HLA Venture Growth Fund (HLAVGF)

Sep 2017

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.

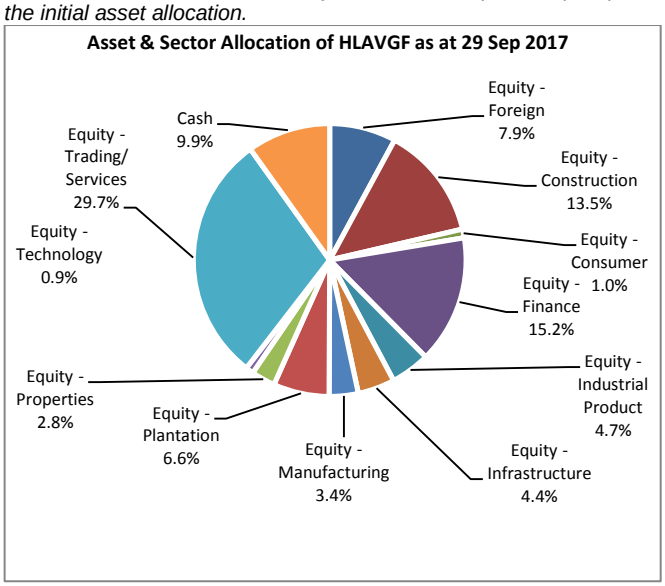
4. Target Market

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

Fund Details

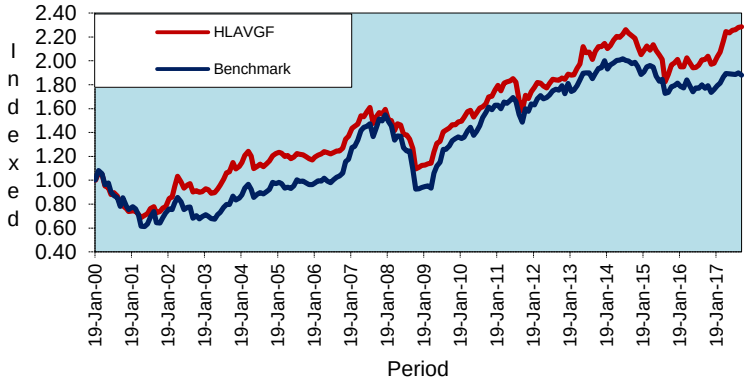
Unit Price (29/9/2017)	:RM2.2865
Fund Size (29/9/2017)	:RM409.3mil
Fund Management Fee (effective as at 01/11/2016)	: 1.45% p.a. (capped at 1.50%)
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	:19 Jan 2000
Benchmark	:FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency 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 10 Holdings for HLAVGF as at 29 Sep 2017		%
1.	MAYBANK	8.0
2.	TENAGA	7.6
3.	CIMB	7.2
4.	SIME	4.9
5.	DIALOG	3.9
6.	INARI	3.4
7.	YINSON	3.3
8.	TENCENT	3.1
9.	EFORCE	3.1
10	AXIATA	3.0
	Total Top 10	**47.5**

Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVGF	0.24%	15.43%	13.59%	24.43%	49.64%	128.65%
Benchmark	-0.99%	6.93%	6.23%	7.27%	31.38%	88.09%
Relative	1.23%	8.49%	7.35%	17.16%	18.26%	40.56%

Market Review, Outlook & Strategy

Regional markets were muted with strong geopolitical tensions as both North Korea and US continued their war mongering threats. That aside, market participants were also pre-occupied with the policy direction of the key central banks. The Fed did leave policy rates unchanged as expected, but announced that from 1 Oct 17 it will reduce the amount it reinvests from maturing assets on its balance sheet with an initial amount of US$10bn per month.

Meanwhile, Malaysia's economic numbers were more positive with the pick-up in the Industrial Production Index and stronger domestic demand. Headline inflation also rebounded to 3.7%. As a result the Ringgit strengthened by close to 1.2% mom to RM4.2205/ US$. However, the positive macro data was not reflected in the performance of the FBMKLCI which produced negative returns in September. This decline was driven by continued foreign selling to the tune of RM1b although there is still positive inflow of RM9bn for 2017. The selling was on the back of limited positive news flow as the general elections are likely to be held later in 2018 and the recent disappointing corporate results season.

As such, the FBM KLCI was down by 17.58pts (-1% mom) to 1,756pts in September. The key sectors that dragged down the KLCI in Sept were the finance and technology sectors. Small caps, however, fared better with the FBM Small cap index rising 1.2% to 16,950pts. However, FBMMES (or Ace market) fell 0.7% mom to 6,568pts. Average daily value traded on Bursa in Sep rose 30% mom to RM2.5bn.

Domestically, investors will be focusing on the upcoming Budget 2018 themed "Negaraku Shaping the Future" which will be tabled on the 27th October. Given that this is the final budget before the next general elections, it is likely that it will be expansionary with a focus on the lower and middle income segments. Key issues will be addressing the cost of living, affordable housing and using technology to spur growth. Meanwhile, global markets will likely trade range-bound awaiting the outcome of the upcoming Federal Market Open Committee meeting in November. Markets will also continue to monitor the tension between the United States and North Korea.

As for our strategy, we continue to favour infrastructure related and building material names as infrastructure projects are likely to be prioritised ahead of the general elections. We will also continue to take opportunity of any market weakness to accumulate stocks with earnings certainty and tangible structural improvements.

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HLA Venture Growth Fund (HLAVGF)

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

Year	2012	2013	2014	2015	2016
Benchmark	10.3%	10.5%	-5.7%	-3.9%	-3.0%
HLAVGF- Gross	10.7%	16.3%	-3.2%	-0.6%	-0.1%
HLAVGF - Net	8.5%	13.6%	-4.4%	-1.9%	-1.5%

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 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.

Basis of Unit Valuation

1. The assets of every fund are to be valued to determine the value at which units of a particular fund can be liquidated or purchased for investment purposes.
2. The unit price of a unit of a fund shall be determined by the Company but in any event shall not be less than the value of fund of the relevant fund (as defined below), divided by the number of units of the given fund in issue on the business day before the valuation date, and the result adjusted to the nearest one hundredth of a cent.
3. The maximum value of any asset of any fund shall not exceed the following price:
   a) The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
   b) In the case of securities for which market values are not readily available, the price at which, in our Investment Manager's opinion, the asset may have been purchased on the business day before the valuation date;

   plus any expenses which would have been incurred in its acquisition.
4. To ensure fair treatment to all unit holders, the cost of acquiring and disposing of assets is recouped by making a transaction cost adjustment to the net asset value per unit.

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

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

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

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.

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.