

# Hong Leong Balanced Fund

## FUND OBJECTIVE

- To achieve regular income and consistent capital growth over the medium to long-term by investing into diversified investment portfolio containing a 'balanced' mixture of equities and fixed income securities.

## REVIEW & OUTLOOK AS AT END NOVEMBER 2010

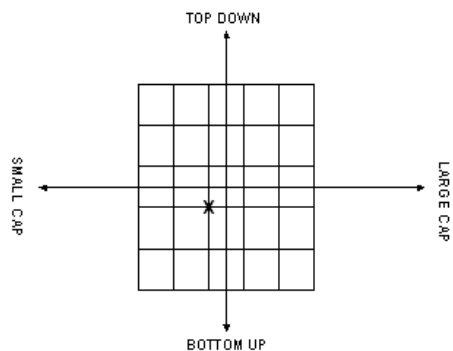
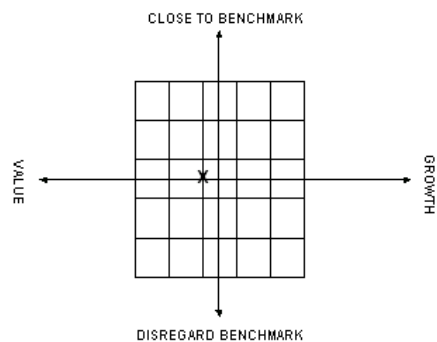
The FTSE Bursa Malaysia KLCI (FTSE BM KLCI) index ended November lower at 1,485.23 points despite reaching a new all-time high of 1,528 points on the back of the frenzy of M&A deals among property developers, as well as the new mega IPO listing of Petronas Chemicals Group Berhad, an acceleration of various projects under the Economic Transformation Plan (ETP), and speculation of general elections next year. Early in the month, the implementation of the 70% loan-to-value ratio (LVR) maximum cap on third house financing created buzz in the market. However, the impact was somewhat short-lived as this surprise move by BNM was expected to have limited impact on the local property sector. Upon positive expectations of the November corporate earnings, the Federal Reserve's US\$600 billion large scale asset purchase (QE2) programme and decision to keep rates at 0%-0.25%, lent some support momentum to the local bourse. The better than anticipated US third quarter GDP growth of 2.5% also boosted sentiment amid concerns on the European sovereign debt crisis. On the regional front, the shelling of South Korea's Yeonpyeong Island in late November triggered a knee-jerk reaction and rattled Asian markets, especially markets which are closer to the Korean peninsula as geopolitical risk premiums rise and effect investor sentiments.

Looking forward, the Korean standoff towards the end of November has reignited geopolitical risks. Thus, we expect risk aversion will dominate investors in the short term. Moving into 2011, we believe that the one constant in this current market scenario is increased market volatility as renewed concerns on fresh round of policy tightening cycle across the region, a fragile global economic recovery and ongoing European debt problems will be key drivers of direction. Strategy-wise, we have been cautious in our investment decisions and have trimmed our equity exposures recently. We are in a healthy position to increase weighting on further market weakness.

## FUND MANAGER

Ms. Vivian Chua Hui Wan holds a Bachelor of Economics from Monash University in Melbourne, Australia. She started her fund management career with SBB Asset Management Sdn Bhd in 1996, where she worked as an Investment Officer, and was subsequently promoted to Investment Manager during her 4-year tenure. Prior to joining HLAM, she was attached to RHB Asset Management Sdn Bhd, where her last position was the Assistant General Manager. Ms. Vivian Chua obtained her fund manager's representative license from the SC on 7 May 1998.

## INVESTMENT STYLE



BENCHMARK	%
KLCI + 3 MONTHS KLIBOR RATE	60 + 40

## Principal Risks of the Fund

- Market risk
- Particular security risk
- Manager risk
- Non-compliance risk
- Liquidity risk
- Credit risk
- Interest rate risk

Investors are advised to read and understand the contents of the Hong Leong Master Prospectus Local Series Issue No.4 which is dated 1 June 2010, and expires on 31 May 2011 (collectively known as the "Prospectus"), before investing. The Prospectus has been registered with the Securities Commission who takes no responsibility for its contents. A copy of the Prospectus can be obtained from any of HLAM's offices, agents or our authorised distributors. You should also consider the fees and charges involved before investing. Prices of units and distributions payable, if any, may go down or up and that past performance is no guarantee of future performance. Applications must be made on the 'Account Opening Form' referred to and accompanying the Prospectus.

# Hong Leong Balanced Fund

Date: 30/11/10

## FUND INFORMATION

Launch date	29 April 2002
Fund category ( as per Lipper)	Mixed Asset Income
Fund type	Growth and Income
Fund Size in RM	24.94 million
Launch price	RM0.50
Initial investment	RM1000.00
Subsequent investment	RM100.00
Sales charge	6.00%
Annual management fee	1.50% per annum
Exit fees	N/A
Annual expense ratio as at 30/06/10	1.78
EPF investment scheme	Yes

## RISK AS AT END 30/11/2010

3-YEAR Annualized Volatility	3.57
3-YEAR Annualized Sharpe Ratio	0.02
HSBC Risk Classification	Balanced

\*\*3-YEAR VOLATILITY AND SHARPE RATIO FIGURES ARE BASED ON NAV, ADJUSTED FOR DISTRIBUTIONS RE-INVESTED AND IN MYR.

## FUNDS NAV AS AT END 30/11/2010

52-Week High	0.4924
52-Week Low	0.4430

## TRAILING RETURNS

	3 MTH	6 MTH	1 YR	2 YR	3 YR	5 YR
Absolute Returns To Date (%)	5.47	10.39	17.69	45.46	11.14	64.34
Annualized Returns To Date (%)	21.88	20.78	17.69	22.73	3.71	12.87

PERFORMANCE FIGURES ARE BASED ON NAV-TO-NAV, DISTRIBUTIONS RE-INVESTED IN MYR.

## CALENDAR YEAR RETURNS

	2006	2007	2008	2009
HLG Balanced Fund (%)	25.26	25.80	-27.70	28.18
40% 3-mths KLIBOR rate + 60% KLCI (%)	14.38	20.04	-24.36	26.62

PERFORMANCE FIGURES ARE BASED ON NAV-TO-NAV, DISTRIBUTIONS RE-INVESTED IN MYR.

## TOP 10 HOLDINGS AS AT END 30/11/2010

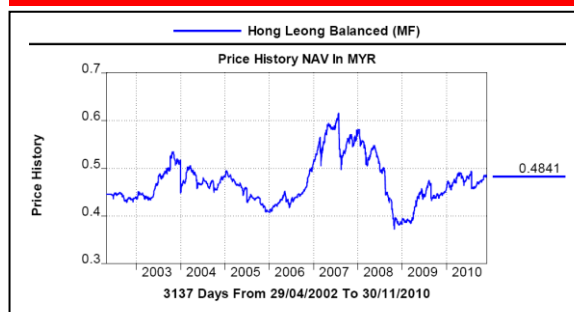
	% OF FUND
Kesas Sendirian Berhad - Islamic Unlisted Bond - 2013	10.99%
Kapar Energy Ventures Sendirian Berhad - Islamic Unlisted Bond - 2011	9.40%
Panasonic Manufacturing Malaysia Berhad	4.48%
Public Bank Berhad	3.80%
Tan Chong Motor Holdings Berhad	3.04%
Malaysia Airports Holdings Berhad	2.97%
Lingkar Trans Kota Holdings Berhad	2.55%
QL Resources Berhad	2.41%
QSR Brands Berhad	2.38%
Bintulu Port Holdings Berhad	2.10%

No of equity stocks Holdings 28 stocks SOURCE: Hong Leong Asset Management Bhd

(Formerly known as HLG Unit Trust Bhd)

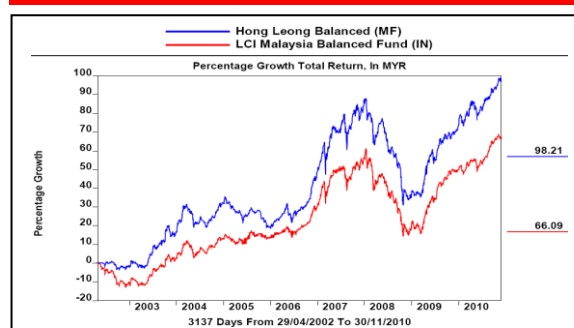
Note:-(1) Based on the Fund's portfolio returns as at 29 October 2010, the Volatility Factor (VF) for this Fund is 12.5 and is classified as "Moderate".(Source:Lipper). "Moderate" includes funds with VF that are above 12.280 but not more than 16.115 (Source:Lipper). The VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

## CHART 1: HISTORICAL PRICE FUND SINCE INCEPTION



NAV line chart (based on NAV-to-NAV, Dividend re-invested)

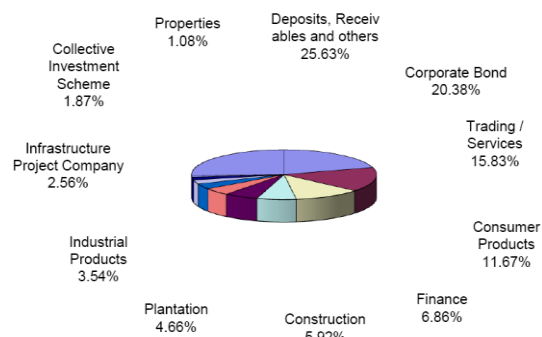
## CHART 2: PERFORMANCE OF FUND SINCE INCEPTION



Source: Lipper

Calculation: Nav-Nav, gross (i.e income from HLBG such as distributions, if any, will be reinvested), based in Ringgit Malaysia, Percentage Growth

## SECTOR ALLOCATION\* AS AT 30/11/10



\*as a percentage of NAV. Please note that asset exposures for the funds are subject to frequent change on a daily basis.