

HLA Venture Global Fund (HLAVGLF)

Nov 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

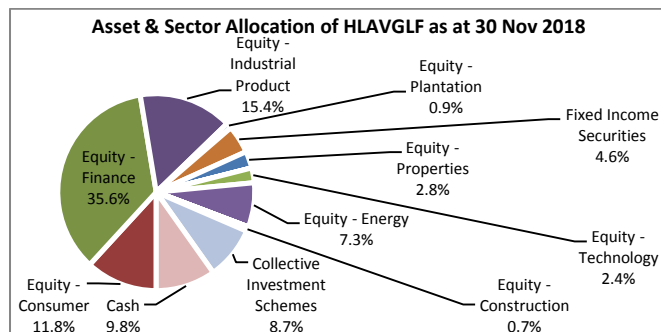
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

Fund Details

Unit Price (30/11/2018)	:RM1.2365
Fund Size (30/11/2018)	:RM27.6mil
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 Nov 2018	%
Hong Leong Asia-Pacific Dividend Fund	57.0
Hong Leong Strategic Fund	41.9
Cash	1.1
Total	100.0



Top 5 Holdings for HLAVGLF as at 30 Nov 2018

	%
1. China Construction Bank Corporation - H	7.9
2. Hong Leong Islamic Institutional Income Management Fund II	6.7
3. Tencent Holdings Limited	5.3
4. AAC Technologies Holdings Inc	5.2
5. Malaysian Government Securities	4.1
Total Top 5	29.2

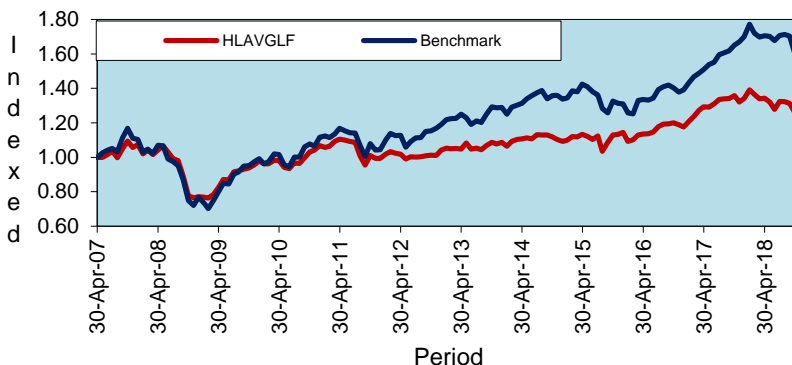
Hong Leong Assurance Berhad (94613-X)

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	10 years	Since Inception
HLAVGLF	-7.79%	-1.75%	-6.45%	9.10%	14.72%	61.57%	23.65%
Benchmark*	-3.99%	2.12%	-2.22%	24.33%	26.78%	126.14%	63.24%
Relative	-3.80%	-3.87%	-4.24%	-15.23%	-12.06%	-64.57%	-39.59%

Source: Bloomberg, RAM Quantshop

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Global markets stabilized during the month after a brutal October. In the United States (US), Democrats took control of the House of Representatives while the Republicans maintained control of the Senate. Markets appeared increasingly concerned about slowing global growth and impact of tariffs on global trade and household cost. The Dow Jones Industrial rose 1.7% and the broader S&P 500 Index rose 1.8%. The Euro Stoxx Index declined 0.8% and the FTSE 100 Index declined 2.1%.

Asia Pacific – Geopolitical concerns continued to weigh on investors' risk appetite as emerging markets were unable to recover completely from the declines in the previous month. Still, regional markets saw some rebound after investors interpreted a recent speech by the Federal Reserve (Fed) Chairman as being closer to the end of interest rate hikes. In the region, Hong Kong and India markets were the leaders while Australia and Malaysia markets were the laggards.

Malaysia – Investor sentiment in the local market was weak as oil plunged during the month. The FTSE BM KLCI declined 1.7% to close at 1,680 points. The broader market outperformed as the FTSE BM EMAS declined 1.4% to close at 11,604 points. Small caps underperformed as the FTSE BM Small Cap Index declined 4.4% to close at 12,161 points.

Outlook & Strategy

Global - US economic data continue to show positive outlook. Consumer confidence remains high although down slightly from the peak. The US Fed reiterated its view that the economy is strong and labour market is healthy. The economy in Europe continues to go through a soft patch. The political uncertainty and increasing friction between Italy and the rest of Europe seems to have affected corporate activity to some extent.

Asia Pacific - With the prospects of a quick resolution to the trade war getting more and more unlikely, China announced another slew of fiscal stimulus to be implemented next year in an effort to protect the economy from the possible adverse impacts of the trade war. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia – The Budget 2019 provided some much-needed clarity on the future utilization of the country's finances and the government's focus in the next one year. 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

The local sovereign bond market rallied on improved risk appetite after Fed Chairman's dovish speech signaled for a less hawkish rate outlook. Chairman Powell considered the current benchmark interest rates to be "just below neutral". The US Treasury curve flattened with the 10-year benchmark falling below the 3% level for the first time since September. On the domestic front, local investors continued to support the market as offshore investors pared down their positions in November.

In the primary sovereign market, the reopening auction of the 5-year Malaysian Government Securities (MGS) garnered a strong bid-to-cover ratio of 2.3 times despite the slightly larger-than-usual issue size of RM4.5 billion. We also saw the 7-year reopening with a bid-to-cover of 2.3 times, mainly supported by domestic investors. Sarawak Energy Berhad raised RM1.5 billion of 10 and 15-year sukuk whilst Danainfra Berhad raised a total of RM3.2 billion in the primary corporate space.

Malaysia's headline inflation continued to stay below 1% for the fifth consecutive month. October's headline inflation was at 0.6%, up from 0.3% in September. For 2019, we expect inflation to pick up as consumption tax and targeted fuel subsidy gradually take effect. However, we do not expect Bank Negara Malaysia (BNM) to shift its monetary policy in the near to medium term as BNM continues to be accommodative in its policy stance. On portfolio positioning, we look to remain defensive by reducing duration and to maintain a higher holding 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.

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.