

For the half year ended 30 June 2018 (Unaudited)

SEMI-ANNUAL REPORT LION-PHILLIP S-REIT ETF

**THE ASIAN
ASSET SPECIALIST**
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Singapore 018936

PERFORMANCE OF THE FUND

For the half-year ended 30 June 2018

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 30 June 2018 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	-2.7	-2.5
6 months	-5.9	-5.5
Since inception** (30 October 2017)	-0.4	0.1

Source: Morningstar/Lion Global Investors Ltd

**Benchmark/ Index: Morningstar® Singapore REIT Yield Focus IndexSM*

REVIEW

For the half-year ended 30 June 2018, the Fund returned -5.9% in SGD terms.

The decline in the Singapore Reit market during the half was broad-based. This was mainly due to a sharp increase (of about 70 basis points (bps)) in the 10 year bond yields, both in Singapore and the US.

Within the S-REIT sector, the office REITS underperformed as they started 2018 with the lowest yields. On the other hand, the retail and industrial REITS outperformed as investors perceived them to be more resilient on the back of weakening economic fundamentals.

One interesting trend during the half was that a number of REITS raising new equity to fund their overseas acquisition plans. For example, CapitaLand Commercial Trust paid more than S\$540 million (mn) to buy an office asset in Frankfurt, Germany, while Frasers Logistics Trust paid more than S\$970mn for a portfolio of European logistics assets.

STRATEGY AND OUTLOOK

We remain positive on the fundamentals of the S-REIT sector. Over the past few years, the sector had been troubled by weak domestic and global economic growth and imbalanced demand and supply dynamics. As a result, rental growth had been anemic. However, with the demand and supply situation turning more favorable for the landlords, we believe that all 4 segments (retail, office, industrial and hospitality) will see Consume Price Index - like (or higher) rental growth over the next 12 months. This should lead to higher earnings and hence dividend for investors.

We note that the S-REITS continue to be in acquisitive mode. Apart from growing organically, they are still on the hunt for new assets in order to grow bigger. While accretive acquisitions are generally welcomed by investors, we caution that overly aggressive acquisitions, especially in new overseas markets, could be a negative share price catalyst for the sector.

The biggest risk for the sector remains interest rate. On the short end of the curve, the Federal Reserve is widely expected to raise rates 2 more times this year and this will lead to higher borrowing costs for the S-REITS. However, we note that most of the S-REITS have some level of interest rate hedges on the balance sheets and this should mitigate some of the negative impact on rate hikes. On the long end of the curve, we continue to see any short term spike in the bond yields as the key risk factor for S-REITS valuation.

As of 27 July 2018

DISCLOSURES ON THE FUND¹*For the half year ended 30 June 2018 (Unaudited)***1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2018**

	Fair Value	Percentage of
	\$	total net assets
		attributable to
		unitholders
		%
a) <i>By Asset Class</i>		
Equities	137,814,033	99.7
Cash and other net assets	434,554	0.3
Net assets attributable to unitholders	138,248,587	100.0

b) *By Credit Rating of Debt Securities*

Not applicable

c) *By Derivative Type*

Not applicable

The net realised gains from financial derivatives at the end of the period was \$15,509

¹ As required by Code on Collective Investment Schemes

2. TOP 10 HOLDINGS
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 Real Estate Investment Trust	13,455,053	9.7
Manulife US Real Estate Investment Trust	9,475,545	6.9
Parkway Life Real Estate Investment Trust	8,229,327	6.0
Mapletree Industrial Trust	7,275,278	5.3
OUE Hospitality Trust	6,517,424	4.7
Suntec Real Estate Investment Trust	4,811,888	3.5
Mapletree North Asia Commercial Trust	3,988,916	2.9

3. RELATED PARTY TRANSACTIONS
For the period from 23 October 2017 to 30 June 2018

	\$
Interest expenses incurred with a bank which is a related company of the Trustee	5
Transaction fees charged by the Trustee	26,343
Registration fees charged by a related company of the Trustee	13,750
Valuation and administration fees charged by the Trustee	34,893
Custodian fees charged by a related company of the Trustee	56,206
Bank service fees charged by a bank which is a related company of the Trustee	560
Cash transfer fees charged by a related company of the Trustee	146
Cash and bank balances placed with a financial institution related to the Trustee as at 30 June 2018 were to \$636,590.	

4. FINANCIAL RATIOS

	30 June 2018 %
Expense ratio ¹ (annualised in accordance with IMAS guidelines) (excluding preliminary expenses)	0.59
Expense ratio ¹ (annualised in accordance with IMAS guidelines) (including preliminary expenses)	0.60
Portfolio turnover ratio ²	<u>34.01</u>

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 30 June 2018 was based on total operating expenses of \$533,854 divided by the average net asset value of \$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.

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 \$43,622,528 divided by the weighted average daily net asset value of \$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 30 June 2018 \$	Percentage of total net assets attributable to unitholders 30 June 2018 %
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 Real Estate Investment Trust	13,455,053	9.7
Manulife US Real Estate Investment Trust	9,475,545	6.9
Parkway Life Real Estate Investment Trust	8,229,327	6.0
Mapletree Industrial Trust	7,275,278	5.3
OUE Hospitality Trust	6,517,424	4.7
Suntec Real Estate Investment Trust	4,811,888	3.5
Mapletree North Asia Commercial Trust	3,988,916	2.9
First Real Estate Investment Trust	3,957,790	2.9
Frasers Centrepoint Trust	3,798,831	2.7
Mapletree Logistics Trust	3,784,797	2.7
Keppel DC REIT	3,736,608	2.7
SPH REIT	3,375,999	2.4
Ascott Residence Trust	3,372,824	2.4
Keppel REIT	2,668,851	1.9
CDL Hospitality Trusts	2,405,680	1.7
Frasers Logistics & Industrial Trust	2,397,008	1.7
Frasers Commercial Trust	2,334,666	1.7
Frasers Hospitality Trust	2,015,004	1.5
Starhill Global REIT	1,881,183	1.4
Capitaland Retail China Trust Management Ltd	1,862,201	1.3
AIMS AMP Capital Industrial Trust	1,840,368	1.3
Ascendas Hospitality Trust	1,807,338	1.3
Far East Hospitality Trust	761,021	0.6
Lippo Malls Indonesia Retail Trust	507,523	0.4
Oue Commercial Real Estate Investment Trust	466,417	0.3

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

13. **COMPARATIVES**

The prior year comparatives are not presented as this is the first set of semi annual financial statements prepared since its date of commencement of operations.

STATEMENT OF TOTAL RETURN*For the period ended 30 June 2018 (Un-audited)*

**For the financial period
from 23 October 2017
(date of commencement
of operations) to
30 June 2018**
\$

Income

Dividends	4,653,222
Interest on cash and bank balances	-
	<hr/>
	4,653,222
	<hr/>

Less: Expenses

Audit fee	9,744
Custodian fees	56,206
Management fee	344,396
Professional fees	7,508
Registration fee	13,750
Trustee fee	34,893
Valuation and administration fees	34,893
Preliminary expenses	15,790
Transaction costs	165,443
Miscellaneous expenses	57,656
	<hr/>
	740,279
	<hr/>

Net income

	<hr/>
	3,912,943
	<hr/>

**Net gains or losses on value of investments
and financial derivatives**

Net losses on investments	(4,799,819)
Net gains on foreign exchange spot contracts	15,509
Net foreign exchange losses	(13,463)
	<hr/>
	(4,797,773)
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Total deficit for the period before income tax

	<hr/>
	(884,830)
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Less: Income tax

	<hr/>
	(624,505)
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Total deficit for the period

	<hr/>
	(1,509,335)
	<hr/>

STATEMENT OF FINANCIAL POSITION*As at 30 June 2018 (Unaudited)*

	30 June 2018 \$
ASSETS	
Portfolio of investments	137,814,033
Receivables	337,260
Due from brokers	3,287
Cash and bank balances	636,590
Total assets	<u>138,791,170</u>
LIABILITIES	
Payables	102,488
Due to brokers	440,095
Total liabilities	<u>542,583</u>
EQUITY	
Net assets attributable to unitholders	<u>138,248,587</u>

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the period ended 30 June 2018 (Un-audited)*

	For the financial period from 23 October 2017 (date of commencement of operations) to 30 June 2018 \$
Net assets attributable to unitholders at the beginning of financial period	-
Operations	
Change in net assets attributable to unitholders resulting from operations	(1,509,335)
Unitholders' contributions/(withdrawals)	
Creation of units	142,561,200
Cancellation of units	(681,287)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	141,879,913
Distributions	(2,121,991)
Total increase in net assets attributable to unitholders	138,248,587
Net assets attributable to unitholders at the end of financial period	<hr/> 138,248,587 <hr/>

STATEMENT OF PORTFOLIO

As at 30 June 2018 (Unaudited)

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
By Industry (Primary)			
QUOTED			
REAL ESTATE			
Capitaland Mall Trust	6,665,049	13,796,651	10.0
Mapletree Commercial Trust	8,786,485	13,794,781	10.0
Capitaland Commercial Trust	8,129,555	13,495,061	9.8
Ascendas Real Estate Investment Trust	5,096,611	13,455,053	9.7
Manulife US Real Estate Investment Trust	8,127,986	9,475,545	6.9
Parkway Life Real Estate Investment Trust	3,025,488	8,229,327	6.0
Mapletree Industrial Trust	3,769,574	7,275,278	5.3
OUE Hospitality Trust	8,198,017	6,517,424	4.7
Suntec Real Estate Investment Trust	2,781,438	4,811,888	3.5
Mapletree North Asia Commercial Trust	3,499,049	3,988,916	2.9
First Real Estate Investment Trust	2,975,782	3,957,790	2.9
Frasers Centrepoint Trust	1,718,928	3,798,831	2.7
Mapletree Logistics Trust	3,077,071	3,784,797	2.7
Keppel DC REIT	2,747,506	3,736,608	2.7
SPH REIT	3,410,100	3,375,999	2.4
Ascott Residence Trust	3,152,172	3,372,824	2.4
Keppel REIT	2,426,228	2,668,851	1.9
CDL Hospitality Trusts	1,532,280	2,405,680	1.7
Frasers Logistics & Industrial Trust	2,282,865	2,397,008	1.7
Frasers Commercial Trust	1,691,787	2,334,666	1.7
Frasers Hospitality Trust	2,985,191	2,015,004	1.5
Starhill Global REIT	2,916,562	1,881,183	1.4
Capitaland Retail China Trust Management Ltd	1,225,132	1,862,201	1.3
AIMS AMP Capital Industrial Trust	1,333,600	1,840,368	1.3
Ascendas Hospitality Trust	2,317,100	1,807,338	1.3
Far East Hospitality Trust	1,198,459	761,021	0.6

	Holdings at 30 June 2018	Fair value at 30 June 2018	Percentage of total net assets attributable to unitholders at 30 June 2018
		\$	%
Lippo Malls Indonesia Retail Trust	1,611,183	507,523	0.4
Oue Commercial Real Estate Investment Trust	680,900	466,417	0.3
		<u>137,814,033</u>	<u>99.7</u>
Portfolio of investments		137,814,033	99.7
Other net assets		434,554	0.3
Net assets attributable to unitholders		<u>138,248,587</u>	<u>100.0</u>

**Percentage of
total net assets
attributable to
unitholders at
30 June
2018
%**

By Industry (Summary)

Real Estate

99.7

Portfolio of investments

99.7

Other net assets

0.3

Net assets attributable to unitholders

100.0

	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
By Geography (Secondary)		
Singapore	137,814,033	99.7
Portfolio of investments	137,814,033	99.7
Other net assets	434,554	0.3
Net assets attributable to unitholders	138,248,587	100.0

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