LION GLOBAL INVESTORS

LION-OCBC SECURITIES
SINGAPORE LOW CARBON ETF

Do good. For your portfolio and our planet.

Quarterly Newsletter

Q4 2022

INTRODUCTION

- The Lion-OCBC Securities Singapore Low Carbon ETF was listed in 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 57.4 million as of 31 December 2022
- Management fee: 0.40% p.a.
- Bloomberg tickers: ESGSG SP (SGD counter), ESGUS SP (USD counter)

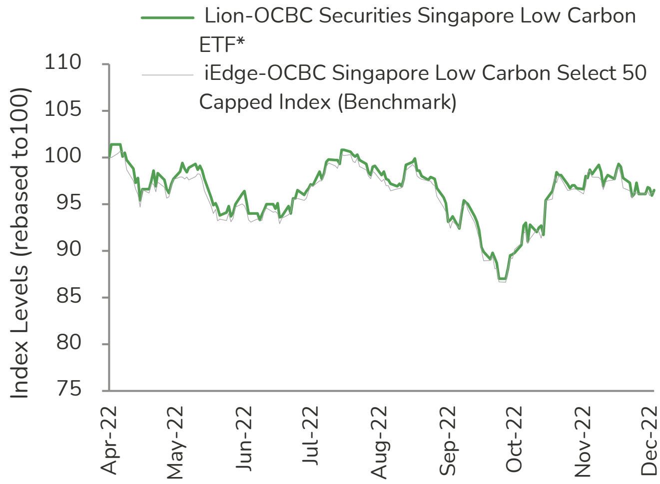
KEY FEATURES

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

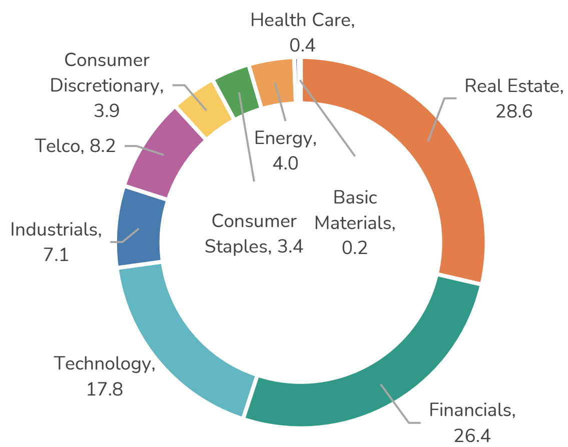
Capped at 7% if market capitalization <USD 200b & 10% if market capitalization >=USD 200b during rebalancing[3]

Rebalanced semi-annually (every March and September)

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



Composition



Source: Lion Global Investors, 31 December 2022

** 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 December 2022

WHY INVEST IN SINGAPORE NOW?

In terms of historical performance, Singapore has done well in the past 6 years compared to the broader Asia and ASEAN regions. Between 31 December 2016 and 31 December 2022, the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index (the Benchmark Index) cumulatively outperformed[5] regional indices (Figure 1) such as the Straits Times Index (STI), MSCI AC Asia Pacific Index and MSCI AC ASEAN Index as of 31 December 2022. In year 2022, we have seen the US Fed implementing 7 rate hikes. From the rate hikes, US inflation has cooled down to 7.1% in Nov 2022. From Jerome Powell's speech[6] on 30 November 2022, the US Fed signaled its willingness to moderate the pace of rate hikes. While the US Federal Reserve is still expected to increase interest rates to around 5% in 2023, the Ministry of Trade and Industry (MTI) has reported Singapore reaching 3.8% economic growth[7] in 2022, outperforming its earlier forecast of 3.5%.

In addition, China is likely to experience growth as the economy reopens with travel restrictions easing. China's post-pandemic recovery in 2023 is expected to be a tailwind for Singapore, as spillover demand from Chinese businesses and consumers will likely benefit Singapore's economy. Therefore, we believe that the Singapore is well placed for 2023 at the nexus of global financial flows seeking a defensive asset class and bottom-up fundamental improvements from China reopening demand.

Greater volatility is expected to unfold in the coming months. To ride out this volatility, it is key to add an efficient building block in your portfolio. This building block should also be green since ESG[9] and climate risks are here to stay. By providing access to 50 leading Singapore companies with lower carbon footprint, the Lion-OCBC Securities Singapore Low Carbon ETF helps you gain exposure to Singapore's growth while participating in its transition to a low-carbon economy.

Figure 1: Benchmark Index performance* against regional indices

[5] *Source: Bloomberg, December 2022*
[6] *Source: CNBC, November 2022*
[7] *Source: The Straits Times, January 2023*
[8] *ESG stands for Environmental, Social, and Governance*
** Returns are based on NAV-NAV basis in SGD and assuming all dividends are reinvested net of all charges payable upon reinvestment. Performance is calculated in SGD. All information for the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index prior to its launch date is backtested. Backtested performance of the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index reflects hypothetical historical performance of the Index. Past performance is not necessarily indicative of future performance. The iEdge-OCBC Singapore Low Carbon Select 50 Capped Index was launched on 14 March 2022.*

HOW DOES THE BENCHMARK INDEX AND ETF COMPARE WITH OTHER SINGAPORE-FOCUSED ETFS AND INDICES SINCE INCEPTION?

Between 28 April 2022 (ETF's listing date) and 31 December 2022, the Index cumulatively outperformed[10] the MSCI Singapore Free Gross Return Index (Figure 2) as of 31 December 2022. In the same period, the Lion-OCBC Securities Singapore Low Carbon ETF demonstrated comparable performance (Figure 3) with other Singapore-focused ETFs such as the SPDR STI ETF and Nikko AM Singapore STI ETF, while cumulatively outperforming[11] the Xtrackers MSCI Singapore UCITS ETF as of 31 December 2022.

Being a little red dot, Singapore is especially sensitive to climate risks and our leaders recognize this. At the opening of Singapore International Energy Week[12] on 25 October 2022, Lawrence Wong (Deputy Prime Minister of Singapore) announced that Singapore will reach net-zero greenhouse gas emissions by 2050. DPM Wong also announced Singapore's new aim to peak greenhouse gas emissions earlier and reducing emissions from 65 million to 60 million tonnes of CO2 equivalent in 2030. Specifically, he also shared Singapore's ambitions to increase low-carbon hydrogen investment and deployment, highlighting Singapore's need to intensify efforts in greening its energy sources because climate change is happening at an even faster pace. All these highlight how climate risks affect Singapore and the world, since these pressures can potentially impact investment returns.

By providing diversified exposure to 50 Singapore companies with lower carbon footprint, the Lion-OCBC Securities Singapore Low Carbon ETF is an efficient building block to hedge climate risks in your portfolio, while helping you do good for the planet.

Figure 2: Performance relative to other indices*

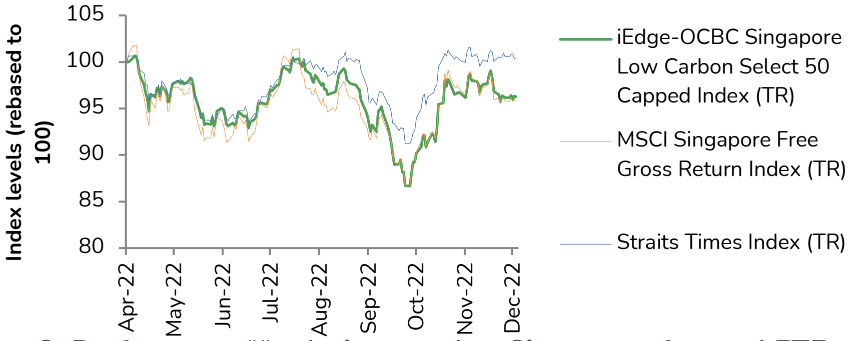
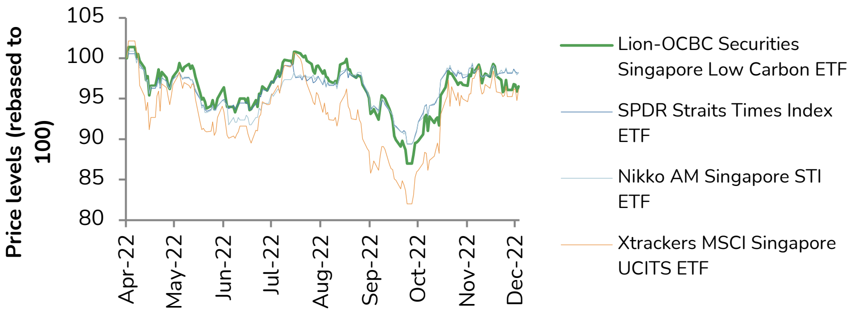


Figure 3: Performance** relative to other Singapore-focused ETFs



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

** In this presentation, MSCI Singapore Free Gross Return Index's weights are proxied through the holdings of iShares MSCI Singapore ETF where returns are based on NAV-NAV basis and assuming all dividends are reinvested net of all charges payable upon reinvestment. Past performance is not necessarily indicative of future performance. The iEdge-OCBC Singapore Low Carbon Select 50 Capped Index was launched on 14 March 2022.*

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[10, 11] Source: Bloomberg, December 2022

[12] Source: Straits Times, October 2022

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Singapore Exchange Limited

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