LION-OCBC SECURITIES
HANG SENG TECH ETF

The future of technology

Seize the opportunity.

Quarterly Newsletter

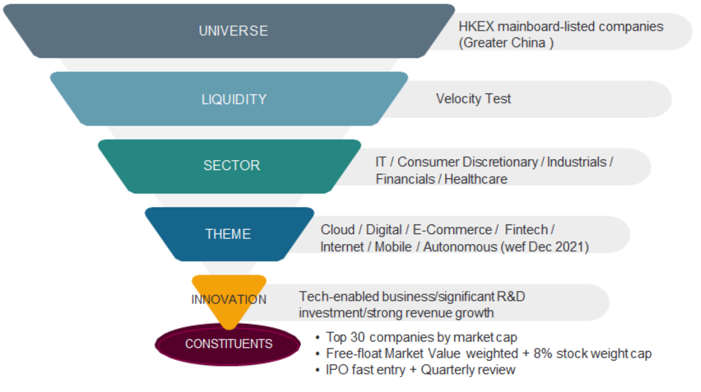
Q3 2021

LION GLOBAL INVESTORS

INTRODUCTION

The Lion-OCBC Securities Hang Seng TECH ETF was launched in the Singapore stock market on 10 December 2020. Since listing, the ETF has crossed many milestones. The size of the ETF has grown rapidly to an AUM (assets under management) of S$272 million as of 30 September 2021.

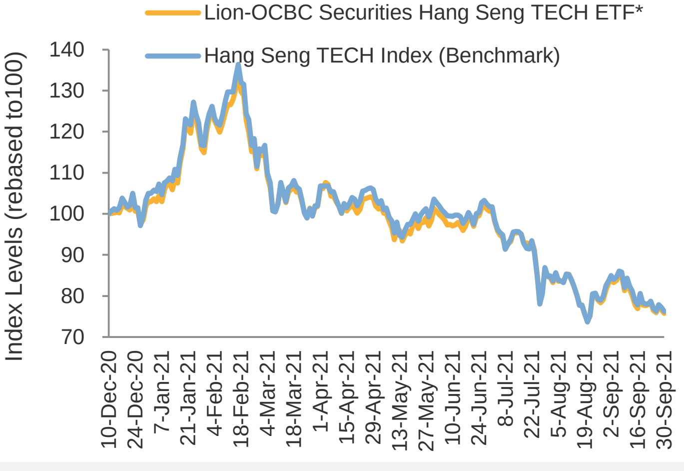
INDEX CONSTRUCTION METHODOLOGY[2]



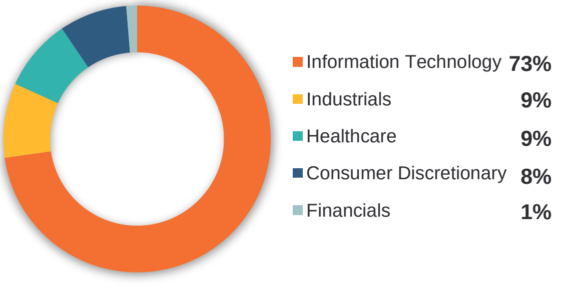
KEY FACTS

- 30 largest TECH-themed companies listed on HKEX[1]
- Full replication of the Hang Seng TECH Index
- Each constituent capped at 8% weightage during rebalancing
- Rebalanced on a quarterly basis (Mar, Jun, Sep and Dec)
- Dual Trading Currencies: SGD and USD
- Total AUM: SGD 272 million as of 30 September 2021
- Management Fee: 0.45% p.a.
- Bloomberg ticker: HST SP (S$ counter), HSS SP (US$ counter)

LION-OCBC SECURITIES HANG SENG TECH ETF PERFORMANCE[3]



COMPOSITION



Source: Lion Global Investors, 30 September 2021

*Returns are based on NAV-NAV basis in HKD and assuming all dividends are reinvested net of all charges payable upon reinvestment. Performance is calculated in the base currency of the Fund. The Lion-OCBC Securities Hang Seng TECH ETF was listed on 10 December 2020

Past performance, as well as any prediction, projection, or forecast are not necessarily indicative of future or likely performance.

[1] Refers to the underlying Index Securities of the Hang Seng TECH Index

[2,3] Source: Bloomberg, Lion Global Investors, Hang Seng Indexes Company, 30 September 2021

Q3 2021 OUTLOOK

CHINA ECONOMY

China's year-on-year GDP growth decelerated in Q2 2021. However on two-year average, China's growth reaccelerated to 5.5% in Q2 2021 from 5%[4] in Q1 2021.

Growth of overall industrial production moderated slightly, while high-tech manufacturing continued experiencing faster growth. Manufacturing investment growth rose from 13.5% in May to 16.4%[5] in June 2021, supported by rebounds in corporate profits and faster growth in the high-tech sector.

On 9 July 2021, China's PBoC also announced a universal 50-basis-point cut on the reserve requirement ratio (RRR), effective on 15 July 2021 and releasing up to RMB 1 trillion of liquidity. According to the PBoC, the RRR cut was targeted at reducing corporates' funding costs, especially on SMEs.

This will likely help mitigate growth pressures in H2 2021. Overall, China's economy grew 12.7% in H1 2021. According to Wind estimates[6], China's economy is still expected to grow 8.8% in 2021.

"China's internal circulation model can support its zero Covid-19 policy for at least a year, until after the Beijing Winter Olympics and the 20th National Congress."

As new Covid-19 variants emerge from large and uncontrolled outbreaks, vaccinations are a key step to stem further mutations of the virus.

As of 12 September 2021, China had administered about 2.15 billion doses of Covid-19 vaccine, relative to 5.72 billion vaccine doses applied worldwide.

Zeng Yixin (Vice-Minister of China's National Health Commission) forecasted that the target of 70% vaccination rates will be met by the end of 2021.

China's large capacity and ample resources positions it well to aim for zero cases. We believe that China's internal circulation model can support its zero Covid-19 policy for at least a year, until after the Beijing Winter Olympics and the 20th National Congress.

[4,5] Source: KPMG China Economic Monitor, August 2021
[6] Source: Wind, August 2021

COMMON PROSPERITY – A BALANCING ACT

"Common Prosperity" is the new buzz phrase in China. In essence, China aims to move towards a more egalitarian society by addressing income disparity and redistributing wealth.

In its 14th Five-Year Plan, China plans to upgrade the Chinese economy through technological advancements instead of resource intensive investments. The "common prosperity" agenda to create greater income equality and greater total wealth for the population is consistent with the 14th Five-Year Plan. China is now more focused on productivity growth instead of job creation as its population growth has slowed. This requires regulations to refine its economy, which include preventing monopolistic behaviors and over-leverage in resource intensive industries like the property sector.

A healthy dose of regulation is important to return the balance between protecting the market and encouraging innovation. Like other countries, China has allowed unfettered innovation in the tech sector, with many growing to become systemically important companies with increasing control over other sectors through acquisitions. Basic regulations to protect consumer rights, prevent overleverage and prevent monopolistic behaviors are required and would ultimately be positive for the development of these industries. We expect the regulatory overhang to ease once more clarity is given that the authorities are satisfied with their revised business models.

Despite the short-term volatility, we remain bullish on Chinese tech companies in the long term.

Photo Credit: iStock

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 to deal in any capital markets products or investments and does not have regard to your specific investment objectives, financial situation or particular needs. You should read the prospectus and Product Highlights Sheet for the Lion-OCBC Securities Hang Seng TECH ETF ("ETF"), which is available and may be obtained from Lion Global Investors Limited or any of the appointed Participating Dealers ("PDs"), before deciding whether to purchase units in the ETF. Investments are subject to investment risks including the possible loss of the principal amount invested.

The performance of the ETF, the value of its units and any accruing income are not guaranteed and may rise or fall. Past performance, payout yields and payments and any prediction, projection, or forecast are not indicative of the future performance, payout yields and payments of the ETF. **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.** You should independently assess any information, opinion or estimates, graphs, charts, formulae or devices provided and seek professional advice on them. Any information, opinions, estimates, graphs, charts, formulae or devices provided are subject to change without notice and are not to be relied on as advice. The ETF may invest in financial derivative instruments for hedging or for efficient portfolio management.

The units of the ETF are listed and traded on the Singapore Exchange ("SGX"), 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 or through the PDs.

Any extraordinary performance may be due to exceptional circumstances which may not be sustainable. Any dividend distributions, which may be either out of income and/or capital, are not guaranteed and subject to the Manager'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 ETF.

The references to any particular company is intended for illustration purposes only and is not indicative of our intention to invest in such company or a recommendation to invest in the securities of such company.

Disclaimer

Hang Seng Indexes Company Limited and Hang Seng Data Services Limited

The Hang Seng TECH Index (the "Index") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name Hang Seng TECH Index are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index(es) by Lion Global Investors in connection with Lion-OCBC Securities Hang Seng TECH ETF (the "Product"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF ANY OF THE INDEX(ES) AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF ANY OF THE INDEX(ES) OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF ANY OF THE INDEX(ES) OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX(ES) IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index(es) and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO ANY OF THE INDEX(ES) BY LION GLOBAL INVESTORS IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF ANY OF THE INDEX(ES); OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF ANY OF THE INDEX(ES) WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.