

For the half year ended 30 June 2019 (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 Ching Wei Hong (Deputy Chairman)  
Mr Gerard Lee How Cheng (CEO)  
Mr Norman Ip Ka Cheung  
Mr Tan Siew Peng  
Mr Ronnie Tan Yew Chye  
Ms Wee Ai Ning  
Ms Chong Chuan Neo (appointed on 13 August 2019)

### Trustee/Registrar

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320

### 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 2019 (Unaudited)*

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 30 June 2019 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	7.9	7.9
6 months	21.1	21.3
1 year	22.5	23.0
Since inception** (30 October 2017)	12.7	13.3

*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 2019, the Fund returned 21.1% in SGD terms.

The first half of 2019 was a good period for the Singapore REITs. This was mainly driven by a sharp decrease in global bond yields, which has a strong inverse relationship with the S-REITs. With the Fed looking to cut rate, rather than hiking, the low interest rate environment provided the S-REITs with a favorable platform to do well.

Fundamentally, the S-REITs are also doing fine, with most REITs reporting earnings growth on the back of positive rental reversion. Furthermore, many REITs have also taken advantage of the favorable market conditions to make accretive acquisitions to boost earnings growth. The low interest rate and above-average growth outlook had made many investors excited about the sector's near term prospects.

## STRATEGY AND OUTLOOK

We remain positive on the Singapore REITs sector. The benign interest rate environment is likely to continue in 2H19 and this provides strong valuation support for the sector.

While economic growth globally is slowing due to simmering trade tension, we expect the REITs to continue to provide stable income growth for investors due to their resilient portfolio and proactive capital management capabilities.

We continue to see interest rate volatility as the biggest risk for the sector.

As at 22 July 2019

**DISCLOSURES ON THE FUND<sup>1</sup>***For the half year ended 30 June 2019 (Unaudited)***1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2019**

	<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 Trust (REITS)	141,681,729	98.9
Cash and other net assets	1,507,542	1.1
<b>Net assets attributable to unitholders</b>	143,189,271	100.0

b) *By Credit Rating of Debt Securities*

Not applicable

c) *By Derivative Type*

Not applicable

The net realised losses from financial derivatives at the end of the period were \$3,231.

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

2. TOP 10 HOLDINGS

As at 30 June 2019

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
CapitaLand Commercial Trust	13,292,333	9.3
CapitaLand Mall Trust	13,155,491	9.2
Mapletree Commercial Trust	12,910,448	9.0
Mapletree North Asia Commercial Trust	12,559,034	8.8
Ascendas REIT	11,435,468	8.0
Mapletree Logistics Trust	10,250,779	7.2
Manulife US REIT	8,428,506	5.9
Mapletree Industrial Trust	7,984,959	5.6
Keppel REIT	7,119,645	5.0
Parkway Life REIT	6,920,578	4.8

As at 30 June 2018

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
CapitaLand Mall Trust	13,796,651	10.0
Mapletree Commercial Trust	13,794,781	10.0
CapitaLand Commercial Trust	13,495,061	9.8
Ascendas REIT	13,455,053	9.7
Manulife US REIT	9,475,545	6.9
Parkway Life REIT	8,229,327	6.0
Mapletree Industrial Trust	7,275,278	5.3
OUE Hospitality Trust	6,517,424	4.7
Suntec REIT	4,811,888	3.5
Mapletree North Asia Commercial Trust	3,988,916	2.9

**3. RELATED PARTY TRANSACTIONS****For the period from 01 January 2019 to 30 June 2019**

	\$
Interest expenses incurred with a bank which is a related company of the Trustee	362
Transaction fees charged by the Trustee	3,234
Registration fees charged by a related company of the Trustee	7,440
Valuation and administration fees charged by the Trustee	27,601
Custodian fees charged by a related company of the Trustee	17,656
Bank service fees charged by a bank which is a related company of the Trustee	794
Cash transfer fees charged by a related company of the Trustee	<u>101</u>
Cash and bank balances placed with a financial institution related to the Trustee as at 30 June 2019 amounted to \$1,064,703.	

**4. FINANCIAL RATIOS**

	<b>30 June 2019 %</b>	<b>30 June 2018 %</b>
Expense ratio <sup>1</sup> (excluding preliminary expenses)	0.58	0.59
Expense ratio <sup>1</sup> (including preliminary expenses)	0.58	0.60
Portfolio turnover ratio <sup>2</sup>	<u>15</u>	<u>34</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 2019 was based on total operating expenses of \$801,309 (2018: \$533,854) divided by the average net asset value of \$139,058,932 (2018: \$128,247,902) for the period. 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 purchases of \$21,389,860 (2018: sales of \$43,622,528) divided by the weighted average daily net asset value of \$139,072,550 (2018: \$128,247,902).



## **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

	Fair Value \$	Percentage of total net assets attributable to unitholders %
CapitaLand Commercial Trust	13,292,333	9.3
CapitaLand Mall Trust	13,155,491	9.2
Mapletree Commercial Trust	12,910,448	9.0
Mapletree North Asia Commercial Trust	12,559,034	8.8
Ascendas REIT	11,435,468	8.0
Mapletree Logistics Trust	10,250,779	7.2
Manulife US REIT	8,428,506	5.9
Mapletree Industrial Trust	7,984,959	5.6
Keppel REIT	7,119,645	5.0
Parkway Life REIT	6,920,578	4.8
Suntec REIT	5,514,128	3.8
OUE Hospitality Trust	4,346,396	3.0
Ascott Residence Trust	3,573,246	2.5
Starhill Global REIT	3,505,696	2.4
Frasers Commercial Trust	3,381,571	2.4
SPH REIT	3,121,621	2.2
Frasers Centrepoint Trust	2,845,253	2.0
Frasers Logistics & Industrial Trust	2,245,057	1.6
AIMS APAC REIT Management Limited	1,526,589	1.1
CDL Hospitality Trusts	1,421,460	1.0
ESR REIT	1,296,914	0.9
Frasers Hospitality Trust	1,229,722	0.8
Keppel DC REIT	1,218,982	0.8
CapitaLand Retail China Trust Management Limited	1,013,610	0.7
Far East Hospitality Trust	726,368	0.5
OUE Commercial REIT	657,875	0.4

## 9. BORROWINGS

Nil

## 10. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the 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 2019 (Unaudited)*

	For the half year ended 30 June 2019	For the financial period from 23 October 2017 (date of commencement of operations) to 30 June 2018
	\$	\$
<b>Income</b>		
Dividends	3,558,602	4,653,222
Interest on cash and bank balances	45	-
	3,558,647	4,653,222
<b>Less: Expenses</b>		
Audit fee	8,431	9,744
Custodian fees	17,656	56,206
Management fee	345,018	344,396
Less: Management fee rebate	(196,000)	-
Professional fees	22,490	7,508
Registration fee	7,440	13,750
Trustee fee	27,601	34,893
Valuation and administration fees	27,601	34,893
Preliminary expenses	-	15,790
Transaction costs	27,983	165,443
Miscellaneous expenses	71,744	57,656
	359,964	740,279
<b>Net income</b>	3,198,683	3,912,943
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains/(losses) on investments	23,721,600	(4,799,819)
Net (losses)/gains on foreign exchange spot contracts	(3,231)	15,509
Net foreign exchange gains/(losses)	1,087	(13,463)
	23,719,456	(4,797,773)
<b>Total return/(deficit) for the financial period before income tax</b>	26,918,139	(884,830)
<b>Less: Income tax</b>	-	(624,505)
<b>Total return/(deficit) for the financial period</b>	26,918,139	(1,509,335)

**STATEMENT OF FINANCIAL POSITION***As at 30 June 2019 (Unaudited)*

	<b>30 June 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Portfolio of investments	141,681,729	137,080,460
Receivables	461,532	183,222
Due from brokers	88,525	669,776
Cash and bank balances	1,064,703	219,914
<b>Total assets</b>	<u>143,296,489</u>	<u>138,153,372</u>
<b>LIABILITIES</b>		
Payables	107,218	131,379
Due to brokers	-	522,971
<b>Total liabilities</b>	<u>107,218</u>	<u>654,350</u>
<b>EQUITY</b>		
Net assets attributable to unitholders	<u>143,189,271</u>	<u>137,499,022</u>

**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the half year ended 30 June 2019 (Unaudited)*

	<b>For the half year ended 30 June 2019 \$</b>	<b>For the financial period from 23 October 2017 (date of commencement of operations) to 31 December 2018 \$</b>
<b>Net assets attributable to unitholders at the beginning of financial period</b>	137,499,022	-
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	26,918,139	288,262
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	3,177,000	142,561,200
Cancellation of units	(21,556,200)	(681,287)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(18,379,200)	141,879,913
Distributions	(2,848,690)	(4,669,153)
Total increase in net assets attributable to unitholders	5,690,249	137,499,022
<b>Net assets attributable to unitholders at the end of financial period</b>	<u>143,189,271</u>	<u>137,499,022</u>

## STATEMENT OF PORTFOLIO

As at 30 June 2019 (Unaudited)

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>By Industry (Primary)</b>			
<b>QUOTED</b>			
<b>REAL ESTATE</b>			
CapitaLand Commercial Trust	6,125,499	13,292,333	9.3
CapitaLand Mall Trust	5,002,088	13,155,491	9.2
Mapletree Commercial Trust	6,177,248	12,910,448	9.0
Mapletree North Asia Commercial Trust	8,602,078	12,559,034	8.8
Ascendas REIT	3,665,214	11,435,468	8.0
Mapletree Logistics Trust	6,447,031	10,250,779	7.2
Manulife US REIT	7,202,260	8,428,506	5.9
Mapletree Industrial Trust	3,564,714	7,984,959	5.6
Keppel REIT	5,650,512	7,119,645	5.0
Parkway Life REIT	2,284,019	6,920,578	4.8
Suntec REIT	2,842,334	5,514,128	3.8
OUE Hospitality Trust	6,078,876	4,346,396	3.0
Ascott Residence Trust	2,748,651	3,573,246	2.5
Starhill Global REIT	4,523,479	3,505,696	2.4
Frasers Commercial Trust	2,024,893	3,381,571	2.4
SPH REIT	2,917,403	3,121,621	2.2
Frasers Centrepoint Trust	1,094,328	2,845,253	2.0
Frasers Logistics & Industrial Trust	1,855,419	2,245,057	1.6
AIMS APAC REIT Management Limited	1,052,820	1,526,589	1.1
CDL Hospitality Trusts	872,061	1,421,460	1.0
ESR REIT	2,470,312	1,296,914	0.9
Frasers Hospitality Trust	1,744,286	1,229,722	0.8
Keppel DC REIT	729,929	1,218,982	0.8
CapitaLand Retail China Trust Management Limited	649,750	1,013,610	0.7
Far East Hospitality Trust	1,092,283	726,368	0.5
OUE Commercial REIT	1,302,723	657,875	0.4
		<u>141,681,729</u>	<u>98.9</u>

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>By Industry (Primary) (continued)</b>			
<b>Portfolio of investments</b>		141,681,729	98.9
<b>Other net assets</b>		1,507,542	1.1
<b>Net assets attributable to unitholders</b>		<u>143,189,271</u>	<u>100.0</u>



**Percentage of total net assets  
attributable to unitholders at**

	<b>30 June 2019</b>	<b>31 December 2018</b>
	<b>%</b>	<b>%</b>

**By Industry (Summary)**

Real Estate

98.9

99.7

**Portfolio of investments**

98.9

99.7

**Other net assets**

1.1

0.3

**Net assets attributable to unitholders**

100.0

100.0

	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at	
		30 June 2019 %	31 December 2018 %
<b>By Geography (Secondary)</b>			
Singapore	141,681,729	98.9	99.7
<b>Portfolio of investments</b>	141,681,729	98.9	99.7
<b>Other net assets</b>	1,507,542	1.1	0.3
<b>Net assets attributable to unitholders</b>	143,189,271	100.0	100.0

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