed credit to be provided to investment-grade companies so that companies will not fail due to cash-flow problems. The Fed also cut rates to zero and expressed a commitment to purchase as many government bonds as necessary.

Asia Pacific - Recent economic data released in China showed that manufacturing activity fell to record low during the month of February when most parts of China was locked-down. Although there are signs that economic activity in China is gradually returning to the level before the lock-down, the People's Bank of China (PBOC) still cuts rates due to concerns that the rest of the world is just starting to experience the worse of the COVID-19 outbreak.

Malaysia – The local stock market saw substantial foreign outflows during the month as foreign investors flee to safe-haven assets, in particular the US Dollar. We prefer to be invested in high-yield stocks, selected consumer and export stocks and selected financial stocks.

Fixed Income Review and Outlook

During the month, the Federal Reserve (Fed) made an emergency rate cut of 100 basis points (bps) and expanded asset purchases as countermeasures to the COVID-19 outbreak. Fed Chair Powell noted that the Committee expects to maintain the target range at these low levels until it is confident that the economy is on track to recover, indicating that the low interest environment is likely to remain. The easing measures helped stabilize risk assets, government bonds and credit markets. The 10-year treasury benchmark yields closed the week 20bps lower to 0.72%. On the domestic front, Bank Negara Malaysia (BNM) cut the Overnight Policy Rate (OPR) by another 25bps in March amid worsening global economic conditions due to the COVID-19 outbreak. On March 27, Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to COVID-19. The stimulus package will see the budget deficit increase by about RM20 billion, bringing total deficit to RM75 billion. Risk assets gained on the back of the stimulus optimism. We saw strong interest for the GII9/27 new issuance which drew a robust bid-to-cover of 2.8 times, the highest cover since January. Corporate bond market new issuance toned down for the month.

Locally, the government bond market remains under pressure on higher supply post economic stimulus announcement. With existing fiscal measures limited, additional easing of monetary policy may be required to protect against a severe growth slowdown. Thus, we think BNM may ease its monetary policy in the near term. On portfolio positioning, we look to increase portfolio duration due to global growth concerns in the medium term. We look to nibble in the bond market at current attractive valuations.

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.

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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.

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.