

LION-OCBC SECURITIES

SINGAPORE LOW CARBON ETF

Do good. For your portfolio and our planet.

Quarterly Newsletter

Q4 2023

INTRODUCTION

- The Lion-OCBC Securities Singapore Low Carbon ETF was listed on the Singapore stock market on 28 April 2022.
- This ETF is Singapore's first low carbon ETF and pays semi-annual distributions¹.
- It is a 21st century and greener version of the Straits Times Index (STI), being Singapore centric and with a stronger focus on low carbon.
- The ETF is passively managed to fully replicate the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index.

KEY FACTS

- Trading currencies: SGD and USD
- Total Assets Under Management (AUM): SGD 57.4 million as of 31 December 2023
- Management fee: 0.40% p.a.
- SGX tickers: ESG (SGD), ESU (USD)

KEY FEATURES



50 Largest Singapore Companies by Free-Float Market Capitalisation²

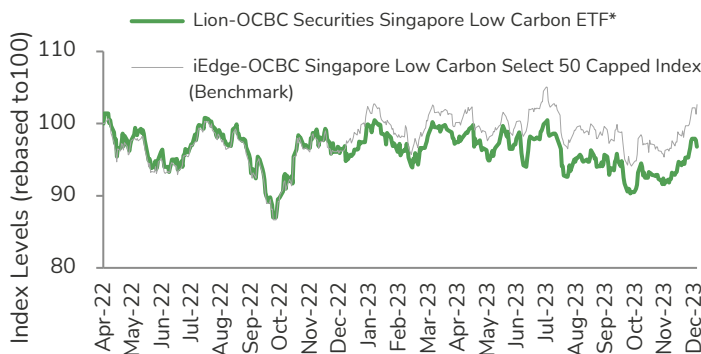


Capped at 7% if market capitalization < USD 200b & 10% if market capitalization ≥ USD 200b during rebalancing³



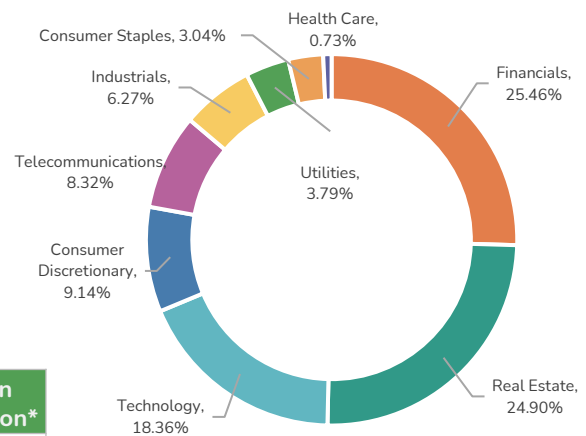
Rebalanced semi-annually (every March and September)

Lion-OCBC Securities Singapore Low Carbon ETF Performance⁴



From Bloomberg as of 31 December 2023	2023 YTD return	Annualized % return since Fund's inception*
Lion-OCBC Securities Singapore Low Carbon ETF	5.3%	1.2%
Benchmark Index	6.0%	1.3%

Sector Breakdown



Source: Lion Global Investors, 31 December 2023

* Returns are based on NAV-NAV basis in SGD and assuming all dividends are reinvested net of all charges payable upon reinvestment. The Lion-OCBC Securities Singapore Low Carbon ETF was listed on 28 April 2022. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice. Past performance, as well as any prediction, projection, or forecast are not necessarily indicative of future or likely performance

¹ Semi-annual distributions are paid at the discretion of the Fund Manager. Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future payments. Distribution payouts and its frequency might be changed at the Manager's discretion and can be made out of income, capital or both. Any payment of distributions by the fund may result in an immediate reduction of the net asset value per share/unit. Please refer to LGI website for more information on the income disclosures.

² Based on the underlying Index Securities of the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index.

³ Weightage of individual stocks within the index will be reviewed and rebalanced semi-annually by the index provider (Singapore Exchange Limited). The weights of each Index Security might fluctuate above 7% and 10% respectively due to market movements in between the rebalancing period

⁴ Source: Bloomberg, Lion Global Investors, Singapore Exchange Limited, 31 December 2023

WHY INVEST IN SINGAPORE NOW?

During the December 2023 Federal Reserve meeting, the US Federal Reserve left interest rates unchanged as expected but indicated that the next move will be lower. The projection for the Fed funds rate implied no more rate hikes and 75 basis points of rate cuts in 2024, which represents a notable shift to market expectations towards a pivot to lower interest rates⁵.

We remain upbeat on Singapore's status as a tourism and hospitality hub with continuing momentum driven by a slew of large-scale events and the return of Chinese tourists. Singapore's manufacturing sector, which has been in the doldrums in 2023, is set to see gradual recovery. Green shoots in the global electronics industry are tailwinds for Singapore's manufacturing sector. Emerging stronger from the pandemic, Singapore corporates' strong balance sheets justifies high dividend yields with reasonable certainty of stable or growing dividends. Singapore market's 5% dividend yield screens relatively attractive among developed markets.

A Fed pivot, the resilience of the services sector and a revival of the manufacturing sector position Singapore well in the year ahead. We believe Singapore remains one of the more resilient markets and Singapore equities present an attractive entry point given attractive valuations.

Figure 1: Valuation and consensus earnings forecast

Market	12-month Forward P/E ratio			Earnings growth (%)	
	Current	10-year average	Premium	2023	2024F
US	19.8	17.8	11%	1.5	10.8
Europe	12.8	14.4	-11%	-0.8	6.0
Singapore	10.2	12.7	-20%	17.5	2.7
China	8.7	11.4	-24%	13.8	14.9
Asia Pacific ex Japan	12.7	13.2	-4%	-1.6	17.4
Japan	13.4	13.9	-4%	2.9	14.0

Source: Thomson Reuters, as of January 2024

Note: F – Consensus Forecast, ex – excluding, P/E – Price to Earnings

Greater volatility is expected to unfold in the coming months. Against the volatile macro backdrop, investors should stay defensive and diversified, while taking into consideration their risk appetite and time horizon.

The Lion-OCBC Securities Singapore Low Carbon ETF provides easy access to 50 leading Singapore companies with lower carbon footprint. It is suitable for investors who wish to stay defensive and diversified, while also supporting a lower carbon Singapore economy.

⁵ Source: JP Morgan, as of December 2023

All data are sourced from Lion Global Investors and Bloomberg as of 31 December 2023 unless otherwise stated

HOW DOES THIS ETF COMPARE WITH OTHER SINGAPORE-FOCUSED ETFS?

The Lion-OCBC Securities Singapore Low Carbon ETF tracks the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index (“the Index”), which aims to track performance of the top 50 companies by free-float market capitalisation that are representative of Singapore’s real and financial economy, with a focus on index decarbonisation through reduction of the Index’s Weighted Average Carbon Intensity (WACI). As shown in Figure 2, the Index has a much lower WACI compared with other Singapore benchmarks.

Between 28 April 2022 (ETF’s listing date) and 31 December 2023, the Lion-OCBC Securities Singapore Low Carbon ETF demonstrated comparable performance⁶ (Figure 3) with other Singapore-focused ETFs such as the SPDR STI ETF and Nikko AM Singapore STI ETF, while cumulatively outperforming⁷ the Xtrackers MSCI Singapore UCITS ETF as of 31 December 2023.

Between 1 January 2023 and 31 December 2023, the ETF’s inclusion of US-listed constituents such as Flex Ltd helped boost its performance compared to Singapore-focused ETFs such as the SPDR STI ETF and Nikko AM Singapore STI ETF (Figure 4). Through greater geographical and sector diversification, the Lion-OCBC Securities Singapore Low Carbon ETF offers investors comparable performance but with a much lower carbon footprint. Do good. For your portfolio and our planet.

Figure 2: WACI comparisons among Singapore benchmarks⁸

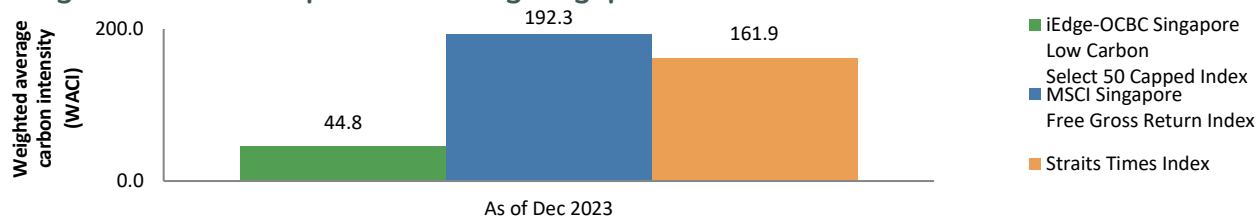
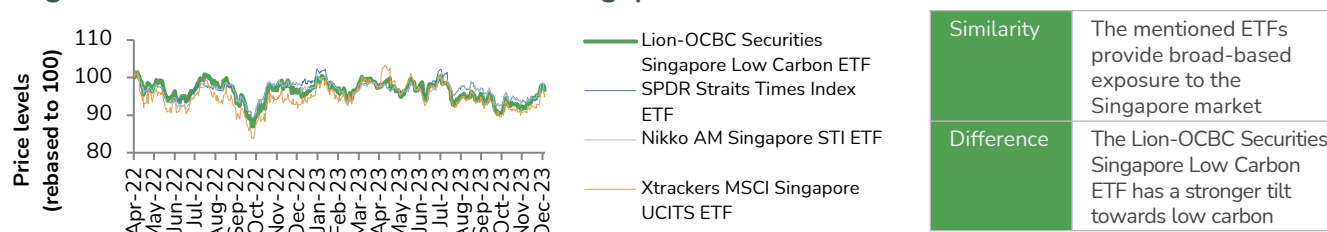


Figure 3: Performance relative to other Singapore-focused ETFs⁹



From Bloomberg as of 31 December 2023	2023 return	Annualized % return since Fund's inception*
Lion-OCBC Securities Singapore Low Carbon ETF	5.3%	1.2%
SPDR Straits Times Index ETF	4.4%	2.4%
Nikko AM STI ETF	4.9%	2.6%
Xtrackers MSCI Singapore UCITS ETF	3.5%	-2.3%

Figure 4: Performance of the ETF's top constituents¹⁰

Constituent	In the Straits Times Index?	Country of listing	% weight in ETF portfolio	2023 return
Sea Ltd	No	US	7.2%	-25.0%
Singapore Telecommunications Ltd	Yes	Singapore	7.1%	2.2%
Oversea-Chinese Banking Corp Ltd	Yes	Singapore	7.1%	13.2%
Flex Ltd	No	US	7.0%	38.6%
DBS Group Holdings Ltd	Yes	Singapore	6.9%	5.8%
United Overseas Bank Ltd	Yes	Singapore	6.9%	-2.1%

^{6,7} Source: Bloomberg, as of 31 December 2023.

⁸ Source: SGX Index Edge, as of 31 December 2023.

⁹ Source: Bloomberg, as of 31 December 2023. Securities referenced are not intended as recommendations to buy or sell securities.

* Returns are based on NAV-NAV basis in SGD and assuming all dividends are reinvested net of all charges payable upon reinvestment. The Lion-OCBC Securities Singapore Low Carbon ETF was listed on 28 April 2022. Past performance, as well as any prediction, projection, or forecast are not necessarily indicative of future or likely performance. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice. Each ETF currently adopts a direct replication strategy in tracking their respective indices. The SPDR Straits Times Index ETF and Nikko AM Singapore STI ETF track the Straits Times Index while the Xtrackers MSCI Singapore UCITS ETF tracks the MSCI Singapore Investable Market Total Return Net Index.

¹⁰ Source: Bloomberg, as of 31 December 2023.

Disclaimer

Lion Global Investors

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore. It is for information only, and is not a recommendation, offer or solicitation for the purchase or sale of any capital markets products or investments and does not have regard to your specific investment objectives, financial situation, tax position or needs.

You should read the prospectus and Product Highlights Sheet of the Lion-OCBC Securities Singapore Low Carbon ETF (“ETF”), which is available and may be obtained from Lion Global Investors Limited (LGI) or any of its distributors and appointed Participating Dealers (“PDs”), for further details including the risk factors and consider if the ETF is suitable for you and seek such advice from a financial adviser if necessary, before deciding whether to purchase units in the ETF.

Investments in the ETF are not obligations of, deposits in, guaranteed or insured by LGI or any of its affiliates and are subject to investment risks including the possible loss of the principal amount invested. The performance of the ETF is not guaranteed and, the value of its units and the income accruing to the units, if any, may rise or fall. Past performance, payout yields and payments, as well as, any prediction, projection, or forecast are not necessary indicative of the future or likely performance, payout yields and payments of the ETF. Any extraordinary performance may be due to exceptional circumstances which may not be sustainable. Dividend distributions, which may be either out of income and/or capital, are not guaranteed and subject to LGI’s discretion. Any such dividend distributions will reduce the available capital for reinvestment and may result in an immediate decrease in the net asset value of the fund. Any references to specific securities are for illustration purposes and are not to be considered as recommendations to buy or sell the securities. It should not be assumed that investment in such specific securities will be profitable. There can be no assurance that any of the allocations or holdings presented will remain in the ETF at the time this information is presented. Any information (which includes opinions, estimates, graphs, charts, formulae or devices) are subject to change or correction at any time without notice and are not to be relied on as advice. You are advised to conduct your own independent assessment and investigation of the relevance, accuracy, adequacy and reliability of any information or contained herein and seek professional advice on them. No warranty is given and no liability is accepted for any loss arising directly or indirectly as a result of you acting on such information. The ETF may, where permitted by the prospectus, invest in financial derivative instruments for hedging purposes or for efficient portfolio management. **The ETF’s net asset value may have higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.** LGI, its related companies, their directors and/or employees may hold units of the ETF and be engaged in purchasing or selling units of the ETF for themselves or their clients.

The units of the ETF are listed and traded on the Singapore Exchange Securities Trading Limited (“SGX-ST”), and may be traded at prices different from its net asset value, suspended from trading, or delisted. Such listing does not guarantee a liquid market for the units. You cannot purchase or redeem units in the ETF directly with the manager of the ETF, but you may, subject to specific conditions, do so on the SGX-ST or through the PDs.

© Lion Global Investors Limited (UEN/ Registration No. 198601745D). All rights reserved. LGI is a Singapore incorporated company and is not related to any corporation or trading entity that is domiciled in Europe or the United States (other than entities owned by its holding companies).

Disclaimer

Singapore Exchange Limited

The units in the Lion-OCBC Securities Singapore Low Carbon ETF are not in any way sponsored, endorsed, sold or promoted by the Singapore Exchange Limited (“**SGX**”) and/or its affiliates and SGX and its affiliates make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index and/or the figure at which the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index stands at any particular time on any particular day or otherwise. The iEdge-OCBC Singapore Low Carbon Select 50 Capped Index is administrated, calculated and published by SGX. SGX shall not be liable (whether in negligence or otherwise) to any person for any error in the Lion-OCBC Securities Singapore Low Carbon ETF and the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index and shall not be under any obligation to advise any person of any error therein.

OCBC is a registered trade mark of Oversea-Chinese Banking Corporation Limited and is used under licence. Save for the foregoing, all intellectual property rights in the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index vest in SGX. The iEdge-OCBC Singapore Low Carbon Select 50 Capped Index is used by Lion Global Investors Limited under licence.