LION-OCBC SECURITIES

APAC FINANCIALS DIVIDEND PLUS ETF

Earn stable dividends[1]. Invest in APAC's financial strengths.

Quarterly Newsletter
Q3 2024

[1]Distributions 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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Lion Global Investors Limited

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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 dividends[2].

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?

Focus

Focus on 30 largest and most tradable APAC financial institutions[3] by Free-Float Market Capitalisation[4]

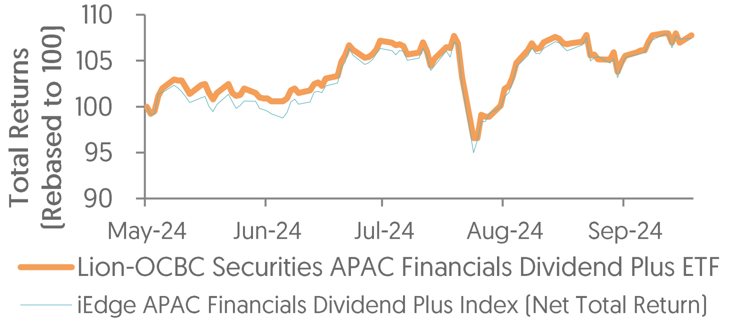
Income

Stable quarterly distribution[5] (minimum 5% pa of the Issue Price) for first 2 years

Growth

Potential capital appreciation in the APAC Financials Sector

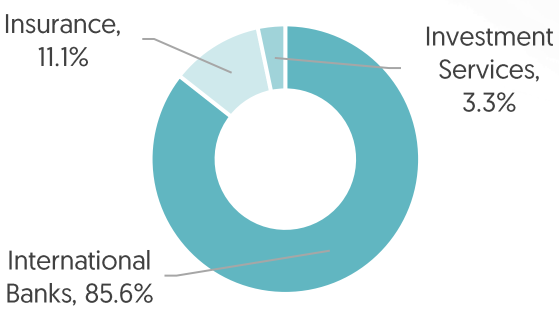
Figure 1: ETF's Performance[6]



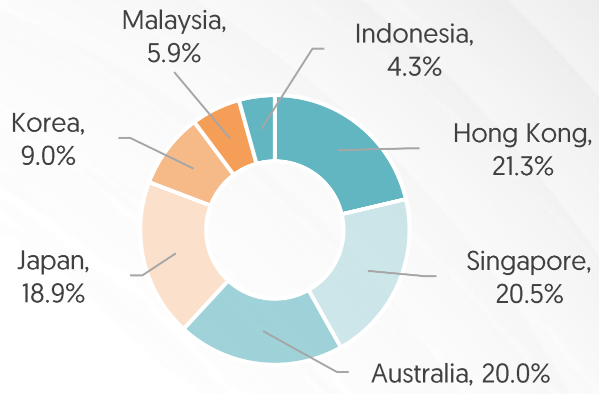
From Bloomberg as of 30 September 2024	2024 YTD return since ETF's inception[6]
Lion-OCBC Securities APAC Financials Dividend Plus ETF	7.77%
iEdge APAC Financials Dividend Plus Index (Net Total Return[7])	7.40%

[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 30 September 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 30 September 2024.



Source: SGX Index Edge as of 30 September 2024.

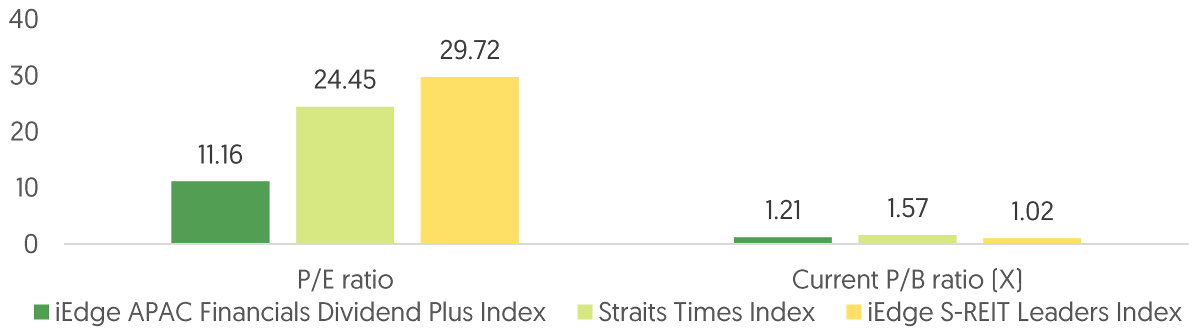
Why invest in APAC Financials now?

Q3 2024 was an eventful quarter. As widely expected, the US Federal Reserve started the rate cut cycle by reducing its target range for federal funds rate by 0.5% to 4.75%-5%, enacting its first rate cut in 4 years. Market expect a few more rate cuts, timing and extent of which is still uncertain at this juncture.

Following the US rate cut, the China Politburo announced a slew of significant measures to support and boost the Chinese equities markets. The China government further relaxed the home purchase restrictions, lowered downpayment requirement and mortgage rates and accelerate execution of the RMB 300 billion relending scheme. It will also create a liquidity backstop program of RMB 500 billion to financial institutions (such as securities firms, fund managers, local life insurers) to purchase stocks, and a RMB 300 billion relending program for corporates to do share buybacks. Both programs can be stepped up when needed be. All these drove a China equities rally in late September.

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.

Figure 3: Valuation and consensus earnings forecast



Source: Bloomberg as of 30 September 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. Rate hikes are expected to be beneficial for Japanese financials such as below.

"Net interest income is expected to increase by JPY 100 billion in FY2025 due to the Bank of Japan's policy changes in both March and July 2024." said Toru Nakashima[#], Group CEO in SMFG Investors Presentation on 30 Aug 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 YTD return since ETF's inception[##]
DBS Group Holdings Ltd	Yes	Singapore	7.2%	9.2%
Oversea-Chinese Banking Corp Ltd	Yes	Singapore	7.1%	9.1%
Sumitomo Mitsui Financial Group Inc	No	Japan	6.6%	5.8%
United Overseas Bank Ltd	Yes	Singapore	6.0%	9.7%
Commonwealth Bank of Australia	No	Australia	4.1%	16.1%
Westpac Banking Corp	No	Australia	4.0%	18.4%
Shinhan Financial Group Co Ltd	No	South Korea	3.5%	15.8%
Macquarie Group Ltd	No	Australia	3.2%	21.7%

* 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 FY3/2025 as of 30 August 2024. Securities referenced are not intended as recommendations to buy or sell.
[##] Source: Bloomberg as of 30 September 2024. Note: Securities referenced are not intended as recommendations to buy or sell.

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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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