LION GLOBAL INVESTORS

Lion-Phillip S-REIT ETF

Low cost, easy access to S-REITs[1]

Lion-Phillip S-REIT ETF is designed to provide investors with a low-cost access to 26[2] high-quality S-REITs that offers a sustainable income stream. It is passively managed to fully replicate the Morningstar® Singapore REIT Yield Focus Index℠ (Index).

Index Construction Methodology

Morningstar ® Singapore REIT Yield Focus Index℠

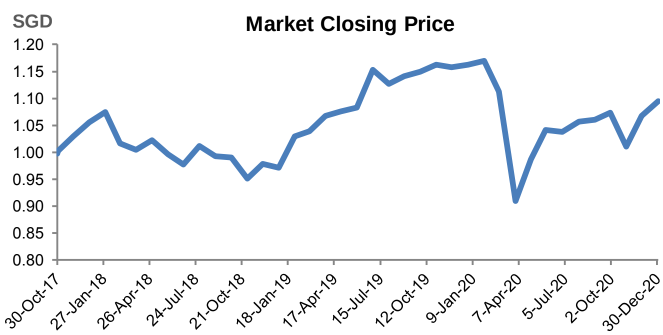
Assign scores for the following factors:
- Quality
- Financial Health
- Dividend Yield

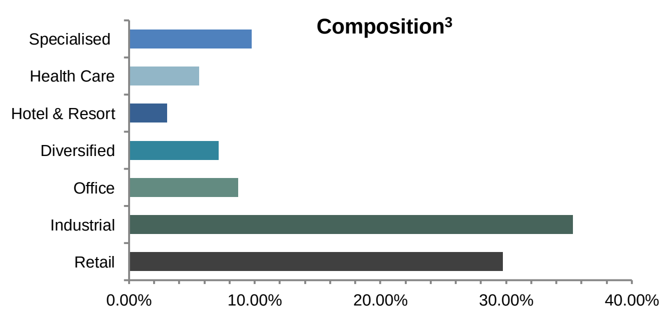
Portfolio weights based on factors score: Adjusted for liquidity of underlying REIT

The Index is designed to screen for high-yielding REITs with superior quality and financial health.

KEY FACTS

1. Full replication of the Morningstar® Singapore REIT Yield Focus Index℠("Index")
2. 26[2] high quality S-REITs
3. Latest distribution of S$0.0210 per unit on ex-date 30 July 2020^
4. Gross current dividend yield of 4.4%[4]
5. Total AUM: S$191.4million
6. Management fee: 0.50% p.a.
7. SGX stock code: CLR
8. Bloomberg ticker: SREITS SP





Source: Bloomberg, Lion Global Investors, as at 31 December 2020. ^Pay-date of 31 August 2020. Distribution is for the period from 1 January 2020 to 30 June 2020, and comprises of 70% distributable income[5] and 30% capital component. Past payout yields and payment do not represent future payout yields and payments. Distribution payments shall, at the sole discretion of the Manager, be paid out of either (a) income; or (b) net capital gains; or (c) capital of the fund or a combination of (a) and/or (b) and/or (c). The declaration and/or payment of distributions (whether out of income and/or capital) may have the effect of lowering the net asset value of the fund. For further detailed income statistics, please visit www.lionglobalinvestors.com

Singapore REITs Outlook

Some good news finally

November 2020 saw a breakthrough in the world's fight against Covid-19 as both BioNTech/Pfizer and Moderna announced that they have discovered vaccines against the disease with efficacy of more than 90%. This was cheered loudly by the markets, including the Singapore REITs sector which rose 1.7% in the fourth quarter of 2020. This was led by a number of leading retail and hospitality REITs, which rallied approximately from 3% to 20% during the quarter.

The discovery of the vaccine, together with the consistently low case count within the community, we are optimistic that the worst is over for Singapore.

Indeed, the government has also been encouraged by these positive signals; it announced that Singapore will move into Phase 3 of the re-opening of the economy on 28 December 2020.

Retail REITs – Biggest beneficiary from Phase 3

We believe that the retail sector will benefit the most from Phase 3. The capacity limit for malls and large standalone stores will be increased from 10 square meter per person to 8 square meter per person. This means that more people can enter a mall at the same time, and we believe that footfall in malls will gradually move back to pre-Covid levels by mid of 2021.

Together with higher capacity limits within the malls, Phase 3 will also allow up to 8 people in social gatherings. We believe that this will encourage more people to dine out, thereby boosting the fortunes of the F&B outlets across the nation. With operations slowly but surely returning back to normal, we believe that the mall REITs can show improvements to their earnings starting from second half of 2021.

Office REITs – Strong demand from finance and Information and Communications Technology (ICT)

While details of the Safety Management Measures at the workplace has not yet been released by the Ministry of Manpower for Phase 3, we believe that more workers will be allowed to return back to their offices come early 2021. Covid-19 has changed people's perception of working from home and this trend is likely to stay on even in a post-Covid world. That said, we still see value in an office workplace environment and we are still confident of the outlook of office demand in Singapore.

Given the strength and performance of the financial sector this year, we expect office demand from this sector to remain strong in the near term. A December 2020 survey of LinkedIn data conducted by the Financial Times found eight times as many jobs available in Singapore at UBS and JPMorgan as in Hong Kong, while Credit Suisse, Goldman Sachs and Citibank were advertising more than double the number[6]. We are confident of Singapore's position as a stable financial hub, and its abilities to attract more companies to expand their operations here.

Apart from financial services, Singapore has also been active in trying to attract ICT companies to set up their operations here. With more than 10,000 job openings currently[7], we expect the ICT sector to be a stable and sustainable source of office demand in the long term.

Hospitality REITs – Uncertainties remain

We believe the discovery of a viable Covid-19 vaccine is a good first step for the hospitality sector. However, we believe the path towards full recovery will take much longer. Singapore has been very successful in containing the spread of the virus post Circuit Breaker in June 2020. However, other nations have had varying degrees of setback. The United States and United Kingdom continue to see surge in infections as we enter into the winter season. Even countries such as Thailand, Australia, Hong Kong, Japan and Korea have endured spikes in cases in recent weeks, despite initial success earlier on. Singapore was supposed to have a travel-bubble with Hong Kong in November 2020, but it was postponed after Hong Kong suffered a new wave of community infection. As such, global travel remains challenging as we head into 2021.

We expect the situation to remain unstable, until more nations have ready access to the vaccine.

Industrial REITs – Business as usual

It is business as usual for the industrial sector, which remains largely unaffected by the pandemic. Industrial REITs have actually taken advantage of the low rate environment and made more acquisitions during the quarter. With cost of capital (both debt and equity) low, this trend of accretive acquisitive growth is likely to continue as we head into the new year.

We reiterate that interest rates remain a key risk factor for the Singapore REITs sector. However, recent commentary by various central banks has reaffirmed our view on lower interest rate outlook. As such, we believe that the current interest rate environment is supportive of Singapore REITs valuation. We continue to remain vigilant on a potential second wave of Covid-19 infection that might be already happening in foreign countries, and which might lead to another shutdown of the economy.

With vaccines and relief measures gradually rolling out, we sense optimism in this sector as Singapore REITs steer towards a slow recovery in 2021

Notes

[1]S-REITs are securities constituting the Morningstar® Singapore REIT Yield Focus Index℠.

[2]As at 31 December 2020. The number of S-REITs which constitutes the Index may be changed by Morningstar Research Pte Ltd from time to time.

[3]Composition chart does not add up to 100%. Cash and cash equivalents as at 31 December 2020 was approximately 0.80%.

[4]Based on the weighted average 12-month trailing dividend yield of the underlying S-REITs as at 31 December 2020. Past payout yields and payments of the underlying S-REITs do not represent future payout yields and payments.

[5]Distributable income refers to the interest and dividend income, taking into consideration the net realised gains, a collective investment scheme receives from its portfolio holdings and are payable to its investors.

[6]Global banks boost Singapore hiring to mitigate Hong Kong risk | Financial Times (ft.com)

[7]More than 12,000 jobs available in S'pore's ICT sector; 95 per cent of them for PMETs, Jobs News & Top Stories - The Straits Times

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For more information on the Lion-Phillip S-REIT ETF, please visit: http://www.lionglobalinvestors.com/en/disclaimer-etf.html or email us at contactus@lionglobalinvestors.com.

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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.

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