HLA Venture Blue Chip Fund (HLAVBCF)

Jan 2017

Fund Features

1. Investment Objective

The objective of the fund is to achieve returns comparable to the general stock market by taking average risks, with focus on well-capitalised and financially sound "blue chip" stocks to achieve a balance of capital gains and dividend income.

2. Investment Strategy & Approach

This fund provides participation in the stock market without taking excessive risk by focusing on fundamentally strong "blue chip" stocks listed in Bursa Malaysia and/or in any foreign stock exchanges. This fund is suitable for investors with moderate risk tolerance and expects returns that are comparable to the market as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

3. Asset Allocation

The fund may invest up to 95% of its NAV in equities.

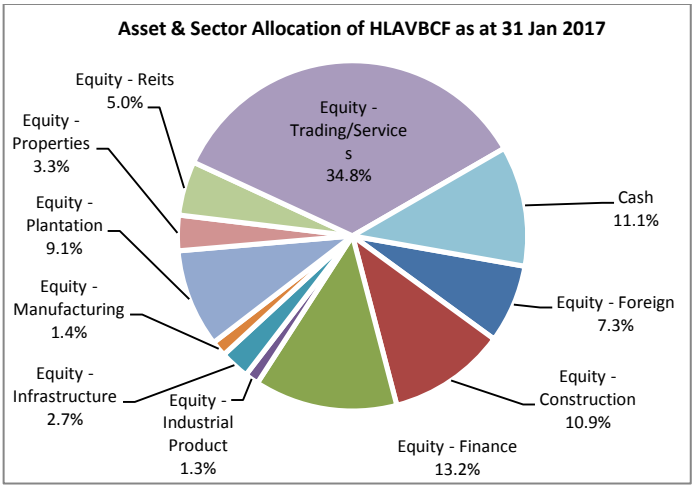
4. Target Market

This fund is suitable for investors with moderate risk tolerance and expects returns that are comparable to the market as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI).

Fund Details

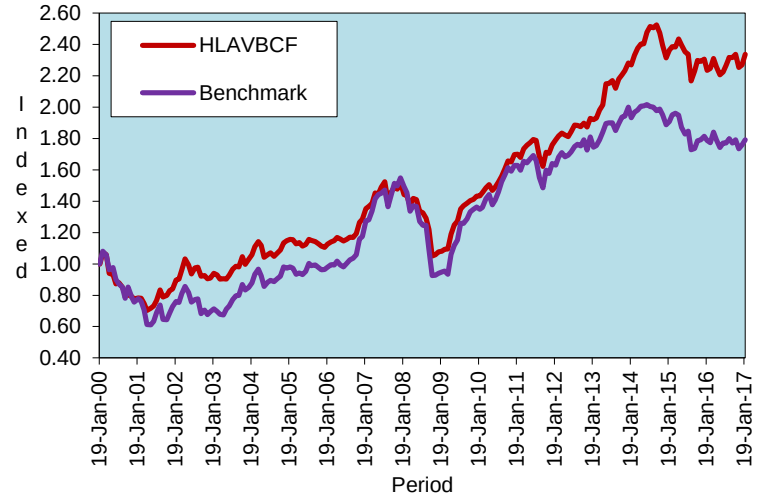
Unit Price (31/1/2017)	: RM2.3367
Fund Size (31/1/2017)	: RM183.8mil
Fund Management Fee (effective as at 01/05/2016)	: 1.41% p.a. (capped at 1.50%)
Fund Manager	: Hong Leong Assurance Berhad
Fund Category	: Equity
Fund Inception	: 19 Jan 2000
Benchmark	: FTSE Bursa Malaysia KLCI Index (FBM KLCI)
Frequency 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 HLAVBCF as at 31 Jan 2017		%
1.	TENAGA	8.2
2.	YINSON	7.9
3.	MAYBANK	6.2
4.	CIMB	5.7
5.	SIME	5.4
6.	DIGI	3.4
7.	LITRAK	2.7
8.	AXIATA	2.7
9.	GAMUDA	2.5
10	IJM	2.4
	Total Top 10	**47.1**

Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVBCF	2.95%	2.95%	4.57%	30.38%	72.79%	133.67%
Benchmark	1.82%	1.82%	0.22%	9.88%	40.54%	79.08%
Relative	1.13%	1.13%	4.34%	20.51%	32.25%	54.59%

Market Review, Outlook & Strategy

The US market started the year on a strong note with the Dow surpassing the 20,000 level, fuelled by optimism over US President-elect Donald Trump's reflation play and stronger crude oil prices. Asian equities also staged a rebound post the US-election sell off on a combination of good economic data from China, Eurozone and Japan, decent result announcements in the US and still accommodative monetary policies. However, investor sentiment took a hit when President Trump officially took office and implemented controversial policies such as, repelling the Trans-Pacific Partnership, travel ban on selected nationalities and repeated his intention to build the Mexican border wall. UK was also back in the spotlight when Prime Minister Theresa May opted for a hard Brexit and secured majority of the Parliament members' votes to start exit talks.

Domestically, local investors were cautious in general. There was good appetite, however, for companies with corporate action and newsflow. Among the more notable key corporate news was the oil & gas demerger exercise undertaken by UMW Holdings and Sime Darby's plans to spin off its plantation and property divisions via separate listings. The local index was also supported by the strength in crude oil prices when Saudi Arabia said it will strictly adhere to its commitment to cut output under the global agreement. The Ringgit also strengthened against the US$ to 4.4285 during the month in tandem with other Asian currencies when President Trump started to say that the US dollar had appreciated too much.

For the month, the KLCI gained 1.8% or 30pts to close at 1,671pts. The KLCI rallied to a high of 1,692.22 before consolidating lower on profit taking. The broader market outperformed, with the FBM Emas gaining 2.4% mom to 11,499pts. Small caps also outperformed the KLCI with the FBM Small cap index jumping 4.8% to 15,075pts. Average daily value traded on Bursa in January increased 10% mom to RM1.92bn.

Global markets are likely to remain volatile and will continue to be dictated by the direction of monetary policies as well as rising political uncertainty in the developed markets. The local bourse will not be spared but we would view any potential sell down as an opportunity to buy companies trading at attractive valuations. The themes that stand to do well this year are: i) infrastructure and building materials; ii) GLC reform plays and iii) tourism beneficiaries.

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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%
HLAVBF- Gross	11.9%	21.4%	3.2%	1.1%	-0.1%
HLAVBF - Net	9.6%	18.3%	1.5%	-0.4%	-1.6%

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.

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

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 Blue Chip 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

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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.