

LION-OCBC SECURITIES

SINGAPORE LOW CARBON ETF

Do good. For your portfolio and our planet.

Quarterly Newsletter

Q1 2024

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 distributions¹.
- Based on SGX ETF market highlights Q4 2023, this ETF achieved **top returns among Singapore equities ETFs on SGX in year 2023**.
- The ETF is passively managed to fully replicate the iEdge-OCBC Singapore Low Carbon Select 50 Capped Index.



KEY FACTS

- Trading currencies: SGD and USD
- Total Assets Under Management (AUM): SGD 58.1 million as of 31 March 2024
- Management fee: 0.40% p.a.
- SGX tickers: ESG (SGD), ESU (USD)

KEY FEATURES



50 Largest Singapore Companies by Free-Float Market Capitalisation²

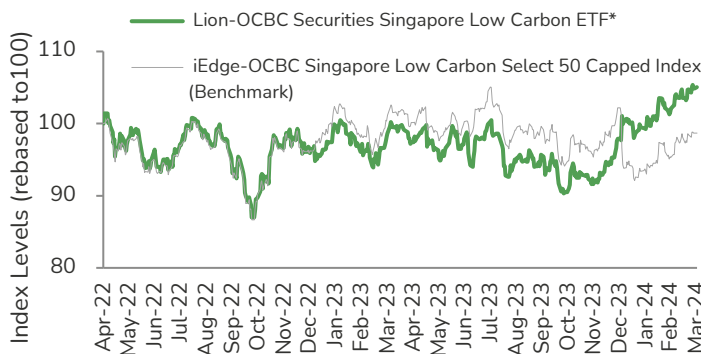


Capped at 7% if market capitalization <USD 200b & 10% if market capitalization ≥USD 200b during rebalancing³



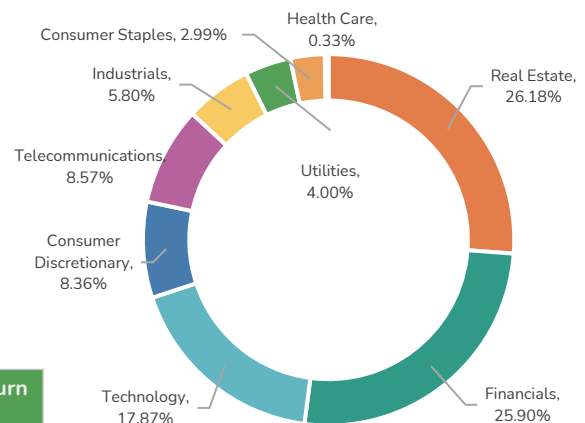
Rebalanced semi-annually (every March and September)

Lion-OCBC Securities Singapore Low Carbon ETF Performance⁴



From Bloomberg as of 31 March 2024	2024 YTD return	2023 return	Annualized % return since Fund's inception*
Lion-OCBC Securities Singapore Low Carbon ETF	2.7%	5.3%	2.5%
Benchmark Index	2.6%	6.0%	2.5%

Sector Breakdown



Source: Lion Global Investors, 31 March 2024

* 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. 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. Please refer to LGI website for more information on the income disclosures.

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 2024

WHY INVEST IN SINGAPORE NOW?

During the March 2024 Federal Reserve meeting, the US Federal Reserve left interest rates unchanged as expected. The projection for the Fed funds rate implied 75 basis points (bps) cut by December 2024. The Singapore market's growth can be underpinned by an improving commodity cycle, the deepening of technology into industrial applications, and relative performance as a safe haven within Asia.

In particular, we expect geopolitical tension and protectionism to be a characteristic of this decade, accelerating the need for energy and supply chain security. This would require higher levels of global capital expenditure. Industrial companies in Singapore, such as those in the shipbuilding and utilities sectors, are well positioned in the global supply chain to meet the demands of this increase in global capital expenditure, whilst Singapore's safe haven status can bear greater meaning amidst geopolitical uncertainty.

The outlook for services linked to hospitality and tourism will stay robust, given the normalisation in international travel, return of Chinese tourists as well as large-scale events. In the near term, concerns over global economic slowdown and high inflation could weigh on global equity market performance, which could present an attractive entry point for Singapore market. A pause in interest rate hikes, the resilience of the services sector and the potential revival of the manufacturing sector are key re-rating catalysts for the Singapore market.

Figure 1: Valuation and consensus earnings forecast

Market	12-month Forward P/E ratio			Earnings growth (%)	
	Current	10-year average	Premium	2023A	2024F
US	21.0	17.9	18%	2.2	10.0
Europe	13.6	14.4	-6%	-1.8	4.1
Singapore	10.3	12.7	-18%	16.0	3.0
China	9.0	11.4	-21%	12.8	13.2
Asia Pacific ex Japan	13.1	13.3	-1%	-4.3	19.6
Japan	15.2	13.9	9%	2.9	15.2

Source: Thomson Reuters, as of March 2024

Note: F – Consensus Forecast, ex – excluding, P/E – Price to Earnings

Greater volatility is expected to unfold in the coming months. 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.

All data are sourced from Lion Global Investors and Bloomberg as of 31 March 2024 unless otherwise stated

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 2024, the Lion-OCBC Securities Singapore Low Carbon ETF cumulatively outperformed⁵ other Singapore-focused ETFs (Figure 3) such as the SPDR STI ETF, Nikko AM Singapore STI ETF and the Xtrackers MSCI Singapore UCITS ETF as of 31 March 2024.

Besides being the top-returning ETF among Singapore equities ETFs on SGX in year 2023, this ETF also **achieved top returns in the Singapore equities ETF segment in Q1 2024** based on SGX ETF market highlights Q1 2024. Between 1 January 2023 and 31 March 2024, the ETF’s inclusion of US-listed constituents such as Sea Ltd and Flex Ltd helped boost its performance compared to Singapore-focused ETFs such as the SPDR STI ETF and Nikko AM Singapore STI ETF (Figure 4). Through greater geographical and sector diversification, 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 benchmarks⁶

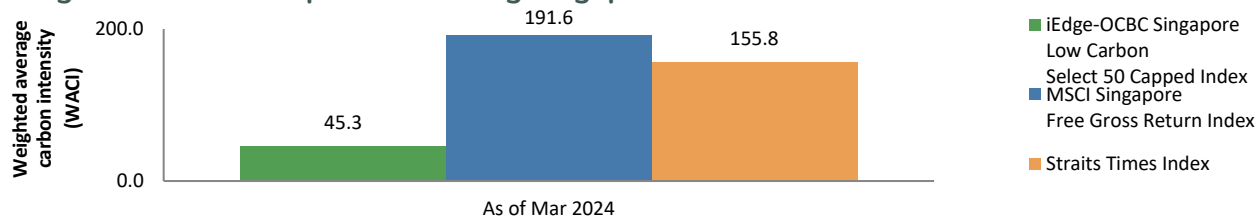
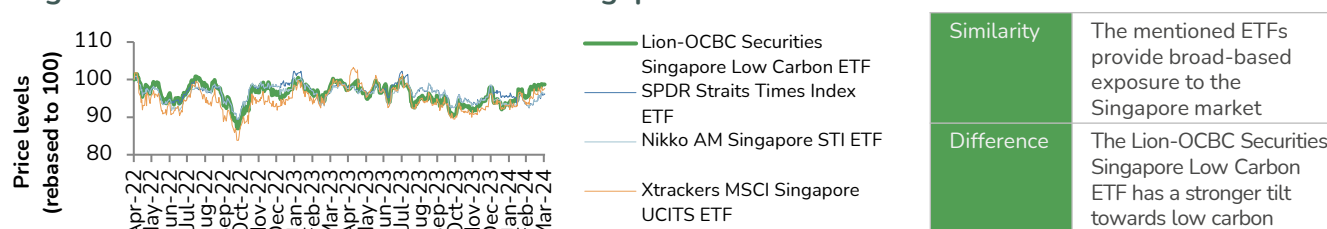


Figure 3: Performance relative to other Singapore-focused ETFs⁷



From Bloomberg as of 31 March 2024	2024 YTD return	2023 return	Annualized % return since Fund's inception*
Lion-OCBC Securities Singapore Low Carbon ETF	2.7%	5.3%	2.5%
SPDR Straits Times Index ETF	-0.2%	4.4%	2.0%
Nikko AM STI ETF	0.2%	4.9%	2.3%
Xtrackers MSCI Singapore UCITS ETF	0.9%	3.5%	-1.5%

Figure 4: Performance of the ETF's top constituents⁸

Constituent	In the Straits Times Index?	Country of listing	% weight in ETF portfolio	2024 YTD return	2023 return
Sea Ltd	No	US	7.5%	35.7%	-25.0%
DBS Group Holdings Ltd	Yes	Singapore	7.3%	7.8%	5.8%
Singapore Telecommunications Ltd	Yes	Singapore	7.3%	2.4%	2.2%
United Overseas Bank Ltd	Yes	Singapore	7.1%	3.0%	-2.1%
Oversea-Chinese Banking Corp Ltd	Yes	Singapore	7.1%	3.8%	13.2%
Flex Ltd	No	US	6.4%	32.2%	38.6%

⁵ Source: Bloomberg, as of 31 March 2024.

⁶ Source: SGX Index Edge, as of 31 March 2024.

⁷ Source: Bloomberg, as of 31 March 2024. Securities referenced are not intended as recommendations to buy or sell securities.

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⁸ Source: Bloomberg, as of 31 March 2024.

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Singapore Exchange Limited

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