

# HLA Venture Global Fund (HLAVGLF)

Mar 2018

## 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

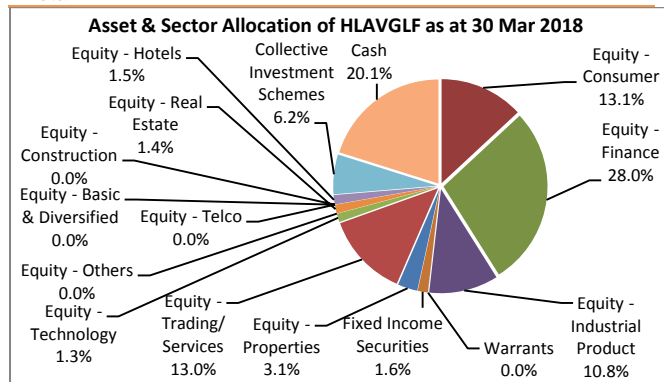
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

## Fund Details

<b>Unit Price (30/3/2018)</b>	:RM1.3389
<b>Fund Size (30/3/2018)</b>	:RM29.7mil
<b>Fund Management Fee</b>	:1.29% p.a.
<b>Fund Manager</b>	:Hong Leong Assurance Berhad
<b>Fund Category</b>	:Equity
<b>Fund Inception</b>	: 02 April 2007
<b>Benchmark</b>	:MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL
<b>Frequency of Unit Valuation</b>	: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 30 Mar 2018	%
Hong Leong Asia-Pacific Dividend Fund	56.3
Hong Leong Strategic Fund	42.3
Cash	1.4
<b>Total</b>	<b>100.0</b>



## Top 10 Holdings for HLAVGLF as at 30 Mar 2018

	%
1. Hong Leong Islamic Institutional Income Management Fund II	6.2
2. Malayan Banking Berhad	4.0
3. Public Bank Berhad	2.9
4. DBS Group Holdings Limited	2.8
5. Petronas Chemicals Group Berhad	2.7
6. Industrial and Commercial Bank of China Limited - H	2.6
7. Top Glove Corporation Berhad	2.5
8. Fraser & Neave Holdings Berhad	2.3
9. ZhongSheng Group Holdings Ltd	2.3
10. China Construction Bank Corporation - H	2.3
<b>Total Top 10</b>	<b>30.6</b>

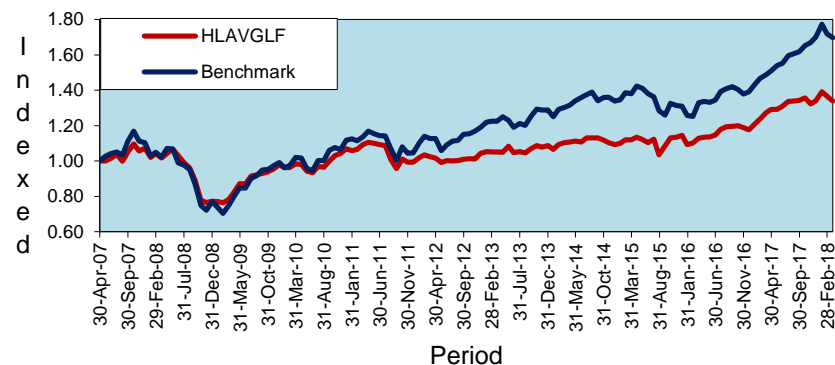
## Hong Leong Assurance Berhad (94613-X)

Level 3, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor.

Telephone 03-7650 1818 Facsimile 03-7650 1991

Customer Service Hotline 03-7650 1288 Customer Service Hotfax 03-7650 1299

## Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLAVGLF	-0.16%	-2.01%	5.22%	19.63%	27.33%	31.85%	33.89%
Benchmark*	-0.18%	-1.30%	14.08%	22.95%	38.51%	66.12%	69.71%
Relative	0.03%	-0.70%	-8.86%	-3.32%	-11.18%	-34.27%	-35.82%

Source: Bloomberg, RAM Quantshop

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

### Equity Review

**Global** - Global markets continued to experience selling pressure during the month as investors were spooked by the possibility that the Federal Reserve (Fed) may become more aggressive in raising rates to combat inflation. The Dow Jones Industrial Average Index declined 3.7% and the broader S&P 500 Index declined 2.7%. The Euro Stoxx Index declined 2.3% and the FTSE 100 Index declined 2.4%.

**Asia Pacific** - Asia Pacific markets were not spared from the wave of selling hitting capital markets across the globe. Selling pressure also persisted due to trade frictions between the United States (US) and China and fears of an escalation into a trade war. In the region, Korea and Taiwan were the best performing markets while Indonesia and Philippines were the laggards.

**Malaysia** - The local market was one of the few bright spots amidst the global market selloff. The FTSE BM KLCI rose 0.4% to close at 1,863 points. The broader market underperformed as the FTSE BM EMAS Index declined 1.3% to close at 13,046 points. Small caps underperformed as the FTSE BM Small Cap declined 11.2% to close at 14,856 points.

### Outlook & Strategy

**Global** - The global economic backdrop remains fundamentally sound even as the capital markets were constantly afflicted with waves of volatility during the month. Consumer confidence in the US continues to trend higher while household net worth is improving. Labor market remains solid and wages are rising steadily. Trade tensions between China and US have limited impact on global growth at the moment and are not expected to derail the positive economic backdrop as long as the trade frictions do not escalate into a trade war.

**Asia Pacific** - Economic climate in Thailand continues to improve. Both external and domestic demands showed healthy growth while the current account was in surplus due to improving exports and tourism. In contrast, consumer confidence took a dip in Philippines due to anticipated increase in inflation, poor harvest and rising household debt. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

**Malaysia** - We expect some volatility in the local market ahead of the impending General Election widely expected to be held in the coming weeks. 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

As widely expected, the Fed hiked rates by 25 basis points (bps) from 1.50% to 1.75%. The dollar index tumbled after March Federal Open Market Committee (FOMC) meeting was less hawkish than expected with the Fed maintaining only 3 more hikes for the rest of 2018. Locally, there were four auctions in March, the 15 and 30-year Government Investment Issues (GII) and 7 and 3-year Malaysian Government Securities (MGS) with total combined issuances of 10 billion. Tender results of the auctions remained strong driven by both the demand from foreign and local investors. The primary corporate bond issuances were dominated by government guaranteed issuances by Lembaga Pembiayaan Perumahan Sektor Awam and with CIMB Group Holdings Berhad issuing its maiden issuance with an issue size of RM700 million.

Consumer Price Index (CPI) numbers were down to 1.4% in February as a result of decline in transport and food prices. We expect local bonds to remain supported by stronger Ringgit in the near term and bond yields to stay in range in view of the upcoming General Election. The Overnight Policy Rate (OPR) will remain stable for the remainder of the year due to contained inflation unless global conditions improve or other central banks tighten rates faster than expected. We look to remain defensive in the sovereign bond market but may add on any market dip. We look to add in the corporate bond space.

# HLA Venture Global Fund (HLAVGLF)

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

Year	2013	2014	2015	2016	2017
Benchmark	8.3%	3.9%	-2.2%	6.2%	22.3%
HLAVGLF- Gross	6.0%	1.9%	6.7%	4.2%	16.7%
HLAVGLF - Net	4.2%	0.5%	4.9%	2.6%	14.1%

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 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.

## 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	2013	2014	2015	2016	2017
Performance	-4.8%	-1.0%	6.5%	1.8%	19.2%

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

Year	2013	2014	2015	2016	2017
Performance	14.5%	-0.7%	4.3%	4.8%	10.9%

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.