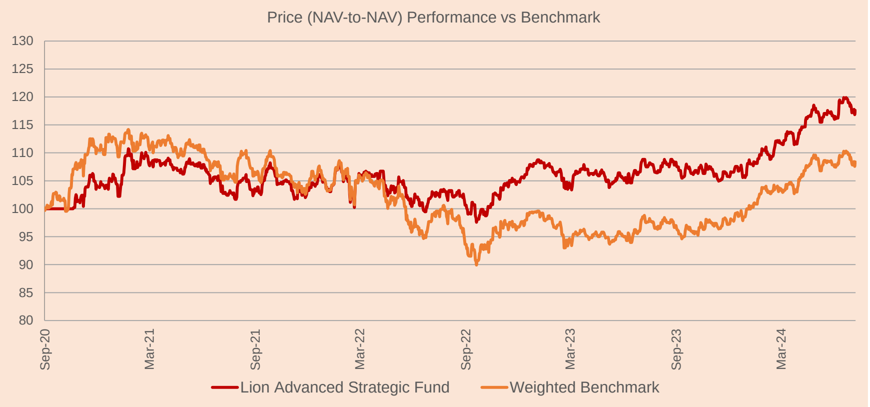
Lion Advanced Strategic Fund

31 July 2024

Fund Objective

A fund which invests in a mixture of equities, fixed income securities and money market instruments in Malaysia and companies that have significant business operations in Asia. There is flexibility in asset allocation as this fund may invest solely in fixed income securities or equities. Collective investment schemes such as unit trusts, mutual funds and exchange-traded funds which invest in such underlying asset classes maybe considered. The fund seeks to maximize capital appreciation over the medium to long-term while reducing risks and/or enhancing returns through timely and dynamic switching of asset classes in different markets at any given point in time.

Performance from 23 September 2020 - 31 July 2024



Investment Strategy

This fund shall be actively managed, investing in a mixture of equities and fixed income securities based in Asia and Malaysia to achieve a well-diversified portfolio. The fund aims to provide stable medium to long-term return. The fund will include portfolio hedges to better manage its risk exposures.

The fund uses top-down approach by adopting a disciplined macroeconomic framework to identify major turning points in global financial markets to determine long term assets allocation decisions.

Notice:

Actual return is based on net basis (net of tax and charges). Past Performance of the fund is not an indication of its future performance. This is strictly the performance of the unit fund, and not the returns earned on the actual premiums paid of the Investment-Linked insurance product.

Percentage Return (NAV to NAV)

	YTD	1-Mth	6-Mth	1Y	3Y	5Y	Since Inception
Lion Advanced Strategic Fund	10.4%	1.2%	8.9%	8.0%	14.4%	n/a	17.6%
Weighted Benchmark*	10.6%	0.6%	8.5%	9.7%	3.7%	n/a	8.9%

* Weighted benchmark derived from 70% weight on FBM Kuala Lumpur Composite Index (KLCI) return and 30% weight on MSCI AC Asia ex Japan Index return.

Source: Bloomberg - FBMKLCI - Bursa Malaysia and MXASJ - Morgan Stanley Capital International (MSCI)

Asset Allocation

Malaysian Equities / Fixed Income Securities: 0% - 75%

International Equities / Fixed Income Securities: Up to 35%

Remaining: Cash & Cash Equivalent

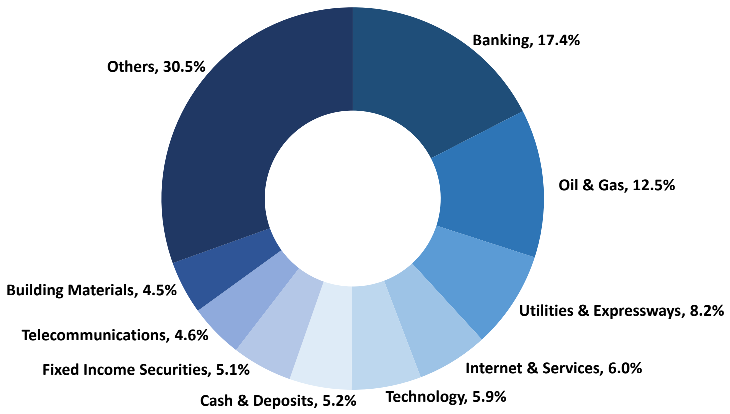
Fund Info (as at 31-Jul-2024)

Inception Date	23 September 2020	**For Single Pricing Product**	
Fund Size (RM mil)	66.4	**NAV per unit (RM)**	1.117
Management Fee	1.35% p.a. on NAV	**For Dual Pricing Product**	
Other Charges	Nil	**Bid Unit Price (RM)**	1.117
Fund Manager	GELM Investment	**Offer Unit Price (RM)**	1.176
Valuation	Daily based on market prices	**Risk Profile**	High

Top 5 Holdings (as at 31-Jul-2024)

Name	% of NAV
Malayan Banking Bhd	6.4%
Tenaga Nasional Bhd	5.9%
CIMB Group Holdings Bhd	5.3%
Public Bank Bhd	5.1%
Malaysia Government Bond	4.3%

Sector Allocation (as at 31-Jul-2024)



Equity

Market Review

The KLCI increased 2.2% MoM to end at 1,626. MSCI MY Index outperformed MSCI APxJ Index by 2.7% in July (vs. June's -3.7%). MYR strengthened 2.7% MoM at 4.59, while 10Y MGS declined 15bps to 3.72%. Meanwhile, Brent crude oil fell 6.6% MoM to US$81/bbl. Foreign equities recorded RM1.4 billion net inflow in July 2024, compared to a net outflow of RM0.1 billion in June 2024. Malaysia's bond market recorded 0.2% MoM net foreign outflow in June 2024. Foreign holdings of MGS decreased by RM2.6 billion MoM to RM204 billion, which is equivalent to 33.4% of total outstanding MGS. Gamuda has rallied 19.5% MoM driven by RM2.3 billion project win in Western Australia and potential inclusion into the FBM KLCI index. Meanwhile, Nestle Malaysia declined -10.6% MoM after the company reported 48.3% decline in 2Q24 earnings (1HFY24 was 45% of consensus expectation) due to weak local consumer sentiment and lower purchasing power.

Market Outlook

The MSCI Asia ex Japan Index declined 0.6% MoM in July as expectations for a Fed rate cut in September gained momentum and rotation away from AI/semiconductor names took place. As the dollar weakened, ASEAN and India markets gained in July: Thailand (+6.2%), Malaysia (+5.3%), Philippines (+4.1%), India (+4.0%), Indonesia (+3.6%), and Singapore (+3.0%). This was offset by declines in Taiwan (-4.8%) as technology stocks sold off and China (-1.2%) as investors were disappointed post 3rd Plenum.

The KLCI gained 2.2% MoM to end July at 1,625 pts as the Ringgit strengthened and financials, property, and construction names outperformed. Foreign investors turned net buyers in Jul compared to net selling in June. YTD July 2024 saw a cumulative foreign net inflow of RM0.5 billion.

Going into the second half of 2024, the key factor influencing the market going forward is uncertainty surrounding the potential easing of monetary policy by the US Federal Reserve. Overall, the outlook for Asian stocks remains positive, especially if global financial conditions continue to improve. For Malaysia, with subsidy rollbacks still pending even as a 13% salary hike for civil servants is announced, meeting deficit targets will be important to watch. Key market drivers will be earnings and policy.

Fixed Income

Market review

In the political arena, several major events unfolded, intensifying an already volatile bond market. Notable among these are the assassination attempt of Donald Trump, drop out of the presidential election by U.S. President Joe Biden, endorsement of the current U.S. Vice President Kamala Harris to run against Donald Trump, and the escalating geopolitical tensions between U.S and Israel as a result of the assassination of Hamas political chief Ismail Haniyeh. Bond markets worldwide witnessed rally towards the end of July. U.S. Treasury yields dropped by as much as 50 basis points (bps) in the month of July.

Tracking strength in the global bond markets, the Malaysian Government Securities (MGS) yield curve bull-steepened, with 1-year yield dropped 8 bps while the 20 to 30-year yields shed 5-7bps month-on-month (m-o-m), largely driven by foreign demand. 10-year yield dropped 14bps to 3.74%, a level not seen since June-2023. The rally was also evident in the Malaysian Ringgit movement, which has strengthened substantially by 2.69% against the US Dollar to 4.5905 end of July.

There were three government bond/sukuk auctions in the month of July, 5-year MGS, 10-year Malaysian Government Investment Issue (MGII), and 15-year MGS. All three auctions drew healthy demand, with average bid-to-cover ratio above 2x. As for Private Debt Securities, local corporate spreads widened as much as 9 bps, trailing behind the MGS yields.

Foreign holdings of MGS increased from 33.3% to 34.2% of total outstanding in the month of July. Foreign investors' net MGS purchase was about RM 5.1 billion, marking the largest monthly inflow of 2024 year-to-date. Meanwhile, Brent price dropped 4.45% m-o-m to USD 77.91 per barrel.

Market outlook

Moving into August, global bond yields rallied sharply after several surprising releases of U.S. economic data indicating slower-than-expected economic growth. U.S. labour market signaled slowdown as unemployment rate crept up. Although Federal Reserve (FED) maintained the benchmark Fed funds rate at between 5.25% and 5.50% at its Federal Open Market Committee (FOMC) meeting, it also hinted the potential September's cut as inflation continued to behave as expected. The market narrative on global rates changed rapidly, from the timing of first FED rate cut, to the size of the cut. Global rates are reflecting more than 100 bps Fed funds rate cut by 2024, a significantly shift to a more dovish positioning compared to just 25-50bps before the shift.

Year-to-date as of 5th of August, the Ringgit has strengthened about 3.5% against USD, one of the best performers in the forex market. Coupled with favourable domestic bond supply-demand profiles, better economy growth prospect, and front-loaded U.S. rate cuts, Malaysian bonds have rallied further into August. For the MGS rates to decrease further from these levels, a more severe economic downturn in the U.S. would be necessary. This could lead to spillover effects, prompting other central banks to cut its rates. Along with the potential increased inflation numbers resulting from the diesel subsidy retargeting drive, and the expected soon-to-be-announced subsidy rationalization initiative on RON95, we may see some profit taking activities emerging in the near term.