

For the financial period from 31 January 2024
(date of inception) to 30 June 2024 (Unaudited)

SEMI-ANNUAL REPORT

LION-NOMURA JAPAN ACTIVE ETF (POWERED BY AI)

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

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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 Teo Joo Wah (Chief Executive Officer)
Mr Ronnie Tan Yew Chye
Mr Tung Siew Hoong
Mr Sunny Quek Ser Khieng

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 period from 31 January 2024 (date of inception) to 30 June 2024 (Unaudited)

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 30 June 2024 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) Lion-Nomura Japan Active ETF (Powered by AI)	Benchmark / Index* Returns (%)
3 months	-4.49	-3.96
Since inception (31 January 2024)	-0.90	4.31

Source: Lion Global Investors Ltd / Morningstar

** Benchmark / Index: Tokyo Stock Price Index (TOPIX)*

REVIEW

For the half year ended 30 June 2024, the Fund returned -0.90% in SGD terms.

The Lion-Nomura Japan Active ETF (Powered by AI) proudly launched on 31 January 2024. We are Singapore's first actively managed exchange traded fund (ETF), Singapore's first Artificial Intelligence (AI)-powered ETF and Singapore's only listed Japan ETF.

After a stellar performance in the first quarter of 2024, where the Tokyo Stock Price Index (TOPIX) rose 17.0% in JPY terms, the market experienced a consolidation from April 2024 to June 2024, returning only 1.5% in JPY terms. However, as many Singaporean tourists are aware, the JPY took a nosedive in the first half of 2024, falling 17.5% against the USD or 9.9% against the SGD. As a result, the ETF is down 0.90% in SGD terms, largely due to currency losses. This ETF is a currency unhedged ETF as it does not seek to take a view on the currency movements between two developed markets, rather it aims to uncover stock opportunities in the Japanese market.

The period from April 2024 to June 2024 was marked by heightened volatility among individual stocks, as financial results and future projections varied widely across and even within sectors. Due to rising Japanese government bond yields, insurance and banking stocks garnered attention, which increased expectations of further interest rate increments by the Bank of Japan (BOJ). Concurrently, there were expectations of accelerated unwinding of crossholdings within these sectors, which may in turn lead to improved shareholder returns.

STRATEGY AND OUTLOOK

As at end June 2024, the Japanese market remained range bound, digesting a period of outsized performance in 1Q2024. Based on historical analyses by Goldman Sachs, since 2022, periods of correction in Japan have been about two months and average for the index to recover and surpass previous highs, hence this consolidation may present an attractive entry point for accumulation.

Our core thesis for a positive long-term view on Japan remains.

Firstly, from a valuation perspective, the TOPIX Index is trailing behind the S&P 500 Index. With valuations around the midpoint of their historical range, the likelihood of a significant or prolonged downturn appears limited.

Secondly, the underlying economy is on track to reflate in Japan, boosting domestic demand and paving the way for strong earnings growth and profit margins for corporate Japan. The Shunto spring wage negotiations resulted in wage increases above at average of 5.58%, marking the sharpest increase since 1990 toward the end of Japan's asset price bubble. This also marks the third straight year of gains, which is expected to support consumer spending. An estimated JPY 40 trillion in excess savings from the pandemic period could further fuel a boost in individual consumption.

Further, whilst the devaluation of the JPY has hurt our ETF's performance, a weak JPY is positive for exporters, which is a reason why exporters share prices have done well. It is also fuelling inbound tourism and domestic consumption, which are beneficial for domestic producers and services companies.

Thirdly, the corporate governance reforms by Tokyo Stock Exchange (TSE) continues. The governance reform programs require companies to use excess cash to boost Enterprise Value. With an ongoing inflationary environment, this further encourages companies to invest in capital expenditure and growth instead of holding cash.

The recovery in domestic demand, driven by both personal consumption and capital expenditures, could also drive Japanese equities independently of US market trends.

As of 16 July 2024

DISCLOSURES ON THE FUND¹

For the financial period from 31 January 2024 (date of inception) to 30 June 2024 (Unaudited)

1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2024

	Fair Value ¥	Percentage of total net assets attributable to unitholders %
a) <u>By Asset Class</u>		
Equities	5,528,364,110	98.4
Cash and other net assets	87,527,688	1.6
Net assets attributable to unitholders	5,615,891,798	100.0
b) <u>By Credit Rating of Debt Securities</u>		
Not applicable		
c) <u>By Derivative Type</u>		
Total net realised losses from financial derivatives at the end of the financial period were ¥12,947,344.		

¹ As required by the Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 30 June 2024

	Fair Value ¥	Percentage of total net assets attributable to unitholders %
Mitsubishi Corporation	498,013,600	8.9
Mizuho Financial Group Inc.	431,368,680	7.7
Honda Motor Company Limited	403,580,800	7.2
Mazda Motor Corporation	388,408,720	6.9
ONO Pharmaceutical Company Limited	381,927,420	6.8
Disco Corporation	365,019,200	6.5
Daito Trust Construction Company Limited	299,525,100	5.3
Sony Group Corporation	296,806,400	5.3
Mitsui OSK Lines Limited	285,707,400	5.1
Japan Post Holdings Company Limited	276,381,600	4.9

3. RELATED PARTY TRANSACTIONS

For the financial period from 31 January 2024 (date of inception) to 30 June 2024

	¥
Interest income earned with a bank which is a related company of the Trustee	1,495
Transaction fees charged by the Trustee	408,601
Registration fee charged by a related company of the Trustee	588,206
Valuation and administration fees charged by the Trustee	451,073
Custodian fees charged by a related company of the Trustee	354,394
Bank service fees charged by a bank which is a related company of the Trustee	19,920

Cash and cash equivalents placed with a financial institution related to the Trustee as at 30 June 2024 were ¥86,872,843.

4. FINANCIAL RATIOS

	For the financial period from 31 January 2024 (date of inception) to 30 June 2024 %
Expense ratio ¹ (annualised) (excluding preliminary expenses)	0.95
Expense ratio ¹ (annualised) (including preliminary expenses)	1.20
Portfolio turnover ratio ²	<u>148</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 2024 was based on total operating expenses of ¥51,151,990 divided by the average net asset value of ¥5,403,787,670 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 ¥7,998,109,090 divided by the average daily net asset value of ¥5,403,787,670.

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

Nil

9. BORROWINGS

Nil

10. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the financial 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 financial period from 31 January 2024 (date of inception) to 30 June 2024 (Unaudited)

	For the financial period from 31 January 2024 (date of inception) to 30 June 2024 ¥
Income	
Dividends	75,400,017
Interest on cash and cash equivalents	1,495
	<u>75,401,512</u>
Less: Expenses	
Audit fee	961,577
Custodian fees	354,394
Management fee	15,787,690
Professional fees	236,527
Registration fee	588,206
Trustee fee	451,073
Valuation and administration fees	451,073
Preliminary expenses	13,763,018
Transaction costs	6,396,816
Miscellaneous expenses	2,412,909
	<u>41,403,283</u>
Net income	<u>33,998,229</u>
Net gains or losses on value of investments and financial derivatives	
Net gains on investments	342,595,838
Net losses on foreign exchange spot contracts	(12,947,344)
Net foreign exchange gains	37,588,198
	<u>367,236,692</u>
Total return for the financial period before income tax	401,234,921
Less: Income tax	(11,547,509)
Total return for the financial period	<u>389,687,412</u>

STATEMENT OF FINANCIAL POSITION*As at 30 June 2024 (Unaudited)*

	30 June 2024
	¥
ASSETS	
Portfolio of investments	5,528,364,110
Receivables	5,984,807
Cash and cash equivalents	86,872,843
Total assets	<u>5,621,221,760</u>
LIABILITIES	
Payables	5,329,962
Total liabilities	<u>5,329,962</u>
EQUITY	
Net assets attributable to unitholders	<u>5,615,891,798</u>

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the financial period from 31 January 2024 (date of inception) to 30 June 2024 (Unaudited)*

	For the financial period from 31 January 2024 (date of inception) to 30 June 2024 ¥
Net assets attributable to unitholders at the beginning of financial period	-
Operations	
Change in net assets attributable to unitholders resulting from operations	389,687,412
Unitholders' contributions/(withdrawals)	
Creation of units	5,305,939,410
Cancellation of units	(79,735,024)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<u>5,226,204,386</u>
Total increase in net assets attributable to unitholders	5,615,891,798
Net assets attributable to unitholders at the end of financial period	<u>38,524,138</u>

STATEMENT OF PORTFOLIO
As at 30 June 2024 (Unaudited)

	Holdings at 30 June 2024	Fair value at 30 June 2024 ¥	Percentage of total net assets attributable to unitholders at 30 June 2024 %
By Industry (Primary)			
QUOTED EQUITIES			
CONSUMER DISCRETIONARY			
Honda Motor Company Limited	234,640	403,580,800	7.2
Mazda Motor Corporation	249,620	388,408,720	6.9
Sony Group Corporation	21,760	296,806,400	5.3
Open House Group Company Limited	17,400	85,747,200	1.5
Yamada Denki Company Limited	194,820	84,162,240	1.5
Heiwa Corporation	24,960	51,717,120	0.9
Sumitomo Rubber Industries	17,560	28,139,900	0.5
Fujikura Rubber Limited	7,740	10,758,600	0.2
Panasonic Corporation	340	447,780	*
		1,349,768,760	24.0
INDUSTRIAL			
Mitsubishi Corporation	158,200	498,013,600	8.9
Mitsui OSK Lines Limited	59,300	285,707,400	5.1
Nippon Express Holdings Inc.	6,860	50,866,900	0.9
Mirait Holdings Corporation	18,940	39,650,890	0.7
Yokogawa Bridge Corporation	12,680	34,337,440	0.6
Asanuma Corporation	7,760	29,332,800	0.5
Hitachi Limited	6,800	24,486,800	0.4
Tsubaki Nakashima Company Limited	24,980	19,634,280	0.4
Central Glass Company Limited	4,960	18,575,200	0.3
Star Micronics Company Limited	8,720	18,390,480	0.3
Fuyo General Lease Company Limited	1,400	17,227,000	0.3
Kumagai Gumi Company Limited	3,280	12,054,000	0.2
Tokyu Construction Company Limited	14,480	11,149,600	0.2
Nippon Valqua Industries Limited	2,400	8,796,000	0.2
ITOCHU Corporation	40	314,160	*
		1,068,536,550	19.0

** denotes amount less than 0.1%*

LION-NOMURA JAPAN ACTIVE ETF (POWERED BY AI)

	Holdings at 30 June 2024	Fair value at 30 June 2024 ¥	Percentage of total net assets attributable to unitholders at 30 June 2024 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
FINANCIAL			
Mizuho Financial Group Inc.	128,460	431,368,680	7.7
Japan Post Holdings Company Limited	173,280	276,381,600	4.9
SBI Holdings Inc.	47,760	194,239,920	3.5
Tokio Marine Holdings Inc.	7,600	45,638,000	0.8
JACCS Company Limited	9,200	42,826,000	0.8
Japan Post Insurance Company Limited	9,500	29,649,500	0.5
Tokyo Century Corporation	12,580	18,983,220	0.3
		1,039,086,920	18.5
INFORMATION TECHNOLOGY			
Disco Corporation	5,980	365,019,200	6.5
Keyence Corporation	2,260	159,443,000	2.8
Tokyo Electron Limited	2,040	71,196,000	1.3
Fujitsu Limited	14,220	35,791,740	0.6
Hagiwara Electric Company Limited	6,400	25,152,000	0.5
Computer Engineering & Consulting Limited	8,000	17,128,000	0.3
NEC Corporation	840	11,125,800	0.2
Axell Corporation	7,180	10,619,220	0.2
		695,474,960	12.4
CONSUMER, NON-CYCLICAL			
ONO Pharmaceutical Company Limited	173,880	381,927,420	6.8
Nippon Shinyaku Company Limited	15,480	50,387,400	0.9
		432,314,820	7.7

	Holdings at 30 June 2024	Fair value at 30 June 2024 ¥	Percentage of total net assets attributable to unitholders at 30 June 2024 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
REAL ESTATE			
Daito Trust Construction Company Limited	18,060	299,525,100	5.3
Daiwa House Industry Company Limited	8,320	33,920,640	0.6
J-Lease Company Limited	24,620	33,237,000	0.6
Ki-Star Real Estate Company Limited	4,740	16,661,100	0.3
		383,343,840	6.8
ENERGY			
Inex Corporation	72,700	172,080,900	3.1
Idemitsu Kosan Company Limited	117,420	122,292,930	2.2
		294,373,830	5.3
BASIC MATERIALS			
Tosoh Corporation	68,980	144,720,040	2.6
Ishihara Sangyo Kaish Limited	32,660	53,039,840	0.9
Asahi Kasei Corporation	29,900	30,811,950	0.5
Inabata & Company Limited	7,620	26,898,600	0.5
Nippon Soda Company Limited	1,900	9,994,000	0.2
		265,464,430	4.7
Portfolio of investments		5,528,364,110	98.4
Other net assets		87,527,688	1.6
Net assets attributable to unitholders		5,615,891,798	100.0

**Percentage of
total net assets
attributable to
unitholders at
30 June
2024
%**

By Industry (Summary)

Consumer Discretionary	24.0
Industrial	19.0
Financial	18.5
Information Technology	12.4
Consumer, Non-Cyclical	7.7
Real Estate	6.8
Energy	5.3
Basic Materials	4.7

Portfolio of investments

98.4

Other net assets

1.6

Net assets attributable to unitholders

100.0

	Fair value at 30 June 2024 ¥	Percentage of total net assets attributable to unitholders at 30 June 2024 %
By Geography (Secondary)		
Japan	5,528,364,110	98.4
Portfolio of investments	5,528,364,110	98.4
Other net assets	87,527,688	1.6
Net assets attributable to unitholders	5,615,891,798	100.0

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Lion Global Investors Ltd

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

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