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LION
GLOBAL
INVESTORS



Lion-Nomura Japan Active ETF (Powered by AI)

Unbox the best of Japan

Quarterly Newsletter
Q4 2024

INTRODUCTION

The Lion-Nomura Japan Active ETF (Powered by AI) is **Singapore's first actively managed ETF** and **Singapore's first AI-powered ETF**. With the expertise of Lion Global Investors and Nomura Asset Management, our proprietary AI models evaluate hundreds of factors to uncover hidden gems with strong growth potential.

KEY FACTS

- Trading currencies: SGD and USD
- Total AUM: SGD 47.2 million as of 31 December 2024
- Management fee: 0.70% p.a.
- SGX tickers: JJJ (SGD), JUS (USD)

KEY FEATURES



Active

Focus on 50 to 100 Japan companies with strong growth potential*

*Based on AI Model scores together with selection and weightage by the Manager and Investment Advisor



Intelligent

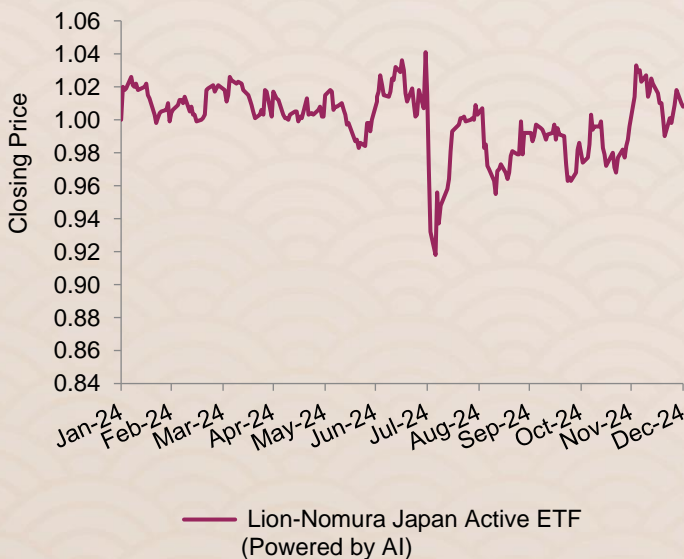
Our proprietary AI model is faster than humans and evaluates over hundreds of factors in the selection of securities



Dynamic

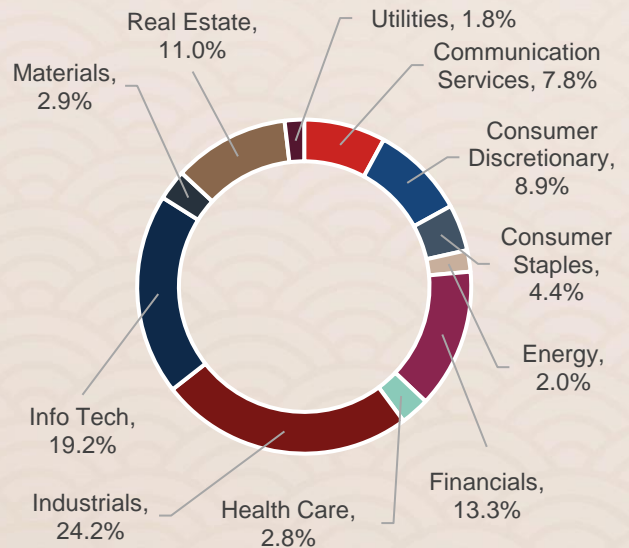
AI models are typically refreshed monthly and respond to trends dynamically

Lion-Nomura Japan Active ETF (Powered by AI) Performance¹



¹Source: Bloomberg, 31 December 2024

Sector Breakdown[^]



Source: Lion Global Investors, 31 December 2024

The above chart is based on historical closing prices of the Fund. Past performance is not necessarily indicative of future performance.

[^]Composition chart does not add up to 100%. Cash and cash equivalents as of 31 December 2024 was approximately 1.7%.

WHY INVEST IN JAPAN NOW?

Recent Market Performance

Japanese stocks have been fluctuating back and forth since the start of October, having rallied from around mid-September through end-September. We think factors that include domestic Japanese political uncertainty, a shifting of short-term funds from Japan to China spurred by a Chinese stock rally.

Market Outlook

Dovish Bank of Japan

The yen sped past more milestones after the Bank of Japan kept interest rates steady, sliding more than 1% to the weakest level against the dollar since July.

The currency depreciated as much as 1.3% to 156.77 against the greenback after Governor Kazuo Ueda said in his post-decision press conference that he needs to watch momentum toward the next spring wage negotiations to decide on policy¹. That comment that cast doubt on whether the BOJ may hike in January 2025.

The yen is nearing levels where Japan intervened in the foreign exchange market in the April to May period to shore up the currency against the dollar. But Ueda appeared to shrug off such concerns on Thursday, saying that "import inflation is relatively stable on a year-on-year basis."¹

That said, if the currency market stays stable around current level (say 155) and pressure from the public do not intensify, Governor Ueda appears to be happy to wait until March. January or March should be a close call based on today's remarks from Ueda.

Undervalued relative to global equities

The yen-based performance of Japanese equities in from 1 January 2024 - 31 December 2024 has been relatively strong, with a 20.4% gain, but the rise in dollar terms has been just 7.9%.

Japanese equities tracked US equities on a dollar basis through mid-September, but once the market started to price in a new Trump administration, the strength of US equities started to stand out and Japanese equities have since lagged markedly (Figure 1). The extent to which Japanese equities are undervalued relative to global equities is now close to its largest in the past 15 years, so one focus in 2025 will be whether this is rectified (Figure 2).

Figure 1: TOPIX and S&P500 (ex. Magnificent 7)³



Note: Past performance is not necessarily indicative of future performance

Source: ¹Bloomberg Yen Slides More Than 1% to Weakest Since July on Ueda Comments 19 December 2024;

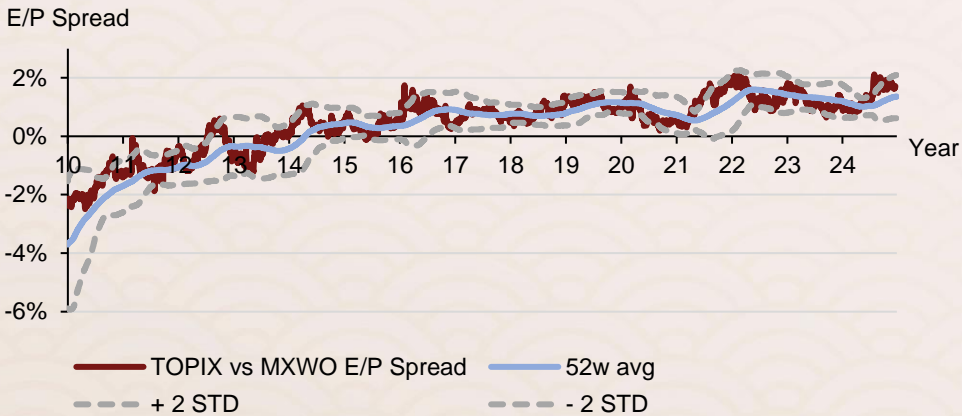
²Nikkei Asia BOJ chief surprises with dovish remarks, trimming odds of January hike 19 December 2024;

³Citi Japan Equity Strategy Market Explorer 2025 outlook – basically bullish, new all-time high set to come in H2 29 November 2024;

⁴Bloomberg as of 31 December 2024.

WHY INVEST IN JAPAN NOW?

Figure 2: TOPIX vs MSCI AC World: E/P gap⁴



Trump 2.0 a near term uncertainty but net positive over long term

Trump 2.0 will likely be a major impact in early 2025. Expect some uncertainty for the time being over whether micro-level policies (additional tariffs and semiconductor regulations, for example) to be an overhang on stocks. In 2018-19, Japan's market declined on the news of US tariff increases against China amid US-China trade frictions, but then normalized after the Fed started cutting rates in July 2019. Similarly, when the US tightened restrictions on semiconductor exports to China in 2018 and 2022, semiconductor stocks rebounded after declining for six to eight months, and the impact on the index turned positive

However, the stated end of Trump's policies (e.g., rising interest rates, weaker yen, and greater demand in the US) are likely to have a favorable impact on the Japanese market in 2H 25⁵.

Conclusion

While there may be some near-term uncertainties from Trump 2.0 policies and BOJ rate hike, Japanese equities should still be constructive over the next 12 months from favourable macro conditions, dovish central bank in both US. Valuation relative to global equities is also favourable

With our proprietary AI models evaluating hundreds of factors for securities selection, this ETF is designed to uncover Japan's hidden gems with strong growth potential. With an actively managed and focused portfolio of 50 to 100 Japanese stocks, the Lion-Nomura Japan Active ETF (Powered by AI) is well-positioned to ride on Japan's long-term growth story.

WHAT ARE THIS ETF'S LATEST PORTFOLIO CHARACTERISTICS?

The Lion-Nomura Japan Active ETF (Powered by AI) is **Singapore's first actively managed ETF** and **Singapore's first AI-powered ETF**.

The investment objective of the Fund is to achieve long-term capital growth through investment in an actively managed portfolio of Japanese equity securities, diversified across sectors and market capitalisation. The portfolio's breakdown on market capitalization and its top 10 constituents as of 31 December 2024 can be found in Figures 3 and 4 respectively. As of 31 December 2024, the portfolio is overweight on Industrials (28.1%), Communication Services (17.2%) and Health Care (15.2%).

Note: Past performance is not necessarily indicative of future performance.

Source: ⁴Bloomberg as of December 2024; Note: The E/P gap is the difference between the earnings yield (E/P) of a stock or portfolio and the yield of a benchmark. It indicates the relative attractiveness of stocks compared to bonds, with a larger gap suggesting better stock returns.

⁵J.P. Morgan Japan Year Ahead 2025 Path to a policy rate of 1%; Japanese stocks heading toward sustained growth as of 12 December 2024

In Q4 2024, one of the key contributors to performance is the overweight in Advantest Corp. The stock is up almost 30% and our portfolio overweighted the stock by more 5% this quarter. Our AI model picked this stock largely for its stable dividend growth. Advantest Corporation produces semiconductor testing devices and electronic measuring instruments. The Company's products include large-scale integration (LSI) test systems, memory test systems, dynamic test handlers, network analyzers, electronic meters, optical testing devices, and signal sources.

One of the positive contributors to portfolio returns was how our AI model timed our positioning in Hitachi, Ltd. Our AI Model recommended to sell out of Hitachi in mid-October just before its decline in November. Our AI model then recommended to buy back in mid-November near the low before the stock spike up again in December. During the period where this ETF held the stock, Hitachi was up 9.6% compared to being only up 4.1% in the whole of Q4 2024.

Through our proprietary AI models and monthly portfolio rebalancing, the ETF is designed to react dynamically to new market data and changes. Powered by AI and active management, the Lion-Nomura Japan Active ETF (Powered by AI) is the smarter way to invest in Japan.

Source: All data are sourced from Lion Global Investors and Bloomberg as of 31 December 2024 unless otherwise stated.

Figure 3: The ETF's# breakdown by market capitalisation

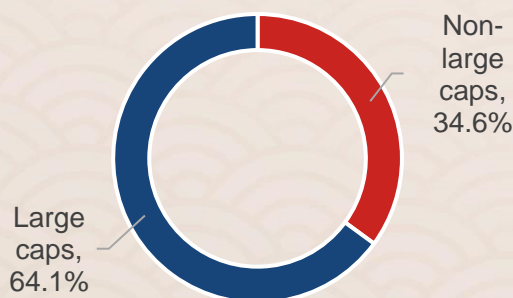


Figure 4: The ETF's top 10 constituents

Refers to non-large caps

Constituent	Sector	Weightage
Advantest Corporation	Industrials	9.2%
Nec Corporation	Communication Services	9.1%
Recruit Holdings Co.,Ltd.	Health Care	8.5%
Mitsui Fudosan Co.,Ltd.	Communication Services	7.9%
Kddi Corporation	Industrials	7.8%
Marubeni Corporation	Information Technology	4.8%
Asahi Group Holdings,Ltd.	Consumer Staples	4.4%
Daiwa Securities Group Inc.	Industrials	3.5%
Sbi Holdings,Inc.	Health Care	3.1%
Daito Trust Construction Co.,Ltd.	Consumer Discretionary	2.9%

Investors should note that the above is a portfolio representation at a point of time and is not indicative of any future performance of the ETF.

References to any particular company are intended for illustration purposes only and is not a recommendation to investors to invest in the securities of such company and its products or services.

#Note: Composition chart does not add up to 100%. Cash and cash equivalents as of 31 December 2024 was approximately 1.7%.

Source: Lion Global Investors Limited as of 31 December 2024.

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The performance of the ETF, the value of its units and any accruing income are not guaranteed and may rise or fall. Past performance, payout yields and payments and any predictions, projections, or forecasts are not indicative of the future or likely performance, payout yields and payments of the ETF. Any extraordinary performance may be due to exceptional circumstances which may not be sustainable. Any dividend distributions, which may be either out of income and/or capital, are not guaranteed and subject to the manager of the ETF’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. Any references to specific securities are for illustration purposes and are not to be considered as recommendations to buy or sell the securities. It should not be assumed that investment in such specific securities will be profitable. There can be no assurance that any of the allocations or holdings presented will remain in the ETF at the time this information is presented. Any information (which includes opinions, estimates, graphs, charts, formulae or devices) are subject to change or correction at any time without notice and are not to be relied on as advice.

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