Great Eastern
A member of the OCBC Group

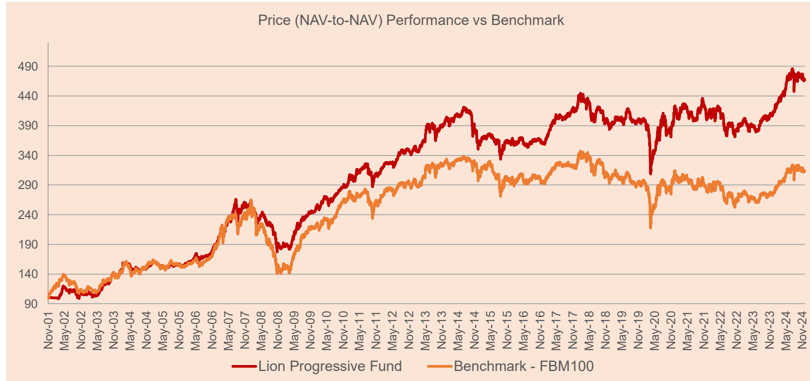
# Lion Progressive Fund

**30 November 2024**

### Fund Objective

A fund which invests in a mixture of equities (ranging from 50% to 90%) and fixed income securities. This fund seeks to provide medium to long-term capital appreciation, with a moderate-to-high level of volatility.

### Performance from 01 November 2001 - 30 November 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 mainly in Malaysian equities with good fundamentals and growth potential. The fund may switch partially into fixed income securities during periods of uncertainty. The aim of this fund is to provide consistent long-term return above the benchmark.

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. The fund also uses bottom-up approach in stock/bond selection process which relies on qualitative and quantitative factors which are, but not limited to, financial position, valuation, company or industry risks and prospects.

### Percentage Return (NAV to NAV)

| | YTD | 1-Mth | 6-Mth | 1Y | 3Y | 5Y | Since Inception |
|---|---|---|---|---|---|---|---|
| **Lion Progressive Fund** | 12.9% | (0.2%) | 0.0% | 14.4% | 14.8% | 18.4% | 366.5% |
| **Benchmark* - FBM100** | 12.8% | 0.1% | 0.5% | 13.7% | 9.8% | 8.4% | 212.5% |

* Prior to 1/7/09 is KLCI, thereafter is FBM100

*Source: Bloomberg - FBM100 - Bursa Malaysia*

### Asset Allocation

Malaysian Equities: 50% - 90%

Fixed Income Securities: 10%- 50%

Remaining: Cash / Cash Equivalent

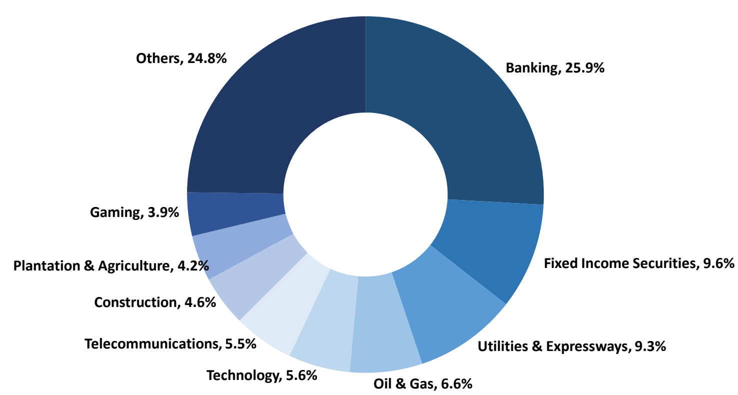
### Fund Info (as at 30-Nov-2024)

| | | | |
|---|---|---|---|
| **Inception Date** | 01 November 2001 | **For Single Pricing Product** | |
| **Fund Size (RM mil)** | 1,126.8 | **NAV per unit (RM)** | 4.432 |
| **Management Fee** | 1.35% p.a. on NAV | **For Dual Pricing Product** | |
| **Other Charges** | Nil | **Bid Unit Price (RM)** | 4.432 |
| **Fund Manager** | GELM Investment | **Offer Unit Price (RM)** | 4.665 |
| **Valuation** | Daily based on market prices | **Risk Profile** | High |

### Top 5 Holdings (as at 30-Nov-2024)

| Name | % of NAV |
|---|---|
| CIMB Group Holdings Bhd | 8.7% |
| Malayan Banking Bhd | 8.3% |
| Tenaga Nasional Bhd | 7.4% |
| Public Bank Bhd | 6.0% |
| IHH Healthcare Bhd | 2.9% |

### Sector Allocation (as at 30-Nov-2024)



## Equity

### Market Review

The KLCI declined 0.5% MoM to end at 1,594. MSCI Malaysia outperformed MSCI Asia Pacific ex-Japan by 2.9% in November (vs. October's -3.6%). MYR weakened 1.5% MoM at 4.45, while 10Y MGS declined 12bps to 3.8%. Meanwhile, Brent crude oil rose 0.5% MoM to USD73/bbl. Foreign equities recorded RM3.1bn net outflow in November 2024, compared to a net outflow of RM1.8bn in October 2024. Malaysia's bond market recorded -3.9% M0M net foreign outflow in October 2024. Foreign holdings of MGS decreased by RM7bn MoM to RM208bn, which is equivalent to 33.2% of total outstanding MGS.

### Market Outlook

Global growth is holding up but the Flash PMIs for November indicate widening divergences, with weakness in Europe amplified by uncertainty around the future global trade environment, while US data point to stronger momentum. Capex dynamics are weak, which is visible in the renewed softness in global trade data. Inflation data have been mixed and highlight that dynamics are becoming less synchronised, with US inflation relatively sticky while other regions see more progress amid demand weakness. Further rate cuts will be forthcoming, but a stronger dollar and tighter Fed policy will weigh on the global rate cutting cycle.

The US equity markets welcomed the Republicans' election victory with a leap. Small-cap stocks significantly outperformed their larger peers, supported by a solid growth outlook and policy announcements that are expected to focus on improving the domestic economy. The opposite was true for many other regions, particularly those that are expected to be in the Trump administration's crosshairs like China, Europe or Mexico where equity markets were under pressure after the election. Donald Trump won the presidential election with a solid lead in electoral votes and this time was able to win the popular vote as well. The clear result in the presidential election has removed the risk of lingering uncertainty that many investors worried about ahead of the election. The Republicans now have a robust platform to implement their policies with a focus on trade, taxes, immigration and deregulation.

Investors have been disappointed in China by the insufficient stimulus follow through and lack of dedication amongst policy makers. Focus will be on the mid- December Economic Work Conference for further hints regarding potential policy action, particularly measures to boost private consumption.

Outflows from emerging markets, including ASEAN, have been almost synchronised. Most markets have posted losses for the month, with Indonesia seeing the weakest performance as it is highly sensitive to capital flows from foreign investors. As the USD remains strong, putting pressure on regional FX, central banks that initiated rate-cutting cycles in September have recently paused. We think there will be further room for rate cuts, but much will depend on whether FX pressures ease as we gain more clarity on US policy around tariffs and fiscal measures earlier next year. Meanwhile, exports continue to be supported by electronics shipments, but the pace of increase has recently eased.

## Fixed Income

### Market review

Despite the 25 bps rate cut (from 5.00% to 4.75%) by the U.S. Federal Reserve (Fed) in early Nov24, U.S. Treasury (UST) yields continued to climb amidst market uncertainties following the U.S. election. However, UST yields rallied towards month-end on the nomination of Scott Bessent as the next U.S. Treasury Secretary, a choice that investors deemed measured for market stability under the Trump administration. There were heightened concerns following Trump's win given his political pledges for higher tariffs which may lead to higher inflation and potential tax cuts that may worsen U.S. fiscal position. 10-year UST yield ended the month at 4.17%, 11 bps lower m-o-m with market pricing in 64% chance of another 25 bps rate cut in Dec24.

Meanwhile, market reaction to Bank Negara Malaysia's (BNM) decision to maintain the OPR at 3.00% in early Nov24 was muted as it was widely expected. Nevertheless, local bond market recovered partially from market sell-off in Oct24 with the Malaysian Government Securities (MGS) yield curve shifting downward by 4 to 15 bps on favourable supply and demand dynamics, with US rates market stabilised. Local demands continued to be supportive, coupled with light supply of long-term government issues for the remaining year. The 10-year MGS auction size came in smaller than anticipated, while the 3-year GII auction was cancelled unexpectedly. Credit spreads movement was mixed in Nov24 as corporate bonds are slower to adjust, particularly when the bond market rallied in later part of the month.

The Ringgit weakened against USD by 1.6% m-o-m to 4.4475 at the end of November, due to a broad-based USD rebound amid concerns over a potential trade war under the Trump administration, as well as slower and smaller rate cuts by the Fed. Nevertheless, the Ringgit remains one of the best performing currencies with a 3.6% gain over USD on YTD basis. Brent crude oil ended the month relatively flat at around USD73 per barrel, facing downward pressure due to Trump's plan to increase U.S. oil output while global demand remains tepid. BNM's foreign reserves were reported at USD118.0 bil mid-Nov24 and has increased by USD4.5 bil since end-2023, on the back of stronger Ringgit. Foreign holdings of MGS end-Nov24 are likely to stabilise around 33-35% (33.2% end-Oct24) as market volatility has subsided.

### Market outlook

The global trend of interest rate cuts is expected to continue; however, it may be shallower than anticipated, as global growth remains fairly robust, while inflation may take longer to return to normal levels following Trump's inflationary policies, if implemented as pledged. Policy uncertainties under Trump administration could potentially keep market volatility elevated, and complicate monetary policy decision by the Fed.

On the domestic front, the GDP growth remained robust at 5.3% y-o-y in 3Q24, in line with the recent official forecast upgrade from 4%-5% to 4.8%-5.3% for 2024. The Malaysian economy is expected to remain supported by robust domestic consumption on minimum wage hikes, civil servant salary adjustment, as well as low unemployment. Meanwhile, domestic inflations remain benign with headline and core CPI averaging 1.9% and 1.8% respectively in 10M24 period.

Whilst inflation expectation may see upside risks due to subsidy reforms, it could be temporary cost-pushed factor and not pervasive in nature. BNM is expected to maintain the OPR at 3.00%, given positive domestic growth outlook, as long as inflation continues remain manageable. External factors or global rates sentiment will however continue to influence the direction of the domestic bond market in the near term.