

# Monthly Fund Fact Sheet

## — October 2018



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# HLA Venture Growth Fund (HLAVGF)

Oct 2018

## Fund Features

### 1. Investment Objective

The objective of the fund is to achieve higher returns than the general stock market by investing into growth stocks which potentially generate more superior returns.

### 2. Investment Strategy & Approach

This fund focuses on growth stocks listed in Bursa Malaysia and/or in any foreign stock exchanges that provide potentially higher capital gains.

### 3. Asset Allocation

The fund may invest up to 95% of its NAV in equities.

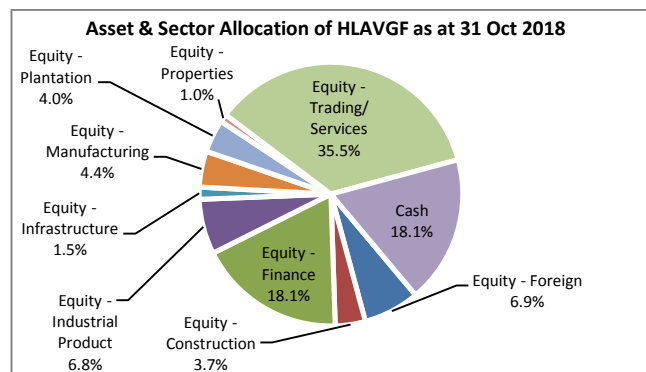
### 4. Target Market

This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

Unit Price (31/10/2018)	:RM2.1035
Fund Size (31/10/2018)	:RM372.7mil
Fund Management Fee (effective as at 01/11/2016)	: 1.45% p.a. (capped at 1.50%)
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	:19 Jan 2000
Benchmark	:FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency of Unit Valuation	:Daily

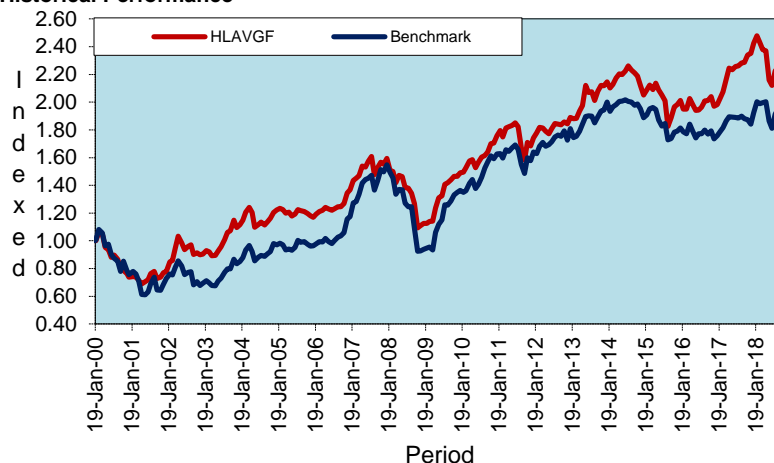
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.



## Top 5 Holdings for HLAVGF as at 31 Oct 2018

		%
1.	CIMB	9.1
2.	MAYBANK	9.1
3.	TENAGA	7.9
4.	DIALOG	6.2
5.	YINSON	4.5
<b>Total Top 5</b>		<b>36.8</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGF	-13.28%	-6.94%	-10.13%	6.95%	-0.76%	92.28%	110.35%
Benchmark*	-4.87%	-4.68%	-2.21%	2.62%	-5.40%	97.92%	83.13%
Relative	-8.41%	-2.26%	-7.92%	4.34%	4.64%	-5.65%	27.22%

\*Source: Bloomberg

## Market Review, Outlook & Strategy

The month started off on a weak footing with the International Monetary Fund cutting global growth for 2018 and 2019 to 3.7% from 3.9% citing rising trade tensions and stress in the emerging markets. The US-China trade tension escalated further during the month with US President Trump threatening to impose tariffs on US\$267b worth of additional Chinese imports if Beijing retaliates. Fortunately, the North American Free Trade Agreement (Nafta) between the US, Mexico and Canada did send a sign of relief that a trade conflict would not worsen in that part of the world, even though the new deal does not fundamentally change much.

Sentiment was then weighed down when China's economic data points indicated that the overall economy was slowing down. 3Q18 GDP growth came in at 6.5% from 6.7% in the previous quarter, while the PBOC attempted to increase liquidity by cutting bank cash reserves and lowering financing costs. China then allowed its Yuan to depreciate further, adding to more negative pressure for emerging currencies. Oil price also took a breather during the month as Saudi Arabia's Prince Salman continued to pledge adequate supply of crude to markets despite growing protestations over the killing of journalist Jamal Khashoggi.

Back in Malaysia, the worsening external environment with continued outflow from Emerging Markets also derailed sentiment. The situation was made worse during the Government of Malaysia's investor conference – Malaysia A New Dawn - where the Finance Minister reiterated that Budget 2019 would be difficult and required sacrifices with the potential introduction of new taxes. GDP growth is also expected to moderate to 4.5-5.5% (from 5-6%) over 2018-2020, a wider budget deficit of -3% of GDP in 2020 and reduction of development expenditure from RM260b to RM220b. The expenditure would focus on infrastructure and economic enablers with over 4,000 ongoing projects to continue building affordable houses, schools, hospitals and roads. Mega projects meanwhile came under scrutiny again with the latest casualty being the Gamuda-MMC underground portion for MRT2 initially cancelled but subsequently renegotiated downwards after some last minute horse-trading.

FBM KLCI ended October with a decline of 4.7% mom to 1709.27pts on a strong last day of the month. It outperformed the broad market as well as the small-cap sector. FTSE Emas Shariah declined by 7.2% mom, FTSE Small Cap Index was down by 11.4% mom and FTSE Emas was also down by 6.1% mom.

On the external front, investors will be keeping a close watch on the US decision to re-impose oil-related sanctions on Iran on 4<sup>th</sup> November and the outcome of the US mid-term elections on 6<sup>th</sup> November. Domestically, investors will also be following closely the upcoming 2019 Budget which will be tabled on 2<sup>nd</sup> November, the 3Q18 earnings season and GDP growth releases. Markets are expected to continue being volatile. As such we will maintain our defensive strategy and invest in dividend yielding blue chip stocks with some certainty of earnings.

Hong Leong Assurance Berhad (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

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# HLA Venture Growth Fund (HLAVGF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	10.5%	-5.7%	-3.9%	-3.0%	9.5%
HLAVGF- Gross	16.3%	-3.2%	-0.6%	-0.1%	26.0%
HLAVGF - Net	13.6%	-4.4%	-1.9%	-1.5%	22.5%

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 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.

### 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 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.
- 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.

### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

### Others

HLA Venture Growth 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.

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### 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.



# HLA Venture Blue Chip Fund (HLAVBCF)

Oct 2018

## Fund Features

### 1. Investment Objective

The objective of the fund is to achieve returns comparable to the general stock market by taking average risks, with focus on well-capitalised and financially sound "blue chip" stocks to achieve a balance of capital gains and dividend income.

### 2. Investment Strategy & Approach

This fund provides participation in the stock market without taking excessive risk by focusing on fundamentally strong "blue chip" stocks listed in Bursa Malaysia and/or in any foreign stock exchanges. This fund is suitable for investors with moderate risk tolerance and expects returns that are comparable to the market as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

### 3. Asset Allocation

The fund may invest up to 95% of its NAV in equities.

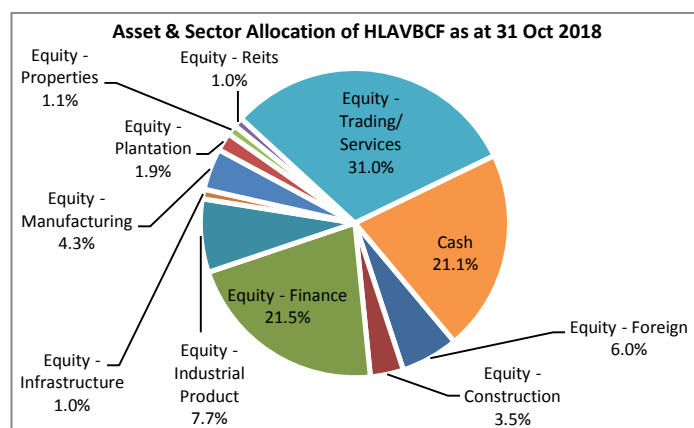
### 4. Target Market

This fund is suitable for investors with moderate risk tolerance and expects returns that are comparable to the market as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

## Fund Details

Unit Price (31/10/2018)	: RM2.3725
Fund Size (31/10/2018)	: RM217.5mil
Fund Management Fee (effective as at 01/04/2017)	: 1.48% p.a. (capped at 1.50%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jan 2000
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency of Unit Valuation	: Daily

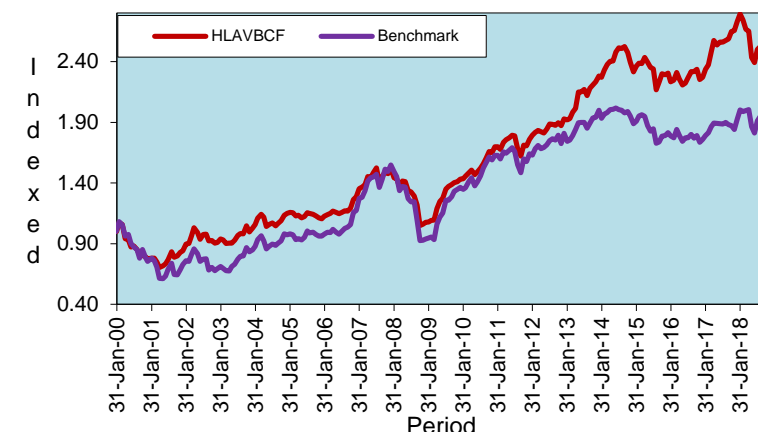
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.



## Top 5 Holdings for HLAVBCF as at 31 Oct 2018

	%
1. CIMB	8.5
2. MAYBANK	8.1
3. TENAGA	6.8
4. YINSON	6.1
5. INARI	4.3
<b>Total Top 5</b>	<b>33.9</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVBCF	-13.10%	-6.51%	-10.42%	3.21%	7.54%	126.04%	137.25%
Benchmark*	-4.87%	-4.68%	-2.21%	2.62%	-5.40%	97.92%	83.13%
Relative	-8.23%	-1.83%	-8.21%	0.59%	12.94%	28.12%	54.12%

\*Source: Bloomberg

## Market Review, Outlook & Strategy

The month started off on a weak footing with the International Monetary Fund cutting global growth for 2018 and 2019 to 3.7% from 3.9% citing rising trade tensions and stress in the emerging markets. The US-China trade tension escalated further during the month with US President Trump threatening to impose tariffs on US\$267b worth of additional Chinese imports if Beijing retaliates. Fortunately, the North American Free Trade Agreement (Nafta) between the US, Mexico and Canada did send a sign of relief that a trade conflict would not worsen in that part of the world, even though the new deal does not fundamentally change much.

Sentiment was then weighed down when China's economic data points indicated that the overall economy was slowing down. 3Q18 GDP growth came in at 6.5% from 6.7% in the previous quarter, while the PBOC attempted to increase liquidity by cutting bank cash reserves and lowering financing costs. China then allowed its Yuan to depreciate further, adding to more negative pressure for emerging currencies. Oil price also took a breather during the month as Saudi Arabia's Prince Salman continued to pledge adequate supply of crude to markets despite growing protestations over the killing of journalist Jamal Khashoggi.

Back in Malaysia, the worsening external environment with continued outflow from Emerging Markets also derailed sentiment. The situation was made worse during the Government of Malaysia's investor conference – Malaysia A New Dawn - where the Finance Minister reiterated that Budget 2019 would be difficult and required sacrifices with the potential introduction of new taxes. GDP growth is also expected to moderate to 4.5-5.5% (from 5-6%) over 2018-2020, a wider budget deficit of -3% of GDP in 2020 and reduction of development expenditure from RM260b to RM220b. The expenditure would focus on infrastructure and economic enablers with over 4,000 ongoing projects to continue building affordable houses, schools, hospitals and roads. Mega projects meanwhile came under scrutiny again with the latest casualty being the Gamuda-MMC underground portion for MRT2 initially cancelled but subsequently renegotiated downwards after some last minute horse-trading.

FBM KLCI ended October with a decline of 4.7% mom to 1709.27pts on a strong last day of the month. It outperformed the broad market as well as the small-cap sector. FTSE Emas Shariah declined by 7.2% mom, FTSE Small Cap Index was down by 11.4% mom and FTSE Emas was also down by 6.1% mom.

On the external front, investors will be keeping a close watch on the US decision to re-impose oil-related sanctions on Iran on 4<sup>th</sup> November and the outcome of the US mid-term elections on 6<sup>th</sup> November. Domestically, investors will also be following closely the upcoming 2019 Budget which will be tabled on 2<sup>nd</sup> November, the 3Q18 earnings season and GDP growth releases. Markets are expected to continue being volatile. As such we will maintain our defensive strategy and invest in dividend yielding blue chip stocks with some certainty of earnings.

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# HLA Venture Blue Chip Fund (HLAVBCF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	10.5%	-5.7%	-3.9%	-3.0%	9.5%
HLAVBF- Gross	21.4%	3.2%	1.1%	-0.1%	23.6%
HLAVBF - Net	18.3%	1.5%	-0.4%	-1.6%	20.3%

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 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.

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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 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

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 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.

### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

### Others

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# HLA Venture Dana Putra (HLAVDP)

Oct 2018

## Fund Features

### 1. Investment Objective

The objective of the fund is to achieve capital growth over the medium to long term.

### 2. Investment Strategy & Approach

This fund invests in Syariah-approved securities and money market instruments.

### 3. Asset Allocation

The fund will invest up to 90% but not less than 40% of its NAV in equities.

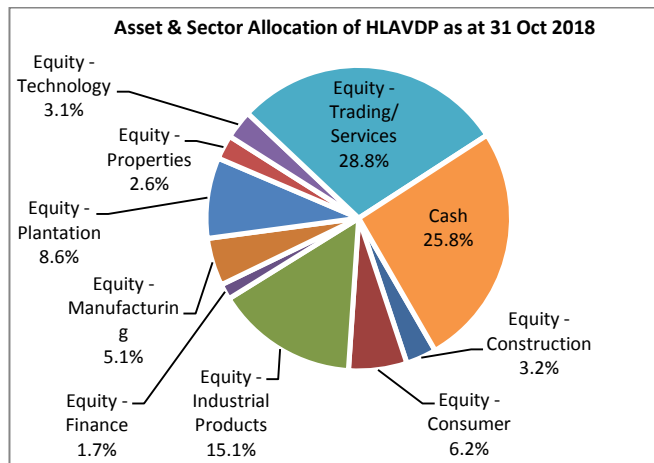
### 4. Target Market

This fund is suitable for investors who are willing to take moderate risk.

## Fund Details

Unit Price (31/10/2018)	: RM2.3925
Fund Size (31/10/2018)	: RM68.4mil
Fund Management Fee (effective as at 01/09/2016)	: 1.40% p.a. (capped at 1.40%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jul 2000
Benchmark	: FBM EmasShariah Index (KL Shariah Index)
Frequency of Unit Valuation	: Daily

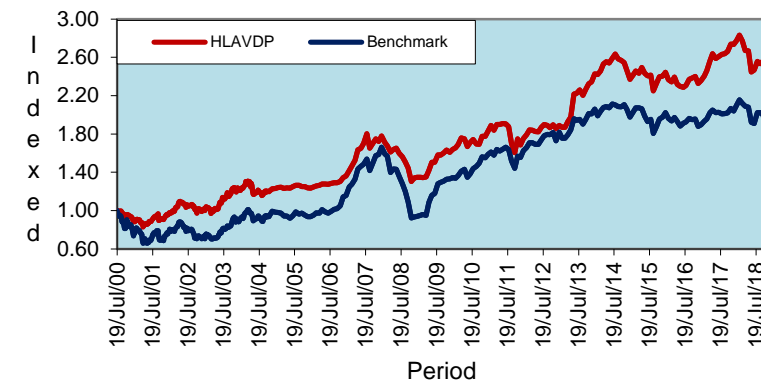
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## Top 5 Holdings for HLAVDP as at 31 Oct 2018

	%
1. TENAGA	8.7
2. QL	6.2
3. INARI	5.1
4. DIALOG	4.6
5. YINSON	4.4
<b>Total Top 5</b>	<b>28.9</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVDP	-13.74%	-6.57%	-12.59%	-0.14%	2.97%	83.35%	139.25%
Benchmark*	-11.51%	-7.15%	-10.02%	-5.01%	-7.62%	101.11%	85.89%
Relative	-2.23%	0.58%	-2.57%	4.87%	10.59%	-17.76%	53.36%

Source: Bloomberg

## Market Review, Outlook & Strategy

The month started off on a weak footing with the International Monetary Fund cutting global growth for 2018 and 2019 to 3.7% from 3.9% citing rising trade tensions and stress in the emerging markets. The US-China trade tension escalated further during the month with US President Trump threatening to impose tariffs on US\$267b worth of additional Chinese imports if Beijing retaliates. Fortunately, the North American Free Trade Agreement (Nafta) between the US, Mexico and Canada did send a sign of relief that a trade conflict would not worsen in that part of the world, even though the new deal does not fundamentally change much.

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FBM KLCI ended October with a decline of 4.7% mom to 1709.27pts on a strong last day of the month. It outperformed the broad market as well as the small-cap sector. FTSE Emas Shariah declined by 7.2% mom, FTSE Small Cap Index was down by 11.4% mom and FTSE Emas was also down by 6.1% mom. On the external front, investors will be keeping a close watch on the US decision to re-impose oil-related sanctions on Iran on 4<sup>th</sup> November and the outcome of the US mid-term elections on 6<sup>th</sup> November. Domestically, investors will also be following closely the upcoming 2019 Budget which will be tabled on 2<sup>nd</sup> November, the 3Q18 earnings season and GDP growth releases. Markets are expected to continue being volatile. As such we will maintain our defensive strategy and invest in dividend yielding blue chip stocks with some certainty of earnings.

## HLA Venture Dana Putra (HLAVDP)

### Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	13.3%	-4.2%	2.4%	-6.1%	10.7%
HLAVDP- Gross	32.6%	-1.1%	4.9%	-2.4%	20.8%
HLAVDP - Net	28.6%	-2.4%	3.1%	-3.6%	17.7%

Net returns are adjusted for tax and fund management fees.

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#### Investment Risks

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##### 1. Market Risk

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##### 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.

#### 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

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- 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.

#### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

#### Others

HLA Venture Dana Putra 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.



# HLA Venture Flexi Fund (HLAVFF)

Oct 2018

## Fund Features

### 1. Investment Objective

The objective of the fund is to provide investors the opportunity to enjoy medium to long-term capital appreciation from the prevailing sectorial and investment themes in Malaysian equities market.

### 2. Investment Strategy & Approach

The fund would be actively managed, rotating between sectors deemed to benefit the most at any given point in time, and would comprise several Core Sectors and Trading / Rotational Sectors which would vary depending on prevailing market conditions. The strategy will be to identify the themes in its early phase to capitalize on its growth. This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

### 3. Asset Allocation

The fund will invest a minimum of 30% and up to 95% of its NAV in equities.

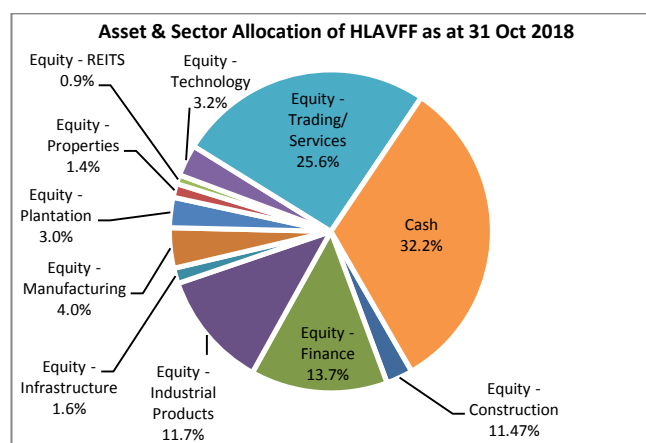
### 4. Target Market

This fund is suitable for aggressive investors who are willing to take higher risk and wish to seek higher returns from a diversified portfolio with thematic investment opportunities.

## Fund Details

<b>Unit Price (31/10/2018)</b>	: RM0.8992
<b>Fund Size (31/10/2018)</b>	: RM55.5mil
<b>Fund Management Fee (effective as at 01/09/2016)</b>	: 1.45% p.a. (capped at 1.48%)
<b>Fund Manager</b>	: Hong Leong Assurance Berhad
<b>Fund Category</b>	: Equity
<b>Fund Inception</b>	: 06 April 2009
<b>Benchmark</b>	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
<b>Frequency of Unit Valuation</b>	: Daily

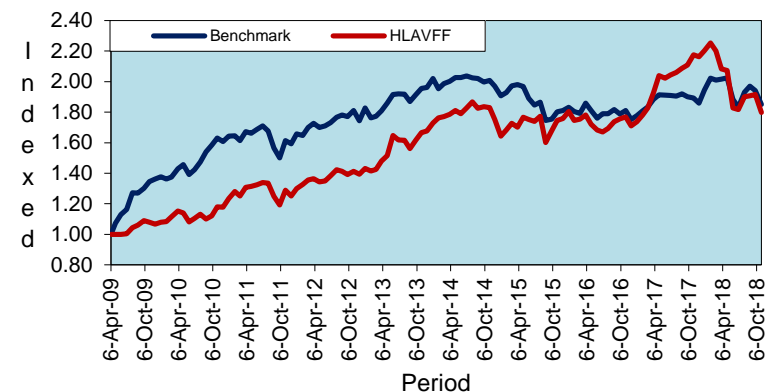
The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.



### Top 5 Holdings for HLAVFF as at 31 Oct 2018

	%
1. MAYBANK	6.9
2. CIMB	6.8
3. TENAGA	4.5
4. INARI	4.0
5. YINSON	3.2
<b>Total Top 5</b>	<b>25.4</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLAVFF	-18.34%	-6.14%	-17.33%	2.97%	7.91%	79.84%
Benchmark*	-4.87%	-4.68%	-2.21%	2.62%	-5.40%	85.03%
Relative	-13.47%	-1.46%	-15.12%	0.35%	13.31%	-5.19%

\*Source: Bloomberg

## Market Review, Outlook & Strategy

The month started off on a weak footing with the International Monetary Fund cutting global growth for 2018 and 2019 to 3.7% from 3.9% citing rising trade tensions and stress in the emerging markets. The US-China trade tension escalated further during the month with US President Trump threatening to impose tariffs on US\$267b worth of additional Chinese imports if Beijing retaliates. Fortunately, the North American Free Trade Agreement (Nafta) between the US, Mexico and Canada did send a sign of relief that a trade conflict would not worsen in that part of the world, even though the new deal does not fundamentally change much.

Sentiment was then weighed down when China's economic data points indicated that the overall economy was slowing down. 3Q18 GDP growth came in at 6.5% from 6.7% in the previous quarter, while the PBOC attempted to increase liquidity by cutting bank cash reserves and lowering financing costs. China then allowed its Yuan to depreciate further, adding to more negative pressure for emerging currencies. Oil price also took a breather during the month as Saudi Arabia's Prince Salman continued to pledge adequate supply of crude to markets despite growing protestations over the killing of journalist Jamal Khashoggi.

Back in Malaysia, the worsening external environment with continued outflow from Emerging Markets also derailed sentiment. The situation was made worse during the Government of Malaysia's investor conference – Malaysia A New Dawn - where the Finance Minister reiterated that Budget 2019 would be difficult and required sacrifices with the potential introduction of new taxes. GDP growth is also expected to moderate to 4.5-5.5% (from 5-6%) over 2018-2020, a wider budget deficit of -3% of GDP in 2020 and reduction of development expenditure from RM260b to RM220b. The expenditure would focus on infrastructure and economic enablers with over 4,000 ongoing projects to continue building affordable houses, schools, hospitals and roads. Mega projects meanwhile came under scrutiny again with the latest casualty being the Gamuda-MMC underground portion for MRT2 initially cancelled but subsequently renegotiated downwards after some last minute horse-trading.

FBM KLCI ended October with a decline of 4.7% mom to 1709.27pts on a strong last day of the month. It outperformed the broad market as well as the small-cap sector. FTSE Emas Shariah declined by 7.2% mom, FTSE Small Cap Index was down by 11.4% mom and FTSE Emas was also down by 6.1% mom. On the external front, investors will be keeping a close watch on the US decision to re-impose oil-related sanctions on Iran on 4<sup>th</sup> November and the outcome of the US mid-term elections on 6<sup>th</sup> November. Domestically, investors will also be following closely the upcoming 2019 Budget which will be tabled on 2<sup>nd</sup> November, the 3Q18 earnings season and GDP growth releases. Markets are expected to continue being volatile. As such we will maintain our defensive strategy and invest in dividend yielding blue chip stocks with some certainty of earnings.

# HLA Venture Flexi Fund (HLAVFF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	10.5%	-5.7%	-3.9%	-3.0%	9.5%
HLAVFF- Gross	24.1%	-3.9%	12.2%	-2.4%	30.6%
HLAVFF - Net	20.8%	-5.0%	9.8%	-3.7%	26.7%

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 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.

### 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 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.
- 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.

### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

### Others

HLA Venture Flexi 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.

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### Disclaimer:

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# HLA Value Fund (HLVF)

Oct 2018

## Fund Features

### 1. Investment Objective

The objective of the fund is to achieve large capital gains by investing in companies that are well-managed and financially stable which are undervalued or at deep discount to their net tangible asset values.

### 2. Investment Strategy & Approach

The strategy is to provide investors an access into a diversified portfolio of value stocks listed on Bursa Malaysia and/or in any foreign stock exchanges that offer potential capital appreciation. The fund may feed into collective investment schemes that meet the fund's objective. At inception, the fund will invest by feeding into Hong Leong Penny Stock Fund ('Target Fund') with the option to increase the number of funds or replace the Target Fund in future. The Target Fund will invest with a value investment strategy across equity securities of all market capitalization level of companies operating in Malaysia. Generally, companies that have valuations at a discount to the market and/or its sector peers are selected. Additionally, the Target Fund may also invest in stocks with market capitalization of up to RM1 billion that are not well covered by equity research houses and stockbrokers.

### 3. Plough Back Mechanism

In the event that the net fund performance is below 5% per annum based on the performance assessment on the last business day of September of each year, an amount equivalent to 0.5% per annum of the fund's Net Asset Value (NAV) will be ploughed back to the fund in four equal weekly payments. The first payment will be due on the first business day of October of each year.

### 4. Asset Allocation

The indicative asset allocation for Hong Leong Penny Stock Fund ('Target Fund') is to invest a minimum of 70% of its NAV in equities and maximum 30% of its NAV in fixed income securities. Generally, HLA Value Fund may invest up to 95% of its NAV in equities.

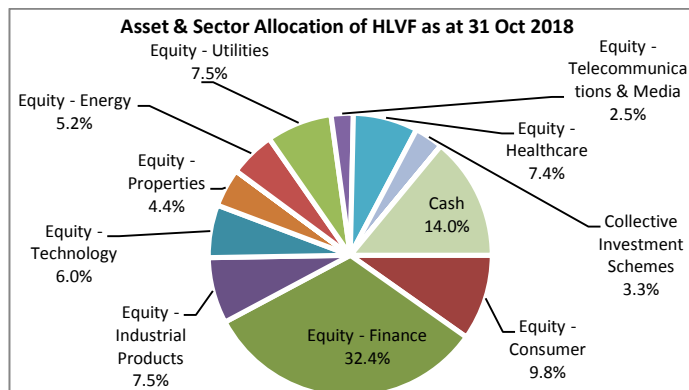
### 5. Target Market

This fund is suitable for investors who have a higher than average risk tolerance level, medium-term investment horizon, and are able to accept the anticipated higher volatility of the fund.

## Fund Details

Unit Price (31/10/2018)	: RM 1.1452
Fund Size (31/10/2018)	: RM 68.9mil
Fund Management Fee (effective as at 01/10/2015)	: 1.45% p.a.
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 01 October 2015
Benchmark	: FTSE Bursa Malaysia EMAS
Frequency of Unit Valuation	: Daily

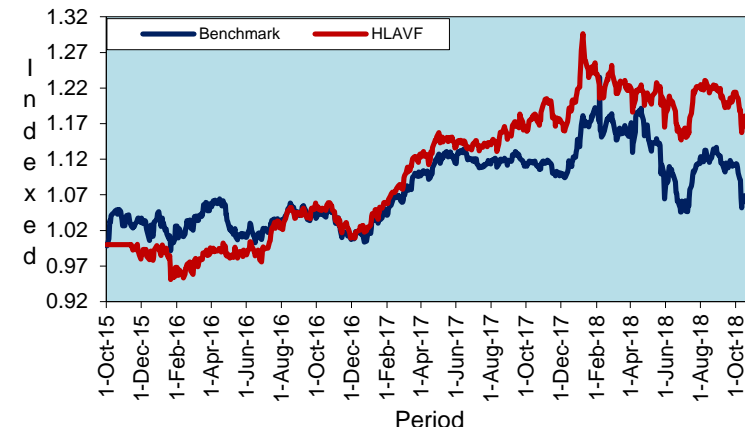
*Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.*



## Top 5 Holdings for HLVF as at 31 Oct 2018

	%
1. TENAGA NASIONAL BERHAD	7.5
2. TOP GLOVE CORPORATION BERHAD	7.4
3. MALAYAN BANKING BERHAD	6.9
4. BURSA MALAYSIA BERHAD	5.8
5. PUBLIC BANK BERHAD	5.7
<b>Total Top 5</b>	<b>33.2</b>

## Historical Performance



	YTD	1 month	6 months	1 year	2 years	3 years	Since Inception
HLVF	-6.02%	-5.69%	-5.60%	-4.38%	9.44%	14.52%	14.52%
Benchmark*	-9.06%	-6.09%	-10.62%	-6.57%	-0.13%	1.69%	4.41%
Relative	3.04%	0.40%	5.03%	2.18%	9.57%	12.83%	10.11%

\*Source: Bloomberg

## Market Review, Outlook & Strategy

During the month, the FTSE BM KLCI declined 4.7% to close at 1,709 points. The broader market underperformed as the FTSE BM EMAS Index declined 6.1% to close at 11,770 points. Small caps underperformed as the FTSE BM Small Cap Index declined 11.4% to close at 12,726 points.

Malaysia was not spared from the global sell-off in October due to investors' concerns about the surge in US Treasury yields and the escalating trade war between US and China.

On the corporate front, the federal government has cut the total construction cost of both the MRT Line 2 and LRT3. IHH Healthcare Berhad has increased its stake in Acibadem Saglik Yatirimlari Holdings AS to 90% from 60%. Maybank Berhad has obtained approval from the Monetary Authority of Singapore to locally incorporate its business in Singapore.

The Fund will continue to invest in companies that would benefit from superior pricing power and efficient cost management.

Hong Leong Assurance Berhad (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

## HLA Value Fund (HLVF)

### Actual Annual Investment Returns for the Past Three (3) Calendar Years

Year	2015	2016	2017
Benchmark	4.6%	-2.8%	12.9%
HLVF- Gross	-0.1%	4.7%	22.2%
HLVF - Net	-0.4%	2.8%	19.0%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past three (3) 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.

The fund was only launched on 1 October 2015. The actual investment returns are calculated based on unit price from 1 October 2015 to 31 December 2015.

### 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. 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.

#### 6. Country Risk

The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

#### 7. 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.

### 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 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.
- 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 Penny Stock Fund is an Equity fund managed by Hong Leong Asset Management. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	19.6%	1.1%	18.8%	3.1%	21.7%

Source: Hong Leong Asset Management



## HLA Value Fund (HLVF)

### **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 Value 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 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.

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### **Disclaimer:**

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# Hong Leong SMART Invest Fund (HLSIF)

Oct 2018

## Fund Features

### 1. Investment Objective

The primary objective of the fund is to achieve large capital gains by investing in companies that are well-managed and financially stable which are undervalued or at deep discount to their net tangible asset values.

### 2. Investment Strategy & Approach

The strategy is to provide investors an access into a diversified portfolio of value stocks listed on Bursa Malaysia and/or in any foreign stock exchanges that offer potential capital appreciation. The fund will principally feed into collective investment schemes that meet the fund's objective. At inception, the fund will invest by feeding into Hong Leong Penny Stock Fund ('Target Fund') with the option to increase the number of funds or replace the Target Fund in future. The Target Fund will invest with a value investment strategy across equity securities of all market capitalization level of companies operating in Malaysia. Generally, companies that have valuations at a discount to the market and/or its sector peers are selected. Additionally, the Target Fund may also invest in stocks with market capitalization of up to RM1 billion that are not well covered by equity research houses and stockbrokers.

### 3. Asset Allocation

The indicative asset allocation for Hong Leong Penny Stock Fund ('Target Fund') is to invest a minimum of 70% of its NAV in equities and maximum 30% of its NAV in fixed income securities. Generally, Hong Leong SMART Invest Fund may invest up to 95% of its NAV in equities.

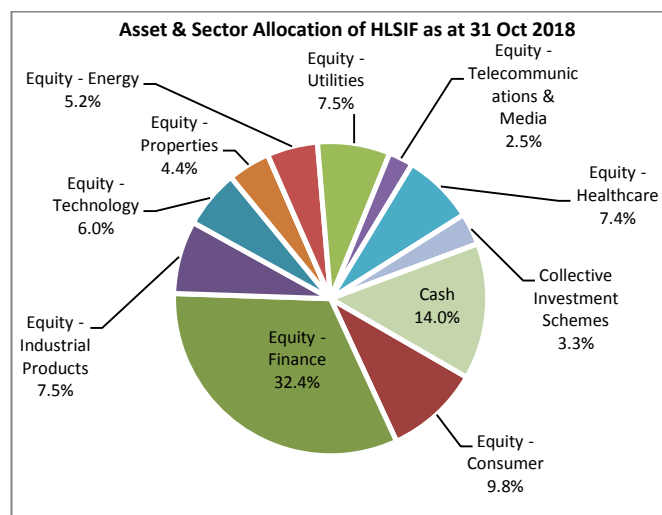
### 4. Target Market

This fund is suitable for investors who have a higher than average risk tolerance level, medium-term investment horizon, and are able to accept the anticipated higher volatility of the fund.

## Fund Details

Unit Price (31/10/2018)	: RM 0.9594
Fund Size (31/10/2018)	: RM 95.2mil
Fund Management Fee (effective as at 23/11/2017)	: 1.50% p.a.
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 23 November 2017
Benchmark	: FTSE Bursa Malaysia EMAS
Frequency of Unit Valuation	: Daily

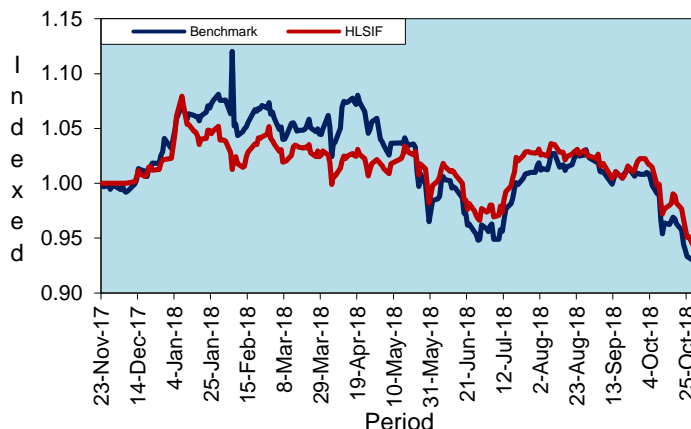
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



## Top 5 Holdings for HLSIF as at 31 Oct 2018

	%
1. TENAGA NASIONAL BERHAD	7.5
2. TOP GLOVE CORPORATION BERHAD	7.4
3. MALAYAN BANKING BERHAD	6.9
4. BURSA MALAYSIA BERHAD	5.8
5. PUBLIC BANK BERHAD	5.7
<b>Total Top 5</b>	<b>33.2</b>

## Historical Performance



	YTD	1 month	3 months	1 year	2 years	Since Inception
HLSIF	-6.09%	-6.18%	-6.69%	-	-	-4.06%
Benchmark*	-9.06%	-6.09%	-6.83%	-	-	-5.33%
Relative	2.97%	-0.09%	0.14%	-	-	1.27%

\*Source: Bloomberg

## Market Review, Outlook & Strategy

During the month, the FTSE BM KLCI declined 4.7% to close at 1,709 points. The broader market underperformed as the FTSE BM EMAS Index declined 6.1% to close at 11,770 points. Small caps underperformed as the FTSE BM Small Cap Index declined 11.4% to close at 12,726 points.

Malaysia was not spared from the global sell-off in October due to investors' concerns about the surge in US Treasury yields and the escalating trade war between US and China.

On the corporate front, the federal government has cut the total construction cost of both the MRT Line 2 and LRT3. IHH Healthcare Berhad has increased its stake in Acibadem Saglik Yatirimlari Holdings AS to 90% from 60%. Maybank Berhad has obtained approval from the Monetary Authority of Singapore to locally incorporate its business in Singapore.

The Fund will continue to invest in companies that would benefit from superior pricing power and efficient cost management.

Hong Leong Assurance Berhad (94613-X)

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

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

# Hong Leong SMART Invest Fund (HLSIF)

## Actual Annual Investment Returns for the Past One (1) Calendar Year

Year	2017
Benchmark	12.9%
HLSIF- Gross	2.5%
HLSIF - Net	2.2%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past one (1) year, 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.

The fund was only launched on 23 November 2017. The actual investment returns are calculated based on unit price from 23 November 2017 to 31 December 2017.

### 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. 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.

If the fund invests in Foreign Asset, the fund will be exposed to the following risks:

#### 6. Country Risk

The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

#### 7. 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.

### 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 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.
- 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 Penny Stock Fund is an Equity fund managed by Hong Leong Asset Management. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	19.6%	1.1%	18.8%	3.1%	21.7%

Source: Hong Leong Asset Management

## Hong Leong SMART Invest Fund (HLSIF)

### **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**

Hong Leong SMART Invest 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 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.



# Hong Leong Smart Growth Fund (HLSGF)

Oct 2018

## Fund Features

### 1. Investment Objective

The primary objective of the fund is to provide investors with steady long-term capital growth at moderate risk.

### 2. Investment Strategy & Approach

The strategy is to provide investors an access into a diversified portfolio of growth stocks listed on Bursa Malaysia and/or in any foreign stock exchanges that offer potential capital appreciation at moderate risk. The fund may feed into collective investment schemes that meet the fund's objective. At inception, HLSGF will invest by feeding into Kenanga Growth Fund ("Target Fund") with the option to increase the number of funds or replace the Target Fund in future. The Target Fund's assets are actively invested in a diversified portfolio of Malaysian equity and equity-related securities of companies with sustainable business model that is trading at a discount to its intrinsic value.

### 3. Asset Allocation

Under normal market conditions, the Target Fund's equity exposure is expected to range from 75% to 95% of the Target Fund's NAV with the balance in money market instruments, fixed deposits and/or cash.

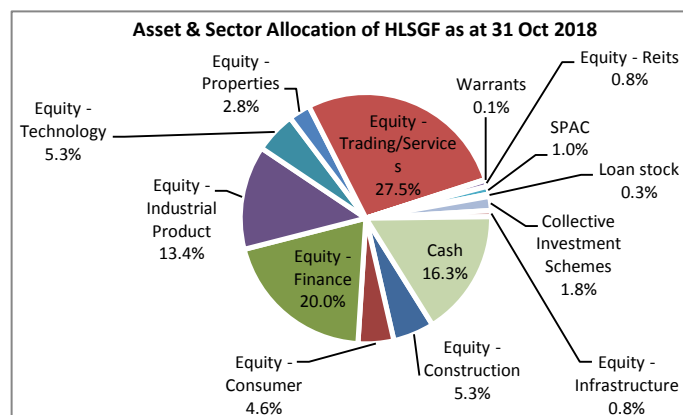
### 4. Target Market

This fund is suitable for investors who have long term investment time horizon and have a moderate risk profile with tolerance for short-term periods of volatility.

## Fund Details

Unit Price (31/10/2018)	: RM1.7583
Fund Size (31/10/2018)	: RM217.3mil
Fund Management Fee	: 1.50% p.a.
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 01 Oct 2012
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
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.



### Top 5 Holdings for HLSGF as at 31 Oct 2018

	%
1. TENAGA NASIONAL BHD	6.2
2. MALAYAN BANKING BERHAD	5.6
3. PUBLIC BANK BHD	4.3
4. DIALOG GROUP BHD	3.9
5. YINSON HOLDINGS BHD	3.4
<b>Total Top 5</b>	<b>23.5</b>

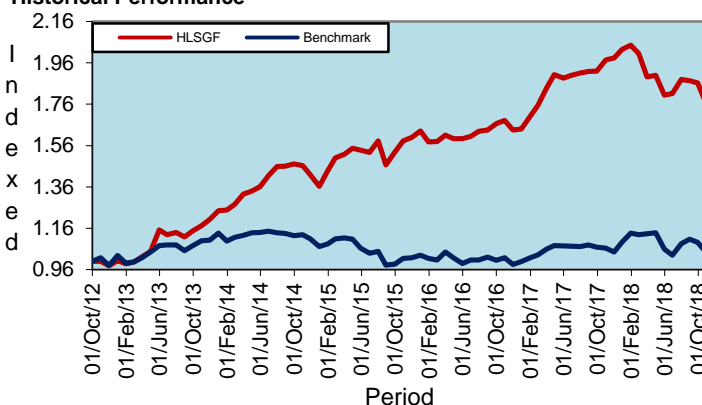
## Hong Leong Assurance Berhad (94613-X)

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

## Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLSGF	-13.18%	-5.66%	-10.96%	11.07%	50.08%	75.83%
Benchmark*	-4.87%	-4.68%	-2.21%	2.62%	-5.40%	4.01%
Relative	-8.31%	-0.98%	-8.75%	8.46%	55.48%	71.82%

Source: Bloomberg

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

October was a brutal month for equity markets. Equities tumbled amidst escalated US-China trade tension, rising treasury yields, disappointment over apple suppliers' profits and UK's introduction of digital tax. The IMF cut 2018/19 global growth to 3.7% (previously 3.9%), the first downgrade since July 2016. IMF highlighted that risks to global outlook have risen due to the trade tensions and sharper interest rate hikes. 10-year US treasury yield surged to 3.234%, the highest in seven years in early October before moderating to 3.144% by month end. The October correction sent Dow Jones, S&P and Nasdaq down month-on-month by 5.1%, 6.9% and 9.2% respectively, erasing most of the gains in 2018. While China's 3Q GDP growth came in within expectation at 6.5%, October manufacturing PMI dropped to 50.2 from 50.8 in September, the slowest in 2 years. Weighed by domestic slowdown and trade tension, the Shanghai and Shenzhen Index plunged 7.8% and 10.2% respectively. To counter the slowdown, China cut banks reserve requirement for the 4th time for the year to support lending to corporates and SMEs. In addition, Chinese regulators also voiced support measures for the financial markets as holdings of many listed companies are pledged for collateral loans. The Chinese Yuan depreciated 1.56% against US dollar to close at 6.98 by end October. Locally, the KLCI was not spared by the respite in October. The KLCI slipped 4.7% on the back of foreign selling and worries over introduction of new taxes which may dent capital markets. Officials reiterated that the upcoming 2019 budget would be difficult and require sacrifices, adding jittery into investors' sentiment. The FBM Small Cap Index corrected a sharper 11.4% due to risk-off sentiment. While the termination of MRT2 underground works was later avoided with main contractor Gamuda-MMC JV offering a bigger cost cut, the drama threw the entire construction sector into doldrums. Foreigners were net sellers of RM 1.5 billion in October which brought cumulative net selling to RM 10.2 billion, reversing most of RM 10.6 billion foreign net buying in 2018. The Ringgit depreciated 1.1% against US dollar in October to 4.1842.

## Market Outlook

Key risks in the near term lie in prolonged trade tension between US and China, Fed's hawkish stance, renewed concerns over Brexit, Italy's larger budget deficit, potential slowdown in China and further depreciation of Chinese Yuan. Investors will focus on Trump-Xi trade talk at the upcoming G20 meeting by end November. There were no major negative surprise from the Malaysian's 2019 budget. The government projected 2018/19 budget deficit at 3.7%/3.4% respectively. Petronas will pay RM30b special dividend to government for repayment of RM 37 billion outstanding tax refunds, which is positive for domestic consumption. Upcoming event is the third quarter corporate results to be released in November. For the domestic market, we continue to favour beneficiaries of the weak ringgit such as exporters / technology stocks, upstream oil and gas names which benefit the most from higher oil price, stocks related to domestic consumption and healthcare.

# Hong Leong Smart Growth Fund (HLSGF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	10.5%	-5.7%	-3.9%	-3.0%	9.5%
HLSGF - Gross	27.8%	11.8%	23.1%	2.3%	27.1%
HLSGF - Net	24.1%	9.3%	19.8%	0.6%	23.5%

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.

The fund was only launched on 1 October 2012. The actual investment returns are calculated based on unit price from 1 October 2012 to 31 December 2012.

### 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.

#### 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 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.
- 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

Kenanga Growth Fund is an Equity fund managed by Kenanga Investors Berhad. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	26.4%	9.3%	20.9%	-0.1%	25.8%

Hong Leong Assurance Berhad (94613-X)

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

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## Hong Leong Smart Growth Fund (HLSGF)

### 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

Hong Leong Smart Growth 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.

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### 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.

# HLA Venture Global Fund (HLAVGLF)

Oct 2018

## 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

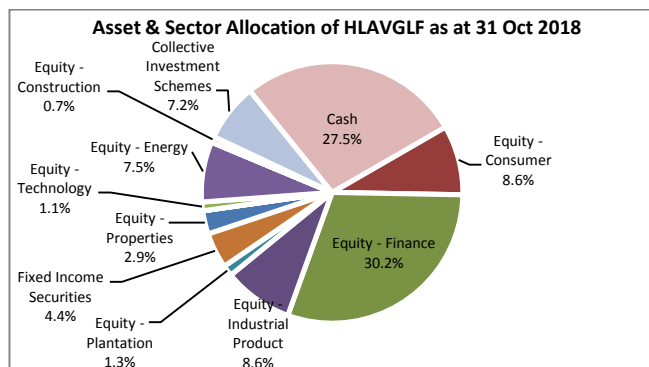
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

<b>Unit Price (31/10/2018)</b>	:RM1.2585
<b>Fund Size (31/10/2018)</b>	:RM27.4mil
<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

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 Oct 2018	%
Hong Leong Asia-Pacific Dividend Fund	57.2
Hong Leong Strategic Fund	41.8
Cash	1.0
<b>Total</b>	<b>100.0</b>



Top 5 Holdings for HLAVGLF as at 31 Oct 2018	%
1. Malayan Banking Berhad	6.8
2. Hong Leong Islamic Institutional Income Management Fund II	6.8
3. Industrial and Commercial Bank of China Limited - H	4.3
4. CNOOC Limited	4.2
5. Malaysian Government Securities	4.1
<b>Total Top 5</b>	<b>26.2</b>

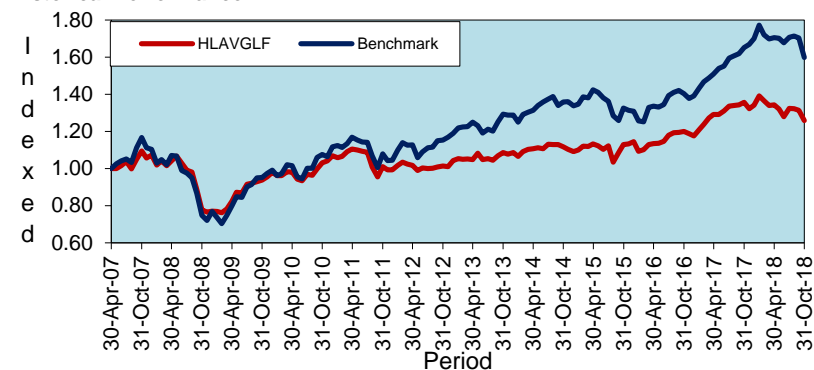
Hong Leong Assurance Berhad (94613-X)

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## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
<b>HLAVGLF</b>	-6.15%	-4.16%	-7.29%	11.36%	15.81%	61.84%	25.85%
<b>Benchmark*</b>	-5.98%	-6.18%	-3.20%	20.54%	23.67%	113.68%	59.86%
<b>Relative</b>	-0.17%	2.02%	-4.09%	-9.17%	-7.86%	-51.83%	-34.01%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – It was a torrid month for global markets despite strong economic fundamentals, impressive earnings season and strong global employment environment. The sharp move through the 3.2% level in the United States (US) 10-year Treasury yield during the month dampened investors' sentiment. The Dow Jones Industrial Average Index declined 5.1% and the broader S&P 500 Index declined 6.9%. The Euro Stoxx Index declined 5.9% and the FTSE 100 Index declined 5.1%.

**Asia Pacific** – The sell-off accelerated in the region as concerns over China slowdown grew. Other issues troubling the markets were the sharp rise in the US 10-year Treasury yield and rising trade tensions between the US and China. In the region, Philippines and Indonesia were the leaders while Korea and Taiwan were the laggards.

**Malaysia** – Malaysia market succumbed to the regional sell-off but to a lesser extent. The FTSE BM KLCI declined 4.7% to close at 1,709 points. The broader market underperformed as the FTSE BM EMAS Index declined 6.1% to close at 11,770 points while the small caps underperformed as the FTSE BM Small Cap Index declined 11.4% to 12,726 points.

### Outlook & Strategy

**Global** – The positive economic momentum in the US remains intact. The US economy shows no signs of weakness as unemployment rate falls to lowest level in almost 50 years while consumer confidence remains close at record highs. Recent economic indicators in Europe appear weaker than expected. Investors' focus remains on the budget discussion between Italy and the European Commission.

**Asia Pacific** – China's economy remains robust but showing signs of slowing. The latest gross-domestic-product (GDP) numbers are slightly lower than expectations but remain firm. The government continues to implement measures to support economic growth whilst ensuring no further aggravation of financial imbalances. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia** – After a month of market turmoil, there is a likelihood of a technical market rebound. The upcoming Budget 2019 is expected to provide some clarity on the financial situation of the country and boost investor confidence. 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

Risk assets tumbled in October due to the continuation of trade war between China and US and steep rise of interest rates. Investors feared the rise of rates may cause risk assets to be repriced. Local government benchmark yields rose in tandem with US Treasury yields. Sovereign yields rose on concerns of the country's budget deficit and any potential review of the sovereign rating by the international rating agencies. The sovereign market liquidity remained muted as investors await the unveiling of the Malaysian Budget on 2 November 2018. In the sovereign bond market, there was decent demand despite a larger-than-expected issuance size of the Government Investment Issue (GII) 10-year re-opening and the 20-year re-opening. Both tenders garnered a decent demand of 1.6 times and 2.2 times respectively. Primary corporate bond space was dominated by Telekom Malaysia Berhad and Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) with a total issuance of RM4 billion from both issuers.

Malaysia's inflation continued to moderate to 0.30% in September due to the Goods & Services Tax (GST) holiday period and the deceleration in transport, food and beverage cost. Going forward, we expect headline inflation to rise incrementally due to the Sales & Services Tax (SST) effect. However, we do not expect Bank Negara Malaysia (BNM) to shift its monetary policy in the near-to-medium term as the trade war between US and China is expected to cause a slowdown in global trade, which may adversely affect the local manufacturing industry. On portfolio positioning, we look to remain defensive by reducing duration and maintaining higher holdings in corporate bonds to minimise marked-to-market volatility.



## HLA Venture Global Fund (HLAVGLF)

### Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	8.3%	3.9%	-2.2%	6.2%	22.3%
HLAVGLF- Gross	6.0%	1.9%	6.7%	4.2%	16.7%
HLAVGLF - Net	4.2%	0.5%	4.9%	2.6%	14.1%

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 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.

#### 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	2013	2014	2015	2016	2017
Performance	-4.8%	-1.0%	6.5%	1.8%	19.2%

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

Year	2013	2014	2015	2016	2017
Performance	14.5%	-0.7%	4.3%	4.8%	10.9%

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.

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### **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.

# HLA Venture Managed Fund (HLAVMF)

Oct 2018

## Fund Features

### 1. Investment Objective

The objective of the fund is aim to provide investors with prospects for long-term capital appreciation through diversification in various capital instruments including equity, government securities, private debt securities, money market instruments and foreign assets as well as derivatives. This fund aims to outperform the benchmark comprising of FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) and Maybank 12-month fixed deposit rate in a ratio of 50:50.

### 2. Investment Strategy & Approach

This fund will participate in both fixed income and equity markets as well as benchmarked against the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) and Maybank 12-month fixed deposit rate in equal proportion. This fund is suitable for investors who are willing to take moderate risk.

### 3. Asset Allocation

The fund will invest up to a maximum 50% of its NAV in equities.

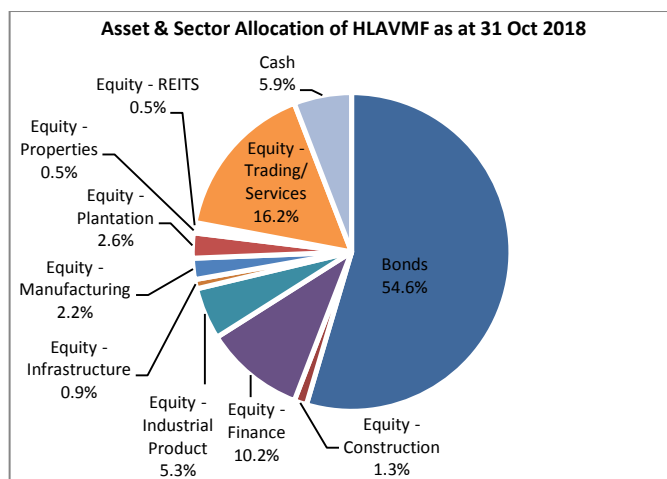
### 4. Target Market

This fund is suitable for investors who are willing to take moderate risk.

## Fund Details

Unit Price (31/10/2018)	:RM2.0754
Fund Size (31/10/2018)	:RM225.5mil
Fund Management Fee (effective as at 01/03/2017)	: 1.23% p.a. (capped at 1.25%)
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:07 April 2004
Benchmark	:50% FTSE Bursa Malaysia KLCI Index (FBM KLCI)&50% 12-month Fixed Deposit Interest Rates
Frequency of Unit Valuation	:Daily

The Company reserves the right to change the cap of Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice. The Fund Management Fee will be reviewed monthly and will be revised if the previous month end actual asset allocation deviates by more than ten percent (10%) of the initial asset allocation.

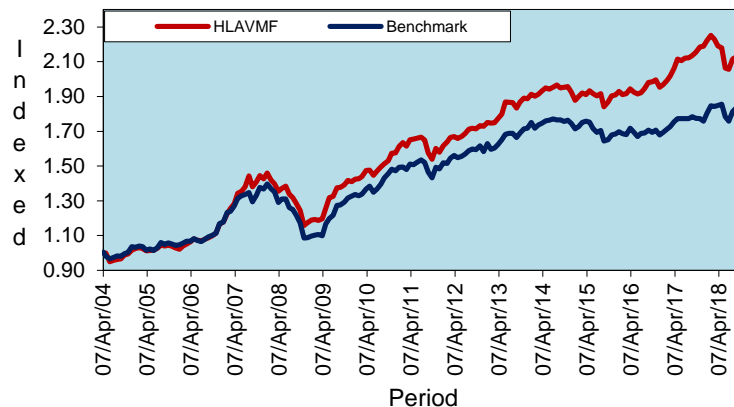


## Top 5 Holdings for HLAVMF as at 31 Oct 2018

		%
1.	MAYBANK	EQ 5.3
2.	TENAGA	EQ 5.2
3.	CIMB	EQ 4.8
4.	M'SIAN GOVERNMENT SECURITIES 0	FI 4.4
5.	MALAYSIA AIRPORTS HOLDINGS 1	FI 4.3
<b>Total Top 5</b>		<b>24.2</b>

FI : Fixed Income  
EQ : Equities

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVMF	-6.59%	-2.92%	-5.02%	9.03%	9.75%	79.11%	107.54%
Benchmark*	-1.53%	-2.48%	0.23%	5.83%	3.70%	63.65%	76.83%
Relative	-5.07%	-0.45%	-5.25%	3.19%	6.05%	15.47%	30.71%

\*Source: Bloomberg, Maybank

# HLA Venture Managed Fund (HLAVMF)

## Market Review, Outlook & Strategy - Equities Market

The month started off on a weak footing with the International Monetary Fund cutting global growth for 2018 and 2019 to 3.7% from 3.9% citing rising trade tensions and stress in the emerging markets. The US-China trade tension escalated further during the month with US President Trump threatening to impose tariffs on US\$267b worth of additional Chinese imports if Beijing retaliates. Fortunately, the North American Free Trade Agreement (Nafta) between the US, Mexico and Canada did send a sign of relief that a trade conflict would not worsen in that part of the world, even though the new deal does not fundamentally change much.

Sentiment was then weighed down when China's economic data points indicated that the overall economy was slowing down. 3Q18 GDP growth came in at 6.5% from 6.7% in the previous quarter, while the PBOC attempted to increase liquidity by cutting bank cash reserves and lowering financing costs. China then allowed its Yuan to depreciate further, adding to more negative pressure for emerging currencies. Oil price also took a breather during the month as Saudi Arabia's Prince Salman continued to pledge adequate supply of crude to markets despite growing protestations over the killing of journalist Jamal Khashoggi.

Back in Malaysia, the worsening external environment with continued outflow from Emerging Markets also derailed sentiment. The situation was made worse during the Government of Malaysia's investor conference – Malaysia A New Dawn - where the Finance Minister reiterated that Budget 2019 would be difficult and required sacrifices with the potential introduction of new taxes. GDP growth is also expected to moderate to 4.5-5.5% (from 5-6%) over 2018-2020, a wider budget deficit of -3% of GDP in 2020 and reduction of development expenditure from RM260b to RM220b. The expenditure would focus on infrastructure and economic enablers with over 4,000 ongoing projects to continue building affordable houses, schools, hospitals and roads. Mega projects meanwhile came under scrutiny again with the latest casualty being the Gamuda-MMC underground portion for MRT2 initially cancelled but subsequently renegotiated downwards after some last minute horse-trading.

FBM KLCI ended October with a decline of 4.7% mom to 1709.27pts on a strong last day of the month. It outperformed the broad market as well as the small-cap sector. FTSE Emas Shariah declined by 7.2% mom, FTSE Small Cap Index was down by 11.4% mom and FTSE Emas was also down by 6.1% mom.

On the external front, investors will be keeping a close watch on the US decision to re-impose oil-related sanctions on Iran on 4<sup>th</sup> November and the outcome of the US mid-term elections on 6<sup>th</sup> November. Domestically, investors will also be following closely the upcoming 2019 Budget which will be tabled on 2<sup>nd</sup> November, the 3Q18 earnings season and GDP growth releases. Markets are expected to continue being volatile. As such we will maintain our defensive strategy and invest in dividend yielding blue chip stocks with some certainty of earnings.

## Market Review, Outlook & Strategy - Fixed Income Market

The U.S. Treasury (UST) market experienced wild swings in October, stemming from concerns over the prospect of rising interest rates and the rout across global equity markets. Geopolitical risks and rising US government debt also contributed to the volatility that propelled the 30-year UST yield to end 18bps higher at 3.39%, while 10-year UST yield also closed 8bps higher at 3.14%.

The surge in UST yields has also prompted a rise in government bond yields across the globe with Malaysian Government Securities ("MGS") following suit. MGS benchmark yields ended between 3-12bps higher in October on the back of tepid flows. However, losses were pared by month-end rebalancing activities, sending yields 2-9bps lower across the curve with strong buying interest on the 10-year MGS benchmark.

Meanwhile, corporate bonds and sukuk saw better demand as secondary volume improved at RM13.2 billion from the prior month's RM9.5 billion. Credit spreads tightened within 1-9bps across the tenure. The GG curve ended the month slightly steeper as the short to belly of the curve increased 1-2bps while the long-end rose 5bps. The AAA yields remained largely unchanged. The prominent new issuances during the month include Cagamas Bhd, HSBC Amanah Malaysia Bhd, Public Bank Bhd, Perbadanan Kemajuan Negeri Selangor, AmBank Islamic Bhd, UEM Sunrise Bhd, CIMB Group Holdings Bhd, CIMB Bank Bhd, Serba Dinamik Holdings Bhd, Affin Islamic Bank Bhd and Telekom Malaysia Bhd.

UST yields have been surging higher fuelled by solid U.S. economic data that reinforced expectations of multiple interest rate hikes by the Federal Reserve over the next 12 months. The UST market may face more hurdles in the short term on the back of ongoing uncertainty over the outcome of the US 2018 mid-term elections to be held on 8 November. Regional bond markets may continue to be weighed down by further weakness in the UST market should there be massive tax cuts and wider fiscal deficit arising from higher federal spending that would drive up inflation.

Meanwhile on the local front, the potential market driver hinges on the upcoming 2019 Budget to be tabled on 2 November. Bond market players have been staying on defensive mode with the expectation that the new government would announce a tighter budget on the back of the wider fiscal deficit. This in turn could pressure an upside supply risk to government bonds. In fact, weaker sentiment has already prevailed following Moody's concern over the wider fiscal deficit until 2020.

On the monetary policy front, we expect Bank Negara Malaysia (BNM) to keep the Overnight Policy Rate (OPR) unchanged at 3.25% until 1H2019 amid lingering downside risks to growth, US-China trade war and geopolitical risks. BNM could turn dovish on its monetary policy stance if GDP growth is derailed by a massive cut in government spending under an austerity budget.

We expect trading activities to gradually pick up as the recent upward movement in bond yields provides a good opportunity for investors to switch into higher yielding investments. We also expect the Malaysian bond market to remain resilient and believe that any sell-off would quickly be snapped up by buying interest given the ample liquidity in the system. The long term demand and supply dynamic of the Malaysian bond market remains intact. As such, we would maintain our long position on bonds and continue to reinvest into longer tenure bonds to benefit from dissipating risk premiums when market strengthens.



# HLA Venture Managed Fund (HLAVMF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	7.3%	-2.6%	-1.3%	-0.8%	6.6%
HLAVMF- Gross	11.4%	-0.7%	4.3%	3.4%	15.4%
HLAVMF - Net	9.3%	-1.9%	2.7%	2.0%	12.9%

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 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.

## 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 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.
- 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.

## 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

## Others

HLA Venture Managed 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.

# HLA Venture Income Fund (HLAVIF)

Oct 2018

## Fund Features

### 1. Investment Objective

The objective of the fund is to achieve high principal security and steady income by investing in fixed-income instruments. Returns will be comparable to prevailing interest rates but correspondingly, the risks will be significantly lower than that for equities investment.

### 2. Investment Strategy & Approach

This fund focuses on fixed income securities and money market instruments as well as benchmarked against Maybank's 3 months fixed deposit rate. This fund is suitable for investors who have low to moderate risk profile.

### 3. Asset Allocation

The fund will invest up to 100% of its NAV in fixed income instruments.

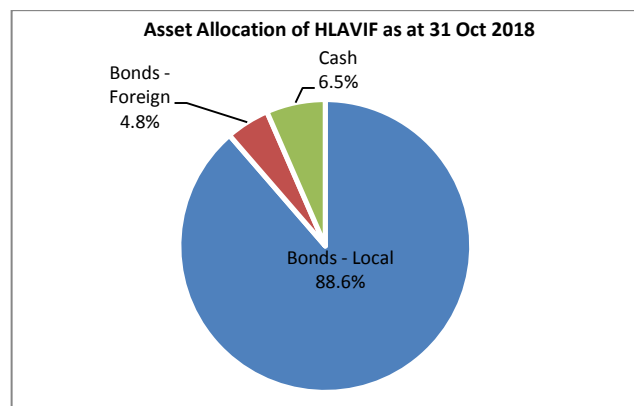
### 4. Target Market

This fund is suitable for investors who have low to moderate risk profile

## Fund Details

Unit Price (31/10/2018)	:RM2.3193
Fund Size (31/10/2018)	:RM147.6mil
Fund Management Fee	: 0.50% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Bond
Fund Inception	:19 Jan 2000
Benchmark	:3-month Fixed Deposit Interest Rates
Frequency of Unit Valuation	:Daily

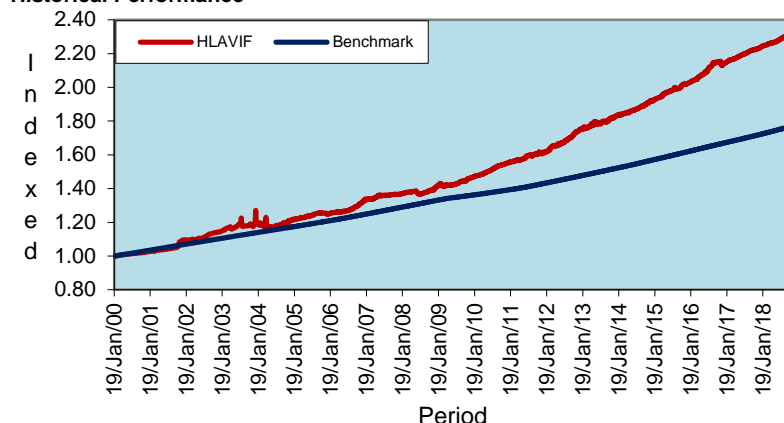
The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



## Top 5 Holdings for HLAVIF as at 31 Oct 2018

	%
1. M'SIAN GOVERNMENT SECURITIES 0	6.9
2. M'SIAN GOVERNMENT SECURITIES 0	6.8
3. ALLIANCE BANK MALAYSIA BHD 1	5.9
4. M'SIAN GOVERNMENT SECURITIES 0	4.9
5. MALAYSIA AIRPORTS HOLDINGS 1	4.0
<b>Total Top 10</b>	<b>28.5</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVIF	3.63%	0.38%	4.33%	15.00%	27.67%	66.82%	131.93%
Benchmark*	2.71%	0.29%	3.21%	9.73%	16.85%	33.68%	76.85%
Relative	0.92%	0.09%	1.13%	5.28%	10.82%	33.14%	55.08%

\*Source: Maybank

## Market Review

The U.S. Treasury (UST) market experienced wild swings in October, stemming from concerns over the prospect of rising interest rates and the rout across global equity markets. Geopolitical risks and rising US government debt also contributed to the volatility that propelled the 30-year UST yield to end 18bps higher at 3.39%, while 10-year UST yield also closed 8bps higher at 3.14%.

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## Market Outlook & Strategy

UST yields have been surging higher fuelled by solid U.S. economic data that reinforced expectations of multiple interest rate hikes by the Federal Reserve over the next 12 months. The UST market may face more hurdles in the short term on the back of ongoing uncertainty over the outcome of the US 2018 mid-term elections to be held on 8 November. Regional bond markets may continue to be weighed down by further weakness in the UST market should there be massive tax cuts and wider fiscal deficit arising from higher federal spending that would drive up inflation.

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# HLA Venture Income Fund (HLAVIF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	3.1%	3.2%	3.2%	3.1%	3.0%
HLAVIF- Gross	5.4%	5.8%	6.5%	6.9%	5.3%
HLAVIF - Net	4.5%	4.8%	5.5%	5.8%	4.4%

Net returns are adjusted for tax and fund management fees.

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### Others

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# HLA Horizon Funds

Oct 2018

## Fund Features

### 1. Investment Objective

The fund is designed to offer customers a Minimum Guaranteed Unit Price upon fund maturity and yet offer the opportunity to enhance returns via a leveraged exposure. The fund will periodically lock in part of the gains (10 years after launch of the fund) and thereby increasing the customers' Minimum Guaranteed Unit Price at fund maturity.

The fund is open ended with three maturity dates to match customer financial planning needs: Horizon28 to be matured in Year 2028, Horizon38 in Year 2038 and Horizon48 in Year 2048.

### 2. Investment Strategy & Approach

The fund will invest into Floating Rate Negotiable Instrument of Deposit (FRNID). FRNID allocate into two major components: Mean Variance Optimization (MVO) Strategy and Zero-coupon Negotiable Instrument of Deposit (ZNID).

To enhance investment return, MVO Strategy will be leveraged by 3 times. This MVO Strategy uses the Efficient Frontier to find the optimal portfolio returns for a defined risk, limiting to basket volatility to around 8%. The portfolio consists of 4 asset classes:

- (i) 4 equities indices (S&P500, Euro Stoxx 50, Hang Seng China Enterprises, MSCI Emerging Market),
- (ii) 2 bond indices (Franklin Templeton & PIMCO),
- (iii) Spot Gold index
- (iv) Cash index

These indices are published at Bloomberg to provide transparency to customer.

The ZNID provides the Minimum Guaranteed Unit Price upon each fund's maturity. The initial Minimum Guaranteed Unit Price as follow:

Fund	Initial Minimum Guaranteed Unit Price at fund maturity
HLA Horizon28	RM 1.00
HLA Horizon38	RM 1.50
HLA Horizon48	RM 2.00

Over time, Minimum Guaranteed Unit Price may go up via a profit taking mechanism. This mechanism will lock the gains provided the condition stated below is met, by transferring portion of gains from the MVO Strategy to the ZNID on a yearly basis as follow:

Fund Year	% of the MVO Strategy Gains
1 to 10	0%
11 to 20	50%
21 to 30	100%

The condition for profit taking:

$$\left( \frac{MVO_t}{MVO_{prevPT}} - 1 \right) > 0$$

Where,

$MVO_t$  is the mark-to-market value of MVO per unit

$MVO_{prevPT}$  is the mark-to-market value of MVO at the time of previous actual executed profit taking per unit

### 3. Target Market

The fund is suitable for investors who wish to engage in mid-term and long-term wealth-planning. The feature of this Minimum Guaranteed Unit Price upon fund maturity will help to safeguard the savings goal for their children's education, retirement planning or wealth-building for future generations.

## Fund Details

<b>Fund Management Fee</b>	: 1.30% p.a.
<b>Fund Manager</b>	: Hong Leong Assurance Berhad
<b>Fund Inception</b>	: 9 Oct 2018
<b>Benchmark</b>	: 3-month Klibor *+ 2.65%
<b>Frequency of Unit Valuation</b>	: Weekly

The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

\*Source: Bloomberg

## Other Details

Fund Name	Fund Maturity Date	Unit Price (30/10/2018)	Fund Size (30/10/2018)	Guaranteed Unit Price upon Fund Maturity (updated @ 30/10/2018)
HLA Horizon28 Fund	:08/10/2028	RM1.00	RM-	RM1.00
HLA Horizon38 Fund	:08/10/2038	RM1.00	RM48,649	RM1.50
HLA Horizon48 Fund	:08/10/2048	RM1.00	RM4,734	RM2.00

The Guaranteed Unit Price upon Fund Maturity stated above may be revised upwards from time to time via profit taking.

# HLA Horizon Funds

## Performance Snapshot

Fund	1 Month	1 Year
HLA Horizon 28	0.00%	-
HLA Horizon 38	0.00%	-
HLA Horizon 48	0.00%	-

## Exposure to MVO Strategy

Fund	Exposure as at 30/10/2018
HLA Horizon 28	-
HLA Horizon 38	-
HLA Horizon 48	-

## Market Review *(by Hong Leong Bank Berhad)*

n/a

Gains of MVO Strategy (per unit)	HLA Horizon28	HLA Horizon38	HLA Horizon48
Previous actual executed profit taking at n/a	-	-	-
As at n/a	-	-	-
As at n/a	-	-	-

The next observation date for profit taking is n/a. If this date is not a Business Day, then shall be the Business Day immediately following the date stated.

## Underlying Asset in the MVO Strategy as at 30 Oct 2018

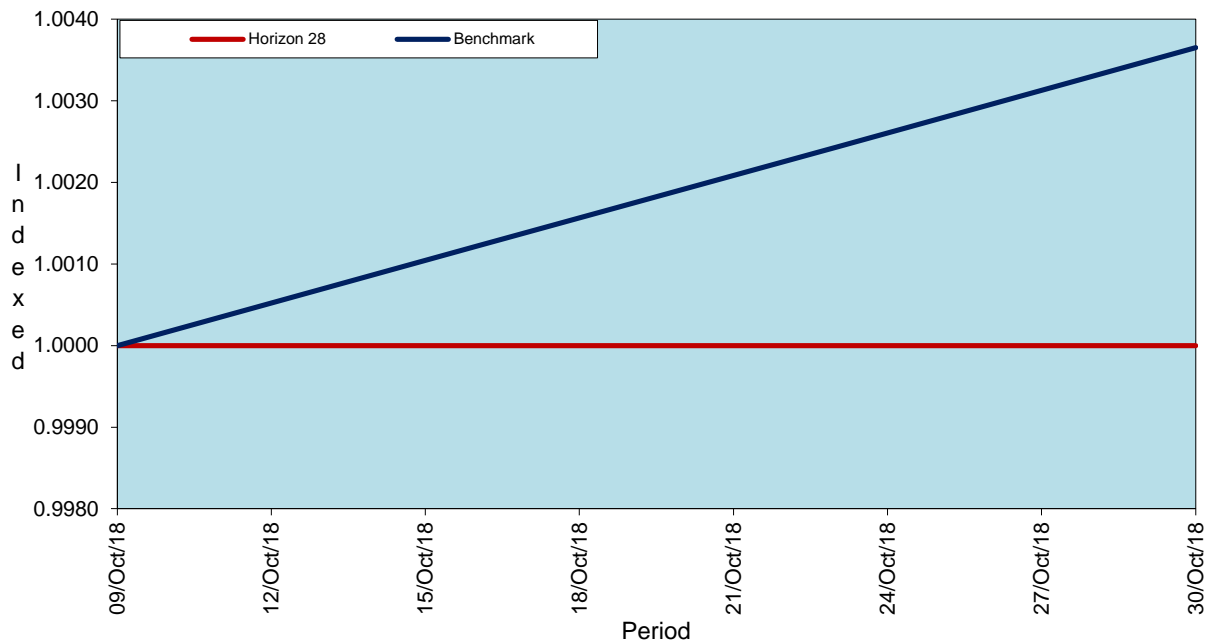
Indices	Bloomberg Ticker	Weightage (%)	Monthly Performance
S&P 500 Index	SPX Index	-	-
Euro Stoxx 50 Index	SX5E Index	-	-
Hang Seng China Enterprises Index	HSCEI Index	-	-
iShares MSCI Emerging Markets Index Fund	EEM US Equity	-	-
Franklin Templeton Global Bond Fund	FTGBFAC LX Equity	-	-
PIMCO Bond Fund	PTRBDFE ID Equity	-	-
Spot Gold	GOLDLNAM Index	-	-
DB Fed Funds Effective Rate Total Return Index (Cash)	DBMMFED1 Index	-	-
Total		-	-



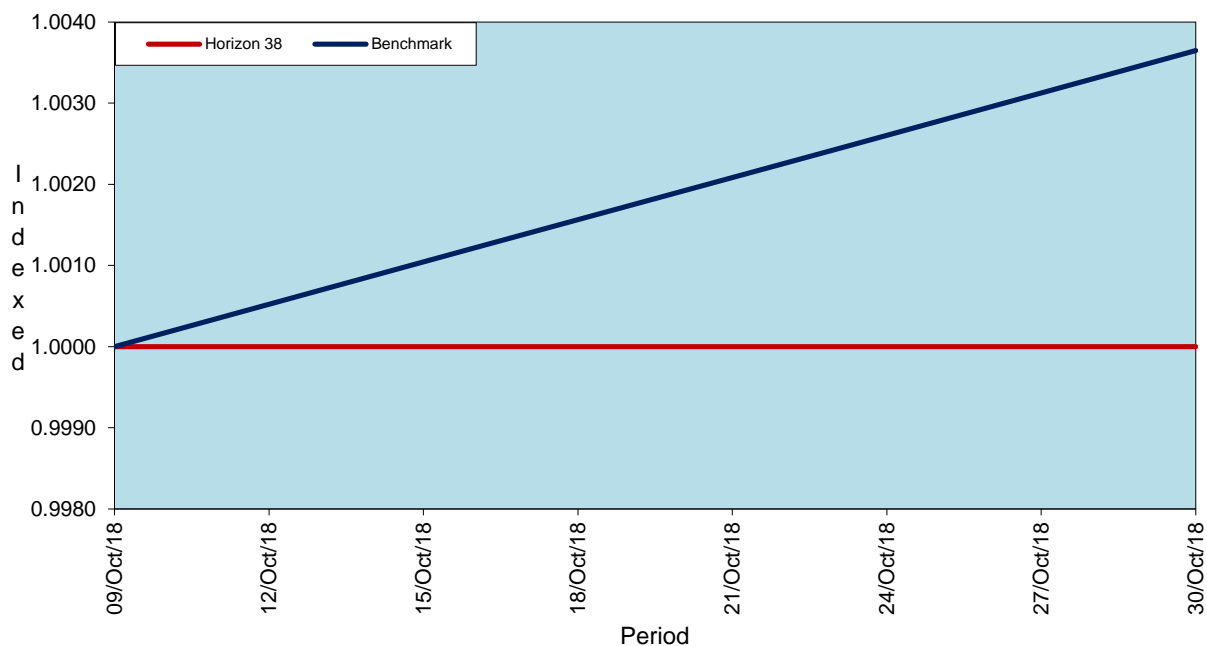
# HLA Horizon Funds

## Historical Performance

HLA Horizon28 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA Horizon28	0.00%	0.00%	n/a	n/a	n/a	0.00%
KLIBOR+2.65% p.a.*	0.36%	0.36%	n/a	n/a	n/a	0.36%
Performance vs Benchmark	-0.36%	-0.36%	n/a	n/a	n/a	-0.36%

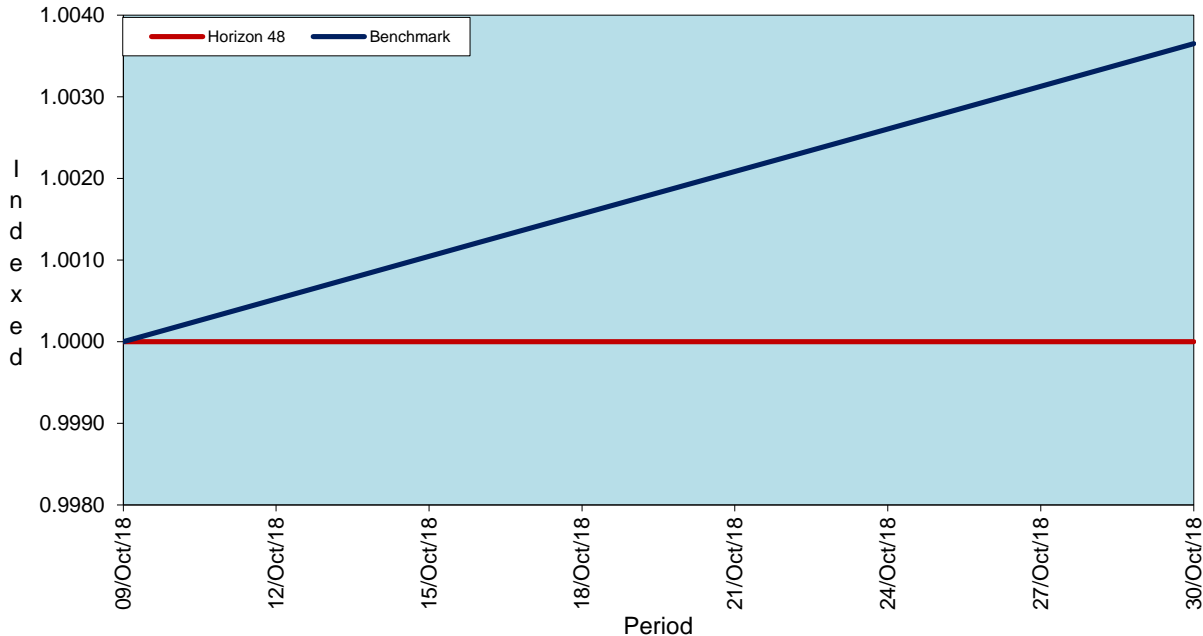


HLA Horizon38 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA Horizon38	0.00%	0.00%	n/a	n/a	n/a	0.00%
KLIBOR+2.65% p.a.*	0.36%	0.36%	n/a	n/a	n/a	0.36%
Performance vs Benchmark	-0.36%	-0.36%	n/a	n/a	n/a	-0.36%



## HLA Horizon Funds

HLA Horizon48 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA Horizon48	0.00%	0.00%	n/a	n/a	n/a	0.00%
KLIBOR+2.65% p.a.*	0.36%	0.36%	n/a	n/a	n/a	0.36%
Performance vs Benchmark	-0.36%	-0.36%	n/a	n/a	n/a	-0.36%



\*Source: Bloomberg

### 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. Deleverage Risk

Deleveraging may occur if the bond floor rises due to falling interest rates or due to nearing maturity, or due to sustained underperformance of the underlying asset. When this occurs, the Funds will unwind all allocation to the underlying asset and will effectively become a zero-coupon bond fund.

#### 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. Country Risk

The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

### 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

## HLA Horizon Funds

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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

### Others

HLA Horizon Funds are managed by Hong Leong Assurance Berhad (HLA). Allocated premiums of the policy invested in the fund are invested by HLA on behalf of the Policy Owner in a FRNID issued by Hong Leong Bank Berhad. If the issuer of the FRNID defaults or becomes insolvent, the Policy Owner risks losing part or all of his/her allocated premium amounts that were invested into the FRNID on his/her behalf by HLA. Should the issuer/financial institutions default the above investment instrument, the Minimum Guaranteed Unit Price at Fund Maturity will not be applicable.

**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.

# HLA EverGreen Funds

Oct 2018

## Fund Features

### 1. Investment Objective

The fund is designed to provide investors with principal and enhanced profit protection via a systematic investment in a globally diversified multi asset (equities, currency, rates, commodities, property, hedge fund strategies) long short strategy.

### 2. Investment Strategy & Approach

The main investment strategy is executed via portfolio optimization methodology. The fund is open ended with defined maturity date. The investment execution is accomplished via a Floating Rate Negotiable Instrument of Deposits ("FRNID") issued by CIMB Bank Berhad.

The FRNID is principal protected at maturity by CIMB Bank. The FRNID dynamically adjusts its exposure to the strategy, such as to reduce exposure when the strategy has negative performance and increase exposure when it has positive performance.

### 3. Asset Allocation

The fund will invest in a FRNID.

### 4. Target Market

The fund is suitable for investors who wish to engage in long-term wealth-planning, such as for children's education, retirement planning or wealth-building for future generations, whereby the investor's return on their lifetime of investments will be safely locked at fund maturity.

## Fund Details

<b>Fund Management Fee</b>	:	HLA EverGreen 2023 Fund HLA EverGreen 2025 Fund	:	0%*p.a.	HLA EverGreen 2028 Fund HLA EverGreen 2030 Fund HLA EverGreen 2035 Fund	:	1.30% p.a.
<b>Fund Manager</b>	:	Hong Leong Assurance Berhad					
<b>Fund Inception</b>	:	28 Dec 2010					
<b>Benchmark</b>	:	3-month Klibor + 2.65%					
<b>Frequency of Unit Valuation</b>	:	Weekly					

The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

\*The Company shall cease to charge the Fund Management Fee for HLA EverGreen 2023 and HLA EverGreen 2025 with effective from 22 Jan 2016 and 5 July 2016 respectively.

## Other Details

Fund Name	Unit Price (30/10/2018)	Fund Size (30/10/2018)	Fund Maturity Date	Minimum Guaranteed Unit Price at Fund Maturity (before tax)
HLA EverGreen 2023 Fund	: RM1.0121	RM25.70 mil	26 Dec 2023	1.2358
HLA EverGreen 2025 Fund	: RM0.9631	RM8.60 mil	26 Dec 2025	1.2670
HLA EverGreen 2028 Fund	: RM0.8927	RM10.0 mil	26 Dec 2028	1.3136
HLA EverGreen 2030 Fund	: RM0.8712	RM34.1 mil	26 Dec 2030	1.3446
HLA EverGreen 2035 Fund	: RM0.8442	RM539.5 mil	26 Dec 2035	1.4221

The Minimum Guaranteed Unit Price at Fund Maturity before tax will attract a portion of tax which has yet to be provided for. The further tax adjustment is the difference of tax payable on the capital gains of the funds determined at funds maturity and tax which has been provided for the funds through weekly unit pricing. The unit prices published weekly are on after tax basis.

## Market Review (by CIMB Bank Berhad)

Max InvestSave decreased by 8.58% in the reported period with eight out of eleven Underlying Assets moving against the Effective Max InvestSave Weightings. Losses were mainly due to the depreciation of American, European, and Japanese Equities where positive weightings were held by the Effective Max InvestSave Weightings.

Financial markets had a torrid time in October 2018. American Equities had one of its worst months in years due to a confluence of several factors. Market observers have been expecting a gradual slowdown in future corporate earnings even though results posted so far this year have been stellar. In addition, as the Federal Reserve continues to raise interest rates, Treasury yields have also gone up, thus raising concerns in the bond market. The rising interest rates have also had an impact on homebuilders and banks based on worries that higher rates might curb the loan business. Even so, the US economy is still seen to have strong fundamentals, with unemployment levels improving to the best in 48 years. Some analysts believe that the tightening labour market and trade tensions might be contributing to rising business costs. European economic confidence is at its lowest level in 17 months. The economy of the European Union also grew at its slowest rate in four years during Q3 2018, showing signs of a cooling economy. Some of the exports from the region have been hurt by protectionist policies elsewhere. In Japan, the Bank of Japan maintained its monetary stimulus plan and forecasted that its inflation target will probably not be met by 2021.

In China, the Yuan reached its weakest level in a decade against the US Dollar. Its manufacturing sector has worsened and in light of the escalating trade tensions and stock market rout, the Chinese government has implemented measures to stimulate the economy. Oil prices have also suffered as tumbling equities have weakened sentiment and Saudi Arabia has pledged to make up any shortfall from the sanctions on Iran. (Source: Bloomberg)

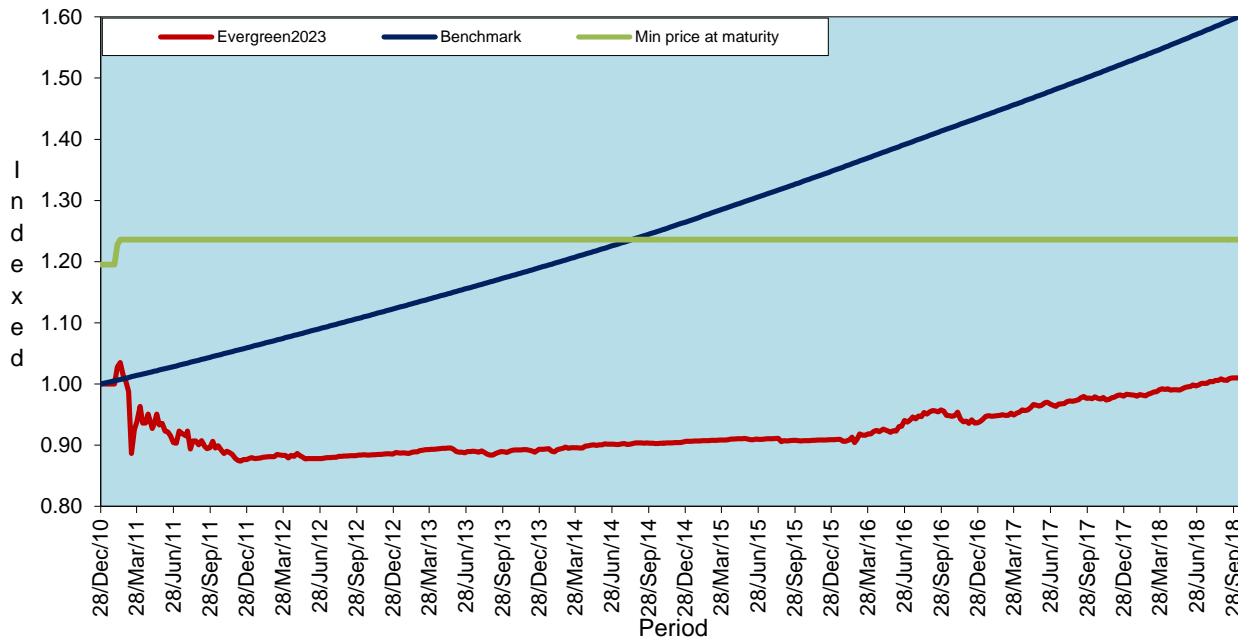
## Net Exposure of HLA EverGreen Funds to CIMB EverGreen Index

Fund	HLA EverGreen 2023	HLA EverGreen 2025	HLA EverGreen 2028	HLA EverGreen 2030	HLA EverGreen 2035
Avg Exposure of Maximum Assurance FRNID to Max InvestSave PSSIA-i 30Y	0.00%	0.00%	0.00%	1.60%	14.50%
Exposure of MaxInvestSave PSSIA-i 30Y to CIMB EverGreen Index	91.99%				
Net Exposure of HLA EverGreen Funds to CIMB EverGreen Index in Oct 2018	0.00%	0.00%	0.00%	1.47%	13.34%

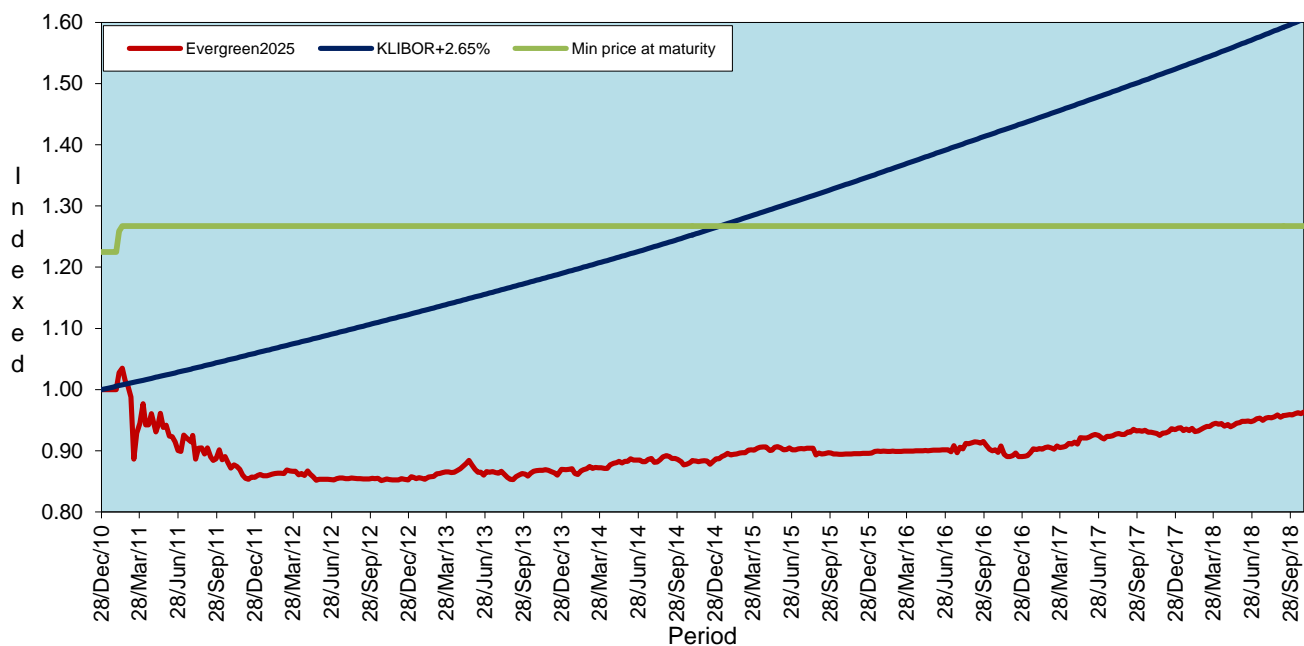
# HLA EverGreen Funds

## Historical Performance

HLA EverGreen 2023 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA EverGreen 2023	3.24%	0.23%	3.73%	11.53%	13.45%	1.21%
KLIBOR+2.65% p.a.*	5.37%	0.59%	6.37%	20.43%	36.21%	60.54%
Performance vs Benchmark	-2.13%	-0.36%	-2.64%	-8.90%	-22.76%	-59.33%



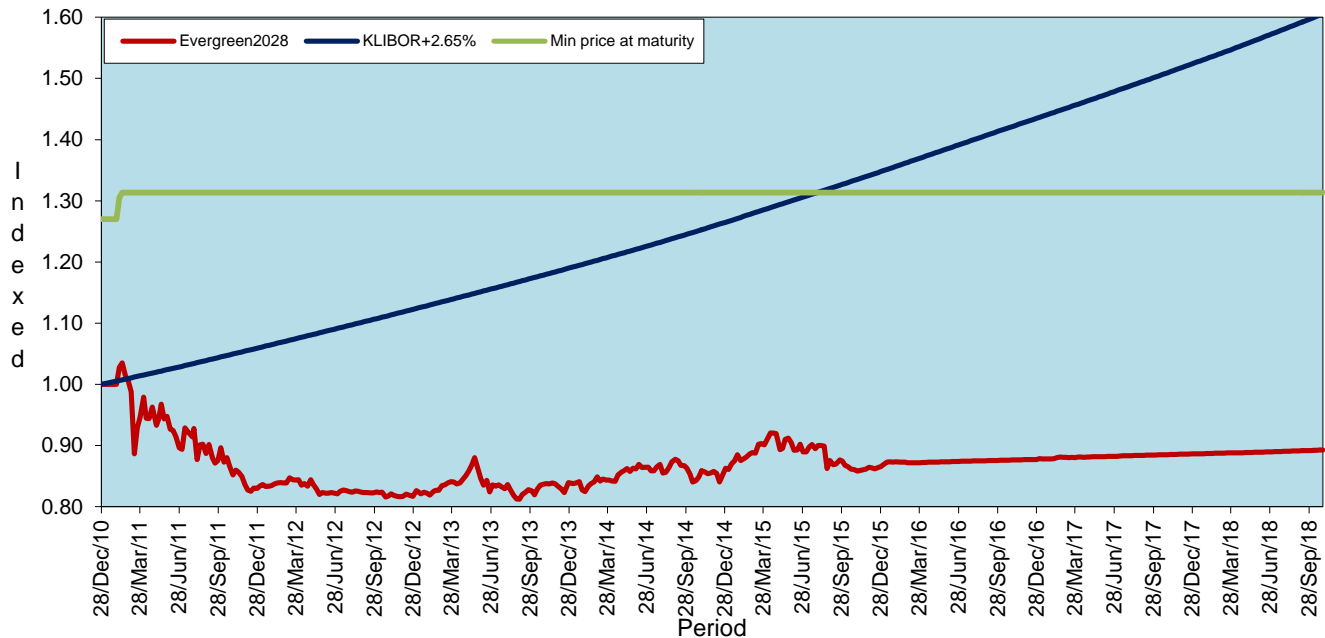
HLA EverGreen 2025 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA EverGreen 2025	3.07%	0.41%	3.54%	7.68%	11.02%	-3.69%
KLIBOR+2.65% p.a.*	5.37%	0.59%	6.37%	20.43%	36.21%	60.54%
Performance vs Benchmark	-2.30%	-0.18%	-2.83%	-12.75%	-25.19%	-64.23%



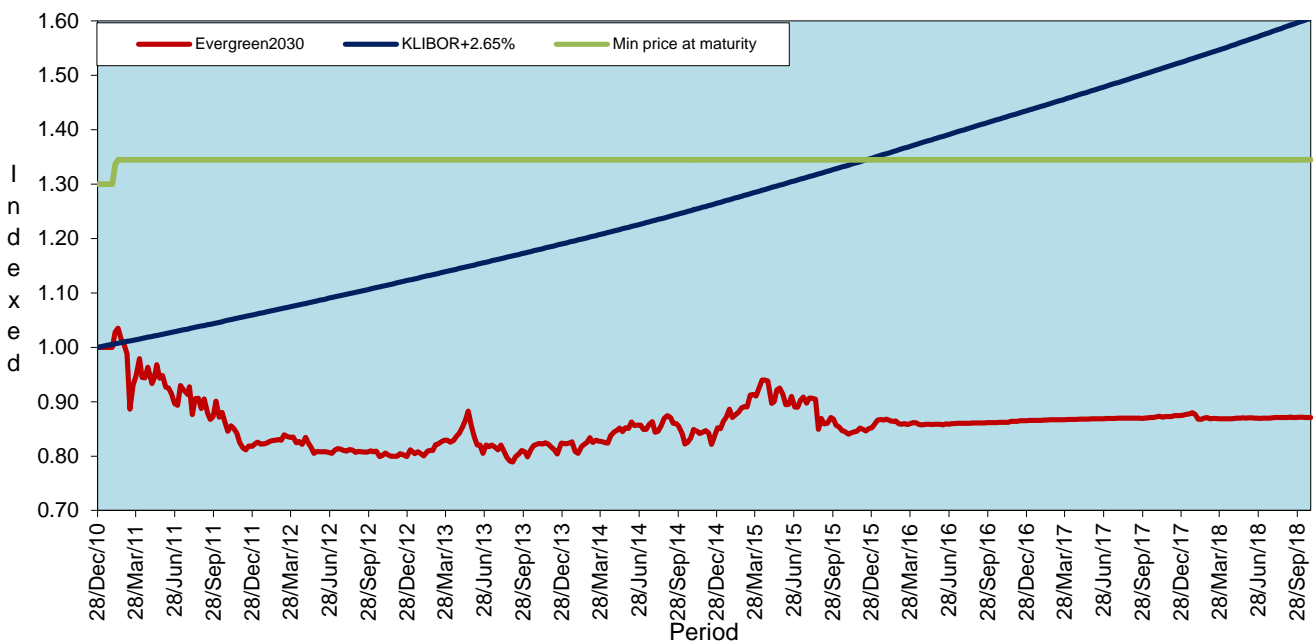


## HLA EverGreen Funds

HLA EverGreen 2028 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA EverGreen 2028	0.72%	0.09%	0.85%	3.72%	6.67%	-10.73%
KLIBOR+2.65% p.a.*	5.37%	0.59%	6.37%	20.43%	36.21%	60.54%
Performance vs Benchmark	-4.65%	-0.50%	-5.52%	-16.71%	-29.54%	-71.27%

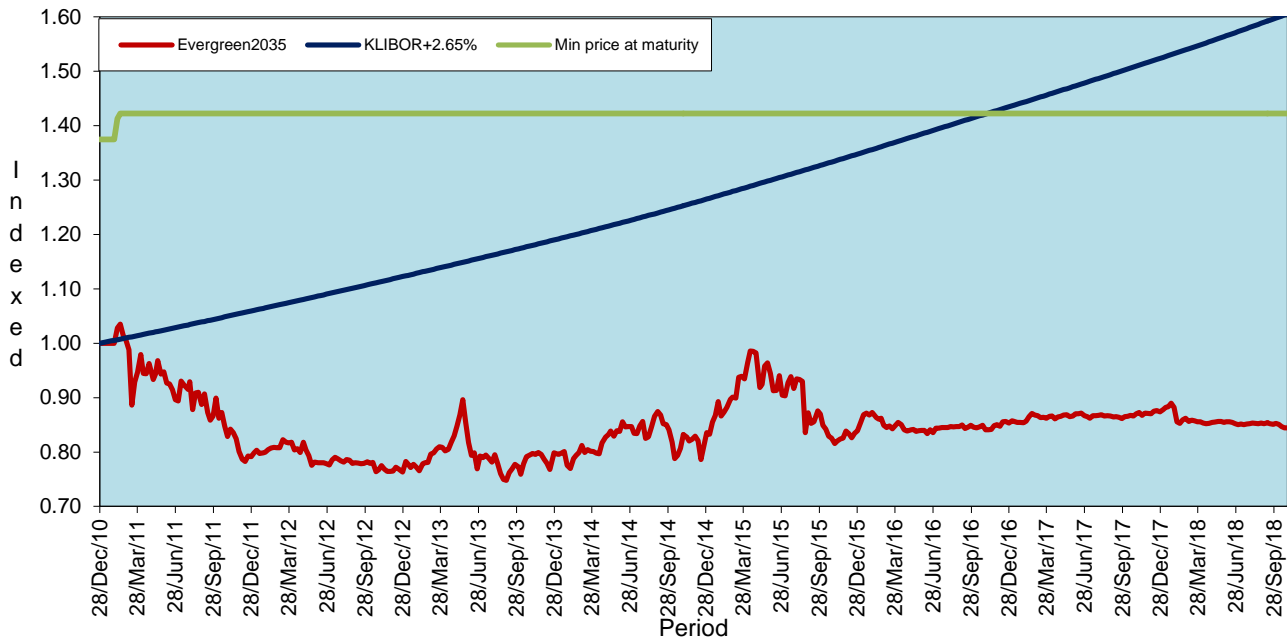


HLA EverGreen 2030 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA EverGreen 2030	-0.34%	0.00%	-0.10%	3.10%	6.06%	-12.88%
KLIBOR+2.65% p.a.*	5.37%	0.59%	6.37%	20.43%	36.21%	60.54%
Performance vs Benchmark	-5.71%	-0.59%	-6.47%	-17.33%	-30.15%	-73.42%



# HLA EverGreen Funds

HLA EverGreen 2035 Fund						
As of 30/10/18	Year to-date	1 month	1 Year	3 Years	5 Years	Since Inception
HLA EverGreen 2035	-3.41%	-0.82%	-3.00%	2.25%	6.23%	-15.58%
KLIBOR+2.65% p.a.*	5.37%	0.59%	6.37%	20.43%	36.21%	60.54%
Performance vs Benchmark	-8.78%	-1.41%	-9.37%	-18.17%	-29.98%	-76.12%



\*Source: Bloomberg

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	6.0%	6.3%	6.5%	6.5%	6.2%
HLA EVERGREEN 2023 – Gross	2.4%	3.0%	1.7%	4.7%	6.5%
HLA EVERGREEN 2023 – Net	0.9%	1.4%	0.3%	3.0%	4.7%
HLA EVERGREEN 2025 – Gross	3.6%	3.6%	2.5%	0.8%	6.7%
HLA EVERGREEN 2025 – Net	2.0%	2.0%	1.0%	-0.6%	4.9%
HLA EVERGREEN 2028 – Gross	4.5%	4.5%	1.7%	2.9%	2.5%
HLA EVERGREEN 2028 – Net	2.8%	2.8%	0.3%	1.4%	1.0%
HLA EVERGREEN 2030 – Gross	4.8%	5.1%	1.4%	3.0%	2.6%
HLA EVERGREEN 2030 – Net	3.1%	3.4%	0.0%	1.5%	1.1%
HLA EVERGREEN 2035 – Gross	6.4%	6.5%	1.9%	3.2%	4.1%
HLA EVERGREEN 2035 – Net	4.6%	4.7%	0.4%	1.6%	2.4%

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 non-exhaustive list of risks associated to this fund.

### 1. Market Risk

Market 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. Deleverage Risk

## HLA EverGreen Funds

Deleveraging may occur if the bond floor rises due to falling interest rates or due to nearing maturity, or due to sustained underperformance of the underlying asset. When this occurs, the Funds will unwind all allocation to the underlying asset and will effectively become a zero-coupon bond fund.

### 7. 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.

### 8. Performance 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 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.
- 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.

### Performance of Max InvestSave PSSIA-I 30Y

Month on month historical performance*														
Year	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD <sup>A</sup>	RTD
2011	-	1.69%	-6.28%	2.21%	-1.23%	-4.08%	2.04%	-3.97%	-1.16%	-3.57%	3.57%	-1.34%	-18.00%	-
2012	2.41%	1.07%	1.07%	-0.41%	-4.17%	-1.18%	2.35%	-0.49%	-0.66%	-1.88%	0.66%	-0.58%	-1.98%	-
2013	0.85%	3.31%	3.47%	3.25%	0.11%	-4.18%	-2.19%	-4.28%	4.44%	3.75%	0.54%	0.55%	9.50%	-
2014	-3.65%	5.03%	-1.05%	4.21%	1.61%	-0.38%	0.72%	3.50%	-2.35%	-0.76%	0.42%	2.21%	9.51%	-
2015	4.74%	3.12%	3.50%	0.48%	1.51%	-4.21%	2.83%	-5.19%	0.63%	-5.27%	1.28%	1.54%	4.39%	-
2016	1.82%	0.60%	-1.24%	-1.96%	0.34%	0.93%	0.78%	0.66%	-0.16%	-1.10%	1.39%	0.81%	2.84%	-
2017	0.64%	3.87%	-0.52%	-0.22%	0.89%	-1.58%	0.67%	0.76%	-2.20%	3.91%	-0.01%	1.07%	7.32%	-
2018	4.22%	-5.86%	-2.06%	-0.96%	-0.29%	-1.63%	-0.14%	0.87%	-1.32%	-8.58%			-15.19%	-5.81%

<sup>A</sup>Note that calculation for YTD starts from first day of the year to the last day of the same year

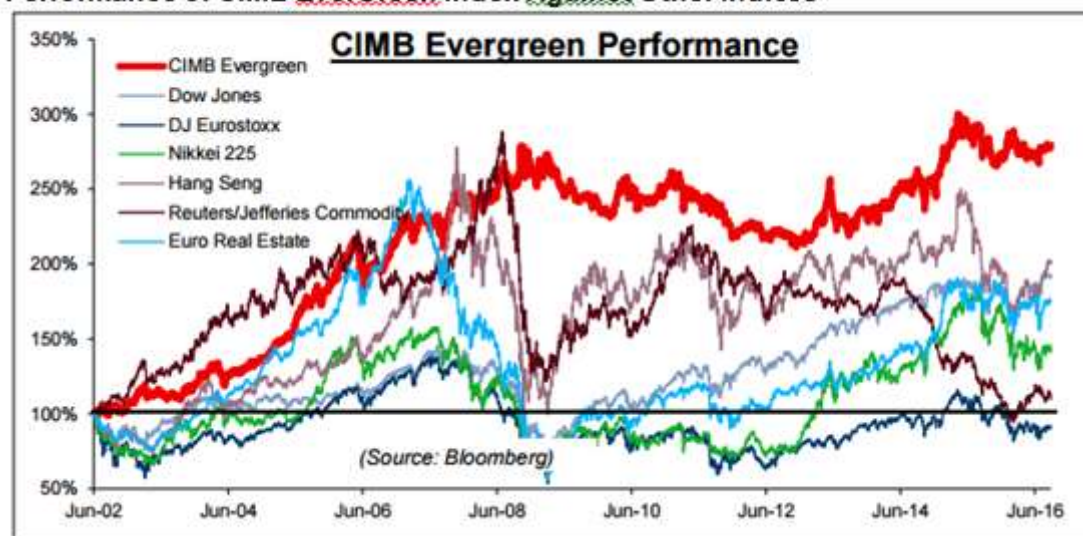
Underlying Performance				
Underlying Asset	28-Sep-18 Closing Px	31-Oct-18 Closing Px	Performance (28 Sep 18 - 31 Oct 18)*	Effective Max InvestSave Weights** (27 Sep 18)
American Equity	5,763.42	5,369.49	-6.84%	25.88%
Japanese Equity	2,688.09	2,444.11	-9.41%	25.88%
European Equity	7,003.99	6,593.03	-5.87%	25.80%
UK Equity	6,585.47	6,266.04	-4.85%	25.88%
Emerging Market Equity	4,003.38	3,721.94	-7.03%	-10.35%
China Equity	11,017.87	10,138.63	-7.98%	-10.35%
Commodity Index	870.63	842.56	-3.22%	15.47%
European Real Estate	6,119.55	5,875.78	-3.98%	20.84%
American Real Estate	80.02	78.11	-2.39%	10.35%
Hedge Fund Strategies	226.77	220.53	-2.75%	0.00%
Currency	0.86	0.88	2.59%	-25.88%

\* Month on month historical performance is calculated from previous Month End Date to current Month End Date

\*\* Effective Max InvestSave Weights are re-balanced monthly

## HLA EverGreen Funds

### Performance of CIMB EverGreen Index Against Other Indices



#### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

#### Others

HLA EverGreen Funds are managed by Hong Leong Assurance Berhad (HLA). Allocated premiums of the policy invested in the fund are invested by HLA on behalf of the Policy Owner in a FRNID issued by CIMB Bank Berhad. The amount invested in the FRNID is guaranteed by the issuer if held to maturity. If the issuer of the FRNID defaults or becomes insolvent, the Policy Owner risks losing part or all of his/her allocated premium amounts that were invested into the FRNID on his/her behalf by HLA. Should the issuer/financial institutions default the above investment instrument, the Minimum Guaranteed Unit Price at Fund Maturity will not be applicable.

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#### 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.

#### CIMB Evergreen Index Disclaimer:

The index sponsor or the calculation agent of the CIMB Evergreen Index (the "Index") does not guarantee the accuracy and/or completeness of the composition, calculation, publication and adjustment of the Index, any data included therein, or any data from which it is based, and the calculation agent and the index sponsor of the Index shall have no liability for any errors, omissions, or interruptions therein. The calculation agent and the index sponsor of the Index make no warranty, express or implied, as to results to be obtained from the use of the Index. The calculation agent and the index sponsor of the Index make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall the calculation agent or the index sponsor of the Index have any liability for any special, punitive, indirect, or consequential damages (including loss of profits), even if notified of the possibility of such damages.

# HLA Dana Suria (HLADS)

Oct 2018

## Fund Features

### 1. Investment Objective

This fund provides investors an affordable access into a diversified investment portfolio which offers steady and consistent return over a long-term investment horizon by investing into local and global equities and fixed income securities that comply with Shariah requirements.

### 2. Investment Strategy & Approach

At inception, this fund will invest by feeding into Hong Leong Dana Maa'rof and HLA Venture Dana Putra ("Target Funds") with the option to increase the number of funds or replace the Target Funds in future.

Generally, the Target Funds select undervalued companies that have the potential to offer good Medium-To-Long Term capital growth. In terms of fixed income instruments, selection depends largely on credit quality to assure relative certainty in profit income, principal payment, and overall total return stability.

### 3. Asset Allocation

Hong Leong Dana Maa'rof (HLDM) will invest a minimum 40% and maximum 60% of its NAV into Shariah-compliant equities while HLA Venture Dana Putra (HLAVDP) will invest up to maximum 90%, but not less than 40% of fund's NAV into Shariah approved equities. Generally, HLA Dana Suria may invest up to a maximum of 95% of its NAV into Shariah-compliant equities or a maximum of 100% of its NAV into Shariah-based deposits or Islamic money market instruments.

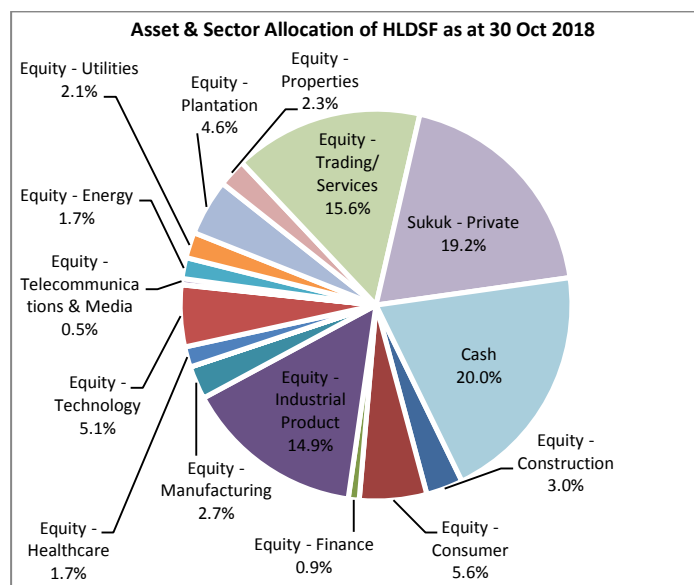
### 4. Target Market

This fund is suitable for investors who have moderate risk-reward temperament and are looking for returns from Shariah-compliant investments in a medium-to-long term investment horizon.

## Fund Details

Unit Price (30/10/2018)	:RM1.108
Fund Size (30/10/2018)	:RM6.16mil
Fund Management Fee	:1.30% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Managed
Fund Inception	:24 Sept 2013
Benchmark	:(70% x FTSE Bursa Malaysia EmasShariah Index) + (30% x 3-month Klibor)
Frequency of Unit Valuation	:Weekly

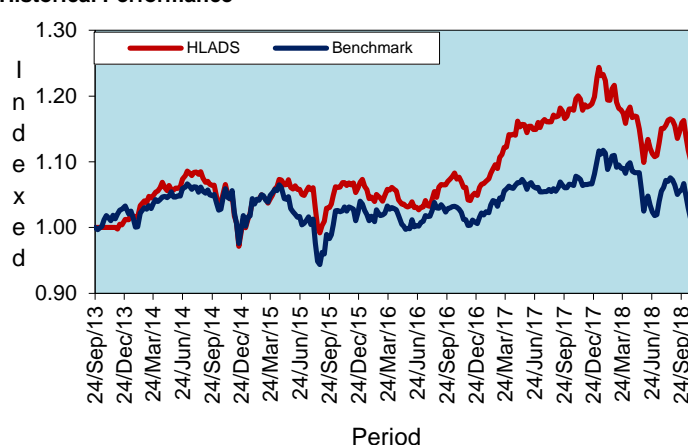
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



## Top 5 Holdings for HLADS as at 30 Oct 2018

		%
1.	Tenaga Nasional Berhad	Equity 6.8
2.	Tenaga Nasional Berhad Sukuk	Sukuk 4.9
3.	Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)	Sukuk 4.7
4.	QL	Equity 3.4
5.	INARI	Equity 2.8
Total Top 5		22.6

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLADS	-9.97%	-6.91%	-9.75%	1.69%	7.95%	7.95%
Benchmark*	-7.26%	-5.17%	-6.96%	-2.04%	-1.46%	0.31%
Relative	-2.71%	-1.74%	-2.79%	3.72%	9.41%	7.64%

\*Source: Bloomberg

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## HLA Dana Suria (HLADS)

### Market Review, Outlook & Strategy

The month started off on a weak footing with the International Monetary Fund cutting global growth for 2018 and 2019 to 3.7% from 3.9% citing rising trade tensions and stress in the emerging markets. The US-China trade tension escalated further during the month with US President Trump threatening to impose tariffs on US\$267b worth of additional Chinese imports if Beijing retaliates. Fortunately, the North American Free Trade Agreement (Nafta) between the US, Mexico and Canada did send a sign of relief that a trade conflict would not worsen in that part of the world, even though the new deal does not fundamentally change much.

Sentiment was then weighed down when China's economic data points indicated that the overall economy was slowing down. 3Q18 GDP growth came in at 6.5% from 6.7% in the previous quarter, while the PBOC attempted to increase liquidity by cutting bank cash reserves and lowering financing costs. China then allowed its Yuan to depreciate further, adding to more negative pressure for emerging currencies. Oil price also took a breather during the month as Saudi Arabia's Prince Salman continued to pledge adequate supply of crude to markets despite growing protestations over the killing of journalist Jamal Khashoggi.

Back in Malaysia, the worsening external environment with continued outflow from Emerging Markets also derailed sentiment. The situation was made worse during the Government of Malaysia's investor conference – Malaysia A New Dawn - where the Finance Minister reiterated that Budget 2019 would be difficult and required sacrifices with the potential introduction of new taxes. GDP growth is also expected to moderate to 4.5-5.5% (from 5-6%) over 2018-2020, a wider budget deficit of -3% of GDP in 2020 and reduction of development expenditure from RM260b to RM220b. The expenditure would focus on infrastructure and economic enablers with over 4,000 ongoing projects to continue building affordable houses, schools, hospitals and roads. Mega projects meanwhile came under scrutiny again with the latest casualty being the Gamuda-MMC underground portion for MRT2 initially cancelled but subsequently renegotiated downwards after some last minute horse-trading.

FBM KLCI ended October with a decline of 4.7% mom to 1709.27pts on a strong last day of the month. It outperformed the broad market as well as the small-cap sector. FTSE Emas Shariah declined by 7.2% mom, FTSE Small Cap Index was down by 11.4% mom and FTSE Emas was also down by 6.1% mom.

On the external front, investors will be keeping a close watch on the US decision to re-impose oil-related sanctions on Iran on 4<sup>th</sup> November and the outcome of the US mid-term elections on 6<sup>th</sup> November. Domestically, investors will also be following closely the upcoming 2019 Budget which will be tabled on 2<sup>nd</sup> November, the 3Q18 earnings season and GDP growth releases. Markets are expected to continue being volatile. As such we will maintain our defensive strategy and invest in dividend yielding blue chip stocks with some certainty of earnings.

### Market Review, Outlook & Strategy - Fixed Income Market

The U.S. Treasury (UST) market experienced wild swings in October, stemming from concerns over the prospect of rising interest rates and the rout across global equity markets. Geopolitical risks and rising US government debt also contributed to the volatility that propelled the 30-year UST yield to end 18bps higher at 3.39%, while 10-year UST yield also closed 8bps higher at 3.14%.

The surge in UST yields has also prompted a rise in government bond yields across the globe with Malaysian Government Securities ("MGS") following suit. MGS benchmark yields ended between 3-12bps higher in October on the back of tepid flows. However, losses were pared by month-end rebalancing activities, sending yields 2-9bps lower across the curve with strong buying interest on the 10-year MGS benchmark.

Meanwhile, corporate bonds and sukuk saw better demand as secondary volume improved at RM13.2 billion from the prior month's RM9.5 billion. Credit spreads tightened within 1-9bps across the tenure. The GG curve ended the month slightly steeper as the short to belly of the curve increased 1-2bps while the long-end rose 5bps. The AAA yields remained largely unchanged. The prominent new issuances during the month include Cagamas Bhd, HSBC Amanah Malaysia Bhd, Public Bank Bhd, Perbadanan Kemajuan Negeri Selangor, AmBank Islamic Bhd, UEM Sunrise Bhd, CIMB Group Holdings Bhd, CIMB Bank Bhd, Serba Dinamik Holdings Bhd, Affin Islamic Bank Bhd and Telekom Malaysia Bhd.

UST yields have been surging higher fuelled by solid U.S. economic data that reinforced expectations of multiple interest rate hikes by the Federal Reserve over the next 12 months. The UST market may face more hurdles in the short term on the back of ongoing uncertainty over the outcome of the US 2018 mid-term elections to be held on 8 November. Regional bond markets may continue to be weighed down by further weakness in the UST market should there be massive tax cuts and wider fiscal deficit arising from higher federal spending that would drive up inflation.

Meanwhile on the local front, the potential market driver hinges on the upcoming 2019 Budget to be tabled on 2 November. Bond market players have been staying on defensive mode with the expectation that the new government would announce a tighter budget on the back of the wider fiscal deficit. This in turn could pressure an upside supply risk to government bonds. In fact, weaker sentiment has already prevailed following Moody's concern over the wider fiscal deficit until 2020.

On the monetary policy front, we expect Bank Negara Malaysia (BNM) to keep the Overnight Policy Rate (OPR) unchanged at 3.25% until 1H2019 amid lingering downside risks to growth, US-China trade war and geopolitical risks. BNM could turn dovish on its monetary policy stance if GDP growth is derailed by a massive cut in government spending under an austerity budget.

We expect trading activities to gradually pick up as the recent upward movement in bond yields provides a good opportunity for investors to switch into higher yielding investments. We also expect the Malaysian bond market to remain resilient and believe that any sell-off would quickly be snapped up by buying interest given the ample liquidity in the system. The long term demand and supply dynamic of the Malaysian bond market remains intact. As such, we would maintain our long position on bonds and continue to reinvest into longer tenure bonds to benefit from dissipating risk premiums when market strengthens.

## HLA Dana Suria (HLADS)

### Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	3.3%	-1.4%	2.2%	0.4%	7.5%
HLADS - Gross	2.7%	1.5%	7.4%	-0.6%	17.0%
HLADS - Net	1.2%	0.1%	5.5%	-1.9%	14.3%

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.

The fund was only launched on 24 September 2013. The actual investment returns are calculated based on unit price from 24 September to 31 December 2013.

### 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. Country Risk

The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

#### 4. 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.

#### 5. 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 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.
- 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 Dana Maa'rof is a Balanced fund managed by Hong Leong Asset Management Berhad. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	7.0%	0.1%	9.1%	-1.2%	13.1%

Source: Hong Leong Asset Management Berhad

- HLA Venture Dana Putra is a Equity fund managed by Hong Leong Assurance Berhad. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	32.6%	-1.1%	4.9%	-2.3%	20.8%

Source: Hong Leong Assurance Berhad

### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

## HLA Dana Suria (HLADS)

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

### **Others**

HLA Dana Suria is managed by Hong Leong Assurance Berhad (HLA). Any amount invested in this fund is invested by HLA on behalf of Policy Owner into Islamic unit trust/investment-linked funds which will invest in Shariah-compliant fixed income securities, equities, collective investment scheme, foreign asset, derivatives and money market instrument/s. If the financial institutions and/or corporations issuing the funds default or become insolvent, the Policy Owner risks losing part or all of his/her amount that were invested into the fund on his/her behalf by HLA.

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### **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.

# HLA Secure Fund (HLASF)

Oct 2018

## Fund Features

### 1. Investment Objective

To provide investors with steady and consistent return over a long-term investment horizon by investing into local and global fixed income securities and equities.

### 2. Investment Strategy & Approach

The strategy is to provide investors an affordable access into a diversified investment portfolio with a mixture of equities and fixed income instrument. The fund will invest primarily in fixed income instruments such as bonds, money market instruments, repo and deposits with financial institutions that provide regular income as well as in high dividend yield stocks to enhance the fund's returns. The asset allocation decision between fixed income instruments and equity is decided after considering the fixed income and equity market outlook over the medium to long-term horizon. Initially the fund will invest by feeding into Affin Hwang Select Income Fund ("Target Fund"), with the option to increase the number of funds or replace Affin Hwang Select Income Fund with other fund(s) in future.

### 3. Asset Allocation

The fund shall invest a minimum 70% of the NAV in Fixed Income Instruments and maximum 30% of NAV in equities.

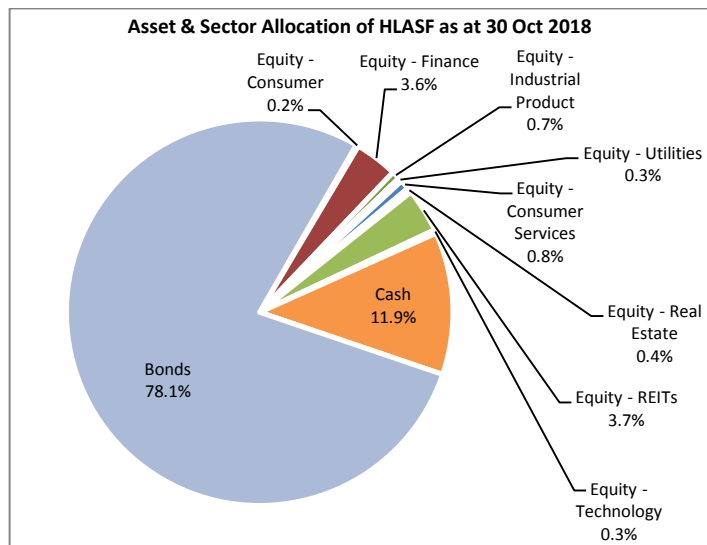
### 4. Target Market

The fund is suitable for investors who are relatively conservative and wish to have a steady and stable return that meets their retirement needs.

## Fund Details

Unit Price (30/10/2018)	:RM1.3118
Fund Size (30/10/2018)	:RM15.3mil
Fund Management Fee	:1.00% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Bond
Fund Inception	:05 Feb 2013
Benchmark	: (70% x Maybank 12 Months Fixed Deposit Rate) + (30% x Dow Jones Asia Pacific Select Dividend 30 Index)
Frequency of Unit Valuation	:Weekly

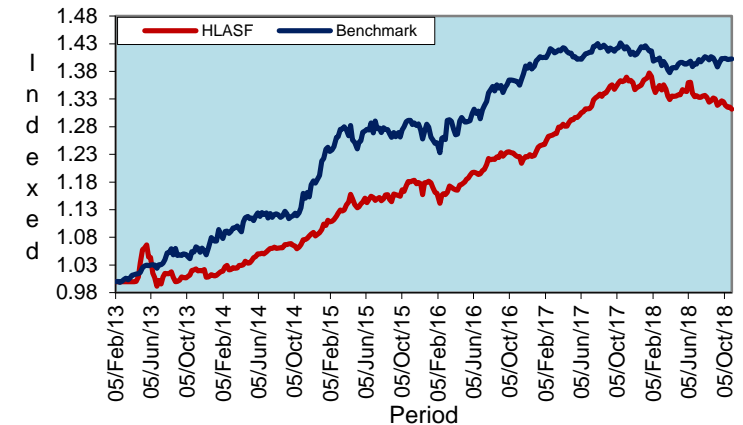
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.



## Top 5 Holdings for HLASF as at 30 Oct 2018

		%
1.	PTT Exploration & Production	Equity 1.6
2.	JGSH Philippines Ltd	Equity 1.3
3.	Yinson TMC Sdn Bhd	Equity 1.2
4.	Shenzhen International Holding	Equity 1.2
5.	United States Treasury N/B	Equity 1.2
<b>Total Top 5</b>		<b>6.5</b>

## Historical Performance



	YTD	1 month	1 Year	3 Years	5 Years	Since Inception
HLASF	-3.22%	-1.14%	-3.78%	11.09%	28.46%	31.18%
Benchmark*	-1.56%	-0.06%	-1.26%	8.59%	33.10%	40.26%
Relative	-1.65%	-1.08%	-2.53%	2.51%	-4.65%	-9.08%

\*Source: AffinHwang

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

Regional markets were softer in October, dragged by a rout in the US stock market, a stronger USD, a spike in US Treasury yields, and the lingering US-China disputes. Impacts from the US-China tariff implementation had begun to show, as Chinese imports to the US fell by 31%. The 10-Year US Treasury yield climbed to the 3.14% level, which led to a global sell-off, including in Asia. Chinese high yield property bonds bore the brunt of the sell-off, partially contributed by a default event in China. A widening of credit spreads were also seen in secondary markets. Chinese stock markets were moderately down following a softer than expected GDP of 6.5%, while the broader MSCI Asia ex Japan Index was down 10.9% over the month. Foreign outflows continue to be seen regionally in October, as net outflows from Emerging Asia ex China ex-Malaysia saw net selling of USD15.9 billion in October.

Emerging Asia remains challenging given growth differential with the US, slowing growth in China, potential additional tariffs and high oil price. While EM equities are still soft, EM currencies and bonds have stabilized towards the end of the month suggesting less rapid financial deterioration than expected. We expect to see more new issuances from China. We will refrain from redeploying heavily at this point, and will look to gradually enter on dips, particularly for short dated papers and high yield names. Our cautious stance remains in the near term, as we hold on to moderate levels of cash and a focus on IG names, keeping a short portfolio duration of between 3 to 4 years. We are also cautious on the Malaysian credits, and shall look to gradually trim down holdings to lock in gains as we edge towards year end. For equities, capital protection takes precedence as we look to remain defensive in the current risk off environment. Cash levels will be kept at moderate levels.

## HLA Secure Fund (HLASF)

### Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	7.2%	10.4%	7.7%	8.2%	2.6%
HLASF - Gross	2.5%	9.2%	10.2%	5.6%	12.4%
HLASF - Net	1.3%	7.5%	8.4%	4.1%	10.4%

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.

The fund was only launched on 14 February 2013. The actual investment returns are calculated based on unit price from 14 February 2013 to 31 December 2013.

### 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. Country Risk

The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

#### 4. 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.

#### 5. 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

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### 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 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.
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- 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

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### Target Fund Details

Affin Hwang Select Income Fund is a Bond fund managed by Affin Hwang Investment Management. The past performance of this fund is as follows:

Year	2013	2014	2015	2016	2017
Performance	2.9%	6.9%	8.6%	4.1%	10.4%

Source: Affin Hwang Investment Management



## HLA Secure Fund (HLASF)

### **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 Secure 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.

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### **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.

## HLA Cash Fund (HLACF)

**Oct 2018**

### Fund Features

#### 1. Investment Objective

This fund aims to provide high principal security and consistent return to the investors by investing in money market instrument. Returns will be comparable to prevailing overnight policy rates but correspondingly, the risks will be significantly lower than that for equities investment.

#### 2. Investment Strategy & Approach

This fund may be placed with any licensed financial institution under the Islamic Financial Services Act 2013, determined by the fund manager.

#### 3. Asset Allocation

This fund may be placed with any licensed financial institution under the Islamic Financial Services Act 2013, determined by the fund manager.

#### 4. Target Market

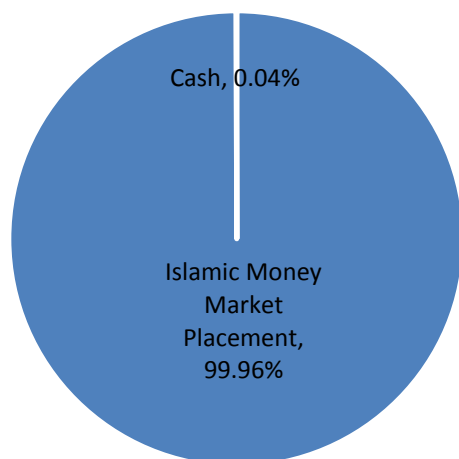
This fund is suitable for investors who are low risk profile.

### Fund Details

<b>Unit Price (30/10/2018)</b>	: RM1.2066
<b>Fund Size (30/10/2018)</b>	: RM37.4mil
<b>Fund Management Fee</b>	: 0.25% p.a.
<b>Fund Manager</b>	: Hong Leong Assurance Berhad
<b>Fund Category</b>	: Money Market Fund
<b>Fund Inception</b>	: 28 Dec 2010
<b>Benchmark</b>	: Overnight Policy Rate
<b>Frequency of Unit Valuation</b>	: Weekly

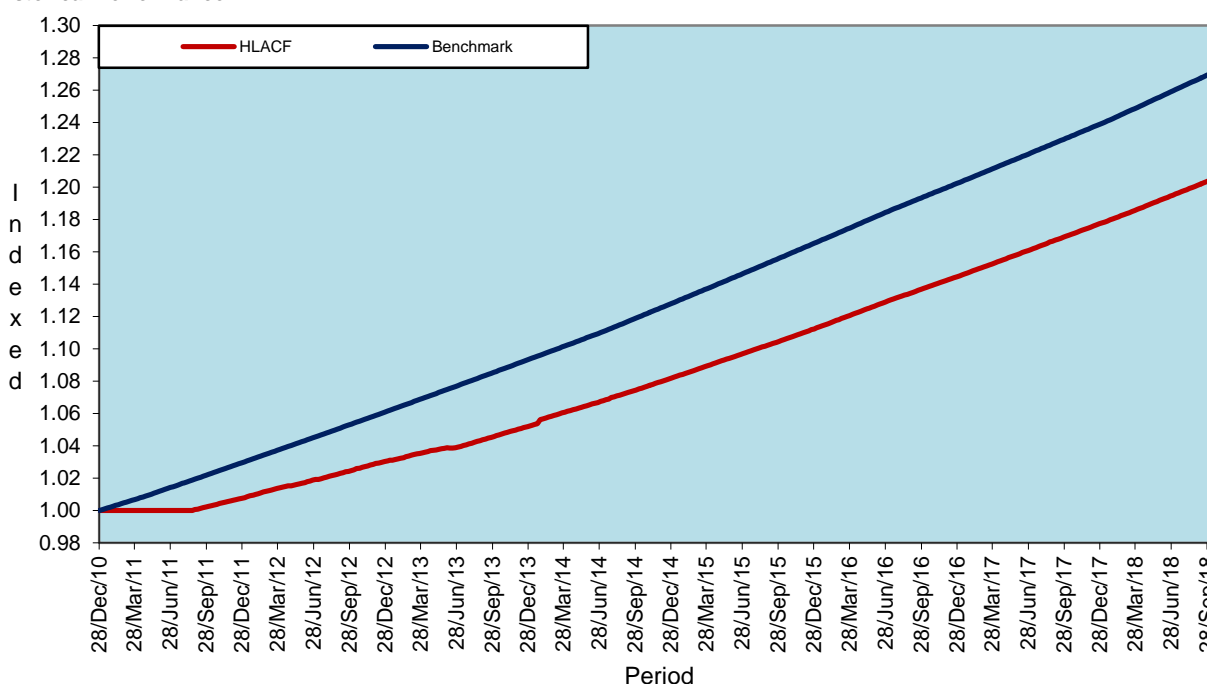
*The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.*

**Asset & Sector Allocation of HLACF as at 30 Oct 2018**



# HLA Cash Fund (HLACF)

## Historical Performance



As of 30/10/18	1 month	YTD	1 Year	3 Years	5 Years	Since Inception
HLACF	0.27%	2.48%	2.93%	9.00%	15.14%	20.66%
Benchmark*	0.30%	2.75%	3.23%	9.86%	17.01%	27.30%
Relative	-0.04%	-0.27%	-0.30%	-0.86%	-1.86%	-6.64%

\*Source: Bloomberg

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

Year	2013	2014	2015	2016	2017
Benchmark	3.0%	3.1%	3.2%	3.1%	3.0%
HLACF- Gross	2.6%	3.4%	3.3%	3.4%	3.4%
HLACF - Net	2.1%	2.9%	2.8%	2.9%	2.9%

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 non-exhaustive list of risks associated to this fund.

### 1. Counterparty risk

This refer to the possibility that the institution that the fund invested in may not be able to make the required interest payment and repayment of principal.

## 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 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.
- 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.

## HLA Cash Fund (HLACF)

### 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.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

### Others

HLA Cash Fund is managed by HLA. Any amount invested in this fund is invested by HLA on behalf of Policy Owner in money market instrument/s issued by licensed financial institution/s under the Islamic Financial Services Act 2013. The amount invested in this money market instrument/s is guaranteed by these financial institutions, before deducting any charge or tax. If the financial institutions issuing the 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 their behalf by HLA.

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# Fund Risk Type & Customer Risk Appetite

Fund Risk Type  
High

Customer Risk Appetite  
Aggressive

