

HLA Venture Global Fund (HLAVGLF)

Feb 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.

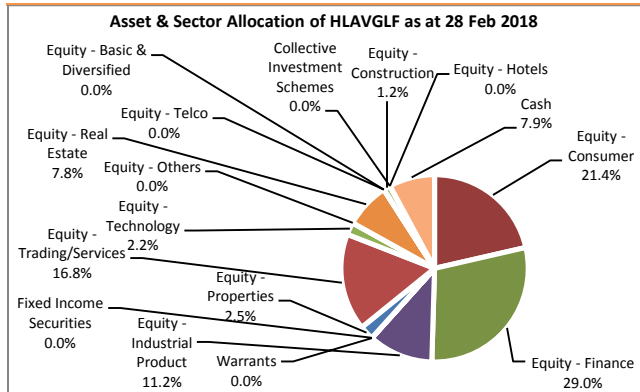
Fund Details

Unit Price (28/2/2018)	:RM1.3663
Fund Size (28/2/2018)	:RM30.4mil
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 28 Feb 2018

	%
Hong Leong Asia-Pacific Dividend Fund	55.9
Hong Leong Strategic Fund	43.1
Cash	1.0
Total	100.0



Top 10 Holdings for HLAVGLF as at 28 Feb 2018

	%
1. Hong Leong Islamic Institutional Income Management Fund II	6.1
2. Malayan Banking Berhad	3.7
3. DBS Group Holdings Limited	3.0
4. RHB Bank Berhad	2.9
5. Public Bank	2.8
6. Top Glove	2.5
7. Frontken	2.3
8. SKP Resources	2.3
9. Bursa Malaysia	2.3
10. Fraser & Neave Holdings	2.1
Total Top 10	30.0

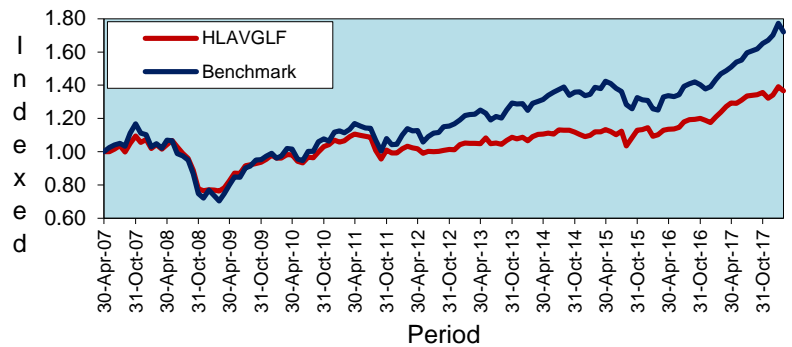
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Historical Performance



	YTD	1 month	1 year	5 years	10 years	Since Inception
HLAVGLF	1.89%	-1.83%	10.38%	30.12%	31.14%	36.63%
Benchmark*	1.14%	-2.97%	17.18%	40.45%	63.96%	71.95%
Relative	0.75%	1.15%	-6.80%	-10.32%	-32.83%	-35.32%

Source: Bloomberg, RAM Quantshop

Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global-Global markets corrected abruptly after more than a year of relative calm. The market volatility reflected concerns investors about a faster-than-expected pickup in inflation, particularly in the United States (US). US Treasuries were also under selling pressure and the negative sentiment spilled over to equity markets. The Dow Jones Industrial Average Index declined 4.3% and the broader S&P 500 Index declined 3.9%. The Euro Stoxx Index declined 4.8% and the FTSE 100 Index declined 4.0%.

Asia Pac-The rally in the Asia Pacific markets came to a grinding halt, as investors were spooked by rising US Treasury yields and signs of aggressive inflationary pressure. North Asia markets in particular saw more severe correction, having been the best performing market in the region last year. Thailand and Indonesia were the leaders while the Hong Kong and Korea markets were the laggards.

Malaysia-It was a volatile month for the local market. However, the index fell a lot less than global markets. The FTSE BM KLCI declined 0.7% to close at 1,845 points. The broader market underperformed as the FTSE BM EMAS Index declined 1.2% to close at 13,218 points. Small caps underperformed as the FTSE BM Small Cap Index declined 2.1% to close at 16,721 points.

Outlook & Strategy

Global-In contrast to the mayhem and volatility that struck the US market this month, the economy is a picture of strength and enduring stability. The US labor market continues to be robust as jobless claims continue to trend lower. Healthy job prospects also boost consumer confidence which hits a multi-year high. In Europe, the fourth quarter gross domestic product (GDP) rose at a healthy rate of 2.7% from a year ago. Growth was also broad-based and the momentum is expected to continue given that the Purchasing Managers' Index remains elevated.

Asia Pac-The economic backdrop in the region remains encouraging. China's growth and corporate earnings appear solid despite renewed efforts by the authorities to slow down loans growth and wind down the shadow banking system in the country. In Japan, the government confirmed Kuroda as the Bank of Japan's governor for another five years. It appears the Bank of Japan will maintain its monetary easing as inflation remains benign. For our investment portfolios, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia-We expect the local market to track the performance of the regional markets as investors assess the possible impact of higher inflation on the equity markets. 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

In February, risk assets fell due to expectations of faster pace of inflation and the hawkish monetary policy outlook by the new Federal Reserve (Fed) chair Jerome Powell. The 10-year Treasury yields rose by 15 basis points (bps) during the month. However, risk assets gradually corrected after the House approved a bill to avoid an extended government shutdown. The Fed kept rates unchanged in January but its hawkish policy tone in the meeting suggest a rate hike in March is highly likely. Locally, the 7.5-year auction printed a 2.28 bid-to-cover ratio whilst the 10-year Malaysian Government Securities (MGS) printed a bid-to-cover ratio of 2.07. The primary corporate bond issuances were dominated by government guaranteed issuances by DanalInfa Nasional Berhad and MKD Kencana Sendirian Berhad with a total issuance of RM2.4 billion.

Inflation moderated in January at 2.7% after hovering around 3.5% in the previous months. We expect the Overnight Policy Rate (OPR) to remain stable for the remainder of the year due to contained inflation and the front loaded rate hike by Bank Negara Malaysia (BNM). The sovereign bond market is expected to remain weak in the near term as investors digest the supply of government bonds in March. 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.