

HLA Venture Global Fund (HLAVGLF)

June 2024

Fund Features

1. Investment Objective

The objective of the fund is to 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

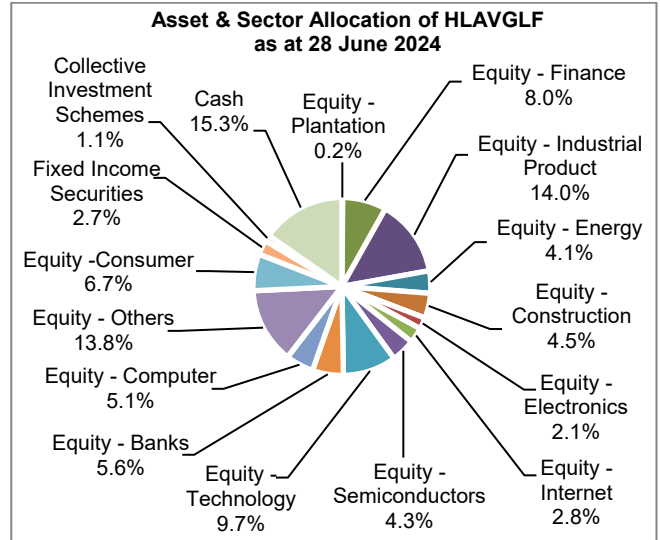
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

Fund Details

Unit Price (28/6/2024)	: RM1.6036
Fund Size (28/6/2024)	: RM34.3mil
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.

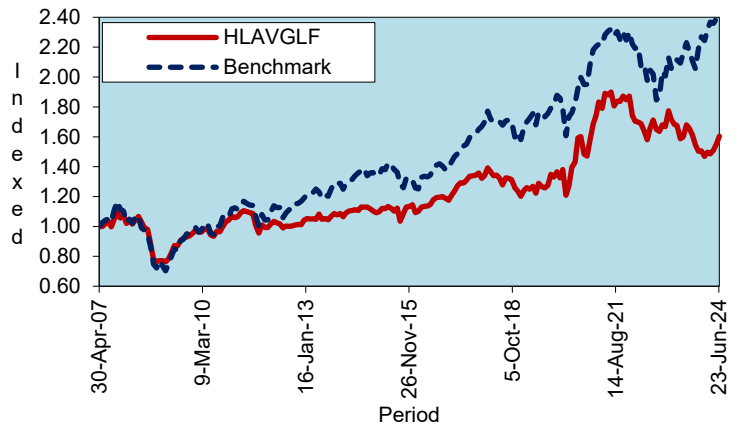
Asset Allocation for HLA VGLF as at 28 June 2024	%
Hong Leong Asia-Pacific Dividend Fund	57.48
Hong Leong Strategic Fund	42.47
Cash	0.05
Total	100.0



Top 5 Holdings for HLA VGLF as at 28 June 2024

1. Government Investment Issue -2029	6.3
2. Wiyynn Corporation	5.6
3. Taiwan Semiconductor Manufacturing Company Limited	5.5
4. Sunway Berhad	5.5
5. Pentamaster Corporation Berhad	5.3
Total Top 5	28.2

Historical Performance



	YTD	1 month	1 year	3 years	5 years	10 years	Since Inception
HLA VGLF	6.48%	3.21%	0.24%	-15.58%	24.43%	44.82%	60.36%
Benchmark*	7.87%	2.26%	13.28%	5.46%	38.90%	80.20%	144.73%
Relative	-1.39%	0.95%	-13.04%	-21.04%	-14.47%	-35.38%	-84.37%

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

The upside surprise on United States (US) inflation and jobs market prints in 2024 anchored the trend of higher US treasury (UST) yields, with the 10-Year UST climbing to this year's high at 4.7% in late-April before settling at about 4.4%. Market expectations for a Federal Reserve's (Fed) pivot to materialize this year remain unchanged, though the timeline is being pushed back to the fourth quarter of 2024. European Central Bank (ECB) confirmed a widely anticipated 25 basis points (bps) reduction in interest rates. It takes the central bank's key rate to 3.75%, down from a record 4% where it has been since September 2023. The Dow Jones Industrial Average (DJIA) Index rose +1.1% and the broader S&P 500 Index surged +3.5%. The Euro Stoxx Index down -1.3% while the FTSE 100 Index declined -1.3%.

Asia Pacific

The easing measures on the property sector announced in May have modestly revived sentiment. Major measures include the lowering of down payment and financial aid from the People's Bank of China (PBOC) to support local governments in purchasing unsold but completed projects of up to RMB500 billion. However, Hang Seng Index and CSI 300 Index were down 1.6% and 3.4% respectively in the month of June after the strong rally in April and May.

Malaysia

During the month, the FTSE Bursa Malaysia (FBM) KLCI declined by -0.62% at 1,590 points. Again, the broader market outperformed as the FBM EMAS rose 0.45% to close at 12,216 points. Small caps outperform as the FBM Small Cap Index rose 3.6% to close at 19,189 points. There is a correction in the larger cap names in the month of June, largely as investors take profit ahead of expected global pullback and quarter/half-end.

Outlook & Strategy

Global

The CPI report showed an increase of 0% from April, May's downshift in consumer prices was particularly helped by marked cooling in the services component of the index. May's CPI report was certainly a welcome one ahead of the Fed's May meeting. We expect the disinflation trend to continue, thereby allowing the Fed to deliver a rate cut by the end of this year.

Asia Pacific

The export recovery in Asia has continued, with markets more closely aligned with the global technology supply chain, such as South Korea and Taiwan, benefiting the most. Rapid adoption of generative Artificial Intelligence (AI) by global Multinational Corporations (MNCs) have also raised the demand of hyperscalers, hence the servers supply chain is seeing higher market opportunities (US Dollar 5-7 billion per annum, Compound Annual Growth Rate (CAGR) of 20-30%).

Malaysia

We continue to like banks for their yields (and an indirect way to position the long-term theme of rising inward investments) and themes of supply chain shifts, including setting up more AI infrastructure/data centres in the region such as the utility and construction sectors.

Fixed Income Review and Outlook

In June, UST curve experienced mild bear flattening since the last quarterly outlook on resilient US data. May payroll was unexpectedly strong, but other survey-based indicators point to weaknesses. Consumer Price Index (CPI) inflation resumed downtrend in May, however the Fed needs more data points to gain greater confidence to begin easing, and markets are not pricing in a full 25 bps cut until November.

Locally in Malaysia, headline inflation accelerated at a slightly faster-than-expected pace at 2% in May, mainly driven by higher utility bills, although food inflation decelerated. The Producer Price Index (PPI) marginally increased to 1.9% in April, continuing its upward trend from the previous month.

The domestic bond markets saw the 5-Year and 10-Year benchmark yields ended the month slightly lower at 3.64% and 3.86% respectively, in tandem with a decline in UST yields. In the corporate debt primary issuances space, Digi Telecommunications Sendirian Berhad issued a RM1 billion sukuk with tenures of 5 years and 7 years, at RM500 million respectively. Despite the tight corporate market, the 7-Year sukuk achieved a final yield of 3.93%, approximately 13 bps above the 7-Year Malaysian Government Securities (MGS) yield.

The recent Federal Open Market Committee (FOMC) minutes suggest some subtle calls for Fed Funds Rate (FFR) hikes, given the lack of confidence for inflation to move towards the Fed's 2.0% objective. The Fed kept the Fed Funds Target Rate (FFTR) steady at 5.25%-5.50% and maintain this terminal FFTR level in the latest June meeting.

We expect the Fed to have one 25 bps of rate cut towards the end of 2024. We expect recovery in exports, sustained domestic demand and upside inflation risk arising from fuel subsidy cuts to curb Bank Negara Malaysia (BNM) from implementing any Overnight Policy Rate (OPR) cuts this year. As such, we maintain our expectations of no change to the OPR at 3.00% in 2024, but will watch for upside risk should Gross Domestic Product (GDP) growth accelerate together with faster banking sector loan growth and lower unemployment.

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Benchmark	3.9%	-2.2%	6.2%	22.3%	-7.0%	18.7%	16.2%	5.4%	-12.7%	13.1%
HLAVGLF- Gross	1.9%	6.7%	4.2%	16.7%	-9.8%	16.2%	26.7%	13.7%	-10.6%	-9.3%
HLAVGLF - Net	0.5%	4.9%	2.6%	14.1%	-10.3%	13.7%	23.3%	11.2%	-10.9%	-9.7%

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:

- 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 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.
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 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.

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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.