

LION-OCBC SECURITIES
CHINA LEADERS ETF

Seize the opportunity with 80* China leaders.

Quarterly Newsletter
Q2 2023



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*Based on the underlying Index Securities of the Hang Seng Stock Connect China 80 Index

INTRODUCTION

- The Lion-OCBC Securities China Leaders ETF was listed on the Singapore stock market on 2 August 2021.
- This ETF is a well-diversified portfolio containing industry leaders across multiple sectors.
- It is passively managed to fully replicate the Hang Seng Stock Connect China 80 Index.

KEY FACTS

- Dual trading currencies: SGD and RMB
- Total AUM: SGD 81.3 million as of 30 June 2023
- Management fee: 0.45% p.a.
- Bloomberg ticker: YYY SP (S\$ counter), YYR SP (RMB counter)

KEY FEATURES



80 largest Chinese companies listed on HKEX, SZSE and SSE¹



Capped at 8% and 40% weightage for individual stocks and sectors respectively during rebalancing²



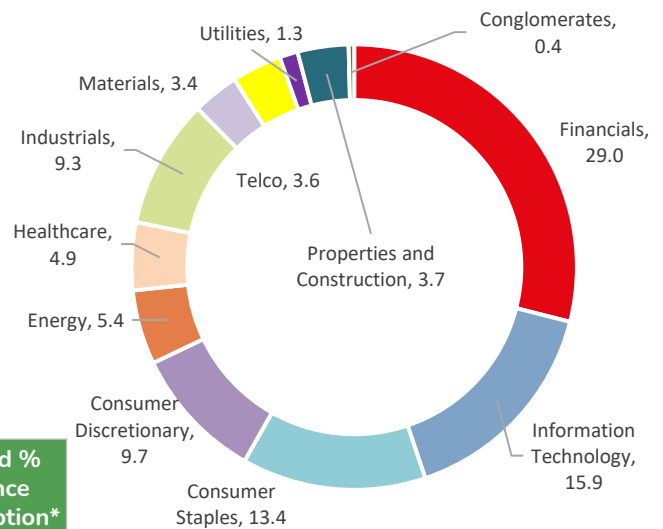
Rebalanced quarterly (every March, June, September and December)

Lion-OCBC Securities China Leaders ETF Performance³



From Bloomberg as of 30 June 2023	2023 YTD return	Annualized % return since Fund's inception*
Lion-OCBC Securities China Leaders ETF	-3.1%	-12.6%
Benchmark Index	-3.3%	-12.3%

Composition



Source: Lion Global Investors, 30 June 2023

* Returns are based on NAV-NAV basis in SGD and assuming all dividends are reinvested net of all charges payable upon reinvestment. Performance is calculated in SGD. The Lion-OCBC Securities China Leaders ETF was listed on 2 August 2021. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice. Past performance, as well as any prediction, projection, or forecast are not necessarily indicative of future or likely performance

¹ Based on the underlying Index Securities of the Hang Seng Stock Connect China 80 Index.

² Weightage of individual stocks within the index will be reviewed semi-annually and rebalanced quarterly by the index provider (Hang Seng Indexes Co Ltd). The weights of each Index Security and industry might fluctuate above 8% and 40% respectively due to market movements in between the rebalancing period

³ Source: Bloomberg, Lion Global Investors, Hang Seng Indexes Company, as of 30 June 2023

WHAT ARE CHINA'S BRIGHT SPARKS NOW?

Q2 2023 was an interesting quarter for China, where we saw China's government welcoming distinguished US tech pioneers. On 30 May 2023, Tesla CEO (Elon Musk) met China's foreign minister Qin Gang, who told Musk⁴ about China's commitment to a better market-oriented and internationalized business environment for foreign enterprises. The momentum continued, where Microsoft's co-founder (Bill Gates) met President Xi Jinping⁵ on 16 June 2023. During the meeting, President Xi described Bill Gates as the first American friend he met this year, being his first meeting with a foreign entrepreneur in years.

Besides President Xi, Premier Li Qiang has also been active in intensifying his pro-business approach. During his Tianjin World Economic Forum opening speech⁶ on 27 June 2023, Premier Li Qiang mentioned China expected faster economic growth in Q2 2023 than the 4.5% growth it experienced in Q1 2023. Specifically, Premier Li Qiang concluded his 30-minute speech by emphasizing China's continued contribution to a world economy that can be beneficial for all. While global recessionary concerns could weigh on equity market performance in the near term, we believe China presents an interesting entry point due to robust earnings and attractive valuations (Figure 1). US-China tensions are expected to ease in the near term, following the Blinken-Xi and Yellen-Li meetings in June 2023 and early July 2023 respectively.

We believe China's pro-business leadership will continue driving China's growth in 2023. By providing exposure to 80 industry leaders across 12 sectors, the Lion-OCBC Securities China Leaders ETF is well-positioned to ride on China's long-term growth story.

Figure 1: Valuation and consensus earnings forecast

Market	12-month Forward P/E ratio			Earnings growth (%)	
	Current	10-year average	Premium	2023F	2024F
US	19.0	17.6	8%	0.1	11.4
Europe	12.4	14.4	-14%	1.1	7.1
Asia Pacific ex Japan	13.6	13.2	3%	1.7	17.5
China	10.4	11.4	-9%	22.1	14.1
Japan	14.3	13.9	3%	2.9	9.4
Singapore	10.5	12.9	-19%	18.1	3.9

Source: Thomson Reuters, as of 30 June 2023,

Note: F – Consensus Forecast, ex – excluding, P/E – Price to Earnings

All data are sourced from Lion Global Investors and Bloomberg as at 30 June 2023 unless otherwise stated.

⁴ Source: Channel New Asia, May 2023

⁵ Source: Al Jazeera, June 2023

⁶ Source: South China Morning Post, June 2023

We believe China's pro-business leadership will continue driving China's growth in 2023. By providing exposure to 80 industry leaders, the Lion-OCBC Securities China Leaders ETF is well-positioned to ride on China's long-term growth story.

HOW DOES THE BENCHMARK INDEX AND ETF COMPARE WITH OTHER CHINA-FOCUSED INDICES AND ETFs SINCE INCEPTION?

Despite the overall Chinese market volatility in Q2 2023, the Hang Seng Stock Connect China 80 Index (the Benchmark Index) had stable performance relative to other China-focused indices. Between 2 August 2021 (ETF's listing date) and 30 June 2023, the Index cumulatively outperformed⁷ other China-focused indices (Figure 2) such as the MSCI China Index, MSCI Emerging Markets Index and the Shanghai Shenzhen CSI 300 Index as of 30 June 2023.

Between 2 August 2021 and 30 June 2023, the Lion-OCBC Securities China Leaders ETF also cumulatively outperformed⁸ other China-focused ETFs listed in SGX (Figure 3), such as the Xtrackers MSCI China UCITS ETF and United SSE 50 China ETF as of 30 June 2023. The cumulative outperformance (as of 30 June 2023) can be attributed to the Index's exclusion of American Depositary Receipts (ADRs).

The exclusion of ADRs is thus expected to reduce the Index's exposure to foreign regulatory risks, that can adversely affect US-listed Chinese firms. By providing diversified exposure to industry leaders listed only in HKSE, SSE and SZSE⁹, the Lion-OCBC Securities China Leaders ETF is less vulnerable to foreign regulatory risks and better cushioned against the broader market volatility.

Figure 2: Benchmark Index performance relative to other China-focused indices

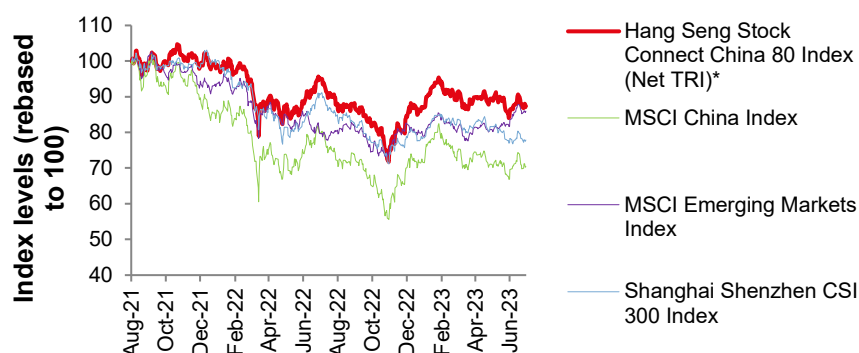
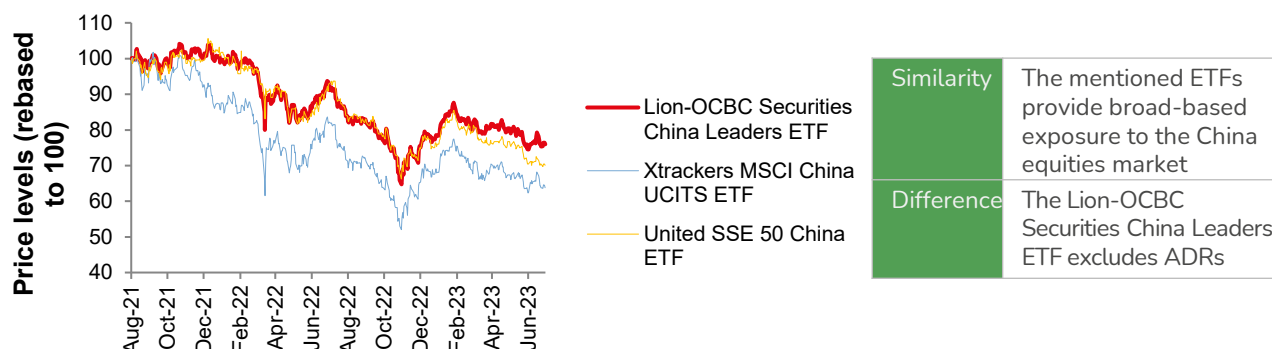


Figure 3: ETF performance* relative to other China-focused ETFs



From Bloomberg as of 30 June 2023	2023 YTD return	Annualized % return since Fund's inception*
Lion-OCBC Securities China Leaders ETF	-3.1%	-12.6%
Xtrackers MSCI China UCITS ETF	-6.4%	-21.0%
United SSE 50 China ETF	-7.9%	-17.0%

Note: Each ETF currently adopts a direct replication strategy in tracking their respective indices. The Xtrackers MSCI China UCITS ETF tracks the MSCI China Index while the United SSE 50 China ETF tracks the SSE 50 Index.

* Returns are based on NAV-NAV basis in SGD and assuming all dividends are reinvested net of all charges payable upon reinvestment. The Lion-OCBC Securities China Leaders ETF was listed on 2 August 2021

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^{7, 8} Source: Bloomberg, June 2023

⁹ HKSE, SSE and SZSE refer to Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange respectively.

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