

# HLA Venture Global Fund (HLAVGLF)

Jun 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.

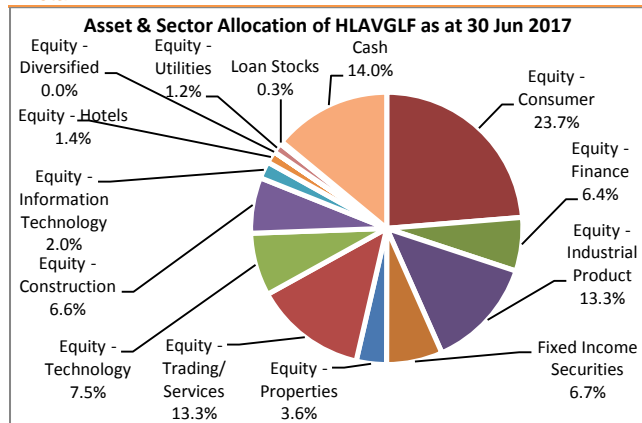
## Fund Details

<b>Unit Price (30/6/2017)</b>	:RM1.3102
<b>Fund Size (30/6/2017)</b>	:RM29.1mil
<b>Fund Management Fee</b>	:1.29% p.a.
<b>Fund Manager</b>	:Hong Leong Assurance Berhad
<b>Fund Category</b>	:Equity
<b>Fund Inception</b>	: 02 April 2007
<b>Benchmark</b>	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
<b>Frequency of Unit Valuation</b>	: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 30 Jun 2017

	%
Hong Leong Asia-Pacific Dividend Fund	52.0
Hong Leong Strategic Fund	44.8
Cash	3.2
<b>Total</b>	<b>100.0</b>



## Top 10 Holdings for HLAVGLF as at 30 Jun 2017

	%
1. GII Murabahah	5.0
2. China Life Insurance Co – H	2.8
3. Engtex	2.4
4. Jacobson Pharma Corp Ltd	2.2
5. Malaysian Pacific Industries Berhad	2.2
6. Tenaga Nasional Berhad	2.2
7. Oceancash Pacific	2.1
8. Great Wall Motor Company Limited	2.1
9. Malayan Flour Mills	2.0
10. IGG Inc	2.0
<b>Total Top 10</b>	<b>25.0</b>

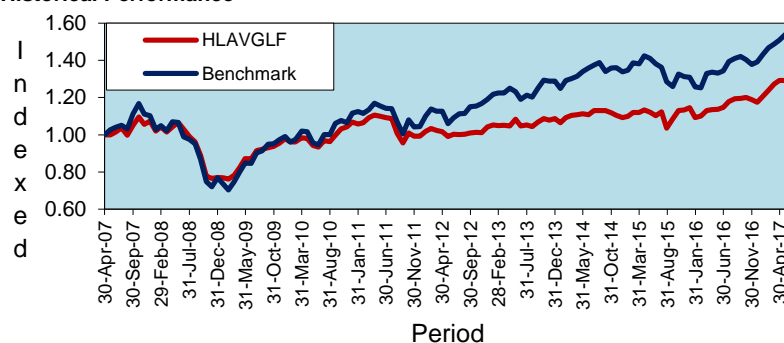
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## Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVGLF	1.46%	11.49%	14.23%	30.65%	29.03%	31.02%
Benchmark	0.83%	11.57%	15.44%	42.34%	49.06%	55.15%
Relative	0.63%	-0.08%	-1.21%	-11.69%	-20.02%	-24.13%

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

### Equity Review

**Global-** US equity markets continued to trend upwards as the slightly hawkish Federal Open Market Committee (FOMC) statement seemed to support the view that the positive economic outlook in the United States (US) remains intact. However, the Euro region declined as the European Central Bank (ECB) hinted that it needs to reduce its degree of stimulus. The Dow Jones Industrial Average Index rose 1.6% and the broader S&P 500 Index rose 0.5% during the month. The Euro Stoxx Index declined 3.2% while the FTSE 100 Index declined 2.8%.

**Asia Pac-** Regional markets posted a solid performance as the MSCI AC Asia Pacific Ex-Japan Index rose during the month. Taiwan and China posted the largest gains during the month while India and Malaysia were the laggards. China market sentiment received a boost after MSCI announced the inclusion of A-shares effective June 2018.

**Malaysia-** The local market trended higher at the beginning of the month but succumbed to profit taking. The FTSE BM KLCI declined 0.1% to close at 1,764 points. The broader market outperformed as the FTSE BM EMAS Index rose 0.2% to close at 12,599 points. Small caps outperformed as the FTSE BM Small Cap Index rose 1.1% to close at 17,444 points.

### Equity Outlook & Strategy

**Global-** US economic growth continues to grow modestly. The Fed raised interest rates for the second time this year and will begin the process reducing its balance sheet relatively soon. In Europe, the ECB indicated the possibility of reducing its degree of stimulus as the ECB believes the underlying inflationary pressures are building up. Eurozone unemployment has been falling, consumer confidence is at its highest since 2001 and businesses are upbeat about the economic outlook.

**Asia Pac-** In China, the People's Bank of China (PBOC) deputy governor said 'financial deleveraging' has achieved its preliminary objectives, allaying some liquidity tightening concerns. In India, the Reserve Bank of India (RBI) kept its policy rates on hold but cut its inflation forecast. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia-** After a lacklustre performance in May and June, the local market may resume its rally in July. 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 anticipated, the Federal Reserve (Fed) went ahead with an interest rate increase and additional plans to tighten monetary policy despite growing concerns over weak inflation. Locally, the government bond market started off with profit taking activities in the beginning of the month on the longer ends of the curve. There were three government bond tenders in the month with a 20-year and two 10-year re-openings. The 10-year Government Investment Issue (GI) printed a healthy bid-to-cover ratio of 2.54 times with continuous support from foreign investors. Corporate bond market was also traded actively but skewed towards government guaranteed papers i.e. DanaInfra. UMW Holdings Berhad issued RM700 million in the primary space. Government bond market saw thinner trading towards month end as investors preferred to remain defensive in anticipation of the long Hari Raya break.

Whilst the prospects of Fed normalisation is still on track, market players are still pricing in prospects of two more rate hikes for the remaining months of 2017. The slower growth seen in first-quarter US gross domestic product (GDP) appears to be transitory for now according to most Fed officials. Domestically, we saw net positive bond inflow with RM10 billion worth of increase as the fixed income market continues to be fairly stable. The recent rebound in the Malaysian Ringgit coupled with higher foreign exchange reserves was also seen as a new catalyst for Malaysian Ringgit bonds. 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.

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

- 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.

## HLA Venture Global Fund (HLAVGLF)

### 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.