

HLA Venture Global Fund (HLAVGLF)

May 2017

Fund Features

1. Investment Objective

The objective of the fund is provide investors with steady growth and consistency in income return over a medium to long term investment horizons by investing into global equities.

2. Investment Strategy & Approach

This fund will initially invest in, but not limited to Hong Leong Asia-Pacific Dividend Fund and Hong Leong Strategic Fund that uses equity, fixed income and money market instruments as their underlying assets. This fund will seek to diversify its investment geographically and by asset classes i.e. global equity of companies involved in the extraction, processing, transportation and distribution of natural resources, high dividend yield equities in Asia Pacific region (excluding Japan), global equities and/or local equities.

3. Asset Allocation

The fund will invest up to 95% of its NAV into selected unit trust funds.

4. Target Market

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

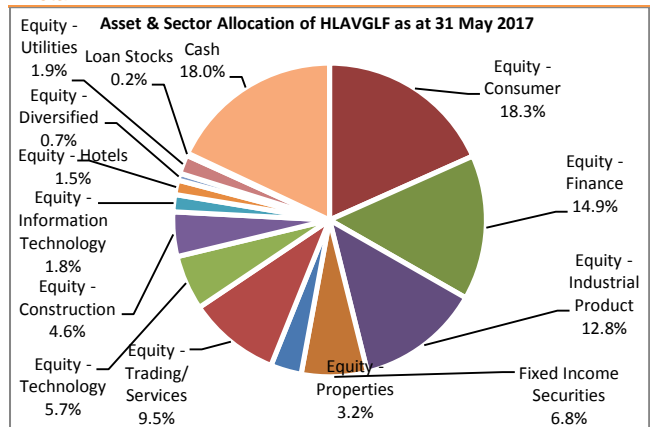
Fund Details

Unit Price (31/5/2017)	:RM1.2914
Fund Size (31/5/2017)	:RM28.5mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	:Daily

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 May 2017 %

Hong Leong Asia-Pacific Dividend Fund	51.2
Hong Leong Strategic Fund	45.6
Cash	3.2
Total	100.0



Top 10 Holdings for HLAVGLF as at 31 May 2017 %

1. GII Murabahah	5.1
2. Bank of China Ltd - H	3.2
3. China Life Insurance Co - H	2.9
4. Engtex	2.4
5. Yuzhou Properties Co Ltd	2.3
6. Great Wall Motor Company Limited	2.3
7. Tenaga Nasional Berhad	2.1
8. Hai-O Enterprise Berhad	2.1
9. Prada SPA	2.1
10. Malaysian Pacific Industries Berhad	2.0
Total Top 10	26.5

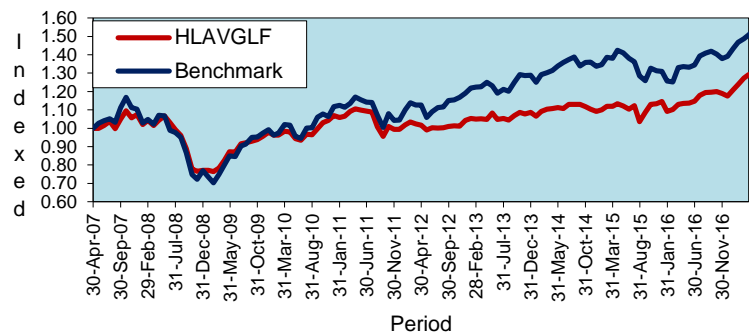
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Historical Performance



	1 month	YTD	1year	5 years	10 years	Since Inception
HLAVGLF	-0.06%	9.89%	13.64%	30.40%	29.17%	29.14%
Benchmark	2.03%	10.65%	15.57%	45.32%	49.92%	53.88%
Relative	-2.09%	-0.76%	-1.93%	-14.91%	-20.75%	-24.74%

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global-Global indices continued to trend higher during the month as political risk in the Euro region subsided following the elections in France. Earnings season in the US saw robust earnings growth across most sectors. The Dow Jones Industrial Average Index rose 0.3% and the broader S&P 500 Index rose 1.2% during the month. The Euro Stoxx Index declined 0.1% while the FTSE 100 Index rose 4.4%.

Asia Pacific- Regional markets rose during the month as the MSCI AC Asia Pacific Ex-Japan index rose. Korea and Hong Kong markets posted the largest gains during the month while the Australia and China were the laggards. Regional markets experienced foreign inflows for the fifth consecutive month.

Malaysia- The local market traded sideways throughout the month as the first quarter results release got underway. The FTSE BM KLCCI declined 0.1% to close at 1,766 points. The broader market underperformed as the FTSE BM EMAS Index declined 0.5% to close at 12,570 points. Small caps underperformed as the FTSE BM Small Cap Index declined 2.4% to close at 17,247 points.

Equity Outlook & Strategy

Global- Employment market in the United States (US) remains robust as the unemployment rate fell in May to 4.4%. An additional Federal Reserve (Fed) rate hike looks likely as Fed officials believe the economic soft patch in the first quarter will prove to be temporary. In Europe, a victory for Emmanuel Macron during the French elections helped allay some fears of the region's political risk. The Euro region economic data continue to show signs of economic improvement as various consumer confidence and business sentiment indices hit post-crisis high.

Asia Pacific- Moody's Investors Service downgraded China's sovereign credit rating and changed its outlook from negative to stable. However, market reaction was muted as investors are well aware of the risk associated with China's rapid accumulation of debt and the challenges of shadow banking. China also signed a trade deal with US, in contrast with the anti-trade message from the US. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia-The Malaysia market may resume its rally in June after taking a breather in May. We maintain our preference for blue-chip stocks that are trading at attractive levels, selected construction and consumer stocks that may benefit from government pump-priming

Fixed Income Review and Outlook

Foreign inflows were back boosted by Bank Negara Malaysia's (BNM) Foreign Exchange measure that allows a dynamic hedge ratio of 100% from 25% previously. The increased inflows prompted the corporate and government bond yields to narrow further and regained more liquidity. Benchmark Malaysian Government Securities (MGS) were seen narrowing by 5-10 basis points (bps), while benchmark Government Investment Issues (GII) traded tighter by 1-9 bps month on month. The inaugural 30-year GII issue printed a healthy bid-to-cover of 2.39 times whilst the new 10-year MGS printed a robust bid-to-cover of 3.34 times. In the corporate bond market, major issuers were DanaInfra Nasional Berhad with an issue size of RM3 billion and Putrajaya Holdings Berhad with a RM500 million issuance.

Whilst the prospects of Fed normalization is still on the cards, market players are still pricing in prospects of two more rate hikes for the remaining months of 2017. The slower growth seen in first quarter US gross domestic product (GDP) appears somewhat transitory for now according to most Fed officials. We think that the possibility of a rate hike in June is possible based on the minutes of the latest Federal Open Market Committee (FOMC) meeting. Domestically, we saw trade balance narrowing to RM5.41 billion from RM8.71 billion due to better export numbers which was mainly attributed by higher export numbers to China. In the month, BNM reported an increase in foreign reserves, which was higher by USD400 million or 0.42% to reach USD96.1 billion. Despite this, we still think that BNM will maintain its current policy stance for the rest of the year. We look to be opportunistic in the sovereign bond market by adding to position on any dips.

HLA Venture Global Fund (HLAVGLF)

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

Year	2012	2013	2014	2015	2016
Benchmark	14.0%	8.3%	3.9%	-2.2%	6.2%
HLAVGLF- Gross	6.8%	6.0%	1.9%	6.7%	4.2%
HLAVGLF - Net	5.0%	4.2%	0.5%	4.9%	2.6%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past five (5) years, or since inception if shorter, and are strictly the performance of the investment-linked fund. Thus, the returns are not earned on the actual premium paid of the investment-linked product.

Investment Risks

All investments carry risks. Policy Owners must be prepared to accept certain degree of risk associated with this Investment. The following are the detailed explanation of the risk associated to this fund.

1. Market Risk

Market risk stems from the fact that there are other economy-wide perils, which threaten all businesses. It is mainly caused by uncertainties in the economy, political and social environment.

2. Liquidity Risk

Liquidity risk is the risk that the fund invested cannot be readily sold and converted into cash. This may arise when the trading volume is low and/or where there is a lack of demand for the security.

3. Credit Risk

This refers to the possibility that the issuer of a security will not be able to make timely payments of interest or principal repayment on the maturity date. The default may lead to a fall in the value of the funds.

4. Interest Rate Risk

The level of interest rates has an impact on the value of investments. Any increase in rates will lead to a fall in the value of securities, thus affecting the value of the funds.

5. Country Risk

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

6. Currency Risk

This risk is associated with investments that are denominated in foreign currencies. Fluctuation in foreign exchange rates will have an impact on the value of the funds.

7. Concentration Risk

This risk is associated with a feeder fund whereby the investments of such fund are not diversified. A feeder fund invests mainly into another collective investment scheme.

Risk Management

The Company has in place its Authorized Investment Framework which forms part of the Risk Management process. The authority framework will cover the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. Besides this, sensitivity and stress testing is conducted to inform the Company's management the profit & loss profiles of their investments under different pre-defined risk scenarios and the necessary action to be taken if the potential losses exceed the Company's risk tolerance level.

Basis of Unit Valuation

- The assets of every fund are to be valued to determine the value at which units of a particular fund can be liquidated or purchased for investment purposes.
- The unit price of a unit of a fund shall be determined by us but in any event shall not be less than the value of fund of the relevant fund (as defined below), divided by the number of units of the given fund in issue on the business day before the valuation date, and the result adjusted to the nearest one hundredth of a cent.
- The maximum value of any asset of any fund shall not exceed the following price:
 - The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
 - In the case of securities for which market values are not readily available, the price at which, in our Investment Manager's opinion, the asset may have been purchased on the business day before the valuation date; plus any expenses which would have been incurred in its acquisition.
- To ensure fair treatment to all unit holders, the cost of acquiring and disposing of assets is recouped by making a transaction cost adjustment to the net asset value per unit.

Exceptional Circumstances

The Company reserves the right to defer the payment of benefits (other than death benefit) under this Policy for a period not exceeding six (6) months from the date the payment would have been normally effected if not for intervening events such as temporary closure of any Stock Exchange in which the fund is invested which the Company, in its discretion, may consider exceptional.

Target Fund Details

- Hong Leong Asia-Pacific Dividend Fund is an Equity fund managed by HLAM. The past performance of this fund is as follows:

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

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

Year	2012	2013	2014	2015	2016
Performance	4.9%	14.5%	-0.7%	4.3%	4.8%

Source: Hong Leong Asset Management Berhad (HLAM)

Note: Hong Leong Global Resources Income Fund has been liquidated on 17 April 2014.

HLA Venture Global Fund (HLAVGLF)

Basis of Calculation of Past Performance

The historical performance of the fund is calculated based on the price difference over the period in consideration compared to the older price of the period in consideration.

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

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

Others

HLA Venture Global Fund is managed by Hong Leong Assurance Berhad (HLA). Any amount invested in this fund is invested by HLA on behalf of Policy Owner in equity, fixed income, collective investment scheme, foreign asset, derivatives and money market instrument/s. If the financial institutions and/or corporations issuing the equity, fixed income, collective investment scheme, foreign asset, derivatives and money market instruments defaults or insolvent, the Policy Owner risks losing part or all of his/her amount that were invested into the instruments on his/her behalf by HLA.

THIS IS AN INSURANCE PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE UNDERLYING ASSETS, AND IS NOT A PURE INVESTMENT PRODUCT SUCH AS UNIT TRUSTS.

Disclaimer:

Policy Owner must evaluate your options carefully and satisfy yourself that the investment-linked fund chosen meets your risk appetite. Past performance of the fund is not an indication of its future performance. The intention of this document is to enable Policy Owner to better understand the fund features and details in order to assist Policy Owner to making an informed decision. This document shall not be construed as professional advice on investment choices.