

HLA Venture Global Fund (HLAVGLF)

Oct 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.

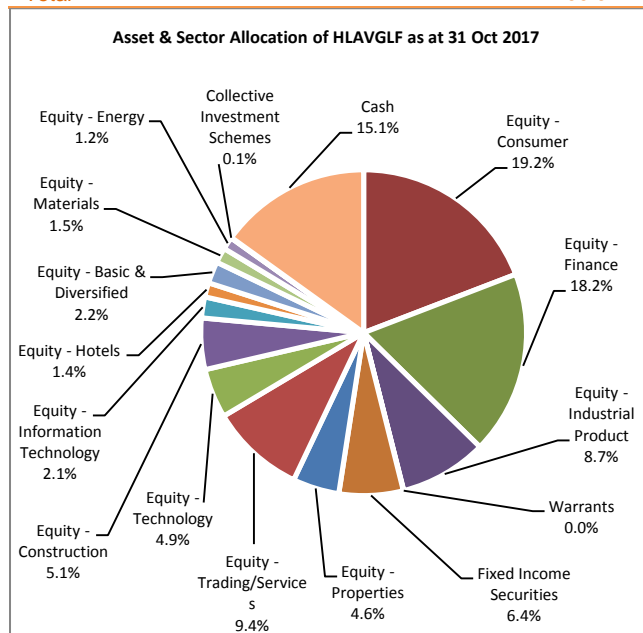
Fund Details

Unit Price (31/10/2017)	:RM1.3574
Fund Size (31/10/2017)	:RM30.1mil
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

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

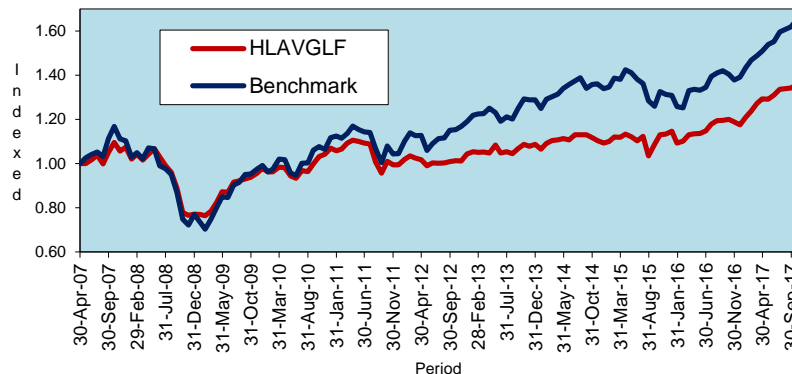
	%
Hong Leong Asia-Pacific Dividend Fund	55.0
Hong Leong Strategic Fund	43.6
Cash	1.4
Total	100.0



Top 10 Holdings for HLAVGLF as at 31 Oct 2017

	%
1. GII Murabahah – 2025	4.8
2. Oceancash Pacific Berhad	2.2
3. RHB Bank Berhad	2.2
4. Airasia X Berhad	2.2
5. Kingboard Chemical Holdings Limited	2.2
6. China Huarong Asset Management Co Ltd	2.2
7. BOC Aviation Ltd	2.1
8. Dali Foods Group Company Ltd	2.1
9. IGG Inc	2.1
10. Far East Horizon Ltd	2.1
Total Top 10	24.2

Historical Performance



	1 month	YTD	1 year	5 years	10 years	Since Inception
HLAVGLF	1.13%	15.50%	13.12%	33.96%	23.94%	35.74%
Benchmark	2.07%	18.74%	17.67%	43.15%	41.37%	65.14%
Relative	-0.93%	-3.24%	-4.55%	-9.19%	-17.43%	-29.40%

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global- Strong corporate earnings continued to drive the US stock market higher each week. Corporate results were strong and have been beating expectations across the various sectors, in particular the technology sector. Positive gross domestic product (GDP) numbers and improving employment numbers in Europe also helped propel the equity market higher. The Dow Jones Industrial Average Index rose 4.3% and the broader S&P 500 Index rose 2.2%. The Euro Stoxx Index rose 2.2% and the FTSE 100 Index rose 1.6%.

Asia Pac- Regional markets resumed its upward trend after taking a short breather last month. Japan and India posted the largest gains during the month while Malaysia and China were laggards. India market rose on the back of encouraging economic data and the announcement by the government to recapitalize the state-owned banks. Korea market also performed strongly due to expectations of better relations with China and possible resolution of the Terminal High Altitude Area Defense (THAAD) related impasse.

Malaysia- The local market was the worst performing market in the region despite the rise in crude oil prices and the announcement of Budget 2018. The FTSE BM KLCI declined 0.4% to close at 1,748 points. The broader market outperformed as the FTSE BM EMAS Index rose 0.5%. Small Caps outperformed as the FTSE BM Small Cap Index rose 2.9% to close at 17,434 points.

Outlook & Strategy

Global- Economic data in the US suggest the strong economic growth is broad-based while the effects from the recent hurricane activities have been muted. The Fed is expected to raise rates again in December. The European Central Bank (ECB) announced an extension of the bank's quantitative easing programme for nine more months to September 2018 as inflation expectations remain muted. However, economic outlook remains positive as unemployment rate fell to an eight-year low of 8.9% and Manufacturing Purchasing Managers' Index (PMI) reading came in strongly.

Asia Pac- China held its 19th National Party Congress at which a change in focus from numerical growth targets to qualitative measures in terms of policy matters was observed. In Japan, incumbent Prime Minister Shinzo Abe won Japan's snap election, implying continuity for the Japanese economic and political landscape. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia- Malaysia market may experience some volatility as it is a major results season. 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 Treasuries weakened amidst progress in Trump's tax reform agenda and the Federal Reserve's (Fed) hawkish stance ahead of the expected rate hike in December. Domestically, the government bond market remained bearish ahead of the 2018 Budget although some buying activities were spotted mostly along the belly of the curve. In the Budget Speech, the government maintained its fiscal consolidation path by presenting a budget which targeted to lower deficit to 2.80%, a marginal improvement from the 3.00% expected in 2017. During the month of October, the 7 and 30-year benchmark Malaysian Government Securities (MGS) garnered a low bid-to-cover of approximately 1.6 times whilst the 20-year benchmark Government Investment Issue (GII) was better supported with a bid-to-cover of 2.1 times. In the primary corporate bond space, Southern Power Generation Sendirian Berhad and Cagamas Berhad tapped the primary market with an issue size of RM3.6 billion and RM840 million respectively.

In the near term, key events for the upcoming month include the next Fed Chair appointment and the non-farm payroll for October. In the 2018 Budget, the government projected a stronger GDP growth of 5.0-5.5% in 2018, driven mainly by resilient domestic demand amid a favourable external sector. We expect Bank Negara Malaysia (BNM) to maintain its policy rate for the remainder of the year and for the US Fed to hike at the end of the year. 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.

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.