

For the half year ended 30 June 2023 (Unaudited)

# **SEMI-ANNUAL REPORT LION-PHILLIP S-REIT ETF**

**Lion Global Investors Ltd**

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## DIRECTORY

### Manager

Lion Global Investors Limited  
65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513

### Directors of Lion Global Investors Limited

Mr Khor Hock Seng (Chairman)  
Mr Teo Joo Wah (Chief Executive Officer)  
Mr Ronnie Tan Yew Chye  
Ms Chong Chuan Neo  
Ms Goh Chin Yee

### Trustee/Registrar

HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard,  
Marina Bay Financial Centre, Tower 2,  
#48-01  
Singapore 018983

### Custodian

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road  
Central, Hong Kong

### Independent Auditor

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936

**PERFORMANCE OF THE FUND**

*For the half year ended 30 June 2023 (Unaudited)*

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 30 June 2023 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

<b>Time Period</b>	<b>Lion-Phillip S-REIT ETF</b>	<b>Benchmark/Index* Returns (%)</b>
3 months	-2.7	-2.7
6 months	3.3	3.4
1 year	-6.1	-6.1
3 years**	0.0	0.2
5 years**	3.0	3.2
Since inception** (30 October 2017)	2.6	2.9

*Source: Morningstar/Lion Global Investors Ltd.*

*\*Benchmark/Index: Morningstar® Singapore REIT Yield Focus Index<sup>SM</sup>*

*\*\* Returns of more than 1 year are annualised.*

## REVIEW

For the half year ended 30 June 2023, the Fund returned 3.3% in SGD terms.

During the June 2023 Federal Open Market Committee meeting, Chairman Powell did not raise interest rates for the first time in over a year before signalling the possibility of 2 additional rate hikes in 2023. We believe that this is less hawkish than at first glance given that Chairman Powell acknowledged the fact that the underlying conditions to bring inflation back to target are being put in place, and that the decision would appear to be highly data-dependent on realized core inflation. Lower downside risk from reduced banking sector stress would also increase the possibility of a soft landing in the US with Singapore benefitting from a better global outlook.

Regardless of whether it is 1 or 2 more additional rate hikes, we are near the peaking of interest rates and Singapore Real Estate Investment Trusts (SREIT)s has outperformed the wider market when interest rates stabilized. After 225 basis points of interest rate hikes from December 2015 - December 2018, Lion-Phillip S-REIT ETF was up 19% the following year in 2019. A more stable interest rate environment is more favourable for SREITs deal-making and would lower interest expenses with lower interest rates at the back end of the curve. In the 2<sup>nd</sup> quarter calendar year 2023, many SREITs such as CLAR, MLT, MINT have opportunistically raised capital in the market to fund acquisitions, and we should expect more deal-making once there is further clarity on peak interest rates.

**STRATEGY AND OUTLOOK**

SREITs' fundamentals continue to be resilient with strong 1<sup>st</sup> quarter financial year 2023 operational results across the various subsectors. The industrial subsector continues to see strong fundamentals driven by structural trends to build supply chain resilience and grow e-commerce penetration with strong positive rental reversion across the board reflecting tight supply and demand dynamics. Occupancies stay strong in the high 90s resilient on a quarter over quarter basis and year over year basis. The retail subsector continues to be supported by strong local spending and tourist spending with single digit rental reversion across the board and improving occupancy costs from strong sales. Looking forward, limited retail supply with 0.46 million square feet per year from 2023 to 2025 (vs 0.58 million square feet year in the last 5 years) will continue to support high occupancies. The office subsector has a more subdued outlook given that it is most sensitive to economic slowdown and could face reduced demand from tenants in tech and financial sectors, but it is still much more resilient than the US office sector and many other parts of Asia. For the hospitality sector, outlook continues to recover with strong Revenue Per Available Room that is already above pre-COVID-19 levels. The key driver is the return of the Chinese tourists to Southeast Asia and Singapore. Today, international flights out of China are at 30% of 2019 levels, and the hope is that international flights will reach 60% of 2019 levels by the end of the summer.

In totality, geopolitical concerns, weak economic growth, and social tensions continue to be predominant in many other Asian markets, driving lower returns and higher volatility. SREITs continues to be a safe haven with resilient fundamentals in Asian markets. We believe that our REIT selection approach of investing in high quality, blue chip SREITs with stable Dividend Per Share growth will continue to do well in these turbulent times.

As of 4 August 2023

**DISCLOSURES ON THE FUND<sup>1</sup>***For the half year ended 30 June 2023 (Unaudited)***1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2023**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
a) <i>By Asset Class</i>		
Real Estate Investment Trusts (REITs)	321,097,615	98.7
Cash and other net assets	4,366,203	1.3
<b>Net assets attributable to unitholders</b>	325,463,818	100.0

b) *By Credit Rating of Debt Securities*

Not applicable

c) *By Derivative Type*

Total net realised losses from financial derivatives at the end of the financial period were \$4,672.

<sup>1</sup> As required by Code on Collective Investment Schemes

**2. TOP 10 HOLDINGS**
**As at 30 June 2023**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
Ascendas Real Estate Investment Trust	29,675,056	9.1
Frasers Logistics & Industrial Trust	28,343,155	8.7
Mapletree Logistics Trust	28,246,373	8.7
CapitaLand Integrated Commercial Trust REIT	27,928,398	8.6
Keppel DC REIT	27,634,051	8.5
Mapletree Industrial Trust	26,814,390	8.2
Frasers Centrepoint Trust	26,230,134	8.1
Suntec Real Estate Investment Trust	23,571,351	7.2
Mapletree Commercial Trust	17,931,046	5.5
Parkway Life Real Estate Investment Trust	17,883,376	5.5

**As at 30 June 2022**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
Mapletree Industrial Trust	28,814,495	9.9
Ascendas Real Estate Investment Trust	27,967,389	9.6
Mapletree Commercial Trust	27,821,144	9.6
Frasers Centrepoint Trust	27,399,642	9.4
CapitaLand Integrated Commercial Trust	27,002,588	9.3
Mapletree Logistics Trust	23,083,494	8.0
Parkway Life Real Estate Investment Trust	16,973,036	5.8
Keppel DC REIT	16,247,272	5.6
Frasers Logistics & Industrial Trust	15,223,653	5.2
Suntec Real Estate Investment Trust	13,571,375	4.7

### 3. RELATED PARTY TRANSACTIONS

For the period from 1 January 2023 to 30 June 2023

	\$
Transaction fees charged by the Trustee	5,969
Registration fees charged by a related company of the Trustee	5,755
Valuation and administration fees charged by the Trustee	30,982
Custodian fees charged by a related company of the Trustee	15,702
Bank service fees charged by a bank which is a related company of the Trustee	<u>1,037</u>

Cash and bank balances placed with a financial institution related to the Trustee as at 30 June 2023 were \$3,710,510.

### 4. FINANCIAL RATIOS

	30 June 2023 %	30 June 2022 %
Expense ratio <sup>1</sup>	0.60	0.60
Portfolio turnover ratio <sup>2</sup>	<u>13</u>	<u>17</u>

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 30 June 2023 was based on total operating expenses of \$1,810,212 (2022: \$1,501,608) divided by the average net asset value of \$301,701,545 (2022: \$250,101,824) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being sales of \$40,416,333 (2022: sales of \$47,198,416) divided by the average daily net asset value of \$312,285,061 (2022: \$270,475,288).

## 5. GLOBAL EXPOSURE

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

## 6. COLLATERAL

Nil

## 7. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

Nil

## 8. INVESTMENT IN OTHER UNIT TRUSTS, MUTUAL FUNDS AND COLLECTIVE INVESTMENT SCHEMES

Please refer to Statement of Portfolio.

## 9. BORROWINGS

Nil

## 10. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the financial period were utilised on research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation analyses and computer hardware and software used for and in support of the investment process of fund managers. Goods and services received were for the benefit of the scheme and there was no churning of trades. These brokers also execute trades for other funds managed by the managers. The trades are conducted on best available terms and in accordance with best practices.

## 11. OTHER MATERIAL INFORMATION

There is no other material information that will adversely impact the valuation of the Fund.

## 12. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

**STATEMENT OF TOTAL RETURN**
*For the half year ended 30 June 2023 (Unaudited)*

	<b>For the half year ended 30 June 2023</b>	<b>For the half year ended 30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Dividends	8,868,715	4,817,759
	<u>8,868,715</u>	<u>4,817,759</u>
<b>Less: Expenses</b>		
Audit fee	9,272	8,431
Custodian fees	15,702	14,610
Management fee	774,547	669,916
Less: Management fee rebate	(110,000)	(65,000)
Professional fees	25,388	25,142
Registration fee	5,755	6,417
Trustee fee	28,876	25,109
Valuation and administration fees	30,982	26,797
Transaction costs	79,910	59,946
Miscellaneous expenses	48,814	77,283
	<u>909,246</u>	<u>848,651</u>
<b>Net income</b>	<u>7,959,469</u>	<u>3,969,108</u>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains/(losses) on investments	686,366	(13,403,100)
Net losses on foreign exchange spot contracts	(4,672)	(4,675)
Net foreign exchange (losses)/gains	(3,859)	5,368
	<u>677,835</u>	<u>(13,402,407)</u>
<b>Total return/(deficit) for the financial period before income tax</b>	8,637,304	(9,433,299)
<b>Less: Income tax</b>	-	-
<b>Total return/(deficit) for the financial period</b>	<u>8,637,304</u>	<u>(9,433,299)</u>

**STATEMENT OF FINANCIAL POSITION***As at 30 June 2023 (Unaudited)*

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Portfolio of investments	321,097,615	287,881,279
Receivables	830,101	240,878
Due from brokers	31,094	-
Cash and cash equivalents	3,710,510	4,067,042
<b>Total assets</b>	<u>325,669,320</u>	<u>292,189,199</u>
<b>LIABILITIES</b>		
Payables	205,502	187,317
<b>Total liabilities</b>	<u>205,502</u>	<u>187,317</u>
<b>EQUITY</b>		
Net assets attributable to unitholders	<u>325,463,818</u>	<u>292,001,882</u>

**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the half year ended 30 June 2023 (Unaudited)*

	<b>30 June 2023 \$</b>	<b>31 December 2022 \$</b>
<b>Net assets attributable to unitholders at the beginning of financial period/year</b>	292,001,882	241,186,610
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	8,637,304	(36,731,477)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	32,630,850	103,574,900
Cancellation of units	-	(2,838,000)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	32,630,850	100,736,900
Distributions	(7,806,218)	(13,190,151)
Total increase in net assets attributable to unitholders	33,461,936	50,815,272
<b>Net assets attributable to unitholders at the end of financial period/year</b>	<u>325,463,818</u>	<u>292,001,882</u>

## STATEMENT OF PORTFOLIO

As at 30 June 2023 (Unaudited)

	Holdings at 30 June 2023	Fair value at 30 June 2023 \$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>By Industry (Primary)</b>			
<b>QUOTED EQUITIES</b>			
<b>REAL ESTATE</b>			
Ascendas Real Estate Investment Trust	10,909,947	29,675,056	9.1
Frasers Logistics & Industrial Trust	22,674,524	28,343,155	8.7
Mapletree Logistics Trust	17,436,033	28,246,373	8.7
CapitaLand Integrated Commercial Trust REIT	14,622,198	27,928,398	8.6
Keppel DC REIT	12,793,542	27,634,051	8.5
Mapletree Industrial Trust	12,133,208	26,814,390	8.2
Frasers Centrepoint Trust	11,977,230	26,230,134	8.1
Suntec Real Estate Investment Trust	18,272,365	23,571,351	7.2
Mapletree Commercial Trust	11,068,547	17,931,046	5.5
Parkway Life Real Estate Investment Trust	4,585,481	17,883,376	5.5
Keppel REIT	17,117,084	15,405,375	4.8
AIMS APAC REIT	5,494,728	6,813,463	2.1
Starhill Global Real Estate Investment Trust	12,487,637	6,431,133	2.0
ESR Logos REIT	18,840,914	6,311,706	1.9
Lendlease Global Commercial REIT	9,443,051	6,232,414	1.9
Ascott Residence Trust	5,666,025	6,119,307	1.9
CapitaLand Retail China Trust	5,468,012	5,577,372	1.7
Cromwell European REIT	1,974,114	4,547,071	1.4
CDL Hospitality Trusts	3,173,209	3,871,315	1.2
OUE Commercial Real Estate Investment Trust	9,373,581	3,093,282	1.0
Far East Hospitality Trust	2,663,974	1,678,303	0.5
Frasers Hospitality Trust	1,616,052	759,544	0.2
		<u>321,097,615</u>	<u>98.7</u>

	Holdings at 30 June 2023	Fair value at 30 June 2023 \$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>Portfolio of investments</b>		321,097,615	98.7
<b>Other net assets</b>		4,366,203	1.3
<b>Net assets attributable to unitholders</b>		<u>325,463,818</u>	<u>100.0</u>

	Percentage of total net assets attributable to unitholders at	
	30 June 2023	31 December 2022
	%	%
<b>By Industry (Summary)</b>		
Real Estate	98.7	98.6
<b>Portfolio of investments</b>	98.7	98.6
<b>Other net assets</b>	1.3	1.4
<b>Net assets attributable to unitholders</b>	100.0	100.0

Information on investment portfolio by geographical segments is not presented as the Fund invests only in Real Estate Investment Trusts, which are primarily listed in Singapore.

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