

Lion-Phillip S-REIT ETF

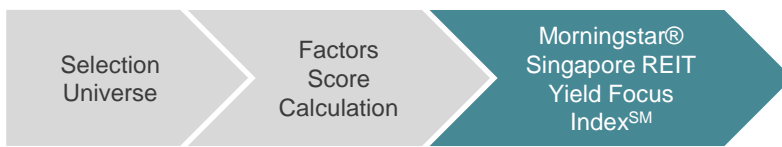


Low cost, easy access to S-REITs¹

The Lion-Phillip S-REIT ETF is designed to provide investors with a low-cost access to 20² high-quality S-REITs that offers a sustainable income stream. It is passively managed to fully replicate the Morningstar® Singapore REIT Yield Focus IndexSM (Index).

Based on [SGX ETF market highlights Q4 2023](#), this ETF achieved **top returns among REIT ETFs on SGX in 2023**.

Index Construction Methodology

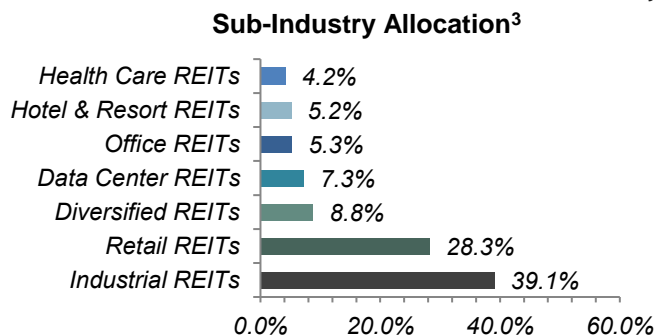


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| <p>Morningstar® Singapore REIT Yield Focus IndexSM</p> | <p>Assign scores for the following factors:</p> <ul style="list-style-type: none"> • Quality • Financial Health • Dividend Yield | <p>Portfolio weights based on factors score: Adjusted for liquidity of underlying REIT</p> |
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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 IndexSM ("Index")
2. 20² high quality S-REITs
3. Latest distribution of S\$0.0215 per unit on ex-date 31 Jul 2024[^] (Note: Distributions are not guaranteed and may fluctuate)
4. Net current dividend yield of 4.78%⁴ (excluding 0.60% total expense ratio)
5. Total Assets Under Management (AUM): S\$510.2 million
6. Management fee: 0.50% per annum (p.a.)
7. SGX stock code: CLR
8. Bloomberg ticker: SREITS SP



Source: Bloomberg, Lion Global Investors, as at 30 September 2024. [^]Pay-date of 28 August 2024. Distribution is for the period from 1 January 2024 to 30 June 2024, and comprises of 74.4% distributable income⁵ and 25.6% capital component. 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. Past performance is not necessarily indicative of future performance. Please refer to LGI website for more information on the income disclosures

Singapore REITs Outlook

Singapore REITs – Q3 2024 Review

The global interest rate outlook has significantly shifted over the last quarter. Initially expected to remain higher for longer, we now anticipate a 50-basis point cut in September, followed by an additional 150 basis points reduction, bringing rates to around 300 basis points by the end of 2025. Moving forward, it seems the Federal Reserve (Fed) has declared victory over inflation, shifting its focus to employment reports and the unemployment rate to determine the magnitude and pace of future cuts. There is a growing sentiment that the Fed may opt for larger near-term cuts (i.e., 50 basis points) as inflation trends towards 2%. Furthermore, if employment numbers fall below 150,000 in the coming months, the Fed may be encouraged to implement more substantial near-term cuts.

Closer to home, the Singapore economy has shown resilience with a 2.9% Gross Domestic Product growth in the second quarter. Retail consumption remains robust, driven by spending from both locals and travelers, resulting in high occupancies and rental reversions. The logistics and office sectors continue to experience steady demand.

Singapore REITs with defensive cash flows could do better than peers in the Asia-Pacific region

We foresee that Singapore REITs with defensive cash flows could outperform their peers in the Asia-Pacific region and benefit from a lower interest rate environment. Singapore REITs could reduce interest costs as they refinance more expensive debt, leading to higher overall profits and distributable income for unitholders. Additionally, the lower interest rate environment would enable Singapore REITs to grow their top line by making accretive acquisitions again.

We continue to prefer REITs with structural demand that can withstand recessionary pressures. We favor data center REITs due to structural growth in digitalization and generative AI demand. Furthermore, we also like industrial REITs given the structural tailwinds in e-commerce penetration and the growing need for supply chain resilience. Value plays related to REITs that have been previously beaten down due to gearing concerns would also benefit from a shift in the interest rate regime, with REITs having a high percentage of floating debt benefiting from lower interest rates.

Through the Lion-Phillip S-REIT ETF, investors can gain low-cost access to a diversified portfolio of high-quality S-REITs that offer a sustainable income stream⁶. Investors who position their portfolios could benefit from lower rates when the next policy easing cycle starts.

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We believe our ETF's approach of investing in quality Singapore REITs with superior sound financial health will continue to help investors access sustainable income.

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Photo Credit: iStock

Notes

¹ S-REITs are securities constituting the Morningstar® Singapore REIT Yield Focus IndexSM.

² As at 30 September 2024. 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 30 September 2024 was approximately 1.7%.

⁴ Source: Bloomberg as at 30 September 2024. Based on the weighted average 12-month trailing dividend yield of the underlying S-REITs and excluding the ETF's 0.60% total expense ratio. 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 Distributions are not guaranteed. Distributions may be made up of income, capital gains, and/or capital.

For more information on the Lion-Phillip S-REIT ETF, please visit:

<https://www.lionglobalinvestors.com/en/fund-lion-phillip-s-reit-etf.html> or email us at contactus@lionglobalinvestors.com.

All data are sourced from Lion Global Investors and Bloomberg as of 30 September 2024 unless otherwise stated.

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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.

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