Lion Advanced Strategic Fund

31 March 2024

Fund Objective

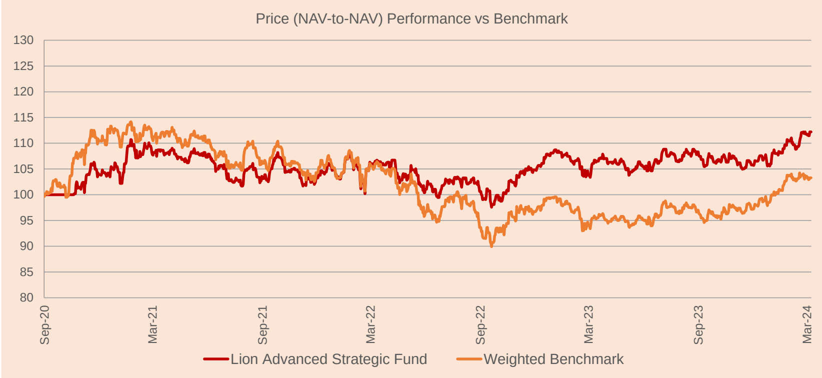
A fund which invests in a mixture of equities, fixed income securities and money market instruments in Malaysia and companies that have significant business operations in Asia. There is flexibility in asset allocation as this fund may invest solely in fixed income securities or equities. Collective investment 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.

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.

Performance from 23 September 2020 - 31 March 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.

Percentage Return (NAV to NAV)

	YTD	1-Mth	6-Mth	1Y	3Y	5Y	Since Inception
Lion Advanced Strategic Fund	5.3%	1.8%	5.0%	5.8%	4.4%	n/a	12.2%
Weighted Benchmark*	5.4%	(0.1%)	8.2%	8.2%	(5.7%)	n/a	3.7%

* 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

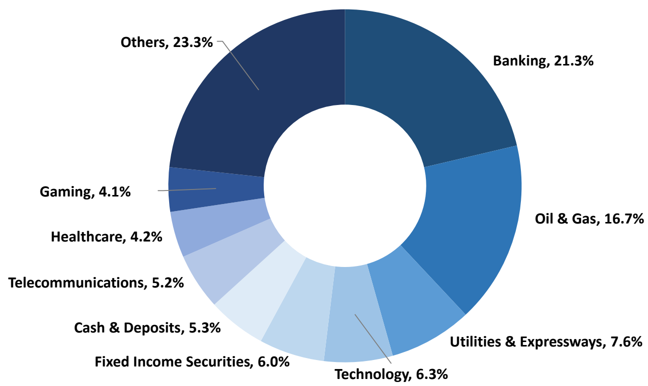
Fund Info (as at 31-Mar-2024)

Inception Date	23 September 2020	**For Single Pricing Product**	
Fund Size (RM mil)	56.1	**NAV per unit (RM)**	1.066
Management Fee	1.35% p.a. on NAV	**For Dual Pricing Product**	
Other Charges	Nil	**Bid Unit Price (RM)**	1.066
Fund Manager	GELM Investment	**Offer Unit Price (RM)**	1.122
Valuation	Daily based on market prices	**Risk Profile**	High

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

Name	% of NAV
Malayan Banking Bhd	7.1%
Public Bank Bhd	6.0%
Tenaga Nasional Bhd	5.7%
CIMB Group Holdings Bhd	5.6%
Malaysia Government Bond	5.1%

Sector Allocation (as at 31-Mar-2024)



Equity

Market Review
The KLCI declined 1.0% month-on-month (MoM) to end at 1,536. MSCI Malaysia Index underperformed MSCI AC Asia Pacific ex Japan Index by 3.2% in March (vs. February's 5.1%). MYR strengthened 0.4% mom at 4.73, while 10-year MGS declined 0 bps to 3.85%. Meanwhile, Brent crude oil rose 4.6% MoM to US$87/bbl. Foreign equities recorded RM2.8 billion net outflow in March 2024, compared to a net inflow of RM1.4 billion in February 2024. Malaysia's bond market recorded 0.4% mom net foreign outflow in February 2024. Foreign holdings of Malaysia Government Securities (MGS) increased by RM0.6 billion MoM to RM201 billion, which is equivalent to 33.1% of total outstanding MGS.

Market Outlook
MXASJ gained 2.6% in March, with AI-related Tech proxies powering ahead while the recovery in China and momentum in India stalled in the month. Taiwan was the top performing market in APAC in March (+8.0%) as investors bid up large cap laggards related to AI. Korea was the 2nd best performer (+5.4%), led by Technology and Healthcare. Japan (+3.3%) maintained its upward march through the landmark BOJ meeting lifting an 8-year long negative interest rate policy. China (+1%) market rebound lost momentum by mid-March with Healthcare (-9.5%) hurting from US-China tensions, offsetting strong returns in Materials (+10.2% on gold upside) and Internet (+6.7%). India (+0.8%) returns stalled, with Tech, Property and mid-caps pulling back. Heading into the election season, volatility may persist. Hong Kong was the worst performer, as index heavy weight AIA disappointed on its buyback program, local retail weakness hitting Link REIT, and DPS cut plus guidance miss at CK Asset. ASEAN markets were flattish, except for Singapore (+4%) where Singtel and Banks gained.

The KLCI fell 1.0% MoM in March, making it the first time in 6 months that the KLCI was down mom. The broader market continues to do well, with the FBM100 index up +0.5% MoM in March and +7% on a YTD basis. Foreign investors turned net sellers after previously net buying for four consecutive months, with net sell flows of RM2.9 billion in March (vs. net buy flow of RM1.3 billion in February). Local institutional investors became net buyers in March, with a net buy flow of RM3.5 billion (vs. net buy flow of RM721.4 million in February). The overall macro outlook appears decent, marked by generally low inflation, though isolated factors such as Goods & Services Tax (GST) hikes and the removal of fuel subsidies could exert slight upward pressure on the Consumer Price Index (CPI). Domestic demand continues to be resilient with exports and manufacturing Purchasing Managers' Index (PMI)s showing signs of recovery.

While the Fed continues to signal that rate cuts are coming, March data was hawkish (with NFP and CPI both strong), lending uncertainty as to the exact timing. This has led to liquidity seeking AI-fueled growth, inflation hedges (gold reaching an all-time high of US$2,229.9 per ounce at end-March, and flight to the dollar (DXY was resilient despite a mid-month dip). Oil prices gained further on supply pressures. As we move into April, sentiment on regional equities remains volatile as the market reassesses the Fed's rate cut trajectory and the USD continues to strengthen. While 2024 poses challenges for regional equities amid global uncertainties, 2H24 may see improved prospects as rate cuts and signs of growth bottoming out could bolster confidence.

Fixed Income

Market review
In March, the market had to recalibrate its expectations for the U.S. Federal Reserve's (Fed) policy rate path amid mixed data - inflation was hotter than expected while U.S. services sector and employment cooled. U.S. Treasuries rose before heading lower post the Fed meeting where they decided to keep interest rates unchanged and stuck to their earlier forecast of a three-quarters of a percentage point cut by the end of 2024. Domestically, the strong onshore demand kept Malaysian Government Securities (MGS) yields steady. The 10y MGS ended March at 3.88%, unchanged from the previous month.

USD/MYR ended the month at 4.7250, strengthening from the 4.7428 recorded at end February, partly due to Bank Negara Malaysia's (BNM) engagement efforts with government-linked companies and government-linked investment companies to encourage more consistent conversion of foreign currencies into ringgit. In its Monetary Policy Committee meeting this month, the central bank maintained the Overnight Policy Rate (OPR) at 3.00%. Interestingly, 3m KLIBOR has been inching up, ending the month at 3.59%, 3 bps higher month-on-month. Headline inflation rose to 1.8% in February 2024 (January: 1.6%), largely because of higher water tariffs. BNM's inflation rate forecast for 2024 is 2%-3.5% as recovering supply chains help to contain price pressures.

The Bank of Japan finally abandoned its negative interest rate policy in March, the last of the major developed market central banks to do so. However, the yen weakened to record levels against the USD as the bank is expected to still maintain an accommodative policy stance in the near term.
Credit spreads continued to confound, further tightening about 3 bps this month, with a number of new issues helping in the price discovery. Hong Leong Bank Berhad, CIMB Islamic Bank Berhad, OSK Rated Bond Sdn Berhad, IJM Treasury Management Sdn Berhad and Gamuda Berhad were among the issuers in the primary space.

Market outlook
Strong pension demand should continue to be supportive of domestic fixed income. While auctions have been very well received year-to-date, Quarter 2 will bring more duration supply of government securities to test this.

Lower developed market rates should also be a tailwind. However, much of this has been priced-in and until the Fed actually cuts there could be periods of turbulence (as observed when market went from pricing in six cuts at the beginning of the year to just three at time of writing). It does seem from the Fed Chair's comments that he is looking for reasons not to cut rather than the other way round.

Geopolitics and China's economic woes along with its currency remain the key risks to the otherwise constructive outlook on Malaysian fixed income.

On the OPR, even though the MYR has been one of the weakest performing currency in Asia, downside risks to growth should keep BNM on hold this year. While second round effects from the soon-to-be implemented fuel subsidy reforms are possible, the drag on demand from higher prices and the weaker MYR could contain this.