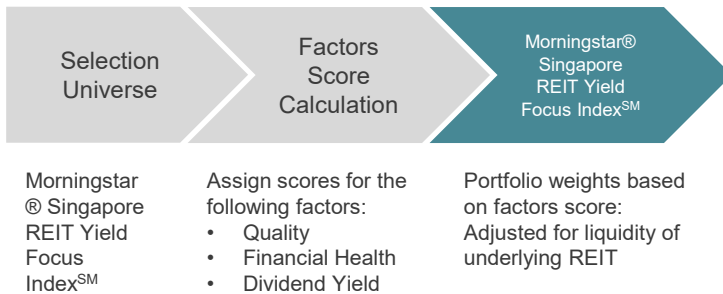


# Lion-Phillip S-REIT ETF

Low cost, easy access to S-REITs<sup>1</sup>

Lion-Phillip S-REIT ETF is designed to provide investors with a low-cost access to 22<sup>2</sup> high-quality S-REITs that offers a sustainable income stream. It is passively managed to fully replicate the Morningstar® Singapore REIT Yield Focus Index<sup>SM</sup> (Index).

## Index Construction Methodology



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<sup>SM</sup> ("Index")
2. 22<sup>2</sup> high quality S-REITs
3. Latest distribution of S\$0.0267 per unit on ex-date 28 Jul 2023<sup>^</sup> (Note: Distributions are not guaranteed and may fluctuate)
4. Net current dividend yield of 5.46%<sup>4</sup> (excluding 0.60% total expense ratio)
5. Total Assets Under Management (AUM): S\$313.2 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 2023. <sup>^</sup>Pay-date of 28 August 2023. Distribution is for the period from 1 January 2023 to 30 June 2023, and comprises of 87.3% distributable income<sup>5</sup> and 12.7% 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. Please refer to LGI website for more information on the income disclosures

# Singapore REITs Outlook

## Singapore REITs – Q3 2023 Outlook: Pause in Sep FOMC and Higher for Longer

During the Federal Open Market Committee (FOMC) meeting in September 2023, Chairman Powell did not raise interest rates as expected at the current 5.25% to 5.5% but signaled an additional hike by end 2023 and a higher for longer policy tightening path into 2024. While the market perceives this to be a disappointment, nothing has fundamentally changed longer-term. The FOMC still needs to assess the underlying economic conditions and data to bring inflation back to target before deciding to hike or not. Hence, better than expected inflation news, a slower economy and labor market in Q4 2023 could still convince the FOMC not to hike later this year.

It is likely fair to say that the September 2023 FOMC meeting raised the bar for rate cuts into 2024 since FOMC participants seem to believe that the lagged impact of past rate hikes on growth may not be as severe as previously imagined. However, from the perspective of Singapore REITs, a lot of the negatives have been priced in at this point. While a significant sector rerating may be pushed back into next year, we remain constructive on Singapore REITs given the low expectations and patient investors are being paid a decent yield to wait for the turnaround.

## Singapore REITs continue to report strong Q2 2023 operational results

In Q2 2023, Asia-Pacific markets were dragged down by slowing Chinese economic growth. Investors continue to be in risk-off mode as they adopt a wait-and-see approach to observe the willingness and ability of the Chinese government to engineer an economic turnaround. Under this regional context, the fundamentals of Singapore REITs continue to be resilient in Q2 2023, continuing strong Q1 2023 operational results across the various subsectors.

Structural trends in the industrial sector remain intact with occupancies staying strong and industrial REITs continue to see positive rental reversion. Retail REITs are also expected to continue seeing strong traffic growth and positive rental reversion. For the office sector, most of the negatives of slowing office demand have been priced in, and it is worth remembering that most quality Singapore office REITs have limited exposure to US offices. While office demand is softening concomitant with slowing economic growth, limited new supply, inflationary pressures, and increasing ESG demand for quality office space are expected to continue pushing rentals higher. For the hospitality sector, the outlook continues to be bright with room for further increase in Q3 2023. Based on Singapore Tourism Board's statistics in Jul 2023, total visitor arrivals<sup>6</sup> in Singapore increased by 95% year-over-year (yoy) to 1.42 million, with mainland Chinese visitor arrivals doubling month-over-month (mom) to 231,326 visitors. This trend is set to continue with Thailand's announcement of its temporary visa-free policy for mainland Chinese tourists.

With this backdrop, Singapore REITs continue to be a safe haven with resilient fundamentals in Asian markets. 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

<sup>1</sup> S-REITs are securities constituting the Morningstar® Singapore REIT Yield Focus Index<sup>SM</sup>.

<sup>2</sup> As at 30 September 2023. The number of S-REITs which constitutes the Index may be changed by Morningstar Research Pte Ltd from time to time.

<sup>3</sup> Composition chart does not add up to 100%. Cash and cash equivalents as at 30 September 2023 was approximately 2.1%.

<sup>4</sup> Source: Bloomberg as at 30 September 2023. 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.

<sup>5</sup> 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.

<sup>6</sup> Source: Singapore Tourism Board as at 31 July 2023.

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](mailto:contactus@lionglobalinvestors.com).

All data are sourced from Lion Global Investors and Bloomberg as of 30 September 2023 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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