LionGlobal Singapore Fixed Income Investment

The LionGlobal Singapore Fixed Income Investment aims to achieve steady returns over time by investing primarily in bonds and other debt securities denominated in Singapore Dollars. In addition, the Fund may also invest in bonds and other debt securities in currencies other than the Singapore Dollar. It is the current intention of the Managers to invest this as a direct investment portfolio.

Fund Manager's Commentary

The financial markets saw the largest miss in the history of economic forecasting in June 2020, with the US May 2020 Nonfarm Payroll ("NFP") printing a gain of 2.5million(m) jobs, contrary to the economists' consensus estimate of a 7.5m loss, where none of the 78 economists surveyed by Bloomberg had expected a positive print. Similarly, the US unemployment rate also fell to 13.3% vs economists' consensus estimate for a rise to 19.0%. The labour market data surprise and initial launch of Federal Reserve's (Fed) Main Street Lending Program and amendments to the Secondary Market Corporate Credit Facility ("SMCCF") bolstered the bear steepening US Treasury (UST) curve movements in early June 2020, with the yield on 30 year (Y) UST hitting an intraday high of 1.76% on 5th June 2020, before ending lower at 1.67% by the end of the day. As the excitement from the labour data surprise wore off, a myriad of catalysts begun to arrest the bull steepening movements on the UST curve, as trade tensions with China and Europe, alongside intensifying domestic wide spread protests in the US, and acceleration in the number of domestic infections in the US, which collectively reinforced Fed's sustained dovish rhetoric, driving the 30y UST yield to 1.41%, unchanged from May 2020. Fed's Federal Open Market Committee (FOMC) statement communicated that the weak economic activity is expected to persist with potentially more job losses, acknowledging the policy support role in improving financial conditions. Fed's Powell added that FOMC is not even thinking about raising rates amid the lack of inflation pressures and prevailing uncertainty from the May 2020's labour market data. As such, yields on the 2y UST remained sticky within its 0.13% to 0.23% range in June 2020, held by resurfacing speculations of an "Australian style" Yield Curve Control ("YCC") policy over the medium term. Singapore entered into the phase 2 reopening of its economy on 19th June 2020, and resumed most of its economic activities, subject to safe distancing measures being in place. Singapore's economic data prints continued to reflect the impact of the circuit breaker, with sharp month-on-month declines in the Industrial Production, Purchasing Managers Index, and retail sales. Additionally, Singapore's headline Consumer Price Index also remained negative for the second consecutive month in May 2020, declining by -0.8% year-on-year amid large declines in private transport and consumer costs. Separately, Monetary Authority of Singapore (MAS) made an exception to its rule of not reopening a new issuance within 6 months by announcing a SGD800m mini-auction for the 30y Singapore Government Securities (SGS), alongside the regular 5y SGS auction, where robust demand was seen for the 30y SGS mini-auction, with the cut-off yield at 1.28% which was meaningfully below expectations. SGS returned its earlier gains we saw in May 2020, with the SGS-UST spread widening to 24bps reflecting the fairly modest risk of SGD depreciation. On the very short end, the 1-month SIBOR (0.25%), LIBOR (0.16%) and SOR (0.10%) remained sticky near its all-time low through June 2020, as global central banks, including MAS, remained committed to keeping sufficient liquidity in the financial systems, limiting the upward rise in the very short end rates. Against the backdrop of significant increases in central banks' balance sheets in such a short span of time this year, the global and domestic liquidity conditions are likely to remain flushed, keeping the very short end rates sticky at its current levels. Separately, the SGD corporate bond primary issuance pipeline slowed in June 2020, with 3 unrated new corporate issuances totaling SGD575m; Starhill Global REIT and OUE Commercial Trust came to the market with a 5y, SGD100m each, while Singapore Technologies Telemedia printed a SGD375m subordinated Perpetual bond, callable in 2027.The world concluded its first chapter of Covid-19 in June 2020, with major countries coming out of lockdown and pushing forward with its plans to reopen the economy, albeit with some of the safe distancing measures kept in place. Post reopening announcements, risk appetite in the market was underpinned by optimism from reduction in inventory levels, as well as pent up spending power and demand by some of the consumers, which was partially aided by the government handouts and loan payment holidays, which is expected to feed into improvements in economic data over early 3rd Quarter 2020, particularly with the low base effect. However, without a commercialized vaccine, the baseline social distancing measures and voluntary social distancing habits will prevent normalcy and delay the economy from reverting to pre-Covid-19 levels. Consequently, beyond the pent-up demand, a sustained recovery also remains difficult to achieve, with the balance of risks tilted on the downside given the recent rise in infection cases in several key US states, Tokyo, and Beijing, which precipitated concerns of a second wave of coronavirus infections. Cognizant of the risks and heightened uncertainties that lay ahead, the US Fed has continued to articulate the continuation of its dovish monetary policies, albeit downplaying the likelihood of Negative Interest Rate Policy ("NIRP") and Yield Curve Control ("YCC") at this juncture, anchoring yields on the front end of the UST curve. On the fiscal front, speculations of another sizeable stimulus package has been floating in the market, with hints of a USD1trillion worth of measures targeted at stimulating jobs growth to be announced in July 2020, which biases expectations for a steeper UST curve given the sustained elevated Funding needs.

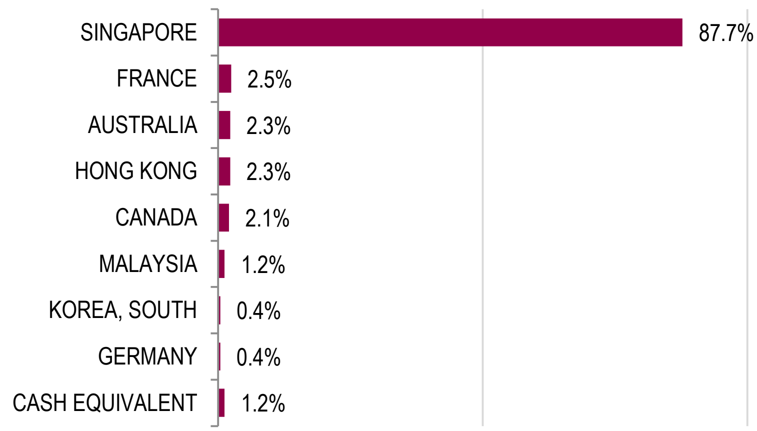
LionGlobal Singapore Fixed Income Investment

Performance (%)

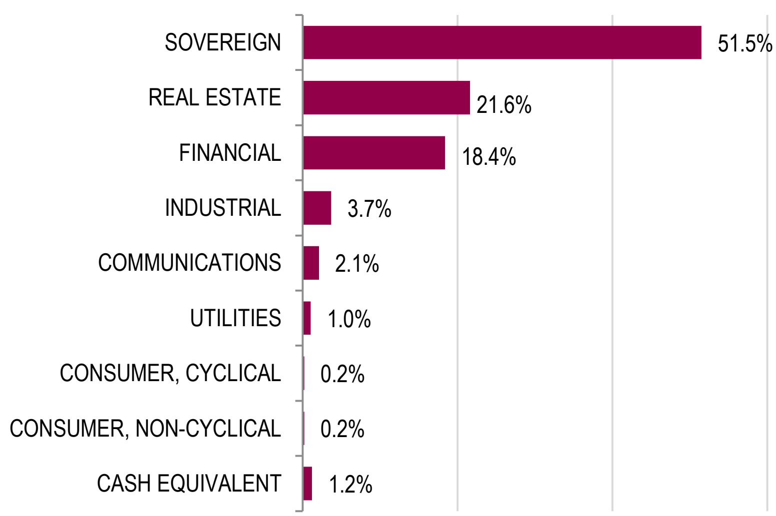
		1-year	3-years p.a.	5-years p.a.	10-years p.a.	Since Inception p.a.
SGD Class A[1]	NAV	8.5	4.1	4.1	3.3	3.3
	NAV^	5.3	3.1	3.5	3.0	3.2
	Benchmark#	10.4	4.8	4.5	3.1	3.5
SGD Class I[1]##	NAV	8.7	4.4	-	-	4.0
	NAV^	8.7	4.4	-	-	4.0
	Benchmark#	10.4	4.8	-	-	3.9

Past performance is not necessarily indicative of future performance
Source: Lion Global Investors Ltd / Morningstar

Country Allocation (% of NAV)



Sector Allocation (% of NAV)



Fund Facts

Fund Inception Date:	
SGD Class A	31 August 2001
SGD Class I	06 April 2016
Subscription Mode:	Cash, CPFIS-OA[5], CPFIS-SA[5], SRS[5]
Minimum Investment:	
SGD Class A / SGD Class I	S$1,000 / S$1million
Initial Charge:	Class A: Currently 3% Maximum 5%
	Class I: Currently Nil Maximum 5%
Management Fee:	Class A: Currently 0.5%p.a.
SGD Class A/ SGD Class I	Maximum 2.0%p.a.
	Class I: Currently 0.25%p.a.
	Maximum 2.0%p.a.
Switching Fee SGD Class A / SGD Class I:	1.0% / Nil
Valuation Frequency:	Every dealing day
NAV Price (Class A / SGD Class I):	S$1.848/S$1.866
Fund Size:	S$123.4 million
Weighted Yield to Maturity[2]:	1.77%
Weighted Duration[3]:	6.99years
Weighted Credit Rating[4]:	AA-

Codes

SGD Class A	SG9999003263 OCBSFIA
SGD Class I	SG9999003271 OCBSFII

[#] Benchmark: JP Morgan SGB Index.
[##] Class I SGD reinstated on 6th April 2016
^ NAV: Figures include Initial Charge.
[1] Returns are based on a single pricing basis. Return periods longer than 1 year are annualised. Dividends are reinvested net of all charges payable upon reinvestment and in respective share class currency terms.
[2] In local currency yield terms and on unhedged Foreign Exchange (FX) basis. Inclusive of cash & equivalents at a yield of 0.10%.
[3] Inclusive of cash & equivalents which are assumed to be zero duration.
[4] Includes cash & equivalents @ AA, takes the worst of S&P, Moody's or Internal ratings and based on a straight-line model.
[5] CPFIS Ordinary Account ("CPFIS-OA"), CPFIS Special Account ("CPFIS-SA ") and Supplementary Retirement Scheme ("SRS") monies may be used to purchase the Class A (SGD) Units only.
Distribution of income and capital will be at the Managers' sole discretion. Any distributions made out of capital will reduce the net asset value of the Fund.

The above is based on information available as of 30 June 2020, unless otherwise stated. The bonds referenced are not intended as recommendations to buy or sell. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice.

Currency Exposure of Bonds (% of NAV)

SGD	100.0
	100.0

Credits Rating[5] (% of NAV)

Investment Grade	99.6
High Yield	0.4

Top 10 Holdings (% of NAV)

SINGAPORE GOVERNMENT 2.25% 01/08/2036	8.9
SINGAPORE (GOVT OF) 2.875% 01/09/2030	7.9
SINGAPORE GOVERNMENT 2.75% 01/03/2046	5.8
SINGAPORE (GOVT OF) 3.5% 01/03/2027	5.7
SINGAPORE (REPUBLIC OF) 2.875% 01/07/2029	5.0
SINGAPORE (GOVT OF) 3.375% 01/09/2033	4.5
SINGAPORE (GOVT OF) 3% 01/09/2024	3.6
SINGAPORE (GOVT OF) 2.75% 01/04/2042	3.2
SINGAPORE GOVERNMENT 2.125% 01/06/2026	2.3
HOUSING & DEVELOPMENT BOARD MTN (BR) 2.505% 27/06/2024	2.2

For further information or to obtain a copy of the prospectus:

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