

# HLA Venture Global Fund (HLAVGLF)

Sep 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

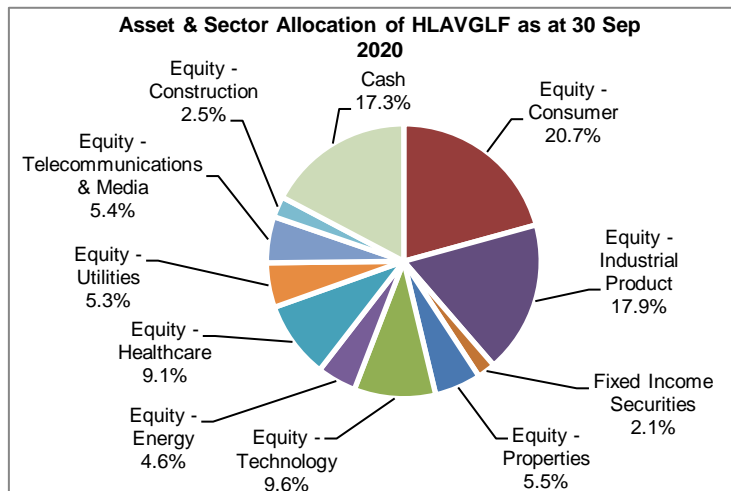
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

Unit Price (30/9/2020)	:RM1.4845
Fund Size (30/9/2020)	:RM33.1 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.

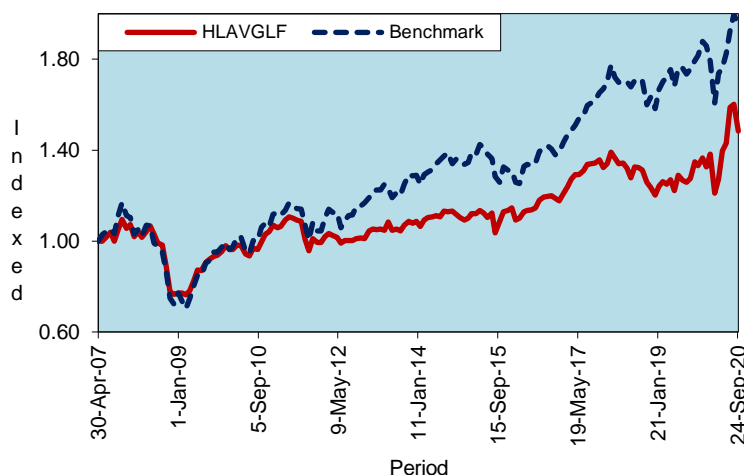
Asset Allocation for HLAVGLF as at 30 Sep 2020	%
Hong Leong Asia-Pacific Dividend Fund	69.0
Hong Leong Strategic Fund	30.6
Cash	0.4
<b>Total</b>	<b>100.0</b>



## Top 5 Holdings for HLAVGLF as at 30 Sep 2020

	%
1. Sunonwealth Electric Machine Ind.	6.4
2. Chow Tai Fook Jewellery	6.1
3. Zhou Hei Ya International	5.8
4. Hartalega Holdings Berhad	5.7
5. Xiaomi Corporation	5.4
<b>Total Top 5</b>	<b>29.4</b>

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	8.64%	-7.29%	16.42%	10.60%	36.69%	48.79%	48.45%
Benchmark*	3.82%	-2.36%	11.00%	20.48%	54.89%	83.78%	94.92%
Relative	4.82%	-4.93%	5.42%	-9.87%	-18.19%	-34.98%	-46.47%

\*Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** – Global equities finally succumbed to profit taking activities after months of what seemed like an irrepressible rally. The perception that the United States (US) Federal Reserve (Fed) may not be as eager to provide further aggressive monetary easing measures as investors have anticipated, appeared to have stalled the rally. The Dow Jones Industrial Average Index declined 2.3% and the broader S&P 500 Index declined 3.9%. The Euro Stoxx Index declined 2.4% and the FTSE 100 Index declined 1.6%.

**Asia Pacific** – Asian equity markets also declined in tandem with global markets. Tensions between China and the US notched higher as the US made efforts to impose several sanctions and controls on China technology companies. In the region, Korea and Philippines were the leaders while Indonesia and Hong Kong were the laggards.

**Malaysia** – The local market traded tentatively for much of the month as investors were cautious ahead of the Sabah state election and as the end of the loan moratorium approached. The FTSE BM KLCI fell 1.3% to close at 1,505 points. The broader market underperformed as the FTSE BM EMAS Index declined 2.3% to close at 10,832 points. Small caps underperformed as the FTSE BM Small Cap Index declined 6.3% to 12,835 points.

### Outlook & Strategy

**Global** – In Europe, the number of COVID-19 cases appears to be rising again as some countries are seeing higher case numbers than during the first wave earlier this year. The resurgence of the virus will undoubtedly impede the economic recovery in the region, particularly the services sector and suggest a bumpy road to recovery ahead. In the US, a new stimulus package is being prepared but has yet to receive bipartisan support. If approved, the stimulus package is expected to give the US economy a much-needed lift.

**Asia Pacific** – Tensions between the US and China are likely to dominate market sentiment in the weeks leading to the US election in November. The introduction of export control measures on Semiconductor Manufacturing International Corporation (SMIC) and Trump's attempt to ban WeChat suggest the possibility of more sanctions on China technology entities in the near term. Recent manufacturing purchasing managers' index (PMI) in China was solid, suggesting that the economy continues to accelerate at a healthy pace.

**Malaysia** – Much of the investors' interest will be on the state of the local economy post-loan moratorium. We expect the equity market to be subdued in the near-term while investors assess the resilience of the economy as most of the borrowers start to make loan repayments. We prefer to be invested in high-yield stocks, selected consumer and export stocks and selected financial stocks.

### Fixed Income Review and Outlook

US Treasuries yields edged lower due to downside risk to growth with the first stimulus package due to end in September and the failure to agree of a follow up stimulus package. Risk assets consolidated as market grappled for the next narrative that will drive the market. The government bond market traded weak in September as investors repriced the probability of a rate cut. In addition, the risk of an adverse decision by FTSE Russell with regards to Malaysia's weight in the World Government Bond Index affected trading sentiment. After the central bank paused its policy rate at the September Monetary Policy Committee (MPC) meeting, the bond market continued its decline. The re-opening of the 7-year Malaysian Government Securities (MGS) saw disappointing demand with bid-to-cover ratio of 1.5 times. On the other hand, the 5-year MGS reopening auction saw strong demand with a bid-cover-ratio 2.8 times with a tender size of RM5 billion. The auction saw an average yield of 2.389% to a high of 2.405%. In the primary corporate market, Malayan Banking Berhad (AA1) issued up to RM3 billion of sukuk whilst Danainfra Nasional (Government Guaranteed) issued RM4 billion of sukuk.

Local inflation declined 1.4% year-on-year in August, continuing trend of declining inflation since the Movement Control Order. In September, FTSE Russell maintained Malaysia on its watch list and maintained its weight in WGB Index, which would remove some uncertainty amongst foreign investors. However, political risk remains high in the near term. The rising rate of local infections and nation's budget for 2021 could be a factor in Bank Negara Malaysia's decision in the next MPC meeting. On portfolio positioning, we continue to be positive on the bond market as we believe that bonds will be supported in the short term as central bank may ease its policy rate should a second wave of infection materialise. We look to increase duration opportunistically.

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

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Benchmark</b>	12.7%	-6.5%	14.0%	8.3%	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%
<b>HLAVGLF - Gross</b>	11.4%	-5.8%	6.8%	6.0%	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%
<b>HLAVGLF - Net</b>	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.

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### 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.