

HLA Venture Global Fund (HLAVGLF)

Oct 2019

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

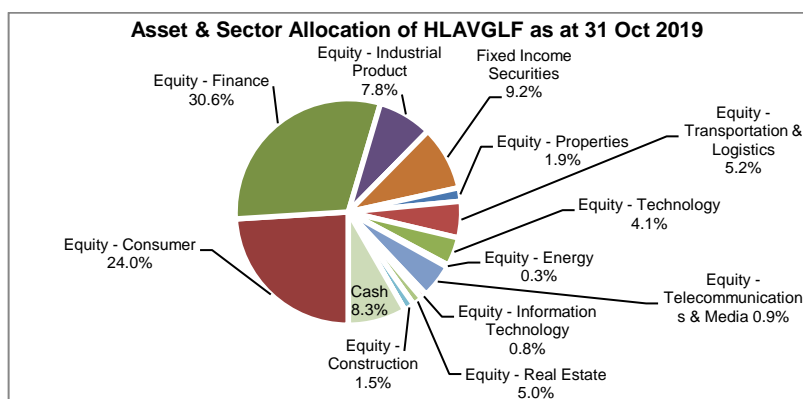
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

Fund Details

Unit Price (31/10/2019)	:RM1.3491
Fund Size (31/10/2019)	:RM29.9mil
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.

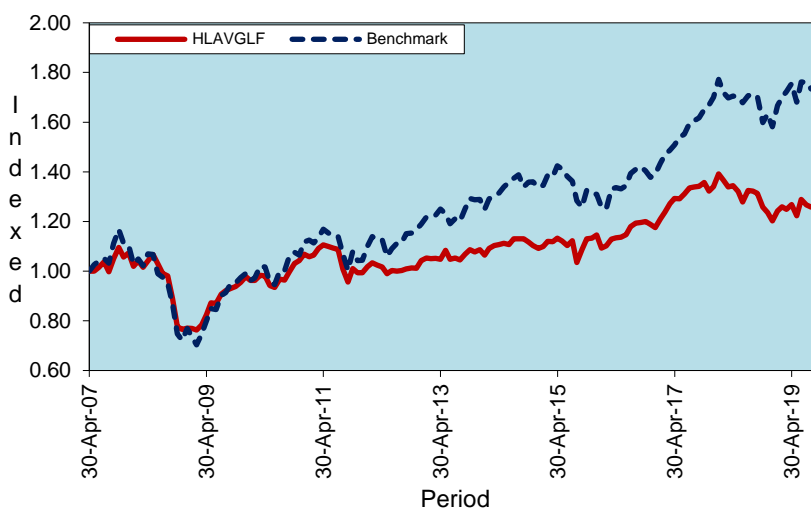
Asset Allocation for HLAVGLF as at 31 Oct 2019	%
Hong Leong Asia-Pacific Dividend Fund	60.1
Hong Leong Strategic Fund	39.0
Cash	0.9
Total	100.0



Top 5 Holdings for HLAVGLF as at 31 Oct 2019

	%
1. Government Investment Issue	9.2
2. Country Garden Services Holdings Co Ltd	9.0
3. Dufu Technology Corporation Berhad	6.3
4. Westports Holdings Bhd	5.2
5. China Conch Venture Holdings	5.2
Total Top 5	34.9

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	12.21%	5.80%	7.20%	12.43%	20.69%	43.84%	34.91%
Benchmark*	13.39%	2.13%	12.19%	27.79%	32.05%	88.39%	79.35%
Relative	-1.18%	3.67%	-4.99%	-15.37%	-11.36%	-44.55%	-44.44%

Source: Bloomberg, RAM Quantshop

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global – Markets continued to rally as investors' sentiment was buoyed by the prospects of a partial agreement between the United States (US) and China authorities. Dovish monetary stance by global central banks and the third interest rate cut for the year by the US Federal Reserve (Fed) also contributed to an improvement in investor confidence. The Dow Jones Industrial Average Index rose 0.5% and the broader S&P 500 Index rose 2.0%. The Euro Stoxx Index rose 1.0% and the FTSE 100 Index declined 2.2%.

Asia Pacific – It was a good month for regional markets as the global risk-on rally spilled over to emerging markets. Stronger-than-expected iPhone demand and 5G-related equipment demand gave a boost to the technology sector. In the region, India and Taiwan markets were the leaders while Australia and Thailand markets were the laggards.

Malaysia – The FTSE BM KLCI rose along with regional markets as bargain hunting activities emerged in the financial sector after a prolonged period of underperformance. The FTSE BM KLCI rose 0.9% to close at 1,598 points while the FTSE BM EMAS Index also rose 0.9% to close at 11,306 points. Small caps outperformed as the FTSE BM Small Cap Index rose 5.4% to close at 13,678 points.

Outlook & Strategy

Global - Recent announcements by both the US and China authorities suggest that momentum is building up towards a partial trade agreement. Economic data from the US suggest the US economy is losing momentum. The weakness is most severe in the manufacturing sector. Cracks are also starting to appear in the consumer sector. Hence, the Fed's interest rate cut during the month to keep the economy from deteriorating further was highly anticipated. In Europe, the economic slowdown is more pronounced in Germany due to the country's high dependence on international trade.

Asia Pacific - China's gross domestic product (GDP) eased in the third quarter as expected. However, certain economic indicators suggest a pickup in economic activity towards the end of the year as industrial production and fixed investment growth show modest improvement.

Malaysia – As the FTSE BM KLCI has been one of the worst performing indices in the region, we expect interest to return to the local market should the current risk-on rally continue. We prefer to be invested in high-yield stocks and selected consumer and export stocks.

Fixed Income Review and Outlook

During the month, the Fed delivered its third rate cut of the year and signaled its intention to stay put for the rest of the year. Risk assets traded choppy in October but there was growing optimism surrounding a potential US-China trade deal by the month end. The 10-year Malaysian Government Securities (MGS) benchmark rose 9 basis points (bps) to 3.42% during the period on increased risk appetite. The re-opening of the 5-year MGS drew a low bid-to-cover ratio as demand has been lukewarm. In the primary corporate bond market, Genting RMTN Berhad issued RM1billion bond closing at 4.18% and 4.38% for the 10-year and 15-year bond respectively. The other notable issuance was CIMB Group Holdings Berhad with a 5-year issue of RM800million which closed at 3.85%.

A potential phase one trade deal between the US and China could be on the horizon, which may increase risk sentiment in the near term. As a result, the Fed is unlikely to ease in the near term, as guided by its outlook statement. Local inflation rose 1.1% in September, slightly moderated from previous months. The Malaysia budget announced in October saw the B40 group as the biggest beneficiary. The government saw this necessary as a way to increase spending and spur demand in the local economy. As a consequence of the budget announced, we think there is less need for Bank Negara Malaysia (BNM) to ease its monetary policy rate in the near term. On portfolio positioning, we look to remain defensive given the poor performance in the government bond market. The Fund will maintain a higher corporate bond holding for higher carry yield and to minimise mark-to-market volatility.

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Benchmark	28.8%	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%
HLAVGLF- Gross	30.6%	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%
HLAVGLF - Net	26.9%	9.2%	-7.1%	5.0%	4.2%	0.5%	4.9%	2.6%	14.1%	-10.3%

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.

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.

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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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Performance	52.6%	6.4%	-15.0%	15.2%	-4.8%	-1.0%	6.5%	1.8%	19.2%	-13.3%

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Performance	38.9%	18.5%	-0.7%	4.9%	14.5%	-0.7%	4.3%	4.8%	10.9%	-10.3%

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.