

HLA Venture Global Fund (HLAVGLF)

Jul 2019

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.

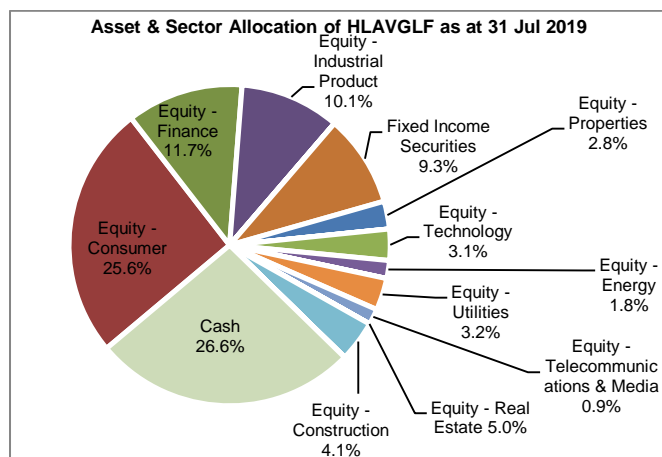
Fund Details

Unit Price (31/7/2019)	:RM1.2668
Fund Size (31/7/2019)	:RM28.1mil
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 HLA VGLF as at 31 Jul 2019 %

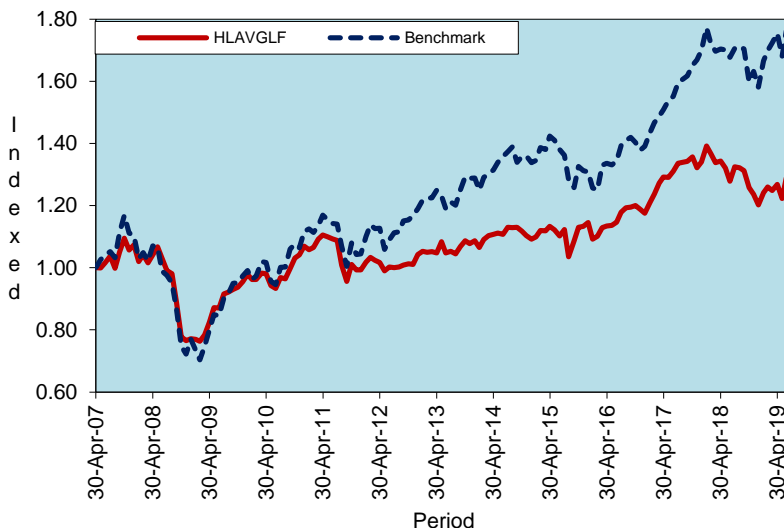
Hong Leong Asia-Pacific Dividend Fund	56.3
Hong Leong Strategic Fund	42.5
Cash	1.2
Total	100.0



Top 5 Holdings for HLA VGLF as at 31 Jul 2019 %

1.	Government Investment Issue	9.3
2.	Country Garden Services Holdings Co Ltd	5.0
3.	Nissin Foods Co Ltd	4.6
4.	Café De Coral Holdings Limited	4.6
5.	Genting Berhad	3.7
Total Top 5		27.2

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLA VGLF	5.36%	-1.71%	-4.38%	7.47%	12.04%	39.58%	26.68%
Benchmark*	11.32%	-0.07%	3.16%	26.36%	28.15%	95.03%	76.06%
Relative	-5.95%	-1.63%	-7.54%	-18.89%	-16.11%	-55.45%	-49.38%

Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Investors were largely on the sidelines for most part of the month in anticipation of the Federal Open Market Committee (FOMC) meeting at the end of the month. Markets were trading within a tight range as investors rather waited for the outcome of the FOMC meeting before making any sizeable changes to their portfolio positions. The Dow Jones Industrial Average Index rose 1.0% and the broader S&P 500 Index rose 1.3%. The Euro Stoxx Index declined 0.2% and the FTSE 100 Index rose 2.2%.

Asia Pacific – Regional equities also took a breather during the month as investors waited for the main event, the FOMC meeting at the end of the month. Investors who were hoping for a more dovish FOMC statement was left disappointed by the Federal Reserve (Fed) Chairman's suggestion that the rate cut was not the start of lengthy easing cycle. In the region, Australia and Taiwan were the leaders while Korea and India were the laggards.

Malaysia – The local market did not do well during the month as the main index was dragged down by the poor performance of the local financial stocks. The FTSE BM KLCI declined 2.2% to close at 1,635 points. The broader market outperformed as the FTSE BM Emas Index declined 1.6% to close at 11,590 points. Small caps outperformed as the FTSE BM Small Cap Index rose 4.2% to close at 13,537 points.

Outlook & Strategy

Global - The Fed reduced interest rates by 0.25%, the first time US interest rates was lowered in 11 years. However, Fed Chairman indicated that this was not the start of an extended easing cycle; rather it was more of a mid-cycle adjustment. The European Central Bank (ECB) also hinted that a monetary easing package is in the works. The month also saw the release of a very weak manufacturing outlook in Germany while business sentiment continued to slide.

Asia Pacific - The economy in China is clearly slowing down as suggested by the latest gross domestic product (GDP) data. However, there are signs of stabilization as retail sales and fixed asset investment data are still holding up. Nevertheless, corporate outlook remains challenging as some of the forward looking indicators are soft.

Malaysia – August has historically been poor for the FTSE BM KLCI. We expect some volatility in the market as most of the companies will be releasing half-year earnings results. We prefer to be invested in blue-chip stocks that are trading at attractive levels, selected consumer stocks and export stocks.

Fixed Income Review and Outlook

At July's FOMC meeting, the Fed in a much anticipated move cut the federal funds as a preemptive move against growth and inflation risks. However, policy makers did not say this was "the beginning of a long series of rate cuts" and Fed Chairman Powell calls this cut a "mid-cycle adjustment".

Local sovereign bond market started off quiet ahead of FOMC as bond yields moved in tight range. Post FOMC meeting on 30 July, sovereign bond rallied partly due to falling United States (US) Treasury yields as 10-year Malaysian Government Securities (MGS) fell 3 basis points (bps) to 3.56%. The new MGS auction received strong demand with bid-to-cover ratio of 3.5 times taking into consideration the dovish central bank policy. The new 15 and 20-year Prasarana Government-Guaranteed bond issuance closed at 3.92% and 4.09%, whilst the 15 and 20-year MGS closed at 3.81% and 3.99%.

In a move to stave off possible economic downturn, the Fed lowered interest rate for the first time since 2008. Following months of pressure from President Donald Trump, the Fed is hoping that a cut will keep the US economy healthy. Malaysia's economy grew within expectations in the first quarter of 2019 supported by domestic and external factors. Policymakers are of the view that underlying inflation will remain stable despite expansion in economic activity. Bank Negara Malaysia's (BNM) monetary policy is expected to remain accommodative and supportive of economic activity. We expect BNM to maintain its policy rate for the rest of the year. On portfolio positioning, we look to maintain portfolio duration given the recent rally in the government bond market. The Funds will maintain a higher corporate bond holding for higher carry yield and yet, minimise mark-to-market volatility.

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Benchmark	28.8%	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%
HLAVGLF- Gross	30.6%	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%
HLAVGLF - Net	26.9%	9.2%	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%

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.

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Performance	52.6%	6.4%	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Performance	38.9%	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%

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.