

# HLA Venture Global Fund (HLAVGLF)

Feb 2021

## 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

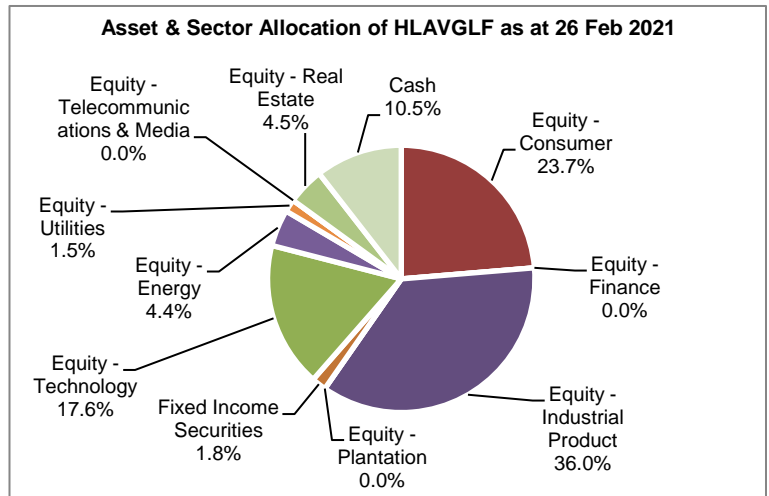
This fund will initially invest in, but not limited to Hong Leong Asia-Pacific Dividend Fund and Hong Leong Strategic Fund that uses equity, fixed income and money market instruments as their underlying assets. This fund will seek to diversify its investment geographically and by asset classes i.e. global 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 (26/2/2021)	:RM1.8325
Fund Size (26/2/2021)	:RM40.5 mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	:Daily

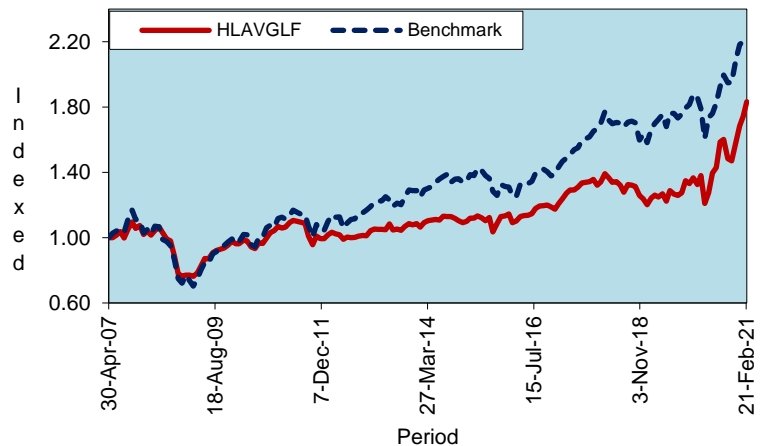
Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety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

Asset Allocation for HLAVGLF as at 26 Feb 2021	%
Hong Leong Asia-Pacific Dividend Fund	70.06
Hong Leong Strategic Fund	29.80
Cash	0.14
<b>Total</b>	<b>100.0</b>

## Top 5 Holdings for HLAVGLF as at 26 Feb 2021

	%
1. D&O Green Technologies Bhd	5.5
2. Sany Heavy Equipment Investments Co.Ltd	4.6
3. China Longyuan Power Group Corp Ltd	4.6
4. KWG Living Group Holdings Limited	4.4
5. Galaxy Entertainment Group	4.2
<b>Total Top 5</b>	<b>23.3</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	8.77%	5.18%	32.69%	34.12%	66.33%	72.07%	83.25%
Benchmark*	1.75%	0.69%	23.96%	29.08%	77.38%	99.25%	121.97%
Relative	7.01%	4.49%	8.73%	5.04%	-11.05%	-27.18%	-38.72%

\*Source: Bloomberg, RAM Quantshop

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

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

**Global** – The declining number of COVID-19 cases globally and the on-going vaccination rollout drove global equities higher. This is despite a spike in United States (US) Treasury yields that unnerved the equity markets towards the end of the month. The Dow Jones Industrial Average Index rose 3.2% and the broader S&P 500 Index rose 2.6%. The Euro Stoxx Index rose 4.5% and the FTSE 100 Index rose 1.2%.

**Asia Pacific** – Regional markets closed the month with positive returns as dovish statements from the US Federal Reserve (Fed) appeared to have calmed the equity investors after being given the jitters by the rising US Treasury yields at the end of the month. Hong Kong announced a stamp duty hike for stock trades, causing some profit taking during the month, particularly in the technology sector. In the region, Indonesia and India markets were the leaders while Malaysia and China were the laggards.

**Malaysia** – The sentiment in the local market was generally upbeat as the Movement Control Order (MCO) 2.0 rules were gradually relaxed during the month as the number of cases started to decline. The FTSE BM KLCI rose 0.7% to close at 1,578 points. The broader market outperformed as the FTSE BM EMAS Index rose 2.2% to close at 11,614 points. Small caps outperformed as the FTSE BM Small Cap Index rose 7.9% to close at 16,377 points.

### Outlook & Strategy

**Global** - Recent economic data continue to imply a resilient manufacturing sector while the recovery in the service sector starts to soften. In the US, the Manufacturing Purchasing Managers' Index (PMI) indicates that the manufacturing activity momentum remains intact. However, labour market data are still weak as jobless claims are still high due to the slowdown in the services sector.

**Asia Pacific** - In China, economic data were relatively modest due to the Lunar New Year holidays. The PMIs slipped but overall economic indicators still point towards a recovery in domestic demand. In Indonesia, the nascent recovery in domestic demand appears to be faltering as the economy remains under stress due to the high number of COVID-19 cases in the country.

**Malaysia** – The number of cases started to decline upon the implementation of MCO 2.0. More segments of the economy are also allowed to operate while adhering to their respective standard operating procedures (SOPs). The reopening of the economy and rising commodity prices bode well for the local economy. We prefer to be invested in selected export stocks.

### Fixed Income Review and Outlook

The US Treasury yields rose steeply in February as the reflation sentiment amongst investors grew. The 10-year Treasuries rose 33 basis points (bps) during the month to 1.40%. Similarly, the Malaysian Government Securities (MGS) curve bear-steepened amid unfavourable supply profile, demand headwinds and the unwinding of dovish bets. The MGS curve has been sold 25-40bps higher, led by net selling along longer tenures. In the recent Financial Market Association of Malaysia seminar with Bank Negara Malaysia (BNM), Ministry of Finance and investors, the general consensus of Malaysia's economic outlook is generally positive as growth is likely supported by policies and rollout of the vaccination program. The 20-year MGS 5/40 reopening drew a bid to cover ratio of 2.2 times on a smaller-than-expected RM2 billion size as an additional RM2 billion was privately placed. In the corporate space, Danalnfra Nasional Berhad, a government guaranteed bond, issued RM2.2 billion of bonds to finance the construction of the Pan Borneo Highway.

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Benchmark</b>	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%	16.2%
<b>HLAVGLF- Gross</b>	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%	26.7%
<b>HLAVGLF - Net</b>	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%	23.3%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past ten (10) years, or since inception if shorter, and are strictly the performance of the investment-linked fund. Thus, the returns are not earned on the actual premium paid of the investment-linked product.

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

### 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.

## HLA Venture Global Fund (HLAVGLF)

### Risk Management

The company has in place its Authorized Investment Framework which forms part of the Risk Management process. The authority framework covers the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. The potential investment risks that are taken into consideration in managing the fund include economic conditions, liquidity, qualitative and quantitative aspects of the securities. The investment manager(s) have put in place the following controls to reduce the risks through:

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

### Basis of Unit Valuation

1. The assets of every fund are to be valued to determine the value at which units of a particular fund can be liquidated or purchased for investment purposes.
2. The unit price of a unit of a fund shall be determined by 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.
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.

### Target Fund Details

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%	24.9%	50.7%

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

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Performance	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%	2.2%	-13.4%

Source: Hong Leong Asset Management Berhad (HLAM)

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

### Basis of Calculation of Past Performance

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

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

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

### Others

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

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

### Disclaimer:

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