LION GLOBAL INVESTORS

For the financial year ended 31 December 2020

ANNUAL REPORT
LION-PHILLIP S-REIT ETF

Lion Global Investors Ltd
65 Chulia Street #18-01
OCBC Centre, Singapore 049513
T : +65 6417 6800
F : +65 6417 6806
Co Reg No:198601745D

For more information, visit: lionglobalinvestors.com
or email: ContactUs@lionglobalinvestors.com

© Lion Global Investors Limited. All rights reserved.

A member of the OCBC Group

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 (Chief Executive Officer)
Mr Tan Siew Peng
Mr Ronnie Tan Yew Chye
Ms Wee Ai Ning
Ms Chong Chuan Neo
Mr Leslie Teo Eng Sipp

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 financial year ended 31 December 2020

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2020 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Lion-Phillip S-REIT ETF	Benchmark/ Index* Returns (%)
3 months	2.1	2.0
6 months	7.7	7.7
1 year	-1.8	-1.7
3 year**	5.4	5.8
Since inception** (30 October 2017)	7.0	7.4

Source: Morningstar/Lion Global Investors Ltd.
**Benchmark/ Index: Morningstar® Singapore REIT Yield Focus Index℠.*
***Returns of more than 1 year are annualised.*

REVIEW

For the year ended 31 December 2020, the Fund returned -1.8% in SGD terms.

It was a challenging 2020 for the Singapore Real Estate Investment Trusts (REITs) market. Along with the overall equity market, the Exchange Traded Fund (ETF) suffered a significant decline in March 2020. The global spread of the COVID-19 virus has forced the World Health Organization to declare this as a pandemic. This caused a general sell down in risk assets and the S-REITs were not spared. Thanks to the swift and proactive policies introduced by governments and central banks globally, and the discovery of a COVID-19 vaccine in 4th quarter of 2020, the ETF staged a rebound from its low, ending the year down about 6%.

Given the nature of the pandemic, the hospitality and retail REITs were badly affected in 2020. That said, REITs in both sectors did have a meaningful bounce in 4th quarter of 2020 as investors were encouraged by the discovery of an effective vaccine against COVID-19. On the other hand, the industrial REITs outperformed mainly due to 2 key themes – firstly, with many cities in lockdown, people turned to e-commerce. This in turn caused a sharp increase in demand for logistics space globally, hence benefiting the logistics REITs. Secondly, the work from home trend in 2020 also increased people's data consumption, thereby boosting demand for data centres around the world.

STRATEGY AND OUTLOOK

Despite short term headwinds from the COVID-19 crisis, we remain positive on the S-REITs in the longer term. Interest rates are likely to remain low, and this has a positive impact on the sector's overall valuation.

After a year of disruption, we expect earnings from retail and office REITs to recover in 2021. As more people get vaccinated through the year, we expect businesses and operations to normalize, thereby providing support for the REITs' rental income. That said, given the uneven recovery from the pandemic globally, we expect international travel to remain muted this year, hence putting pressure on the hospitality names.

On a more positive note, we expect more REITs to make new and accretive acquisitions in 2021, making up for lost time in 2020. This should help to promote earnings growth in the longer term.

As of 22 February 2021.

DISCLOSURES ON THE FUND[1]

For the financial year ended 31 December 2020

1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2020

	Fair Value $	Percentage of total net assets attributable to unitholders %
a) *By Asset Class*		
Real Estate Investment Trusts (REITs)	189,935,222	99.2
Cash and other net assets	1,497,570	0.8
Net assets attributable to unitholders	191,432,792	100.0

b) *By Credit Rating of Debt Securities*

Not applicable

c) *By Derivative Type*

The total net realised losses from financial derivatives at the end of the year were $5,405.

[1] *As required by Code on Collective Investment Schemes*

2. TOP 10 HOLDINGS

As at 31 December 2020

	Fair Value $	Percentage of total net assets attributable to unitholders %
CapitaLand Integrated Commercial Trust	19,198,786	10.0
Keppel DC REIT	18,692,738	9.8
Mapletree Logistics Trust	18,691,957	9.8
Ascendas Real Estate Investment Trust	18,236,918	9.5
Mapletree Industrial Trust	18,219,543	9.5
Mapletree Commercial Trust	16,904,440	8.8
Frasers Centrepoint Trust	12,671,959	6.6
Parkway Life Real Estate Investment Trust	10,675,592	5.6
Keppel REIT	9,910,851	5.2
Frasers Logistics & Industrial Trust	7,953,266	4.2

As at 31 December 2019

	Fair Value $	Percentage of total net assets attributable to unitholders %
CapitaLand Commercial Trust	15,030,866	9.7
Mapletree Logistics Trust	13,448,166	8.6
Mapletree Commercial Trust	13,236,869	8.5
CapitaLand Mall Trust	13,128,252	8.4
Ascendas Real Estate Investment Trust	12,340,089	7.9
Keppel REIT	10,845,427	7.0
Mapletree Industrial Trust	10,295,776	6.6
Manulife US Real Estate Investment Trust	9,769,575	6.3
Suntec Real Estate Investment Trust	8,207,383	5.3
Parkway Life Real Estate Investment Trust	7,332,283	4.7

3. 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.

4. COLLATERAL

Nil

5. SECURITIES LENDING OR PURCHASE TRANSACTIONS

Nil

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

Please refer to Statement of Portfolio.

7. BORROWINGS

Nil

8. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the year 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.

9. OTHER MATERIAL INFORMATION

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

10. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2020

The Trustee is under a duty to take into custody and hold the assets of Lion-Phillip S-REIT ETF (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 13 to 34, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatory

26 March 2021

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2020

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 13 to 34, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Lion-Phillip S-REIT ETF (the "Fund") as at 31 December 2020, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of
LION GLOBAL INVESTORS LIMITED

GERARD LEE HOW CHENG
CEO

26 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LION-PHILLIP S-REIT ETF

(Constituted under a Trust Deed in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of Lion-Phillip S-REIT ETF (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2020, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2020;
- the Statement of Financial Position as at 31 December 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2020;
- the Statement of Portfolio as at 31 December 2020; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LION-PHILLIP S-REIT ETF

(Constituted under a Trust Deed in the Republic of Singapore)

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LION-PHILLIP S-REIT ETF

(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LION-PHILLIP S-REIT ETF

(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kheng Wah.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 March 2021

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2020

	Note	2020 $	2019 $
Income			
Dividends		6,549,495	6,807,462
Interest on cash and bank balances		-	45
		6,549,495	6,807,507
Less: Expenses			
Audit fee		17,000	17,000
Custodian fees	10	16,687	34,354
Management fee	10	840,196	719,999
Less: Management fee rebate	10	(145,000)	(232,000)
Professional fees		56,048	59,847
Registration fee	10	12,714	15,464
Trustee fee	10	32,253	57,564
Valuation and administration fees	10	33,608	57,564
Transaction costs		125,129	80,706
Miscellaneous expenses		147,105	131,107
		1,135,740	941,605
Net income		5,413,755	5,865,902
Net gains or losses on value of investments and financial derivatives			
Net (losses)/gains on investments		(1,216,475)	26,051,846
Net losses on foreign exchange spot contracts		(7,335)	(5,258)
Net gains on foreign exchange forward contracts		1,930	-
Net foreign exchange gains		7,949	328
		(1,213,931)	26,046,916
Total return for the financial year before income tax		4,199,824	31,912,818
Add/(Less): Income tax	3	60,120	-
Total return for the financial year		4,259,944	31,912,818

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 $	2019 $
ASSETS			
Portfolio of investments		189,935,222	153,453,542
Receivables	5	198,598	311,139
Cash and bank balances	6	1,440,918	2,005,435
Total assets		191,574,738	155,770,116
LIABILITIES			
Payables	7	141,946	157,019
Total liabilities		141,946	157,019
EQUITY			
Net assets attributable to unitholders	8	191,432,792	155,613,097

The accompanying notes form an integral part of these financial statements.

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2020

	Note	2020 $	2019 $
Net assets attributable to unitholders at the beginning of financial year		155,613,097	137,499,022
Operations			
Change in net assets attributable to unitholders resulting from operations		4,259,944	31,912,818
Unitholders' contributions/(withdrawals)			
Creation of units		45,783,200	19,266,900
Cancellation of units		(6,872,200)	(26,704,200)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		38,911,000	(7,437,300)
Distributions	4	(7,351,249)	(6,361,443)
Total increase in net assets attributable to unitholders		35,819,695	18,114,075
Net assets attributable to unitholders at the end of financial year	8	191,432,792	155,613,097

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 $	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary)			
QUOTED EQUITIES			
REAL ESTATE			
CapitaLand Integrated Commercial Trust	8,888,327	19,198,786	10.0
Keppel DC REIT	6,652,220	18,692,738	9.8
Mapletree Logistics Trust	9,299,481	18,691,957	9.8
Ascendas Real Estate Investment Trust	6,119,771	18,236,918	9.5
Mapletree Industrial Trust	6,304,340	18,219,543	9.5
Mapletree Commercial Trust	7,936,357	16,904,440	8.8
Frasers Centrepoint Trust	5,151,203	12,671,959	6.6
Parkway Life Real Estate Investment Trust	2,758,551	10,675,592	5.6
Keppel REIT	8,848,974	9,910,851	5.2
Frasers Logistics & Industrial Trust	5,640,614	7,953,266	4.2
Manulife US Real Estate Investment Trust	5,633,797	5,547,201	2.9
Suntec Real Estate Investment Trust	3,596,586	5,358,913	2.8
Mapletree North Asia Commercial Trust	5,146,360	4,991,969	2.6
SPH REIT	4,257,199	3,597,333	1.9
AIMS APAC REIT	2,463,004	3,078,755	1.6
Sasseur Real Estate Investment Trust	2,950,675	2,419,554	1.3
Ascott Residence Trust	2,018,391	2,179,862	1.1
Cromwell European REIT	2,557,288	1,984,993	1.0
Far East Hospitality Trust	2,407,700	1,492,774	0.8
ESR-REIT	3,564,730	1,408,068	0.7
CapitaLand Retail China Trust	913,927	1,270,359	0.7
OUE Commercial Real Estate Investment Trust	3,265,432	1,257,191	0.6
CDL Hospitality Trusts	967,402	1,228,601	0.6

The accompanying notes form an integral part of these financial statements.

	Holdings at 31 December 2020	Fair value at 31 December 2020 $	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
REAL ESTATE (continued)			
Keppel Pacific Oak US REIT	1,295,244	1,181,183	0.6
Starhill Global Real Estate Investment Trust	1,767,867	892,773	0.5
Frasers Hospitality Trust	1,694,557	889,643	0.5
		189,935,222	99.2
Portfolio of investments		189,935,222	99.2
Other net assets		1,497,570	0.8
Net assets attributable to unitholders		191,432,792	100.0

The accompanying notes form an integral part of these financial statements.

	Percentage of total net assets attributable to unitholders at	
	31 December 2020 %	31 December 2019 %
By Industry (Summary)		
Real Estate	99.2	98.6
Portfolio of investments	99.2	98.6
Other net assets	0.8	1.4
Net assets attributable to unitholders	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.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Lion-Phillip S-REIT ETF (the "Fund") is a unit trust constituted by a Deed of Trust dated 28 September 2017 together with its Supplemental Deeds (thereafter referred to as "Trust Deed"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Manager and Sub-Manager of the Fund are Lion Global Investors Limited (the "Manager") and Phillip Capital Management (S) Ltd. (the "Sub-Manager") respectively.

The investment objective of the Fund is to replicate as closely as possible, before expenses, the performance of the Morningstar® Singapore REIT Yield Focus Index℠ (the "Index").

During the financial year, the Manager has at its own discretion, chosen to rebate to the Fund a management fee rebate.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(e) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in the fair value of investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(h) Due from and due to brokers

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(j) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(k) Foreign currencies

(i) Functional and presentation currency

The Fund qualifies as an authorised scheme under the Securities and Futures Act ("SFA") of Singapore and is offered to retail investors in Singapore. The Fund's activities are substantially based in Singapore, with subscriptions and redemptions of the units in the Fund denominated in Singapore Dollar.

The performance of the Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the net gain or loss on investments.

3. INCOME TAX

The Fund has been approved by the Monetary Authority of Singapore under the Enhanced-Tier Fund Scheme (Section 13X of the Income Tax Act and the relevant regulations). Subject to certain conditions being met on an annual basis, the Fund may enjoy Singapore corporate tax exemption on "specified income" derived from "designated investments" for the life of the Fund. The tax exemption does not apply in the year when the relevant conditions are not met. Losses from "designated investments" are correspondingly disregarded, with certain exceptions.

The Fund is also approved for tax transparency treatment under Section 43(2) of the Income Tax Act. Subject to meeting the terms and conditions of the tax transparency treatment, the Fund may not be taxed on the distributions received which are made out of the qualifying income of REITs listed on the Singapore Exchange ("S-REIT").

	2020 $	2019 $
Refund of Singapore income tax from prior years	60,120	-

4. DISTRIBUTIONS

	2020 $	2019 $
Distribution of $2.89 per 100 units on 28 February 2020 to unitholders as at 3 February 2020	3,959,560	-
Distribution of $2.10 per 100 units on 31 August 2020 to unitholders as at 3 August 2020	3,391,689	-
Distribution of $2.11 per 100 units on 4 March 2019 to unitholders as at 31 January 2019	-	2,848,690
Distribution of $2.81 per 100 units on 30 August 2019 to unitholders as at 31 July 2019	-	3,512,753
	7,351,249	6,361,443

5. RECEIVABLES

	2020 $	2019 $
Management fee rebate receivable	145,000	232,000
Dividends receivable	-	40,587
Other receivables	53,598	38,552
	198,598	311,139

6. CASH AND BANK BALANCES

The cash and bank balances are placed with a financial institution which is a related company of the Trustee.

7. PAYABLES

	2020 $	2019 $
Amount due to the Manager	79,527	64,235
Amount due to the Trustee	3,033	5,131
Amount due to the Custodian	506	3,290
Amount due to the Registrar	3,770	3,781
Other payables	55,110	80,582
	141,946	157,019

8. UNITS IN ISSUE

	2020 Units	2019 Units
Units at beginning of the year	133,809,000	141,509,000
Units created	47,500,000	17,100,000
Units cancelled	(6,200,000)	(24,800,000)
Units at end of the year	175,109,000	133,809,000

	2020 $	2019 $
Net assets attributable to unitholders	191,432,792	155,613,097
Net asset value per unit	1.093	1.162

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the reporting date is presented below.

	2020 $	2019 $
Net assets attributable to unitholders per unit per financial statements	1.093	1.162
Effect of changes in foreign exchange rates	*	0.001
Net assets attributable to unitholders per unit for issuing/redeeming units	1.093	1.163

** denotes amount less than $0.001*

9. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Manager is responsible for the implementation of overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of investments in Index securities in substantially the same weightings as reflected in the Index. Index security weighting is capped at 10% and liquidity based adjustments are made to the weights. The Manager will rebalance the Fund's portfolio of investments from time to time to reflect any changes to the composition of, or weighting of Index securities to minimise tracking error of the Fund's overall returns relating to the performance of the Index. The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss to the value of financial investments because of changes in market conditions like interest and currency rate movements and volatility in security prices. External factors such as changes in economic environment, consumption patterns and investor's expectation contribute to market risk which may have a significant impact on the asset's value.

The Fund's investments are substantially dependent on changes in market prices. The Manager monitors the Fund's investments closely so as to assess changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund.

COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

The Fund's market risk is affected primarily by changes in three components: changes in actual market prices, interest rate volatilities and foreign exchange movements.

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Price risk

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices. The Fund is designated to track the performance of the Index, therefore the exposure to price risk in the Fund will be substantially the same as the Index. As an exchange traded fund, the Manager manages the Fund's exposure to price risk by ensuring the key characteristics of the portfolio, such as security weight, is closely aligned to the characteristics of the Index.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to the unitholders as at 31 December 2020 and 2019. The analysis was based on the assumptions that the index components within the benchmark index increased/decreased by a reasonable possible shift, with all variables held constant and that the fair value of the Fund's investments moved according to the beta.

As at 31 December 2020

Fund	Benchmark	Beta	Reasonable possible change %	Impact of reasonable possible change on net asset attributable to unitholders $
Lion-Phillip S-REIT ETF	Morningstar® Singapore REIT Yield Focus Index℠	0.98	5.00	9,306,826

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Price risk (continued)

As at 31 December 2019

Fund	Benchmark	Beta	Reasonable possible change %	Impact of reasonable possible change on net asset attributable to unitholders $
Lion-Phillip S-REIT ETF	Morningstar® Singapore REIT Yield Focus Index℠	0.99	8.00	12,153,521

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly. However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between interest rates and the value of the equity securities is indirect. Hence, no separate sensitivity analysis has been presented.

(iii) Currency risk

The Fund has monetary financial assets/liabilities denominated in currencies other than Singapore Dollar and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

The tables below summarise the Fund's exposure to key currencies at the end of the financial year. Monetary and non-monetary items have been taken into account for the analysis.

As at 31 December 2020	USD $	SGD $	EUR $	Total $
Assets				
Portfolio of investments	6,728,384	181,221,845	1,984,993	189,935,222
Receivables	11,921	186,677	-	198,598
Cash and bank balances	1,259	1,439,571	88	1,440,918
Total assets	6,741,564	182,848,093	1,985,081	191,574,738
Liabilities				
Payables	1,041	140,905	-	141,946
Total liabilities	1,041	140,905	-	141,946
Net financial assets	6,740,523	182,707,188	1,985,081	
Net currency exposure	6,740,523	182,707,188	1,985,081	

As at 31 December 2019	USD $	SGD $	Total $
Assets			
Portfolio of investments	10,250,043	143,203,499	153,453,542
Receivables	-	311,139	311,139
Cash and bank balances	1,869	2,003,566	2,005,435
Total assets	10,251,912	145,518,204	155,770,116
Liabilities			
Payables	5,069	151,950	157,019
Total liabilities	5,069	151,950	157,019
Net financial assets	10,246,843	145,366,254	
Net currency exposure	10,246,843	145,366,254	

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

Equity investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Fund's net asset value has been included in the above price risk sensitivity analysis.

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Fund.

As of 31 December 2020 and 2019, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and hence no sensitivity analysis on foreign currency risk has been presented.

(b) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligation as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily redemption of units from unitholders. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in investments that are traded in an active market and can be readily disposed of.

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 December 2020	Less than 3 months $	3 months-1 year $	1-5 years $	Above 5 years $
Payables	141,946	-	-	-

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

As at 31 December 2019	Less than 3 months $	3 months-1 year $	1-5 years $	Above 5 years $
Payables	157,019	-	-	-

(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents and assets held with financial institutions.

The Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit ratings assigned by Standard and Poor's ("S&P") or Moody's.

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The tables below summarise the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2020 and 2019.

	Credit rating [##]	Source of credit rating
As at 31 December 2020		
Custodian		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
Bank		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P

	Credit rating [##]	Source of credit rating
As at 31 December 2019		
Custodian		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
Bank		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-Term Issuer Ratings published by the rating agency.

[##] *Group credit ratings are presented for unrated subsidiaries.*

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

9. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2020 and 2019:

As at 31 December 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Portfolio of investments				
- Quoted real estate investment trusts	189,935,222	-	-	189,935,222

As at 31 December 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Portfolio of investments				
- Quoted real estate investment trusts	153,453,542	-	-	153,453,542

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise active listed equities and exchange-traded funds. The Fund does not adjust the quoted price for these instruments.

Except for cash and bank balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2020 and 2019 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

10. RELATED PARTY TRANSACTIONS

Management fees are paid to the Manager and management fee rebates are received from the Manager, while trustee fee is paid to the Trustee. These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective notes to the financial statements are on terms set out in the Trust Deed.

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	2020 $	2019 $
Interest expenses incurred with a bank which is a related company of the Trustee	209	362
Transaction fees charged by the Trustee	10,107	11,488
Registration fee charged by a related company of the Trustee	12,714	15,464
Valuation and administration fees charged by the Trustee	33,608	57,564
Custodian fees charged by a related company of the Trustee	16,687	34,354
Bank service fees charged by a bank which is a related company of the Trustee	1,985	1,757
Brokerage on purchases and sales of investments charged by a related party of the Manager	8,790	-
Cash transfer fees charged by a related company of the Trustee	-	101

11. FINANCIAL RATIOS

	2020 %	2019 %
Expense ratio[1]	0.60	0.60
Portfolio turnover ratio[2]	36	46

[1] 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 31 December 2020 was based on total operating expenses of $1,012,029 (2019: $861,811) divided by the average net asset value of $167,948,124 (2019: $144,053,981) 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.

[2] 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 $60,073,662 (2019: purchases of $66,156,880) divided by the average daily net asset value of $167,948,124 (2019: $144,053,981).

12. SUBSEQUENT EVENTS

On 20 January 2021, the Manager has announced a distribution of $2.40 per 100 units to the unitholders of the Fund for the period from 1 July 2020 to 31 December 2020. The ex-dividend date is 28 January 2021 and the record date is 29 January 2021. The payment date of distribution will be 26 February 2021.

DISCLAIMER

This publication is for information only. It is not a recommendation, offer or solicitation for the purchase or sale of any securities or investments and does not have regard to your specific investment objectives, financial situation, tax position or needs. Applications for units in our funds must be made on forms accompanying the prospectus. You should read the prospectus and Product Highlights Sheet which is available and may be obtained from Lion Global Investors Limited ("LGI") or any of its distributors, consider if a fund is suitable for you and seek such advice from a financial adviser if necessary, before deciding whether to invest in the fund. Investments in our funds are not obligations of, deposits in, guaranteed or insured by LGI or any of its affiliates and are subject to investment risks including the possible loss of the principal amount invested. The performance of a fund is not guaranteed and the value of units in a fund and the income accruing to the units, if any, may rise or fall. Past performance, as well as any predictions, projections, or forecasts are not necessarily indicative of the future or likely performance of a fund. Dividend distributions, which may be either out of income and/or capital, are not guaranteed and subject to LGI'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 fund. Any information (which includes opinions and estimates) is subject to change or correction at any time without notice and is not to be relied on as advice. You are advised to conduct your own independent assessment and investigation of the relevance, accuracy, adequacy and reliability of any information contained herein and no warranty is given and no liability is accepted for any loss arising directly or indirectly as a result of you acting on such information. The fund may, where permitted by the prospectus, invest in financial derivative instruments for hedging purposes or for the purpose of efficient portfolio management. LGI, its related companies, their directors and/or employees may hold units of a fund and be engaged in purchasing or selling units of a fund for themselves or their clients. Lion Global Investors® Limited (UEN/ Registration No. 198601745D) is a Singapore incorporated company, and is not related to any asset or fund management entity that is domiciled in Europe or the United States.

This publication may be translated into the Chinese language. In the event of any ambiguity, discrepancy or omission between the English and Chinese versions, the English version shall apply and prevail. In the event of any ambiguity, discrepancy or omission between this publication and the prospectus, the contents of the prospectus shall apply and prevail.



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

For more information, visit: lionglobalinvestors.com or email: ContactUs@lionglobalinvestors.com

Co Reg No:198601745D

A member of the OCBC Group