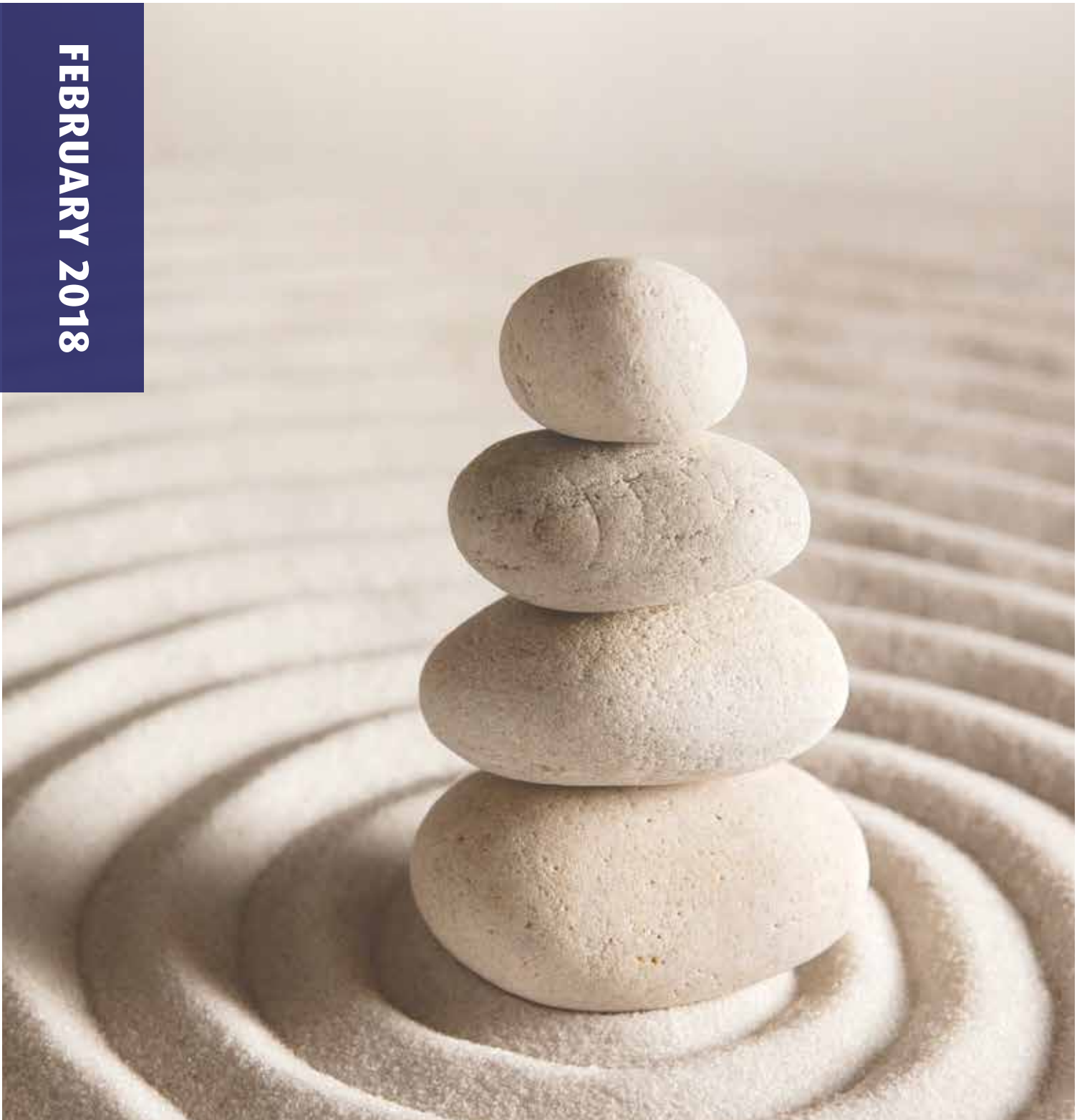


INVEST FACTS

FEBRUARY 2018

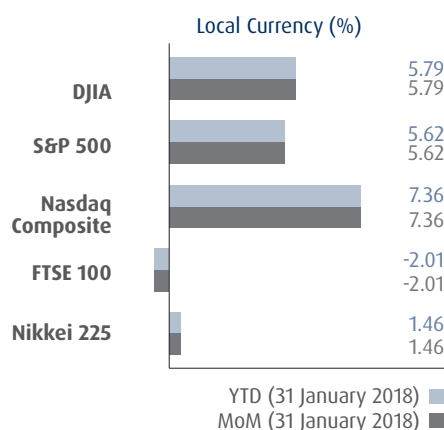


Equities

- **Global:** The US market continued with its ascent. The strong positive momentum was largely driven by growing confidence in the economic outlook. Europe markets also performed well given the strong economic backdrop and recovery in earnings expectations. The Dow Jones Industrial Average Index rose 5.8% and the broader S&P 500 Index rose 5.6%. The Euro Stoxx Index rose 3.0% and the FTSE 100 Index declined 2.0%.
- **Asia Pacific:** Regional markets rose strongly on the back of US Dollar weakening, strong economic outlook and rising commodity prices. Hong Kong and India posted the largest gains during the month while Australia and Japan were laggards. The Malaysian Ringgit and Thai Baht were the best performing currencies during the month.
- **Malaysia:** The local market rallied in line with regional peers due to a surge in foreign inflows. The FTSE BM KLCI rose 4.0% to close at 1,869 points. The broader market underperformed as the FTSE BM EMAS Index rose 3.3% to close at 13,372 points. Small caps underperformed as the FTSE BM Small Cap Index rose 2.7% to close at 17,085 points.

Global

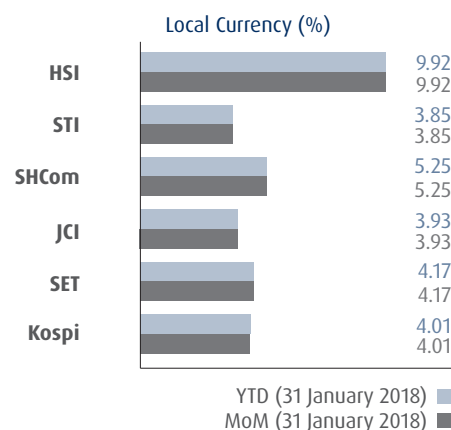
- In the US, advance gross domestic product (GDP) estimates showed that the US economic growth decelerated to an annual rate of 2.6% in the fourth quarter from 3.2% in the third quarter of 2017 and missed market expectations.
- Manufacturing sector in the US continued to expand at a robust pace in December with the Institute for Supply Management (ISM) Manufacturing Index surging to 59.7 from 58.2 a month earlier and beating market consensus.
- The Eurozone economy expanded at a solid pace of 2.7% year-on-year in the fourth quarter of 2017 and fared in line with market forecasts. Meanwhile, third-quarter growth was revised up to 2.8% year-on-year from the previous reading of 2.6%. For the full year 2017, the region's growth accelerated to 2.5% from 1.8% in 2016, the fastest pace in a decade.
- The Bank of Japan (BoJ) surprised investors in January by deciding to reduce the amount of its purchases of longer-dated Japanese government bonds (JGBs).



Source: Lipper For Investment Management

Asia Pacific

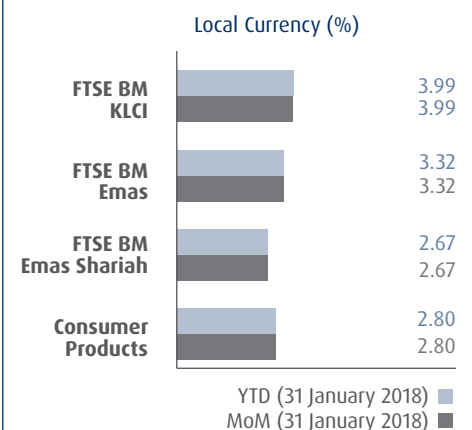
- China's economy expanded at a pace of 6.8% in the fourth quarter of 2017 (Q3 2017: 6.8%) and fared in line with the market consensus. This marks a full-year GDP growth of 6.9% for 2017, indicating the first annual acceleration for the economy since 2010 and beating the government target of around 6.5% growth.
- Manufacturing activity in China continued to expand in December as the Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) climbed to 51.5 from 50.8 in November and exceeded market expectations.
- Bank Indonesia opted to keep its benchmark interest rate unchanged at 4.25% during the monetary policy meeting in January, in line with market consensus.
- Advance GDP data showed that Singapore's economic growth eased to 3.5% year-on-year in the fourth quarter of 2017 from 5.4% in the previous quarter but beat market expectations. For the full year 2017, the country posted a higher growth rate of 3.5% compared with a 2% growth in 2016, in line with the official growth forecast of 3.0-3.5%.



Source: Lipper For Investment Management

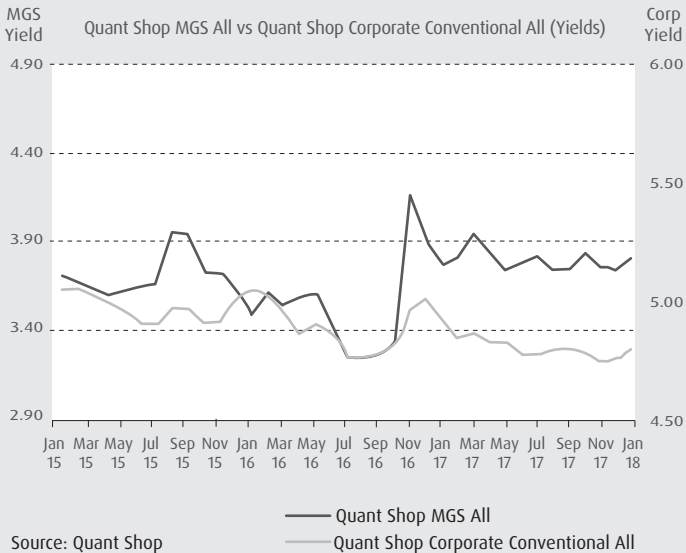
Malaysia

- During the Monetary Policy Committee (MPC) meeting in January, Bank Negara Malaysia (BNM) decided to raise the Overnight Policy Rate (OPR) by 25 basis points (bps) to 3.25% from 3.00%, the first rate hike in three-and-a-half years and in line with market expectations.
- Headline inflation rose in December with the Consumer Price Index (CPI) posting an increase of 3.5% compared with November's 3.4%, matching the consensus estimates. For the full year 2017, inflation grew at the pace of 3.7%, within BNM's forecast range of 3-4%.
- The Industrial Production Index (IPI) growth accelerated to 5.0% year-on-year in November from 3.4% in October and topped market consensus of a 4.6% rise.
- Export growth decelerated more than expected in December, growing at the pace of 4.7% year-on-year compared with 14.4% in November and below market expectations.



Source: Lipper For Investment Management

Fixed Income



- Despite the hawkish tone in January's Federal Open Market Committee (FOMC) statement, the US Federal Reserve (Fed) decided to keep rate unchanged in view of current and expected labor market conditions and inflation. Policy makers are now expecting a hike in March along with majority of the investors.
- Local sovereign bond started the year with strong demands but closed weaker at month end taking the lead from the higher US treasuries yields. The first auction, the 20-year Malaysian Government Securities (MGS) recorded a moderate bid-to-cover of 1.90 times. The subsequent auctions, the 5-year Government Investment Issue (GII) and 15-year MGS received strong bids with higher bid-to-cover of 2.58 times and 2.47 times respectively. In the primary corporate bond space, Danga Capital Berhad issued RM1.5 billion of the 15-year sukuk.

Market Outlook & Strategy

Equities

Global

- The broad macroeconomic picture for the US remained strong. Manufacturing activity remained robust. Jobs report was stellar while unemployment rate remained at 4.1%.
- In Europe, most investors are wary of the Italian election on 4 March 2018. However, most populist parties have toned down their populist and protectionist stance and the result is unlikely to rattle investors.
- Central bankers in the US and Europe are keeping an eye on inflation and expect inflation to pick up towards their 2% targets.

Asia Pacific

- China's economy grew in line with expectations in the fourth quarter of 2017. The tertiary sector grew at a faster pace than the secondary sector, suggesting that the China economic rebalancing is well underway.
- Japan machinery orders continue to be strong, suggesting rising manufacturing activity. In Indonesia, rising import of consumer goods seem to suggest that domestic demand is stabilizing.
- For the Funds, we look to increase exposure in countries or sectors that will benefit from improving economic growth.

Malaysia

- We expect investors' focus to be on the upcoming February results season and political news with regards to the upcoming general elections to be held this year.
- 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

Malaysia

- Locally, BNM's 25bps hike in the OPR on 25 January 2018 came as expected, citing strong growth fundamentals and robust domestic demand.
- The hike was seen as normalization and a pre-emptive move to prevent the build-up of risks that could arise from low interest rates for a prolonged period of time.
- The central bank also signaled that any future policy decisions will be data dependent i.e. the balance of risks for growth and inflation.
- We expect the OPR to hold at 3.25% for the next 9 months.
- We look to remain defensive in the sovereign bond market but may add on any market dip. We are constructive in the corporate bond space.



Your Trust, Our Honour

Our award recognition today would not have been possible without your support.

Group Award
Best Equity Award - Malaysia Provident
Hong Leong Asset Management Bhd

Individual Award
Best Equity Malaysia - Malaysia Provident, 3 years
Hong Leong Penny Stock Fund

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DISCLAIMER

Investors are advised to read and understand the contents of the Prospectuses and Information Memorandums listed in the table, before investing. The Prospectuses have been registered, Information Memorandums deposited and Product Highlights Sheets (PHS) lodged with the Securities Commission Malaysia who takes no responsibility for the contents of the Prospectuses, Information Memorandums and PHS. A copy of the Prospectuses and Information Memorandums can be obtained from any of HLAM offices, agents or our authorised distributors. The PHS for the funds are also available and investors have the right to request for the PHS. You shall consider the fees and charges involved before investing. Prices of units and distributions payable, if any, may go down or up, and past performance of the funds is not an indication of the future performance of the funds. You shall also be aware of the risks associated with each fund. You are also advised to perform the suitability assessment to evaluate your risk tolerance level before making any investment decision.

Where a distribution/unit split is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV/pre-unit split NAV to ex-distribution NAV/post-unit split NAV. Where a unit split is declared, the value of your investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units. Where unit trust loan financing is available, investors are advised to read and understand the contents of the unit trust loan financing risk disclosure statement before deciding to borrow to purchase units.

Please note that the NAV per unit, sales charge and fees displayed in this document are quoted exclusive of Goods and Services Tax. All fees and expenses incurred by the funds are subject to Goods and Services Tax at the prevailing rate.

Applications must be made on the Pre-Qualification Form*, Account Opening Form and Investment Application Form referred to and accompanying the Prospectuses and Information Memorandums. The funds may not be suitable for all and if in doubt, investors shall seek independent advice.

*Please note that wholesale fund is for Sophisticated Investors only.

Prospectus/ Information Memorandum	Supplementary Prospectus/ Information Memorandum	Issue Date
Hong Leong Master Prospectus		30/04/17
	First Second	23/08/17 06/02/18
Hong Leong Income Management Fund Replacement Information Memorandum		02/11/15
	First Second	23/06/16 08/02/17
	Third	17/03/17
Hong Leong Islamic Institutional Income Management Fund II Replacement Information Memorandum		02/11/15
	First Second	01/04/16 08/02/17
	Third	17/03/17
	Fourth	23/08/17
Hong Leong Wholesale Bond Fund Second Replacement Information Memorandum		02/11/15
	First Second	23/06/16 08/02/17
Hong Leong Dana Al-Izdihar Prospectus		20/06/17
	First	06/02/18