

## HLA Global ESG Fund (HLAGEF)

June 2024

### Fund Features

#### 1. Investment Objective

The objective of the fund is to provide medium-to-long term capital growth by investing in a globally diversified portfolio of companies with a focus on Environmental, Social and Governance (“ESG”) criteria in the investment process.

#### 2. Investment Strategy & Approach

HLAGEF will principally feed into third party collective investment schemes that meet the fund’s objective. HLAGEF may also invest directly in a diversified portfolio of domestic and/or foreign assets including equities, equity-related securities, deposits or any other financial instruments that offer potential capital appreciation.

At inception, the fund will invest by feeding into Hong Leong Global ESG Fund (“Target Fund”), with the option to increase the number of funds or replace the Target Fund in future.

The Target Fund follows a rule-based strategy and will only invest in securities of companies with a strong ESG scoring. The Target Fund will incorporate the principles of ESG in security selection through MSCI ESG Ratings. Through MSCI ESG Ratings, companies with poor performance on ESG Factors would be excluded in the investable universe. The Target Fund will only invest in securities with an ESG rating that indicates that the company has a good track record of managing the most significant ESG risks and opportunities relative to industry peers. As such, the investable universe of the Target Fund comprises all equities with a minimum of BBB ESG rating by MSCI. The Target Fund emphasizes on responsible investing and as such will ensure a minimum of 70% of its NAV is invested in accordance with ESG criteria.

Additionally, the Target Fund may also invest in money market instruments and deposits with financial institutions. The Target Fund does not incorporate ESG factors for money market instruments and deposits as the said instruments are used for liquidity purposes.

#### 3. Asset Allocation

The Target Fund will invest a minimum of 70% and maximum of 98% of its NAV in equities. The balance of its NAV will be invested in money market instruments.

#### 4. Target Market

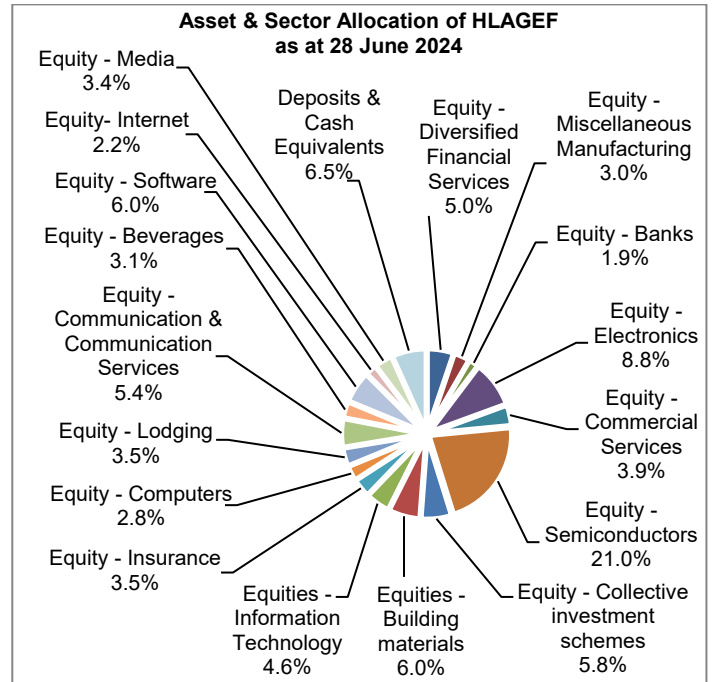
This fund is suitable for investors looking who have a medium-to-long term investment horizon and are willing to assume a higher risk in their investments with exposure to foreign investments.

### Fund Details

Unit Price (28/6/2024)	: RM 1.0586
Fund Size (28/6/2024)	: RM 7.145 mil
Fund Management Fee	: 1.50%
Fund Manager	: Hong Leong Assurance Berhad
Fund Inception	: 27 April 2022
Benchmark	: MSCI ACWI ESG Universal Index
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.

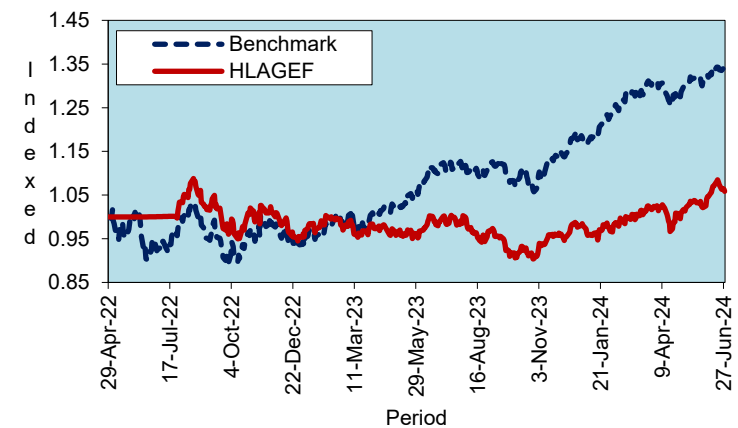
Asset Allocation for HLAGEF as at 28 June 2024	%
Hong Leong Global ESG fund	99.65
Cash	0.35
<b>Total</b>	<b>100.0</b>



### Top 5 Holdings for HLAGEF as at 28 June 2024

	%
1. TSMC	6.2
2. Microsoft Corporation	6.1
3. ASML Holdings	5.9
4. Broadcom Incorporated	5.9
5. Alphabet Incorporated	5.4
<b>Total Top 5</b>	<b>29.4</b>

### Historical Performance



	YTD	1 month	1 year	3 years	5 years	Since Inception
HLAGEF	7.95%	3.66%	6.41%	-	-	5.86%
Benchmark*	13.74%	2.31%	19.41%	-	-	33.89%
Relative	-5.79%	1.35%	-13.00%	-	-	-28.03%

\*Source: Bloomberg, Lipper

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

## HLA Global ESG Fund (HLAGEF)

### Market Review, Outlook & Strategy

In the month of June, Artificial Intelligence (AI)-exposed companies continued to outperform other sectors, and a robust earnings season for United States (US) tech firms positioned global growth stocks as the top-performing asset class. This performance was notably concentrated in the US, while value stocks outperformed growth stocks during June in Europe, Japan, and the United Kingdom (UK).

Following an initial uptick in April, US economic data softened over the quarter and has generally underperformed consensus expectations since early May. Despite this, the Federal Reserve (Fed) maintained a hawkish stance at its June conference, with only one rate cut being removed from the 2024 projections. Nevertheless, soft US consumer data has led investors to remain slightly optimistic about potential policy easing, with rates markets still anticipating two cuts by the end of the year. This more optimistic investor outlook meant that, despite adjustments to Fed projections, US Treasuries (UST) were the only major sovereign market to deliver positive returns, gaining 0.1% over the month.

The European Central Bank (ECB) became the latest developed market central bank to cut interest rates. This move was heavily signaled prior to its June meeting, but stickier-than-expected services inflation prompted the ECB to emphasize that any further policy normalization will be heavily data-dependent. Despite the reduction in policy rates, the fallout from both the European parliamentary elections and the announcement of snap French elections led to a rise in European sovereign yields, resulting in negative returns for European government bonds over the quarter. In China, government measures to support the real estate sector provided a boost to Chinese equity markets. This, coupled with strong performance from the AI-exposed Taiwanese stock market, was notable.

However, key economic indicators in China were mixed, with economic recovery appearing tepid at best. Industrial production (IP) growth was 5.6% year-over-year (YoY) in May (down from 6.7% in April), and fixed asset investment (FAI) growth slowed to 3.5% YoY in May (from 3.6% in April), both falling short of market expectations. Conversely, retail sales growth (in nominal terms) rebounded to 3.7% YoY in May from 2.3% in April, surpassing consensus. However, new home and used home prices (based on 70 cities) deteriorated month-over-month (MoM), with declines of -0.7% and -1.0%, respectively.

Overall, economic data released in June mitigated concerns of overheating in the US economy and indicated signs of rebalancing in economic momentum. Market expectations for a Fed pivot remain unchanged, though the timeline has been pushed back to the fourth quarter of 2024. We remain focused on identifying resilient stocks with strong earnings visibility through our fundamental and ESG analysis.

### Actual Annual Investment Returns for the Past Two (2) Calendar Years

Year	2022	2023
Benchmark	-6.37%	25.73%
HLAGEF - Gross	-4.6%	4.8%
HLAGEF - Net	-4.7%	2.9%

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past two (2) 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.

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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

Defined as the ease with which a security can be sold at or near its fair value. This risk occurs in thinly traded or illiquid securities. Should the fund need to sell a relatively large amount of such securities, such action itself may significantly depress the selling price.

#### 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. Concentration Risk

Concentration risk occurs when a portfolio is overweight on a particular security, sector or asset class. As the fund invests mainly into third party collective investment scheme (CIS) and by virtue of the CIS investing in a diversified portfolio of equities as well as dynamic asset allocation strategy between equities and other financial instruments, the concentration risk is mitigated.

#### 6. Target Fund(s) Risk

The fund invests in third party CIS which is being managed by another fund manager. The CIS is carefully selected in order to ensure that the objectives of said CIS are appropriately aligned with the fund. Nevertheless, the Fund Manager does not have control over the management of the CIS and any adverse effect on the CIS will inevitably affect the fund. In such instance, the Fund Manager may replace the CIS with another CIS which the Fund Manager considers to be more appropriate or invest directly in a diversified portfolio in order to meet the objective of the fund. Please also refer to the Target Fund's prospectus for more detailed and comprehensive information on Target Fund specific risks.

#### 7. Country Risk

The foreign investments made by the fund are subjected to risks specific to the country in which it invests. Such risks include changes in a country's economic fundamentals, social and political stability, currency movements, foreign investment policies and etc. The risk may be mitigated by closely monitoring the developments in the countries in order to identify any emerging risk.

#### 8. Currency Risk

This risk applies to foreign investment, in which the investment may rise or fall due to fluctuation in the foreign currencies. Adverse movements in currencies exchange rates can result in a loss to the investment.

## HLA Global ESG Fund (HLAGEF)

### 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:

- a) having a flexible tactical asset allocation
- b) investing in a wide range of companies across different sectors
- c) setting prudent investment limits on various exposures
- d) taking into account the liquidity factor in selecting securities
- e) engaging in the hedging of foreign currency exposure where appropriate

### Basis of Unit Valuation

1. 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.
2. The unit price of a unit of a fund shall be determined by the Company 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.
3. The maximum value of any asset of any fund shall not exceed the following price:
  - a) The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
  - b) 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.
4. 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.

### 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 Fund, past performance is calculated after adjusting for distribution and/or additional units, if any.

### Others

HLA Global ESG Fund is managed by 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 becomes 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 serve as a guide to the Policy Owner to making an informed decision. This document shall not be construed as professional advice on investment choices.