

HLA Venture Global Fund (HLAVGLF)

Oct 2020

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

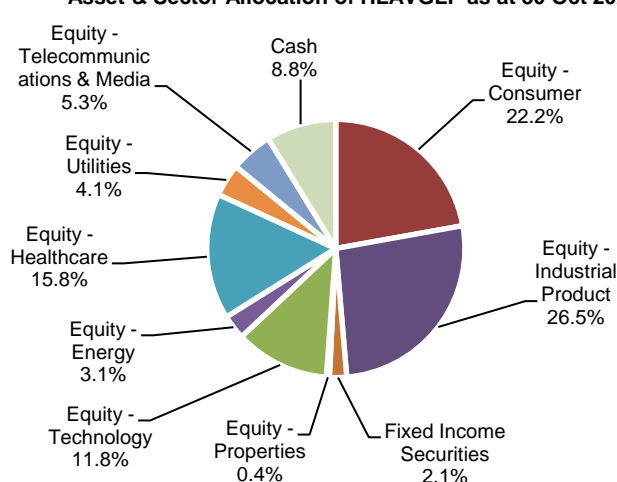
Unit Price (30/10/2020)	:RM1.4710
Fund Size (30/10/2020)	:RM32.8 mil
Fund Management Fee	:1.29% p.a.
Fund Manager	:Hong Leong Assurance Berhad
Fund Category	:Equity
Fund Inception	: 02 April 2007
Benchmark	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
Frequency of Unit Valuation	: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 30 Oct 2020

	%
Hong Leong Asia-Pacific Dividend Fund	70.0
Hong Leong Strategic Fund	29.4
Cash	0.6
Total	100.0

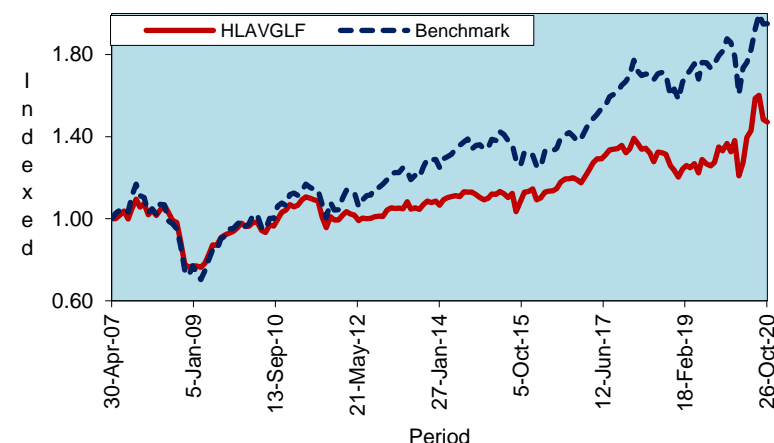
Asset & Sector Allocation of HLAVGLF as at 30 Oct 2020



Top 5 Holdings for HLAVGLF as at 30 Oct 2020

	%
1. Hartalega Holdings Berhad	5.7
2. Kerry Logistics Network Limited	5.6
3. Sunonwealth Electric Machine Industry Co Ltd	5.5
4. Chow Tai Fook Jewellery Group Ltd	5.4
5. Xiaomi Corporation	5.3
Total Top 5	27.5

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	7.65%	-0.91%	9.04%	8.37%	30.17%	42.64%	47.10%
Benchmark*	3.91%	0.09%	8.78%	18.14%	47.11%	81.19%	95.09%
Relative	3.74%	-1.00%	0.26%	-9.77%	-16.94%	-38.55%	-47.99%

*Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – The global equities rout continued in October as the weight of the constant flow of uncertainties started to show. The recent resurgence of COVID-19 in Europe appears to top the list of concerns for investors as widespread restrictions across Europe seem inevitable. Investors are also watching the outcome of the United States (US) election closely due to fears of a highly contentious election that could drag on for a prolonged period of time. The Dow Jones Industrial Average Index declined 4.6% and the broader S&P 500 Index declined 2.8%. The Euro Stoxx Index declined 7.4% and the FTSE 100 Index declined 4.9%.

Asia Pacific – Asian equity markets fared better as some markets have declined to attractive levels. Most of the countries in the region have also managed to establish a firm grip of the pandemic, particularly North Asia countries. In the region, Philippines and Indonesia were the leaders while Thailand and Korea were the laggards.

Malaysia – The local market sentiment was affected by the recent resurgence in the number of COVID-19 cases. Political uncertainties remain an overhang on the local market sentiment as Parliament is expected to convene in November to approve Budget 2021. The FTSE BM KLCI fell 2.5% to close at 1,467 points. The broader market outperformed as the FTSE BM EMAS Index declined 2.0% to close at 10,614 points. Small caps outperformed as the FTSE BM Small Cap Index rose 0.5% to close at 12,897 points.

Outlook & Strategy

Global - Europe and the US are currently experiencing a resurgence in COVID-19 cases, hitting new records in terms of daily cases. The number of hospitalisations is also on the rise although it is still below the peak that was seen in the previous waves earlier this year. Surprisingly, there has not been any significant impact on the economic momentum, particularly in the US. However, with the recent widespread lockdown imposed in Europe, the coming economic data in Europe bears monitoring.

Asia Pacific - In contrast to the US and Europe, much of Asia Pacific region managed to exhibit a comfortable control over the pandemic, in particular North Asia. The consequence of getting the pandemic under control is especially apparent in China as economic recovery continues to accelerate in the third quarter and is expected to see positive economic growth in 2020.

Malaysia – With the conditional movement control order (CMCO) enforced in much of Malaysia, we expect the equity market to be subdued in the near-term. Political uncertainty remains an overhang on investor sentiment. We prefer to be invested in high-yield stocks and selected export stocks.

Fixed Income Review and Outlook

During the month, risk assets and Treasuries traded cautiously ahead of the US elections in November and a new stimulus plan. Local government bonds weakened during the month amid uncertainties in the domestic political landscape. The King dismissed a request by the Prime Minister to declare an emergency over rising COVID-19 cases in the country. The King further expressed his confidence in the current government's ability to fight the pandemic and urged all politicians to focus on helping Muhyiddin's government to eliminate the virus.

The 5-year Malaysian Government Securities (MGS) reopening auction received strong bids though at relatively higher yields as the market saw an impressive bid-to-cover ratio of 2.8 times, the fourth highest this year even at a large issue size of RM5 billion. In the corporate space, Malaysia Airport Holdings Berhad, UMW Holdings Berhad and CIMB Group Holdings Berhad raised bonds worth a total of RM700 million, RM400 million and RM2.5 billion, respectively.

The September inflation was recorded at -1.4%, which was slightly worse than market expectations. The Budget 2021 will be tabled in November and is expected to be expansionary with a focus on savings jobs, local businesses and the lower income demography. At the last Monetary Policy Committee (MPC) meeting of the year, Bank Negara Malaysia (BNM) has maintained its policy rate. The central bank has guided for policy rate to be stable in the near term but is willing to act if growth and inflation undershoot official forecasts. On portfolio positioning, we look to be defensive in the near term as BNM has guided to maintain its policy rate going forward. We look to reduce duration progressively.

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Benchmark	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%
HLAVGLF- Gross	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%
HLAVGLF - Net	9.2%	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%

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.

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.

HLA Venture Global Fund (HLAVGLF)

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 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:

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

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Performance	6.4%	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%	24.9%

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Performance	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%	2.2%

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.