



LION-OCBC SECURITIES

APAC FINANCIALS DIVIDEND PLUS ETF

Earn stable dividends¹. Invest in APAC's financial strengths.

Quarterly Newsletter Q4 2024

¹Distributions are not guaranteed. Distributions may be made up of income, capital gains, and/or capital. Please refer to the fund prospectus for more information on this ETF. This advertisement has not been reviewed by the Monetary Authority of Singapore

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Introduction

The Lion-OCBC Securities APAC Financials Dividend Plus ETF is the *world's first APAC Financials ETF*, riding on APAC's financial strengths while providing investors with stable dividends².

Investment Objective

The investment objective of the Fund is to replicate as closely as possible, before expenses, the performance of the iEdge APAC Financials Dividend Plus Index using a direct investment policy of investing in all, or substantially all, of the underlying Index Securities.

The Index is compiled and calculated by Singapore Exchange Limited. The Index aims to track the 30 largest and most tradable companies listed in Asia Pacific and is designed to provide access to stable dividend payout attributes and growth in the financial sector.

Why invest in Lion-OCBC Securities APAC Financials Dividend Plus ETF?

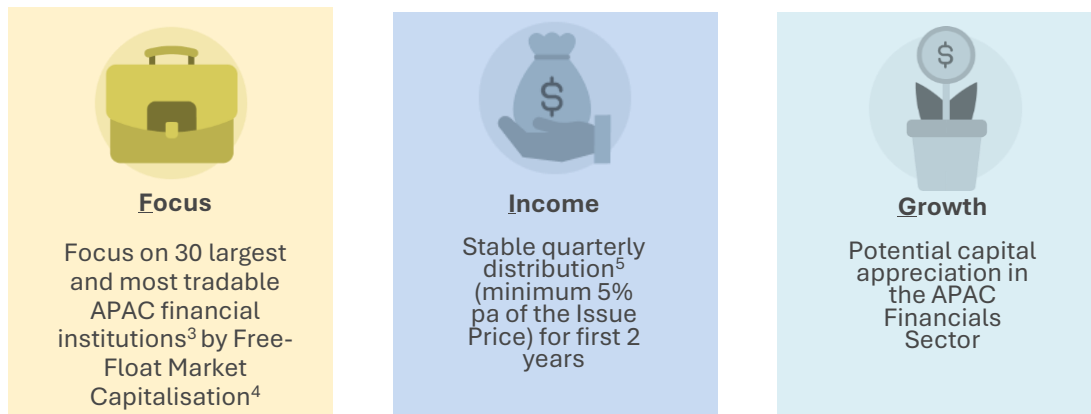
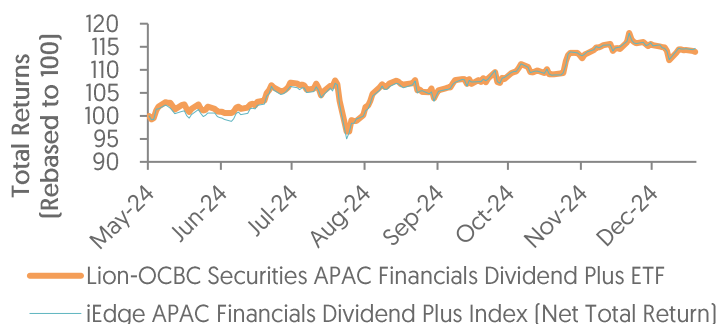


Figure 1: ETF's Performance⁶



From Bloomberg as of 31 December 2024	2024 YTD return since ETF's inception ⁶
Lion-OCBC Securities APAC Financials Dividend Plus ETF	13.90%
iEdge APAC Financials Dividend Plus Index (Net Total Return ⁷)	14.60%

² Distributions are not guaranteed. Distributions may be made up of income, capital gains, and/or capital.

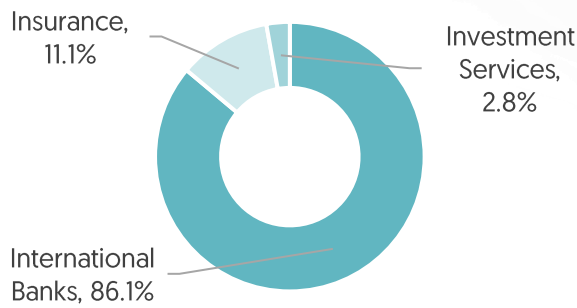
³ The company's business sector must be classified as "Banking, Insurance, Investment Services, or Specialty Finance & Services", as defined by FactSet's Revere Business Industry Classification System (RBICS). ⁴ Based on the underlying Index Securities of the iEdge APAC Financials Dividend Plus Index

⁵ As set out in the prospectus, distribution payments shall, at the sole discretion of the Manager, be made out of either (a) distributable income; or (b) capital gains; or (c) capital of the Deposited Property or a combination of (a) and/or (b) and/or (c). Distributions are not guaranteed and may fluctuate. Past performance, yields, and payments are not necessarily indicative of future or likely performance, yields, and payments. Distribution payouts and its frequency might be changed at the Manager's discretion and can be made out of distributable 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. The Fund seeks to invest all or substantially all of the Fund's assets in Index Securities in substantially the same weightings as reflected in the Index. Please refer to the fund prospectus for more information on the ETF's distribution policy. Please refer to LGI website for more information on the income disclosures.

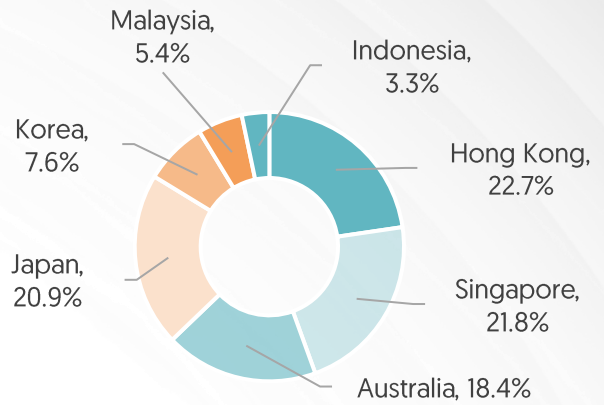
⁶ Source: Bloomberg, Lion Global Investors, Singapore Exchange Limited as of 31 December 2024. Returns are based on NAV-NAV basis in SGD and assuming all dividends are reinvested net of all charges payable upon reinvestment. The Lion-OCBC Securities APAC Financials Dividend Plus ETF was listed on 13 May 2024. 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.

⁷ Net Total Return (NTR) reflects the price performance, plus the net amount of all special and regular dividends after applying relevant foreign tax withholding rates.

Figure 2: ETF's Characteristics



Source: SGX Index Edge as of 31 December 2024.



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Why invest in APAC Financials now?

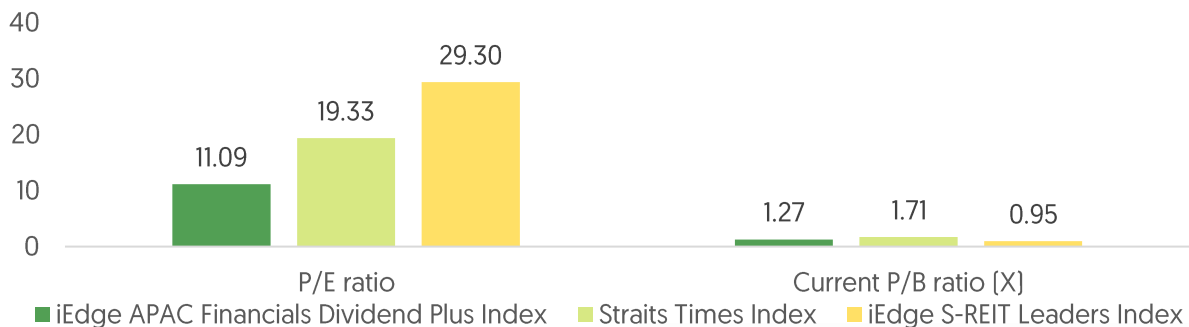
Q4 2024 was an eventful quarter. The US Federal Reserve continued its rate cut cycle, reducing its target range for the federal funds rate by 0.25% to 4.25%-4.5% on 18 December 2024. This marked the third consecutive rate cut of the year, aimed at stabilizing the economy amid persistent inflation concerns. The market anticipates a cautious approach to further rate cuts in 2025, with the Fed projecting two more reductions in 2025.

After a policy pivot at the end of September that drove a spectacular market bounce, China markets have been consolidating over the past three months. Announcements by policymakers hold promise for more forceful policy action, with timing and execution expected in 2025. There has been stronger language around policy support, with the monetary policy stance becoming “moderately loose” for the first time since 2010, and fiscal policy becoming “more proactive” with “extraordinary counter-cyclical adjustments.” Details of the growth target for 2025 and how policy could be used to support this target are likely to be announced at the “Two Sessions” in March.

We believe that the earnings of APAC financial institutions are likely to remain resilient, even in the face of more interest rate reductions. While rate cuts could potentially impact banks' net interest margins, this is likely to be offset by possible recovery in wealth management and treasury income. Moreover, some proactive banks have already begun re-positioning their balance sheets to reduce their rate sensitivity. As such, we believe the valuations of APAC financial institutions are attractive, considering their sustainable medium-term ROE together with their high and sustainable dividend yields.

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

Figure 3: Valuation and consensus earnings forecast



Source: Bloomberg as of 31 December 2024. Price/Earnings ratio refers to the ratio of the market's share price divided by its earnings per share. Price/Book ratio refers to the ratio of the market's share price divided by its book value per share. Past dividend is not indicative of future dividend. Past performance is not necessarily indicative of future performance. The iEdge APAC Financials Dividend Plus Index was launched on 2 February 2024.

What are the latest happenings in this ETF?

The Lion-OCBC Securities APAC Financials Dividend Plus ETF is the **world's first APAC Financials ETF**, riding on APAC's financial strengths while providing investors with stable dividends*.

In less than two months since the ETF's listing on 13 May 2024, the ETF rose approximately 9% to an intraday high of S\$1.094 on 5 July 2024**. Consequently, a special dividend payout^ of S\$0.03 per unit, consisting entirely of a capital gains component, was made on 30 July 2024. This move aims to help investors lock in some capital gains.

While countries brace themselves for upcoming rate cuts by the US Fed, there are countries at different stages of the interest rate cycle, with Japan being one example. Following the end of its 8-year negative interest rate policy in March 2024, the Bank of Japan (BOJ) raised interest rates in July 2024. The BOJ maintained this rate through the end of the year, with further hikes expected in 2025. Rate hikes are expected to be beneficial for Japanese financials, such as banks and insurance companies, which could see improved profit margins due to higher interest rates.

"The past two rate hikes will increase net interest income by JPY 100 Billion (bn), with JPY 70 bn impacting FY 3/25. When the policy rate is raised to 0.50%, it could add another JPY 100 bn annually." said Toru Nakashima#, Group CEO in SMFG 1H FY3/2025 Investor Meeting on 19 Nov 2024.

All these reinforce the importance of geographical diversification to weather macroeconomic events. Compared to solely buying SG banks, the Lion-OCBC Securities APAC Financials Dividend Plus ETF offers greater geographical diversification by covering constituents in countries at different stages of the interest rate cycle. Earn stable dividends*. Invest in APAC's financial strengths.

Performance of the ETF's top constituents##

Constituent	In the Straits Times Index?	Country of listing	% weight in the ETF portfolio	2024 return since ETF's inception##
DBS Group Holdings Ltd	Yes	Singapore	7.9%	27.1%
Oversea-Chinese Banking Corp Ltd	Yes	Singapore	7.5%	20.6%
Sumitomo Mitsui Financial Group Inc	No	Japan	7.1%	26.5%
United Overseas Bank Ltd	Yes	Singapore	6.5%	23.9%
Mizuho Financial Group Inc	No	Japan	5.5%	28.7%
HSBC Holdings PLC	No	Britain	5.5%	15.7%
China Construction Bank Corp	No	China	4.7%	26.0%
Commonwealth Bank of Australia	No	Australia	4.3%	24.8%

* Distributions are not guaranteed. Distributions may be made up of income, capital gains, and/or capital.

** Past performance is not necessarily indicative of future performance

^ Distributions are not guaranteed. Please refer to our website for more information on the income disclosures.

Source: Sumitomo Mitsui Financial Group Investor Meeting 1H FY3/2025 as of 19 November 2024.

Source: Bloomberg as of 31 December 2024. Note: Securities referenced are not intended as recommendations to buy or sell.

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

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You should read the prospectus and Product Highlights Sheet of the Lion-OCBC Securities APAC Financials Dividend Plus ETF (“ETF”), which is available and may be obtained from Lion Global Investors Limited (“LGI”) or any of its distributors and appointed Participating Dealers (“PDs”), for further details including the risk factors and consider if the ETF is suitable for you and seek such advice from a financial adviser if necessary, before deciding whether to purchase units in the ETF.

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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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The distributions will be a minimum of 5% per annum of the issue price per unit during the ETF's initial offer period for the first 2 years. Thereafter, there will be a targeted dividend yield of around 5% per annum of the Net Asset Value per unit, less expenses. Distributions may be paid from distributable income, capital gains and/or capital. These distributions are not guaranteed and are subject to the fund's distribution policy. For full details, refer to the fund prospectus. Past performance, yields, and payments are not necessarily indicative of future or likely performance, yields, or payments.

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