

HLA Global ESG Fund (HLAGEF)

October 2022

Fund Features

1. Investment Objective

The objective of the fund is to provide medium-to-long term capital growth by investing in a globally diversified portfolio of companies with a focus on Environmental, Social and Governance ("ESG") criteria in the investment process.

2. Investment Strategy & Approach

HLAGEF will principally feed into third party collective investment schemes that meet the fund's objective. HLAGEF may also invest directly in a diversified portfolio of domestic and/or foreign assets including equities, equity-related securities, deposits or any other financial instruments that offer potential capital appreciation.

At inception, the fund will invest by feeding into Hong Leong Global ESG Fund ("Target Fund"), with the option to increase the number of funds or replace the Target Fund in future.

The Target Fund follows a rule-based strategy and will only invest in securities of companies with a strong ESG scoring. The Target Fund will incorporate the principles of ESG in security selection through MSCI ESG Ratings. Through MSCI ESG Ratings, companies with poor performance on ESG Factors would be excluded in the investable universe. The Target Fund will only invest in securities with an ESG rating that indicates that the company has a good track record of managing the most significant ESG risks and opportunities relative to industry peers. As such, the investable universe of the Target Fund comprises all equities with a minimum of BBB ESG rating by MSCI. The Target Fund emphasizes on responsible investing and as such will ensure a minimum of 70% of its NAV is invested in accordance with ESG criteria.

Additionally, the Target Fund may also invest in money market instruments and deposits with financial institutions. The Target Fund does not incorporate ESG factors for money market instruments and deposits as the said instruments are used for liquidity purposes.

3. Asset Allocation

The Target Fund will invest a minimum of 70% and maximum of 98% of its NAV in equities. The balance of its NAV will be invested in money market instruments.

4. Target Market

This fund is suitable for investors looking who have a medium-to-long term investment horizon and are willing to assume a higher risk in their investments with exposure to foreign investments.

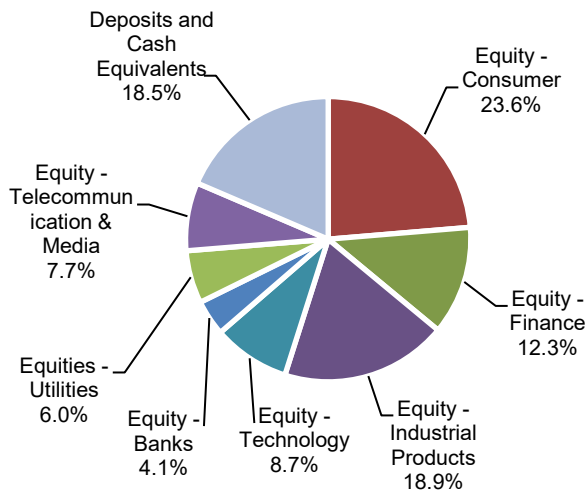
Fund Details

Unit Price (31/10/2022)	: RM 1.0140
Fund Size (31/10/2022)	: RM 853,410
Fund Management Fee	: 1.50%
Fund Manager	: Hong Leong Assurance Berhad
Fund Inception	: 27 April 2022
Benchmark	: MSCI ACWI ESG Universal Index
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 HLAGEF as at 31 Oct 2022	%
Hong Leong Global ESG fund	99.77
Cash	0.23
Total	100.0

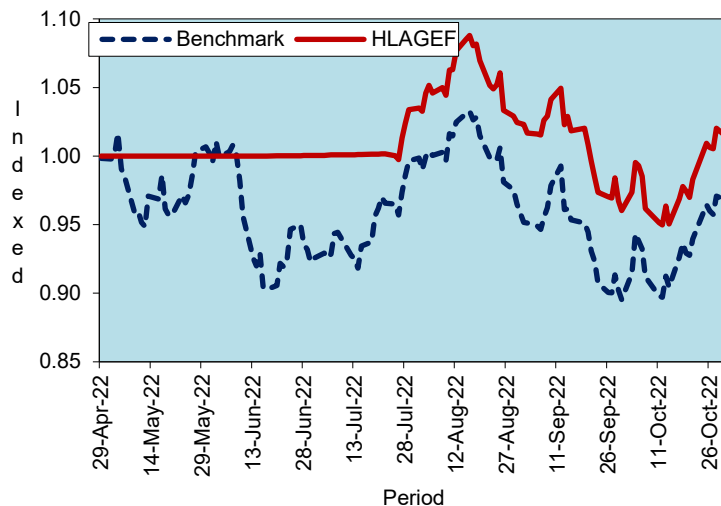
Asset & Sector Allocation of HLAGEF as at 31 October 2022



Top 5 Holdings for HLAGEF as at 31 Oct 2022

	%
1. Visa Inc	6.3
2. Honeywell International Inc.	6.2
3. Tesla Incorporated	6.1
4. Mastercard Incorporated	6.1
5. Nextera Energy Incorporated	6.0
Total Top 5	30.5

Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLVF	-	5.59%	-	-	-	1.40%
Benchmark*	-	8.08%	-	-	-	-3.23%
Relative	-	-2.48%	-	-	-	4.63%

*Source: Bloomberg

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

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Market Review, Outlook & Strategy

Stocks rose in the month of October but offered widely divergent returns, as investors reacted to a busy calendar of third-quarter earnings reports. Energy and other industrial economy stocks handily outperformed growth shares, with the latter weighed down by steep declines in several mega-cap technology and internet-related stocks, including Microsoft, Amazon.com, Alphabet and especially Meta Platforms following earnings misses and lowered outlooks.

The US economic data suggested conflicting signals on how much room the Federal Reserve (Fed) has to make manufacturing activity fell into contraction territory for the first time since June 2020, while its service sector gauge also surprised on the downside and indicated an even sharper slowdown in activity. The conference Board's Index of consumer confidence fell for the first time in three months, reflecting persistent inflation fears, but jobless claims surprised on the downside.

The Commerce Department released its first estimate of gross domestic product (GDP) growth in the third quarter, which showed the economy expanding at an annualized rate of 2.6%, above consensus estimates of around 2.4% and the first positive reading this year. Resilient consumer spending and business investment, along with increased government outlays, helped offset a steep decline in residential investment – perhaps the first clear victim of the Fed's rate hikes. Pending home sales fell 10.2% in September, their sharpest monthly drop since the early days of the pandemic.

The European Central Bank (ECB) raised its key interest rates for a second consecutive time by 0.75 percentage point and said it may have to raise them further to curb inflation that is still "far too high". The deposit rate now stands at 1.5%, its highest level since 2009. However, markets reduced their bets on higher rates and the euro fell below parity against the US dollar on hints in the policy statement that the ECB's approach may have begun to shift and that the size of the next hike could be smaller. The central bank also noted that "substantial progress" had already been made in "withdrawing monetary policy accommodation," while ECB President Christine Lagarde emphasized that a recession scenario was "looming much more on the horizon."

Business activity in the United Kingdom (UK) shrank for a third consecutive month in October. An early reading of S&P Global's composite PMI dropped to a 21-month low of 47.2 from 49.1 in September.

Members of Parliament elected former UK finance minister Rishi Sunak as prime minister. Sunak replaces Liz Truss, who stepped down after a proposed change in fiscal policy resulted in financial market turmoil that eroded confidence in her administration.

China's stock markets pulled back, as investor sentiment was dampened by new COVID-related lockdowns in several parts of China. Several Chinese cities doubled down on COVID-19 curbs after the country reported three straight days of more than 1,000 new cases nationwide. Data also showed that profits at China's industrial firms declined at a faster pace in September. The broad, capitalization-weighted Shanghai Composite Index fell 4.05%.

On the strategy front, we focus on companies with resilient earnings profiles and strong cash flows generation. We maintain buy at low and focus with companies which have strong ESG ratings plus good earnings growth.

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

Defined as the ease with which a security can be sold at or near its fair value. This risk occurs in thinly traded or illiquid securities. Should the fund need to sell a relatively large amount of such securities, such action itself may significantly depress the selling price.

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. Concentration Risk

Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. As the fund invests mainly into third party collective investment scheme (CIS) and by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and other financial instruments, the concentration risk is mitigated.

6. Target Fund(s) Risk

The fund invests in third party CIS which is being managed by another fund manager. The CIS is carefully selected in order to ensure that the objectives of said CIS are appropriately aligned with the fund. Nevertheless, the Fund Manager does not have control over the management of the CIS and any adverse effect on the CIS will inevitably affect the fund. In such instance, the Fund Manager may replace the CIS with another CIS which the Fund Manager considers to be more appropriate or invest directly in a diversified portfolio in order to meet the objective of the fund. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risks.

7. Country Risk

The foreign investments made by the fund are subjected to risks specific to the country in which it invests. Such risks include changes in a country's economic fundamentals, social and political stability, currency movements, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any emerging risk.

8. Currency Risk

This risk applies to foreign investment, in which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movements in currencies exchange rates can result in a loss to the investment.

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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:

- a) having a flexible tactical asset allocation
- b) investing in a wide range of companies across different sectors
- c) setting prudent investment limits on various exposures
- d) taking into account the liquidity factor in selecting securities
- e) engaging in the hedging of foreign currency exposure where appropriate

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.

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 Fund, past performance is calculated after adjusting for distribution and/or additional units, if any.

Others

HLA Global ESG Fund is managed by 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 becomes 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 serve as a guide to the Policy Owner to making an informed decision. This document shall not be construed as professional advice on investment choices.