

# Hong Leong Dividend Fund

## FUND OBJECTIVE

- To provide steady recurring income that is potentially higher than prevailing fixed deposit rates. At the same time, the Fund also attempts to attain medium-to-long term capital appreciation.

## REVIEW & OUTLOOK AS AT END FEBRUARY 2011

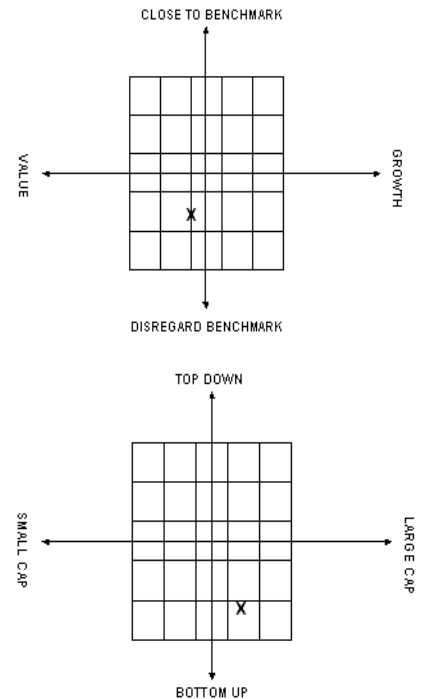
During February, the benchmark FTSE Bursa Malaysia KLCI (FTSE BM KLCI) index rose to an intraday high of 1,531.82 points on 2 February, as pre-Chinese New Year (CNY) holiday bargain hunting emerged after the last sell-down in late January. Before ending the month 1.89% lower at 1,491.25 points, the FTSE BM KLCI dipped below the 1,500-mark to an intraday low of 1,489.87 points towards month-end on foreign fund liquidation and repatriation activities from the Emerging markets zone to U.S. and Europe. Sentiment was also weakened after the volatile session as rising geopolitical tensions in the Middle East, with the recent round of escalating violence in Libya, prompting oil prices surged closer to USD100 per barrel on worries of potential supply disruption. Sector-wise, Mining, Construction, Technology, Plantation and Property were the key detractors on Bursa Malaysia's performance during the month. However, the announcements of strong fourth quarter 2010 corporate earnings had lent some sort support momentum to the local bourse on the downside. On the economic front, the Malaysian economy grew at a slower pace of 4.8% year-on-year in fourth quarter 2010 as exports faltered amid resilient domestic demand. For the full year of 2010, real gross domestic product (GDP) growth bounced back strongly to 7.2% (2009: -1.7%). Main catalysts to drive private investment are Tenth Malaysia Plan (10MP) and Economic Transformation Programme (ETP).

Locally, acceleration of various projects under the RM1.4 trillion Economic Transformation Plan (ETP) continue to generate positive surprises for various sectors. Strengthening of Malaysian Ringgit and continued capital inflows seem to sustain risk appetite of both local and foreign investors on Bursa Malaysia's outlook. Robust corporate earnings growth has prompted another round of earnings upgrades; together with the expectations for an imminent General Election have instilled a supportive ground for Malaysian equities. On the regional front, strong economic growth in the Asia-Pac (ex-Japan) will continue to lead global economic recovery and ample liquidity in the system across the region, shaping a supportive platform for Asian equities, courtesy of U.S. QEII program. In addition, regional policymakers will allow faster pace of currency appreciation and interest rate rises, leading portfolio flows to re-allocate back to Asia on higher interest rates and currency strength. Despite valuations remain reasonable given earnings support, we will be more diligent and selective on our investment decisions going forward, and mindful of the risk of potential pull-back in the local bourse and regional equity markets as hastening of the monetary policy tightening cycle across the region and external uncertainties will spur more wild swings and foreign liquidation activities.

## FUND MANAGER

Mr. Ooi Kok Leong holds a Bachelor of Science in Accounting & Finance from London School of Economics, UK and is a CFA charter holder. Prior to joining HLAM, Mr. Ooi Kok Leong was a Senior Investment Manager of Credit Agricole Asset Management in Singapore from July 2007 to October 2009, managing Singapore and South East Asia portfolio. Mr. Ooi Kok Leong started his career as a Research Analyst at Thong & UOBKayHian Securities in 2000. He was with Public Mutual Bhd from 2001 to 2006 and his last position held was Investment Manager – Equity. Mr. Ooi Kok Leong obtained his fund manager's representative license from the SC in 2005.

## INVESTMENT STYLE



## BENCHMARK

KLCI + 12 MONTHS KLIBOR RATE 70 + 30 %

## Principal Risks of the Fund

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

Investors are advised to read and understand the contents of the Hong Leong Master Prospectus Local Series issue No.4 and 1<sup>st</sup> Supplemental Hong Leong Master Prospectus Local series Issue No.4 which are dated 1 June 2010 and 26 January 2011 respectively, and expire 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 Dividend Fund

Date: 28/02/11

## FUND INFORMATION

Launch date	6 January 2005
Fund category ( as per Lipper)	Equity Income
Fund type	Income
Fund Size in RM	39.80 million
Launch price	RM0.50
Initial investment	RM1000.00
Subsequent investment	RM100.00
Sales charge	5.00%
Annual management fee	1.50% per annum
Exit fees	N/A
Annual expense ratio as at 31/08/10	1.68
EPF investment scheme	Yes

## RISK AS AT END 28/02/2011

3-YEAR Annualized Volatility	15.42
3-YEAR Annualized Sharpe Ratio	0.29
HSBC Risk Classification	Adventurous

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

## FUNDS NAV AS AT END 28/02/2011

52-Week High	0.5504
52-Week Low	0.4323

## TRAILING RETURNS

	3 MTH	6 MTH	1 YR	2 YR	3 YR	5 YR
Absolute Returns To Date (%)	2.24	10.01	19.33	70.21	25.09	47.39
Annualized Returns To Date (%)	8.96	20.02	19.33	35.11	8.36	9.48

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

## CALENDAR YEAR RETURNS

	2007	2008	2009	2010
HLG Dividend Fund (%)	12.83	-34.78	42.09	23.88
30% 12-mths KLIBOR rate + 70% KLCI (%)	22.94	-28.34	31.08	14.23

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

## TOP 10 HOLDINGS AS AT END 28/02/2011

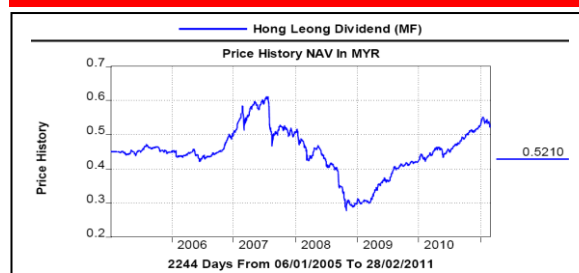
	% OF FUND
Sime Darby Berhad	7.27%
Malayan Banking Berhad	5.74%
CIMB Group Holdings Berhad	5.04%
Axiata Group Berhad	4.71%
RHB Capital Berhad	4.56%
Lingkar Trans Kota Holdings Berhad	4.54%
AMMB Holdings Berhad	4.23%
QSR Brands Berhad	4.20%
Muda Jaya Group Berhad	3.42%
Dialog Group Berhad	3.04%

No of equity stocks Holdings 35 stocks

SOURCE: Hong Leong Asset Management Bhd  
(Formerly known as HLG Unit Trust Bhd)

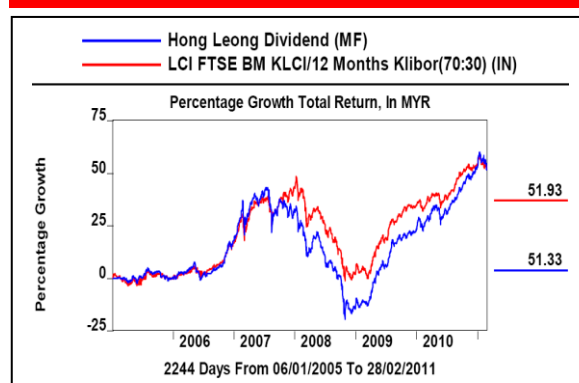
Note:-(1) Based on the Fund's portfolio returns as at 31 January 2011, the Volatility Factor (VF) for this Fund is 15.4 and is classified as "Moderate".(Source:Lipper). "Moderate" includes funds with VF that are above 11.845 but not more than 15.505 (Source:Lipper). The VF means there is a possibility 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)

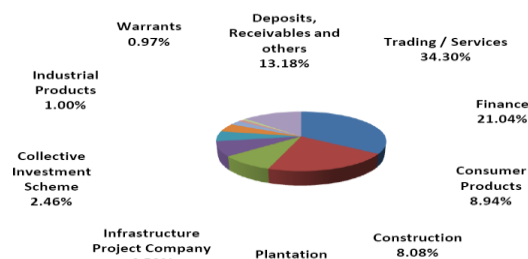
## CHART 2: PERFORMANCE OF FUND SINCE INCEPTION



Source: Lipper

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

## SECTOR ALLOCATION\* AS AT 28/02/11



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