LION GLOBAL INVESTORS

LION-OCBC SECURITIES SINGAPORE LOW CARBON ETF

Do good. For your portfolio and our planet.

Quarterly Newsletter

Q1 2023

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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 distributions[1].
- 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

- Dual trading currencies: SGD and USD
- Total Assets Under Management (AUM): SGD 58.9 million as of 31 March 2023
- Management fee: 0.40% p.a.
- Bloomberg tickers: ESGSG SP (SGD counter), ESGUS SP (USD counter)

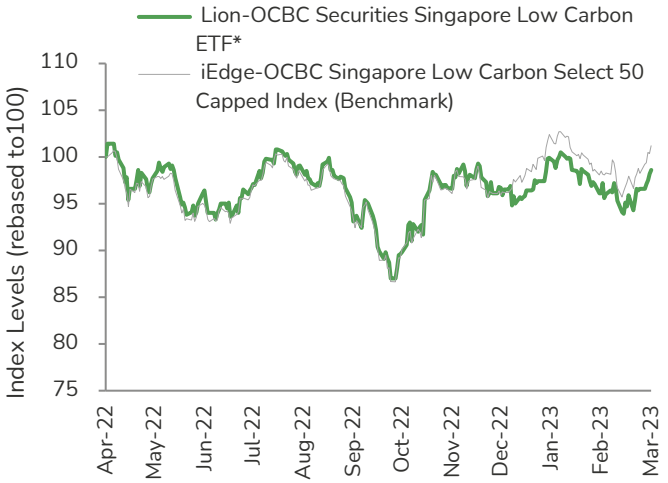
KEY FEATURES

50 Largest Singapore Companies by Free-Float Market Capitalisation[2]

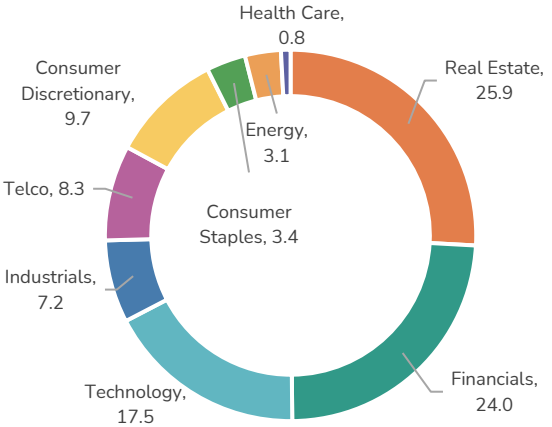
Capped at 7% if market capitalization <USD 200b & 10% if market capitalization >=USD 200b during rebalancing[3]

Rebalanced semi-annually (every March and September)

Lion-OCBC Securities Singapore Low Carbon ETF Performance[4]



Composition



Source: Lion Global Investors, 31 March 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

[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 March 2023

WHY INVEST IN SINGAPORE NOW?

Headed into 2023, markets were rattled over global recessionary concerns. When February 2023 approached, the focus shifted to overheating and stickier-than-expected inflation. Just three weeks ago, a series of regional bank failures and takeover of Credit Suisse by UBS had investors on edge regarding credit crunch fears and stress in the banking system. With new headwinds to growth, concerns of a steeper slowdown in global economy have resurfaced once again. We saw rising funding costs, ballooning money market funds, and a rally in gold (an asset class commonly perceived as a recessionary hedge). In the United States (US), regulators have swiftly rolled out measures to address potential liquidity pressures in the banking sector and to restore investors' confidence.

Despite Singapore's sensitivity to global growth from its export-oriented nature, we are moderately positive on Singapore equities due to its defensive characteristics and attractive valuations.

Figure 1: Valuation and consensus earnings forecast

	12-month Forward P/E ratio			Earnings growth (%)	
Market	Current	10-year average	Premium	2023F	2024F
US	17.3	17.4	-1%	0.3	12.0
Europe	12.4	14.4	-14%	1.1	7.3
Asia Pacific ex Japan	12.7	13.1	-3%	1.2	16.5
China	10.0	11.4	-12%	14.9	14.3
Japan	12.4	13.9	-11%	6.0	6.5
Singapore	10.1	13.0	-22%	14.8	5.1

Source: Thomson Reuters, as of 24 March 2023,
Note: F – Consensus Forecast, ex – excluding, P/E – Price to Earnings
All data are sourced from Lion Global Investors and Bloomberg as at 24 March 2023 unless otherwise stated.

Greater volatility is expected to unfold in the coming months. History has taught us not to time the market. 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.

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 March 2023, the Lion-OCBC Securities Singapore Low Carbon ETF demonstrated comparable performance[5] (Figure 3) with other Singapore-focused ETFs such as the SPDR STI ETF and Nikko AM Singapore STI ETF, while cumulatively outperforming[6] the Xtrackers MSCI Singapore UCITS ETF as of 31 March 2023.

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 benchmarks[7]

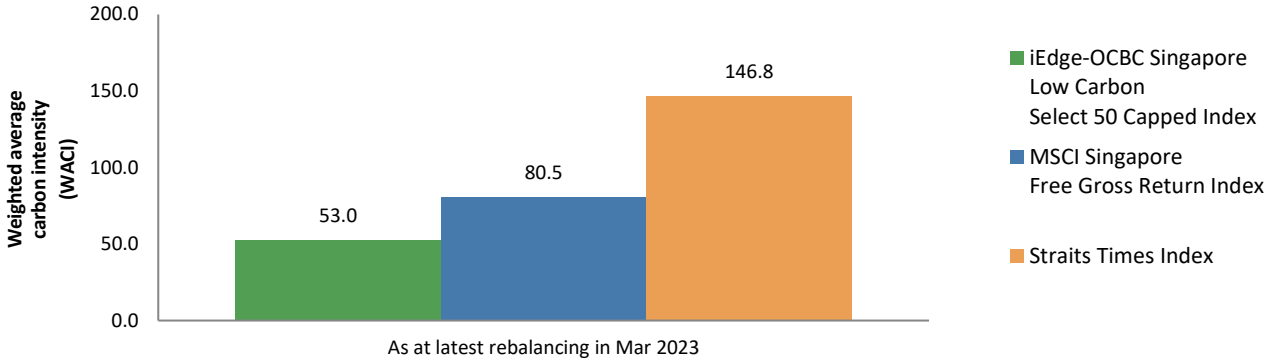
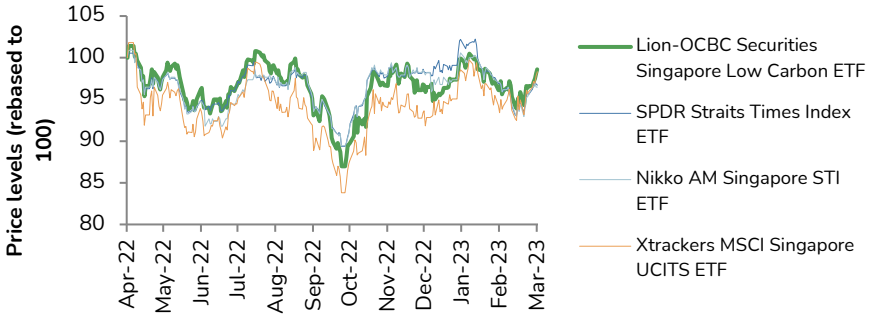


Figure 3: Performance relative to other Singapore-focused ETFs[8]



Similarity	The mentioned ETFs provide broad-based exposure to the Singapore market
Difference	The Lion-OCBC Securities Singapore Low Carbon ETF has a stronger tilt towards low carbon

[5, 6] *Source: Bloomberg, as of 31 March 2023.*
[7] *Source: SGX Index Edge, as of 31 March 2023.*
[8] *Source: Bloomberg, as of 31 March 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. 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.*

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