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 25[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).

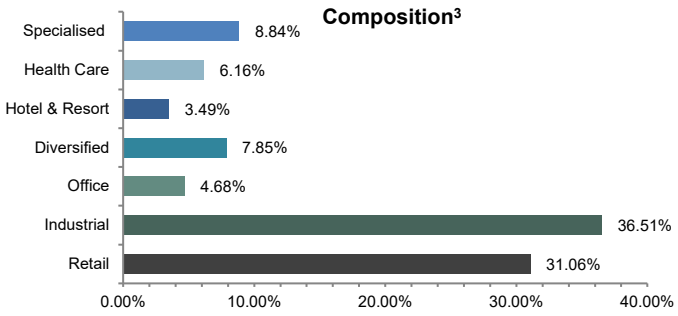
Index Construction Methodology

Selection Universe	Factors Score Calculation	Morningstar® Singapore REIT Yield Focus Index℠
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. 25[2] high quality S-REITs
3. Latest distribution of S$0.0240 per unit on ex-date 28 July 2022^ (Note: Distributions are not guaranteed and may fluctuate)
4. Net current dividend yield of 4.98%[4] (excluding 0.60% total expense ratio)
5. Total Assets Under Management (AUM): S$291.8 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 31 December 2022. ^Pay-date of 29 August 2022. Distribution is for the period from 1 January 2022 to 30 June 2022, and comprises of 59.2% distributable income[5] and 40.8% capital component. Past payout yields and payment do not represent future payout yields and payments. Distributions are not guaranteed and may fluctuate. 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

Singapore REITs – Nexus of Peaking US Inflation, China Reopening

At the Federal Reserve meeting in December 2022, Chairman Jerome Powell signaled that interest rates would be held at a higher level for a longer period to combat inflation. Importantly, the Federal Reserve raised its unemployment forecast for the US economy to 4.6% from the current 3.7% in November, signaling its willingness to slow the economy in order to combat inflation[6].

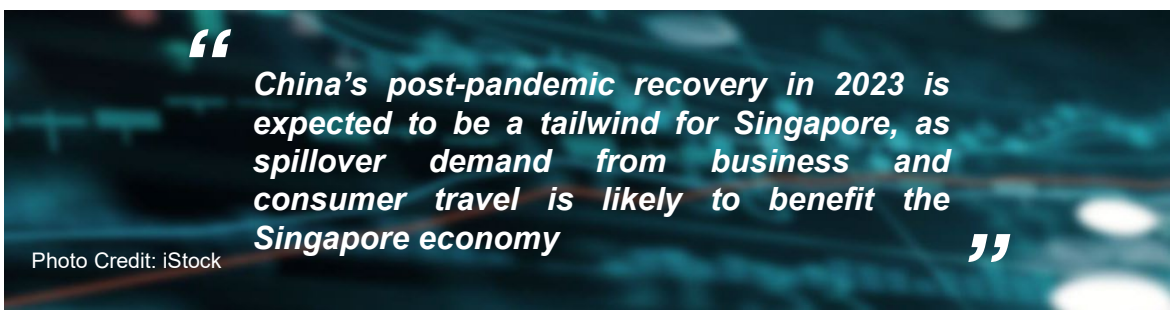
Equity markets are also shifting its narrative from inflation towards a global slowdown. As financial markets start looking ahead into 2023 and shift expectations towards a global slowdown, we can expect interest in the Singapore REIT space as a defensive asset class to resume. Singapore REITs are now looking attractive, especially for equity investors looking to reduce risk in preparation for a potential global economic slowdown.

In addition, while the US is bracing for an economic slowdown, 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 business and consumer travel will likely benefit Singapore's economy. Therefore, we believe that the Singapore REITs space is well placed for 2023 at the nexus of global financial flows seeking a defensive asset class and bottom-up fundamental improvement from China reopening demand.

Fundamental Recovery

The bottom-up fundamentals for the Singapore REIT sector is on the uptrend. The post pandemic recovery in the Singapore economy has been translating into positive rental recoveries across the REIT space. With supply remaining tight, commercial landlords are in a good position to raise rents. In the first 9 months of 2022, prime Orchard retail rents were up 1.7% to S$35.90 per square-foot per month (psf pm) while suburban retail rents rose 1.3% to S$23.09 psf pm, with the recovery in tenant sales to about 10% above pre-COVID levels. The hospitality market has performed better than expected with October revenue-per-available-room (RevPAR) rising to S$239, which is 125% of pre-COVID levels despite tourist arrivals volumes only at 51% of the 2019 monthly average[7].

Therefore, such evidence of improving fundamentals contrast with increasing concerns of a global slowdown and strengthens the Singapore REIT sector as a steady and defensive asset class. Apart from rising inflation and interest rates, the world is facing other challenges such as armed conflicts and other geopolitical and social tensions. Singapore's status as a safe haven has improved since the pandemic amidst the chaos and volatility around the world.



Notes

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

[2] As at 31 December 2022. 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 2022 was approximately 1.41%.

[4] Source: Bloomberg as at 31 December 2022. 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] Bloomberg, "Powell says Fed still has 'ways to go' after half-point hike", 15 December 2022

[7] JP Morgan, Singapore REITs 2023 outlook, 15 December 2022

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.

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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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