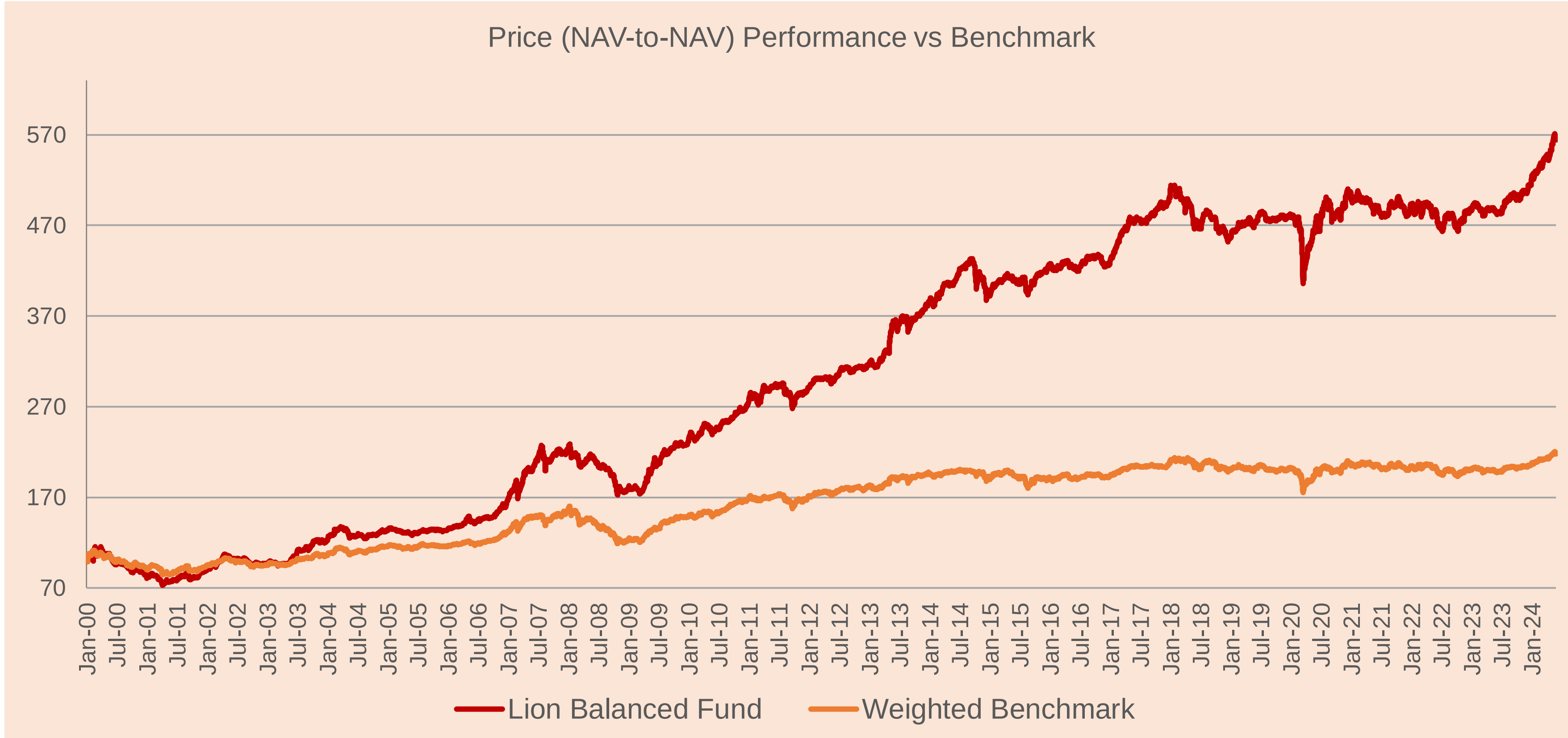
Lion Balanced Fund

31 May 2024

Fund Objective

A fund which invests in a mixture of equities (ranging from 40% to 60%) and fixed income securities. This fund seeks to provide medium to long-term capital appreciation, with a moderate level of volatility.

Performance from 03 January 2000 - 31 May 2024



Investment Strategy

This fund shall be actively managed, investing in a mixture of Malaysian equities and fixed income securities with good fundamentals and growth potential. The fund aims to provide stable long term return.

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.

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 Balanced Fund	9.8%	2.2%	11.2%	16.4%	15.4%	19.4%	464.5%
Weighted Benchmark*	6.7%	1.3%	7.3%	10.6%	6.3%	7.8%	128.6%

* Weighted benchmark derived from 50% weight on 12-month MBB Fixed Deposit return and 50% weight on FBM100 index return.

Source: Bloomberg - FBM100 - Bursa Malaysia and 12mth Conventional FD - Maybank

Asset Allocation

Equities: 40% - 60%

Fixed Income Securities: 40% - 60%

Remaining: Cash / Cash Equivalent

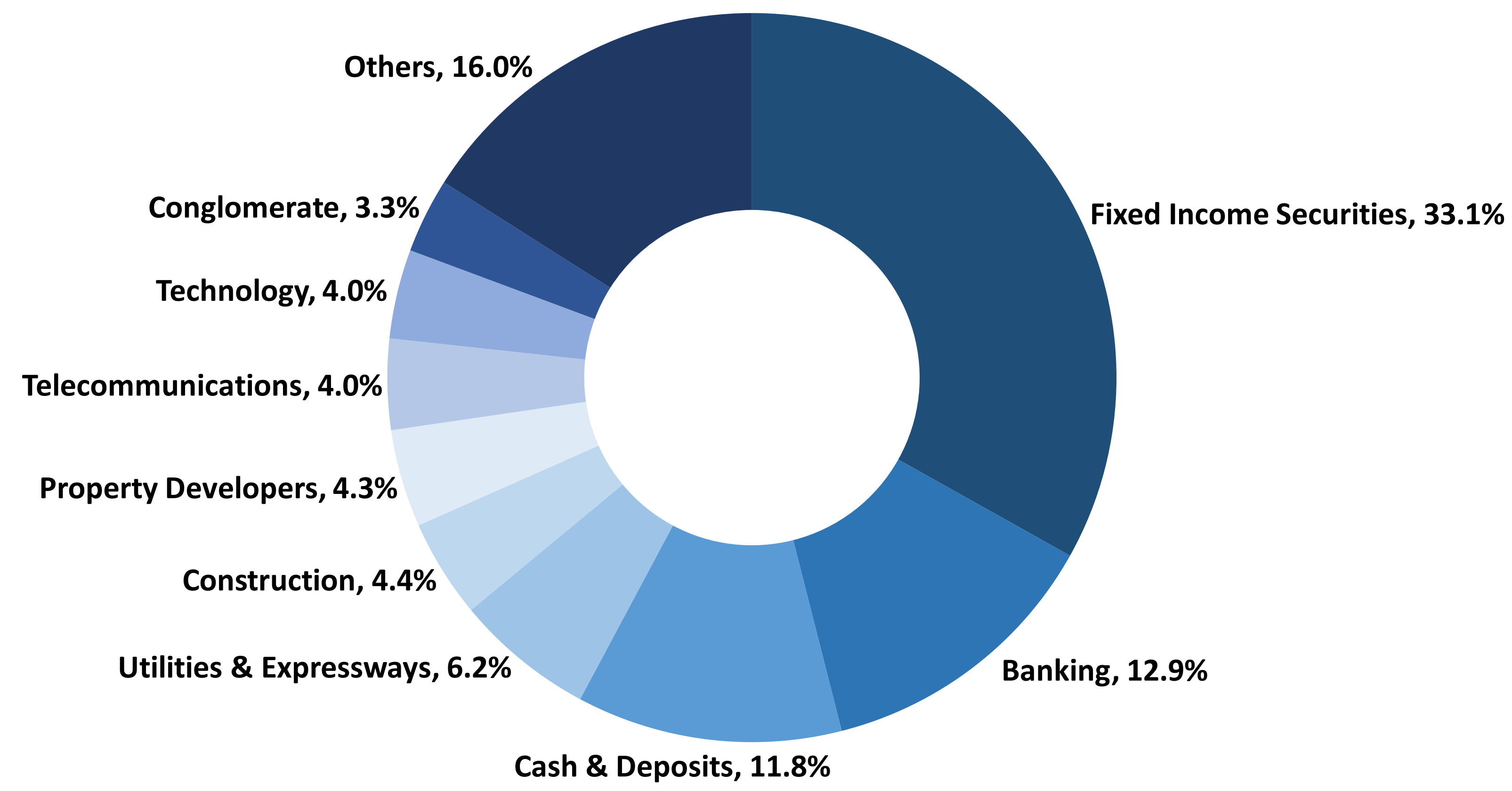
Fund Info (as at 31-May-2024)

Inception Date	03 January 2000	**For Single Pricing Product**	
Fund Size (RM mil)	3,147.2	**NAV per unit (RM)**	5.363
Management Fee	1.0% p.a. on NAV	**For Dual Pricing Product**	
Other Charges	Nil	**Bid Unit Price (RM)**	5.363
Fund Manager	GELM Investment	**Offer Unit Price (RM)**	5.645
Valuation	Daily based on market prices	**Risk Profile**	Moderate

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

Name	% of NAV
Malaysia Government Bond	7.2%
Government Investment Issue	6.6%
Tenaga Nasional Bhd	6.0%
Malayan Banking Bhd	4.0%
Public Bank Bhd	3.7%

Sector Allocation (as at 31-May-2024)



Equity

Market Review

The KLCI rose 1.3% MoM to end May 2024 at 1,597 pts, continuing its steady climb after rising 2.6% in April 24. Aside from outperforming both the MSCI Emerging Market Index (+0.3% MoM) and the MSCI All Country Asia ex-Japan Index (+1.1% MoM), KLCI also outperformed Thailand's SET and Indonesia's JCI, which fell 1.6% MoM and 3.6% MoM, respectively. Foreign investors reversed their position from net selling in April to net buying in May, shrinking 5M24 cumulative net sell flow to RM0.8bn. The technology sector was the best-performing sector, while the plantation sector was the worst-performing.

Market Outlook

The manufacturing recovery broadens out and services activity remains robust. The Flash PMIs were strong, with manufacturing surprising to the upside. Key manufacturing countries, including Germany which has been a laggard so far, posted notable improvements. While inflation remains on a downward trajectory, progress is slow in most regions, with services and housing related price pressures still troubling. Despite this, central banks continue to signal that rate cuts will be forthcoming to reduce the restrictiveness of policy. Investors welcomed the softer than expected US CPI for April, especially as the reacceleration of inflation during previous months had raised doubts about the likelihood of rate cuts in 2024. However, rate volatility re-emerged following hawkish commentary by the Fed and tepid results in US Treasuries auctions, which heightened uncertainty regarding the trajectory of yields.

Negative near-term headline risks on Chinese trade remain highly likely with the upcoming EU tariff decision on EV imports, G7 meeting in Italy, and continued US bipartisan pre-election posturing against China. Chinese exporters may be at risk, but we see the trade impact as being well managed as major Chinese exporters have spent the last six years carefully de-shoring production. Looking ahead to sustain the positive momentum in Chinese equities will be dependent on expectations that domestic earnings can continue to grow strongly.

Indonesia's Q1 2024 growth surpassed expectations, fueled by government and household spending, particularly due to election related expenditures. Malaysia's growth also outperformed consensus estimates, driven by private spending and an uptick in exports. Inflation across the region remains stable, and central banks have maintained their monetary policy stance. The pressure on regional currencies has eased amid the weakening of the US dollar. ASEAN equities showed a modest recovery in May, with the FBM KLCI performing well, posting a +1.3% return. On a YTD basis, the market is up 9.8%, making it the best performing in ASEAN. The key factor influencing the market going forward is

Fixed Income

Market review

Global bond markets rebounded in the month of May. Despite the Federal Open Market Committee (FOMC) keeping the benchmark Federal Reserve (Fed) funds target rates steady for the sixth consecutive time, the US Treasury (UST) yield curve bull flattened. 1-year UST yield dropped by 6 basis points (bps) while 20-year curve point yield rallied by 20bps, mainly attributed to the softer-than-expected inflation and labour market data.

On the back of bullish global bond markets, the Malaysian Government Securities (MGS) yield curve shifted lower by 3-12bps month-on-month (m-o-m). In the month of April, foreign holdings of the MGS eased to 32.83% (Mar: 33.19%) while GII contracted to 8.78% (Mar: 8.92%) of total outstanding.

There were three government bond/sukuk auctions in the month of May, namely 20-year MGS, 15-year Malaysian Government Investment Issue ("MGII"), and 7-year MGS. The 15-year and 20-year auctions printed strong bid-to-cover ratio above 3 times. As for Private Debt Securities, local corporate bonds outperformed in general, with corporate spreads tightened by 1-10bps. Notable primary issuance includes Petroleum Sarawak Bhd (Petros), garnered strong demand, especially the longer tenors.

Ringgit appreciated 1.38% against US Dollar in the month of May, attributed to weaker US Dollar, coupled with the efforts by Bank Negara Malaysia (BNM) in its continual engagement with government linked companies, government linked investment companies, as well as corporates. On the other hand, Brent price dropped 7.10% m-o-m to USD 81.62 per barrel end-May as market players started to reduce geopolitical risk premium in the Middle East.

Market outlook

In the recent press conference, Fed Chair Jerome Powell mentioned that Fed fund rates would remain in the current range of 5.25% to 5.50% for longer than previously expected. He has also cited that the Fed's next move will unlikely be a rate hike. Although market is currently pricing in two 25bps rate cuts for the rest of 2024, more economic data points may be needed to convince the Fed to cut its rates anytime soon.

Locally, at the May Monetary Policy Committee ("MPC") meeting, BNM hold the Overnight Policy Rate ("OPR") at 3.00%. BNM saw global economy expanding amid resilient labour markets and continued recovery in global trade. The growth outlook remains subject to downside risks on the back of the on-going geopolitical tensions, volatility in global financial markets, and higher-than-anticipated inflation outturns. On the Malaysian economy, BNM reported that Malaysian gross domestic product (GDP) grew by 4.2% year-on-year in the first quarter of 2024, better than the advance estimate of 3.9%. This was mainly driven by private spending and improved external demand. Given BNM's current assessment of growth outlook, there is no rush for BNM to alter its monetary policy stance in the immediate terms.B12

In the run-up to the eventual implementation of subsidy rationalization, uncertainty remains on the impact of removal of subsidies to domestic inflation, which continues to cloud sentiment in the bond market. Withdrawal from the new EPF Account 3, which may potentially reduce EPF's net investible amount especially in the local market, and the likely multiplier effect to consumer spending added some cautiousness to the market. Coupled with external factors, local rates market may continue to be volatile.