

# HLA Venture Global Fund (HLAVGLF)

Nov 2017

## 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.

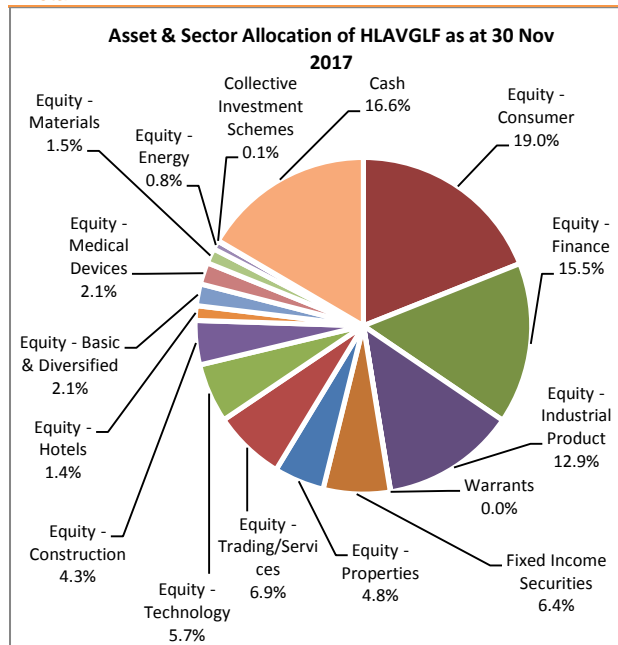
## Fund Details

|                             |  |
|-----------------------------|--|
| Unit Price (30/11/2017)     | :RM1.3218  |
| Fund Size (30/11/2017)      | :RM29.5mil   |
| 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 +<br>MSCI ACWI Index +<br>RAM Quantshop MGS ALL |
| Frequency of Unit Valuation | :Daily   |

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 2017

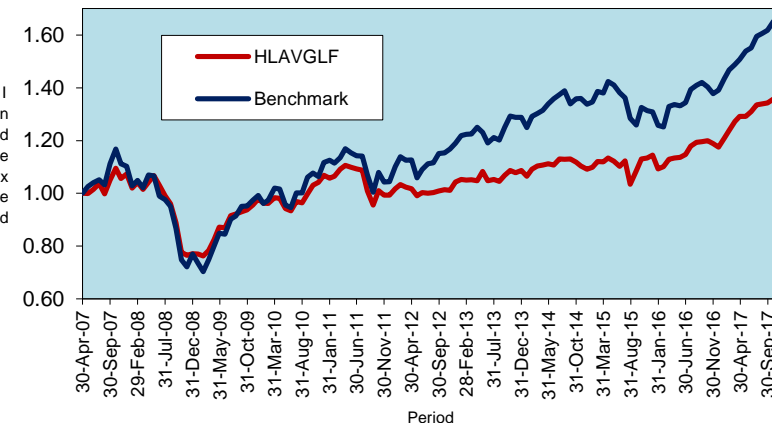
|                                       |              |
|---------------------------------------|--------------|
| Hong Leong Asia-Pacific Dividend Fund | 54.6         |
| Hong Leong Strategic Fund             | 43.7         |
| Cash                                  | 1.7          |
| <b>Total</b>                          | <b>100.0</b> |



## Top 10 Holdings for HLAVGLF as at 30 Nov 2017

|                                 | %           |
|---------------------------------|-------------|
| 1. GII Murabahah – 2025         | 4.8         |
| 2. RHB Bank Berhad              | 2.5         |
| 3. SKP Resources                | 2.3         |
| 4. Oceancash Pacific Berhad     | 2.3         |
| 5. Tenaga Nasional              | 2.3         |
| 6. Top Glove                    | 2.2         |
| 7. Luk Fook Holdings            | 2.2         |
| 8. PT Matahari Department       | 2.1         |
| 9. Dali Foods Group Company Ltd | 2.1         |
| 10. Microport Scientific        | 2.1         |
| <b>Total Top 10</b>             | <b>24.9</b> |

## Historical Performance



|           | 1 month | YTD    | 1 year | 5 years | 10 years | Since Inception |
|-----------|---------|--------|--------|---------|----------|-----------------|
| HLAVGLF   | -2.62%  | 12.47% | 11.23% | 30.72%  | 25.09%   | 32.18%          |
| Benchmark | 1.09%   | 20.04% | 21.12% | 42.89%  | 50.13%   | 66.94%          |
| Relative  | -3.72%  | -7.57% | -9.89% | -12.18% | -25.04%  | -34.76%         |

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

**Global**-The US market took a pause at the beginning of November but resumed its uptrend towards a strong close at the end of the month. The positive market sentiment was largely driven by strong economic numbers and positive progress on the US tax reform. Europe markets declined, most likely due to increased political uncertainty. The Dow Jones Industrial Average Index rose 3.8% and the broader S&P 500 Index rose 2.8%. The Euro Stoxx Index declined 2.8% and the FTSE 100 Index declined 2.2%.

**Asia Pac**-Regional markets posted another positive month. Hong Kong and Japan posted the largest gains during the month while Shanghai and Taiwan were the laggards. In China, the announcement of enhanced credit tightening measures caused some jitters in the market. The Indonesian market hit new highs during the month before tumbling in the last hour. It was the first monthly drop in 9 months for the Indonesian market as foreign outflows intensified.

**Malaysia**-The local market declined during the month due to lackluster results reporting season. The FTSE BM KLCI declined 1.7% to close at 1,718 points. The broader market outperformed as the FTSE BM EMAS Index declined 1.5% to close at 12,408 points. Small caps underperformed as the FTSE BM Small Cap Index declined 3.7% to close at 16,788 points.

**Global**-The economic cycle in the US still appears on solid footing although the latest economic numbers show some weakness. The Federal Reserve (Fed) reinforced expectations of a December rate hike following the release of the minutes of the last Federal Open Market Committee (FOMC) meeting. Jerome Powell was nominated as the new chairman of the Fed. Eurozone economic momentum accelerates as the purchasing managers' index (PMI) and consumer confidence hit record high while unemployment continues to fall.

**Asia Pac**- Macro outlook remains resilient for the region. Moody's upgraded India's sovereign rating while growth in Hong Kong and Taiwan rose in the third quarter. In China, the latest economic numbers show some signs of deceleration but still appear solid. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia**-December is historically a good month for the local market as investors take positions ahead of the New Year in view of a stronger Ringgit and improved GDP outlook. We maintain our preference for blue-chip stocks that are trading at attractive levels, selected construction and consumer stocks that may benefit from government pump-priming.

## Fixed Income Review and Outlook

The US manufacturing and services came in weaker in November signaling slower growth momentum towards the end of year. Domestically, Bank Negara Malaysia (BNM) decided to leave the Overnight Policy Rate (OPR) unchanged as expected. However, BNM prompted a shift to a slightly more hawkish tone as it signaled readiness to "consider reviewing the current degree of monetary accommodation". Local bond market remained well supported by both local and foreign investors. Government bond yields fell as sentiment in the bond market continue to be supported by the stronger ringgit and better than expected gross domestic product (GDP) growth. During the month of November, the 15-year Malaysian Government Securities (MGS) benchmark saw strong support with a bid-to-cover ratio of approximately 3.8 times whilst the 10-year and 5-year reopening Government Investment Issues (GI) were covered at a lower bid-to-cover of 1.8 times and 1.4 times respectively. In the primary corporate bond space, CIMB Group Holdings Berhad tapped the primary market with an issue size of RM1.5 billion.

The Fed is expected to raise its policy rate at its December meeting. However, most investors are monitoring the development of the tax reform bill. We think the odds of a tax reform appear to be more favourable than they have been at any other time, and this may have implications to the wider market. In the near term, we expect interest rates to rise, a stronger dollar followed by risk-on sentiment. We expect BNM to raise its policy rate in the first half of 2018 should local economic data continue to remain robust. We look to remain defensive in the sovereign bond market but may add on any market dip. We are constructive in the corporate bond space.

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# HLA Venture Global Fund (HLAVGLF)

## Actual Annual Investment Returns for the Past Five (5) Calendar Years

| Year           | 2012  | 2013 | 2014 | 2015  | 2016 |
|----------------|-------|------|------|-------|------|
| Benchmark      | 14.0% | 8.3% | 3.9% | -2.2% | 6.2% |
| HLAVGLF- Gross | 6.8%  | 6.0% | 1.9% | 6.7%  | 4.2% |
| HLAVGLF - Net  | 5.0%  | 4.2% | 0.5% | 4.9%  | 2.6% |

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.

### 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        | 2012  | 2013  | 2014  | 2015 | 2016 |
|-------------|-------|-------|-------|------|------|
| Performance | 15.2% | -4.8% | -1.0% | 6.5% | 1.8% |

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

| Year        | 2012 | 2013  | 2014  | 2015 | 2016 |
|-------------|------|-------|-------|------|------|
| Performance | 4.9% | 14.5% | -0.7% | 4.3% | 4.8% |

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.