

HLA Venture Global Fund (HLAVGLF)

February 2024

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

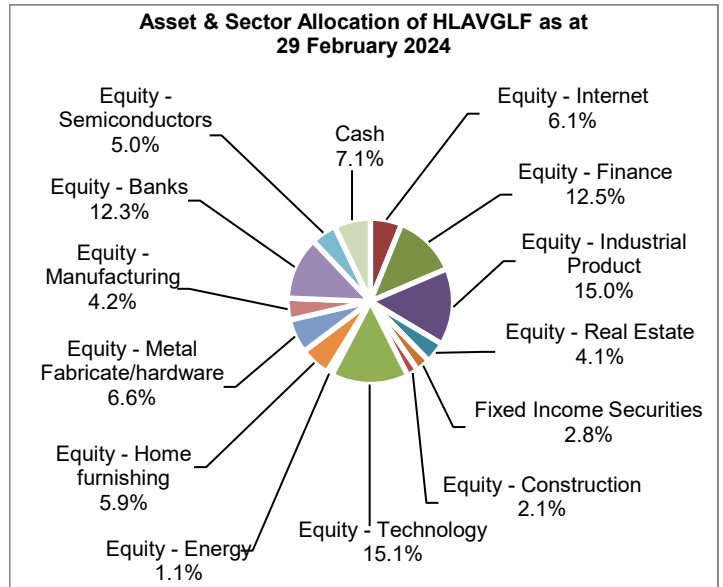
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

Fund Details

| | |
|-----------------------------|--------------------------------------------------------------------------------|
| Unit Price (29/2/2024) | :RM1.469 |
| Fund Size (29/2/2024) | :RM31.9mil |
| 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 three (3) months prior written notice.

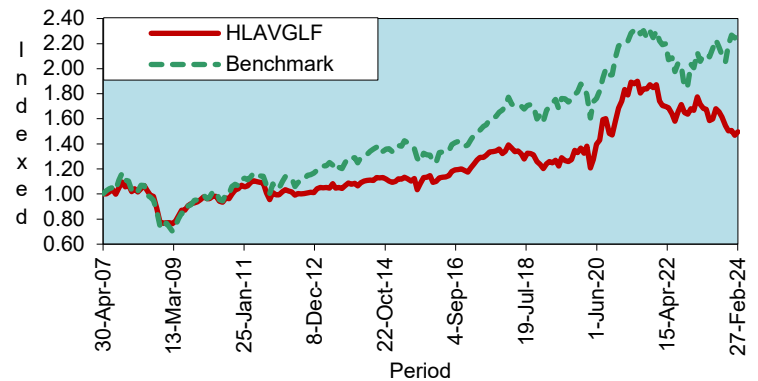
| Asset Allocation for HLA VGLF as at 29 Feb 2024 | % |
|-------------------------------------------------|--------------|
| Hong Leong Asia-Pacific Dividend Fund | 61.14 |
| Hong Leong Strategic Fund | 38.73 |
| Cash | 0.12 |
| Total | 100.0 |



Top 5 Holdings for HLA VGLF as at 29 Feb 2024

| | | |
|--------------------|--------------------------------------|-------------|
| 1. | King Slide Work Company Limited | 6.6 |
| 2. | Lite-On Technology Corporation | 5.9 |
| 3. | PT Bank Mandiri (Persero) Tbk | 5.7 |
| 4. | China CITIC Bank Corporation Limited | 5.6 |
| 5. | Agricultural Bank of China Limited | 4.8 |
| Total Top 5 | | 28.7 |

Historical Performance



| | YTD | 1 month | 1 year | 3 years | 5 years | 10 years | Since Inception |
|-------------------|---------|---------|---------|---------|---------|----------|-----------------|
| HLA VGLF | -10.29% | 1.86% | -12.81% | -18.34% | 18.79% | 37.08% | 49.64% |
| Benchmark* | 15.38% | 3.13% | 12.48% | 4.30% | 36.23% | 79.29% | 131.51% |
| Relative | -25.66% | -1.27% | -25.28% | -22.64% | -17.44% | -42.21% | -81.87% |

Source: Bloomberg, RAM Quantshop

Notice: Past performance of the fund is not an indication of its future performance.

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Market Review, Outlook & Strategy relevant to Target Fund

Equity Review

Global

It was another good month for global equity. Although the strength of the recent economic data implies rate cut expectations will be pushed out further, investors viewed it in a positive light with the reassurance that the economy is still healthy. United States (US) firms also had a great earnings season with a majority of the companies beating analysts' expectations. The Dow Jones Industrial Average Index rose 2.2% and the broader S&P 500 Index rose 5.2%. The Euro Stoxx Index rose 4.9% while the FTSE 100 Index was unchanged.

Asia Pacific

The Japan market rallied hard despite a poor Gross Domestic Product (GDP) growth data, likely fueled by the weak Japanese Yen as currency weakness gave the export-oriented Japan market a boost. China equities staged a rebound following the announcement of a number of stimulus measures and signs of the bottoming for the China economy. In the region, China and Japan were the leaders while Singapore and Australia were the laggards.

Malaysia

Most of the price actions for the month were mainly dictated by corporate earnings as most of the Malaysian companies reported full-year earnings for 2023. The FTSE Bursa Malaysia (FBM) KLCI rose 2.5% to close at 1,551 points. The broader market underperformed as the FBM EMAS Index rose 2.2% to close at 11,492 points. Small caps underperformed as the FBM Small Cap Index rose 0.4% to close at 16,780 points.

Outlook & Strategy

Global

Economic data in the US continue to show amazing resiliency with the US Purchasing Managers' Index suggesting manufacturing and service activity continue to show expansion in February. The US economy also added more jobs than expected in January, suggesting a still hot labor market. With such strong economic data, there is a rising possibility that rates may stay high for longer.

Asia Pacific

China's credit report beat expectations as the banking sector answered policy makers' calls to boost lending in complement to the various macro measures that were rolled out by the government. There appears to be more room for credit growth given that deflation is intensifying in China while property sales are still showing little signs of bottoming.

Malaysia

We expect interest in the local market from foreign investors to remain elevated given the higher risk appetite among global investors. We expect high dividend yield stocks to gain favour against the expectations of a declining global interest rate environment.

Fixed Income Review and Outlook

2-Year and 10-Year US Treasury (UST) yields ended higher at 4.62% and 4.25% respectively in end-February (end-January: 4.21% and 3.91%) following stronger-than-expected consumer spending and Producer Price Index (PPI) in January, which lent support to the Federal Reserve's (Fed) narrative of "staying higher for longer". The key signal from the latest Federal Open Market Committee (FOMC) meeting is that the Fed is worried about cutting interest rates too soon as inflation has yet to reach its targeted 2%. With sticky inflation numbers and strong jobs data, the market now expects circa 3 cuts (or 75 basis points (bps)) in the second half of this year.

On the local front, 3-Year, 5-Year and 10-Year Malaysian Government Securities (MGS) yields rose to 3.50%, 3.60% and 3.86% respectively in end-February versus respective 3.35%, 3.52% and 3.79% in the previous month. The 15-Year Government Investment Issue (GI) reopening saw decent demand, with an encouraging book-to-cover (BTC) of 2.973x. The performance of Ringgit bonds was well supported despite the weaker note of UST levels.

US consumer prices rose 0.3% in February (January: 0.3%; December: 0.2%), according to the Personal Consumption Expenditures inflation measure, largely due to food prices which has risen 0.5% over the month. The International Monetary Fund (IMF) expects the US economy to expand by 2.1% in 2024, supported by a still favorable labor market (2022: +2.5%). Malaysia's inflation in January 2024 was 1.5%, unchanged since November 2023, driven by slower increases in various sectors including food and beverages. Meanwhile, core inflation increased at a slower 1.8% as compared to 1.9% in December 2023. We expect the Malaysian economy to continue expanding at a moderate pace of 4.7% in 2024, in view of sustained domestic demand and recovery in exports. On that note, we expect Bank Negara Malaysia (BNM) to maintain Overnight Policy Rate (OPR) at 3.00% throughout 2024. We continue to overweight corporate bonds for additional yield pickup and seek opportunities to rebalance our portfolios.

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

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|------|------|-------|------|-------|--------|-------|-------|-------|--------|
| Benchmark | 8.3% | 3.9% | -2.2% | 6.2% | 22.3% | -7.0% | 18.7% | 16.2% | 5.4% | -12.7% |
| HLAVGLF- Gross | 6.0% | 1.9% | 6.7% | 4.2% | 16.7% | -9.8% | 16.2% | 26.7% | 13.7% | -10.6% |
| HLAVGLF - Net | 4.2% | 0.5% | 4.9% | 2.6% | 14.1% | -10.3% | 13.7% | 23.3% | 11.2% | -10.9% |

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.

Notice: Past performance of the fund is not an indication of its future performance.

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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 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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------|-------|------|------|-------|--------|-------|-------|-------|--------|
| Performance | -4.8% | -1.0% | 6.5% | 1.8% | 19.2% | -13.3% | 24.9% | 50.7% | 13.1% | -12.0% |

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

Source: *Hong Leong Asset Management Berhad (HLAM)*

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------|-------|------|------|-------|--------|------|--------|------|--------|
| Performance | 14.5% | -0.7% | 4.3% | 4.8% | 10.9% | -10.3% | 2.2% | -13.4% | 6.1% | -13.8% |

Note: Hong Leong Global Resources Income Fund has been liquidated on 17 April 2014.

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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.