

# HLA Venture Global Fund (HLAVGLF)

July 2022

## 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

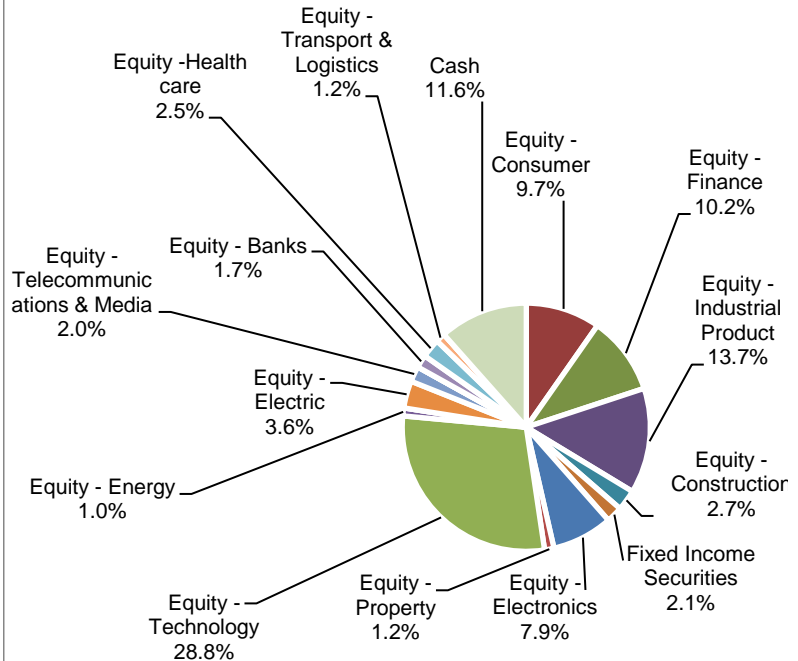
Unit Price (29/7/2022)	:RM1.6568
Fund Size (29/7/2022)	:RM36.9 mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	: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 29 July 2022

	%
Hong Leong Asia-Pacific Dividend Fund	66.01
Hong Leong Strategic Fund	33.54
Cash	0.45
<b>Total</b>	<b>100.0</b>

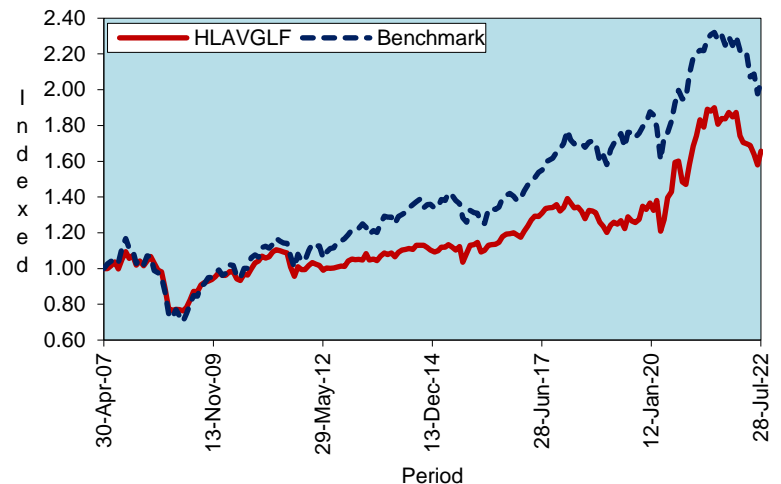
## Asset & Sector Allocation of HLAVGLF as at 29 July 2022



## Top 5 Holdings for HLAVGLF as at 29 July 2022

1.	Cowell e Holdings Inc	7.9
2.	PT Bank Mandiri (Persero) Tbk	4.6
3.	Genetec Technology Berhad	4.1
4.	D&O Green Technologies Berhad	3.9
5.	Inari Amertron Berhad	3.6
<b>Total Top 5</b>		<b>24.1</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	-11.54%	4.88%	-8.28%	30.79%	24.02%	65.58%	65.68%
<b>Benchmark*</b>	-11.03%	3.47%	-10.18%	16.22%	28.27%	83.97%	104.62%
<b>Relative</b>	-0.51%	1.41%	1.90%	14.57%	-4.24%	-18.39%	-38.94%

Source: Bloomberg, RAM Quantshop

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

**Hong Leong Assurance Berhad** 198201014849 (94613-X)

Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.

Telephone 03-7650 1818 Facsimile 03-7650 1991

Customer Service Hotline 03-7650 1288 Customer Service Hotfax 03-7650 1299

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

### Equity Review

**Global** – Global markets rebounded after the June bloodbath with the United States (US) and Europe markets leading the rebound. The fact that the US economy went through a technical recession appeared to have emboldened investors with the belief that the US Federal Reserve (Fed) rate hike cycle is nearing the end. Time will tell whether this belief is incredible foresight on the part of investors or mere wishful thinking as recent data suggests inflation is still running at a level that is simply unacceptable by the US Fed. The Dow Jones Industrial Average Index rose 6.7% and the broader S&P 500 Index rose 9.1%. The Euro Stoxx Index rose 7.3% and the FTSE 100 Index rose 3.6%.

**Asia Pacific** – Most regional markets posted positive returns during the month with the exception of China and Hong Kong. Investors are increasingly concerned about the issues surrounding the China property sector and the perceived lack of urgency by the authorities to provide more relief to the sector. In the region, India and Australia were the leaders while China and Hong Kong were the laggards.

**Malaysia** – The local market rebounded in tandem with the rest of the world, partly due to foreign inflows following a deep correction in the previous month. The FTSE BM KLCI rose 3.3% to close at 1,492 points. The broader market underperformed as the FTSE BM EMAS Index rose 2.9% to close at 10,602 points. Small caps underperformed as the FTSE BM Small Cap Index rose 0.5% to close at 14,307 points.

### Outlook & Strategy

**Global** - The US Fed followed through with another 75-basis-point rate hike after the maiden jumbo rate hike last month, the difference being on this occasion the rate hike was well anticipated by investors. With the exception of the labour market, the economic data from the US show weakness all around, particularly in home sales data and purchasing managers' index numbers. The European Central Bank (ECB) delivered its first interest rate hike in over a decade while also announcing the Transmission Protection Instrument tool to allow the ECB some flexibility to manage the degree of monetary tightening.

**Asia Pacific** - With China not letting up on its zero-COVID policy and lockdown measures, economic data was expectedly soft. The overt lack of stimulus measures being announced following the Politburo meeting also disappointed investors and led the market to question whether China is able to meet its gross domestic product (GDP) growth target for the year.

**Malaysia** - Trading volume in the local market dwindled to multi-year lows as global macro shocks kept investors away. We prefer to be invested in selected export stocks and selected domestic-centric stocks that may benefit from the local economic recovery.

### Fixed Income Review and Outlook

The US Fed hiked rate by 75 basis points (bps) in its July meeting to fight soaring inflation. It was also the fourth rate hike this year lifting the federal funds rate to 2.5 percent as US central bankers move aggressively to rein in the strongest jump in inflation in over four decades. Fed Chair Powell did not provide any material forward guidance but signalled for a data-dependent Fed going forward. The Fed is expected to tread more carefully in the future, perhaps slowing the pace of rate hike to 25bps or 50bps at the remaining three Federal Open Market Committee (FOMC) meetings in September, November and December.

Locally, we saw decent activity in the sovereign bonds market where buying was focused mainly around benchmarks with the 10-year Malaysian Government Securities (MGS) yield falling 12bps to 3.90%. The 7-year Government Investment Issue auction in end-July received decent demand of 2.4 times on an expected size of RM4.5 billion. In the primary issuance space, Perbadanan PRI1MA Malaysia issued RM500 million government-guaranteed Sukuk. We expect to see Amanat Lebuhraya Rakyat Berhad (AAA RAMrated) tapping into the bond market in the coming month.

US Treasury yields mostly closed lower in end-July due to Jerome Powell dovish post-FOMC meeting comments and downbeat second-quarter 2022 GDP numbers that confirmed a technical recession in the US. Locally, the sovereign bond yields fell as well, primarily tracking the movement in US Treasuries. The benchmark 3-year MGS yield dropped around 8bps month-on-month to 3.49%, whilst the 10-year note yield declined 29bps month-on-month to 3.90% at month-end. We think Bank Negara Malaysia remains on track for monetary normalisation with a 25-basis-point rate hike in the next two Monetary Policy Committee meetings, taking the Overnight Policy Rate to 2.75%. In terms of portfolio action, we continue to remain defensive due to rising rate environment and inflationary pressure.

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

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Benchmark</b>	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%	16.2%	5.4%
<b>HLAVGLF - Gross</b>	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%	26.7%	13.7%
<b>HLAVGLF - Net</b>	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%	23.3%	11.2%

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.

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### 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 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Performance	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%	24.9%	50.7%	13.1%

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

Source: Hong Leong Asset Management Berhad (HLAM)

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Performance	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%	2.2%	-13.4%	6.1%

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.