Lion Advanced Strategic Fund

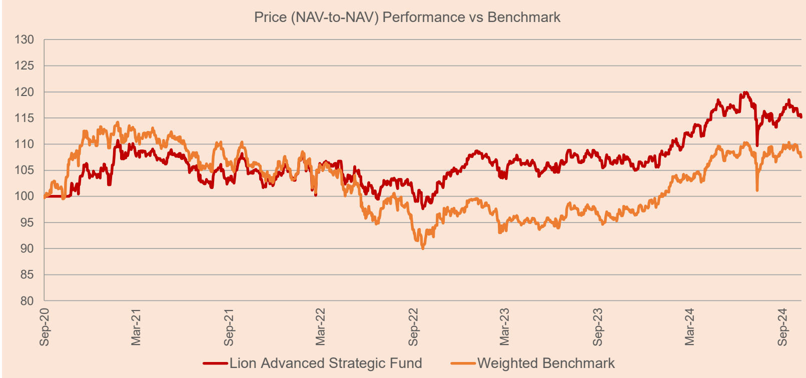
31 October 2024

A member of the OCBC Group

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 October 2024



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.

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.

Percentage Return (NAV to NAV)

	YTD	1-Mth	6-Mth	1Y	3Y	5Y	Since Inception
Lion Advanced Strategic Fund	8.1%	(1.4%)	0.6%	8.0%	8.9%	n/a	15.2%
Weighted Benchmark*	9.6%	(1.6%)	1.4%	12.3%	0.2%	n/a	8.1%

* 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

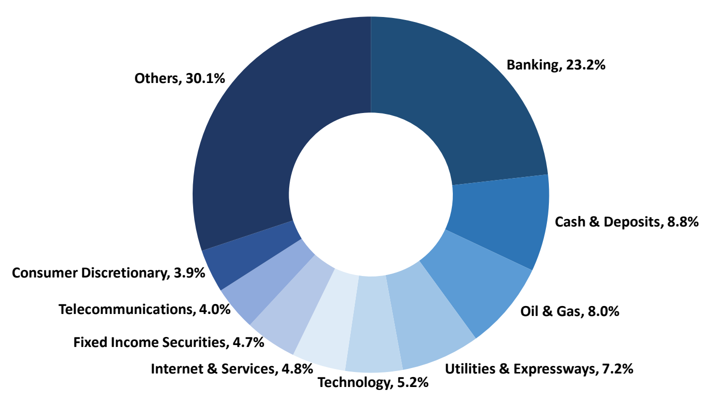
Fund Info (as at 31-Oct-2024)

Inception Date	23 September 2020	**For Single Pricing Product**	
Fund Size (RM mil)	71.1	**NAV per unit (RM)**	1.094
Management Fee	1.35% p.a. on NAV	**For Dual Pricing Product**	
Other Charges	Nil	**Bid Unit Price (RM)**	1.094
Fund Manager	GELM Investment	**Offer Unit Price (RM)**	1.152
Valuation	Daily based on market prices	**Risk Profile**	High

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

Name	% of NAV
CIMB Group Holdings Bhd	7.6%
Public Bank Bhd	7.4%
Malayan Banking Bhd	6.8%
Tenaga Nasional Bhd	5.5%
#N/A	4.1%

Sector Allocation (as at 31-Oct-2024)



Equity

Market Review

The KLCI declined 2.9% MoM to end at 1,602. MSCI MY outperformed MSCI APxJ by 1.9% in October (vs. September's -5.8%). MYR weakened 5.8% MoM at 4.38, while 10Y MGS increased 21bps to 3.92%. Meanwhile, Brent crude oil rose 1.1% MoM to US$73/bbl. Foreign equities recorded -RM1.8bn net outflow in October 2024, compared to a net inflow of RM0.86bn in September 2024. Malaysia's bond market recorded 0.4% MoM net foreign inflow in September 2024. Foreign holdings of MGS decreased by RM0.7bn MoM to RM215bn, which is equivalent to 34.3% of total outstanding MGS. Gamuda has rallied 5.7% MoM on the back of its RM4.3bn mass rapid transit (MRT) project win in Taiwan. Meanwhile, YTL Corp declined -20.7% MoM and there has not been any new news around the name. Feedback from investors is still around nervousness on the group's AI-DC segment.

Market Outlook

The MSCI Asia ex Japan index closed October -4.5% MoM as markets reacted to higher US Treasury yields and a stronger Dollar in a "higher for longer" scenario. Most Asian equity markets declined in October, except for Taiwan (+3.9%), which benefited from stronger-than-expected 3Q24 results on robust AI demand. China and Hong Kong fell 5.9% MoM as the September stimulus rally faded as a lack of details from regulators disappointed investors. Korea (-6.8%) continued to lag on disappointing earnings results whilst India (-7.7%) also corrected following a weak earnings season. The KLCI fell 2.9% MoM to end October at 1,602pts. By sector, Utilities/Telecommunications/Consumer underperformed whilst Healthcare/Construction/REITs outperformed. Foreign investors turned net sellers in October with net outflows of RM1.8bn. YTD October 2024 saw a cumulative foreign net inflow of RM1.8bn.

Going forward, the key factor influencing the market going forward is uncertainty surrounding the quantum of easing of monetary policy by the US Federal Reserve as well the US elections in November. The prospect of Federal Reserve rate cuts is positive for ASEAN given its low inflation, resilient domestic sector, improving trade outlook, and attractive valuations. For Malaysia, with subsidy rollbacks still pending even as a 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

Despite commencement of the U.S easing cycle, rates market saw sell-off in Oct24 as investors dialled back U.S. Fed rate cuts expectation amidst increasing likelihood of an economic soft landing scenario on the back of the recent better than expected U.S. economic data. While U.S. inflation print continues its downtrend, the upcoming U.S. election in early Nov24 dominated the headlines and overshadowed the geopolitical tension between Israel and Iran in Oct24. The potential re-election of former U.S President Trump spurred a sharp increase in U.S Treasury (UST) yields on the back of Trump's election pitches suggesting higher U.S. tariffs threat and more fiscal spendings, which triggered worsening of U.S. fiscal concerns, and a comeback of inflationary fears.

Meanwhile, local market reaction to the Malaysian budget for 2025 was fairly muted. As widely expected, the Malaysian government maintains a gradual fiscal consolidation approach and targets to narrow the fiscal deficit from 4.3% in 2024 to 3.8% in 2025 on the back of subsidy reform. In tandem with global trend, MGS yields increased 6 to 22 bps m-o-m across the curve with short to mid-term tenures (up to 7 years) adjusted the most while the long-end remained fairly supported by domestic investors. Credit spreads tightened 2 to 14 bps m-o-m across the curve as corporate bonds are usually slower to adjust to market trend on the back of thin market liquidity.

The Ringgit weakened by 5.8% m-o-m to 4.3780 end-Oct24 (from 4.1235 end-Sep24) amidst a broad-based rebound in USD due to U.S election uncertainty. Despite giving back some of the gains from earlier months, the Ringgit remains one of the best performing currencies with a 4.9% gain over USD so far this year. Oil prices were volatile during the month driven by escalating conflicts in the Middle East, before ending the month relatively flat around USD73 per barrel. BNM's foreign reserves were reported at USD119.6 bil mid-Oct24 and has increased USD6.1 bil since end of last year on the back of the Ringgit outperformance. Following marginal RM0.7 bil net outflow in Sep24, the foreign holdings of MGS are likely to remain below 35% level end-Oct24

Market outlook

The IMF maintained its latest global growth forecast for 2024 at 3.2%, same as projected in Jul24 as the U.S. economy continues to be the anchor of global growth. Meanwhile, the growth forecast for 2025 is revised slightly lower to 3.2% from the previous 3.3% and in five years from now, the global growth is expected to fade to 3.1% (vs. average of 3.8% from 2000-2019) with potential more trade tariffs and widening geopolitical tensions as key risks to global growth. While global monetary policy easing is expected to continue given that inflation has subsided, the easing cycle may be shallower than expected as inflation path (return to normal 2% in next 2 years) remains uncertain.

On the domestic front, the GDP growth for 2024 is revised upward to 4.8%-5.3% from previous 4%-5% and the GDP for next year is forecasted to expand by 4.5%-5.5%. Meanwhile, the risk to inflation outlook in 2025 is tilted to upside due to subsidy reform, minimum wage hike and civil service salaries adjustment. Despite global easing cycle, BNM is expected to maintain the OPR at 3.00% given resilient domestic economy and potential inflation impact arising from subsidy rationalisation. Nonetheless, external factors will continue to be key driver to the domestic bond market.