

February 2024

UOB APAC Green REIT ETF



Why Invest?

- **Diversified property holdings:** UOB APAC Green REIT ETF (the “Fund”) seeks to invest in high-quality and sustainable real estate across a wide range of sectors and markets. As of December 2023, the Fund’s Top Three sectors were Retail, Diversified, and Industrial Real Estate Investment Trusts (REITs).
- **Rising opportunities in Asia:** The International Finance Corporation (IFC), a member of the World Bank Group, estimates that by 2030, the green buildings sector within Emerging Markets will see US\$24.7 trillion in business investment, driven by the expansion of building construction and the increasing urgency to achieve carbon neutrality¹.
- **High demand for green buildings:** According to Jones Lang LaSalle Incorporated (JLL), over 70 per cent of corporate occupiers in Asia Pacific are willing to pay a rental premium to lease certified green buildings as part of efforts to meet their decarbonisation goals².
- **Capable of delivering positive total returns:** The Fund aims to deliver both high dividend yield and capital gains by selecting real estate assets with both good rentals and growth potential.

February 2024 Portfolio Performance

UOB APAC Green REIT ETF	-3.90 per cent ³
Benchmark: iEdge-UOB APAC Yield Focus Green REIT Index	-3.77 per cent

Source: Morningstar, Performance from 31 January 2024 to 29 February 2024 in SGD terms

³ Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

Performance Review

The performance of the Fund in February 2024 was supported by the Hong Kong market while the Japanese, Australian and Singapore markets detracted from performance.

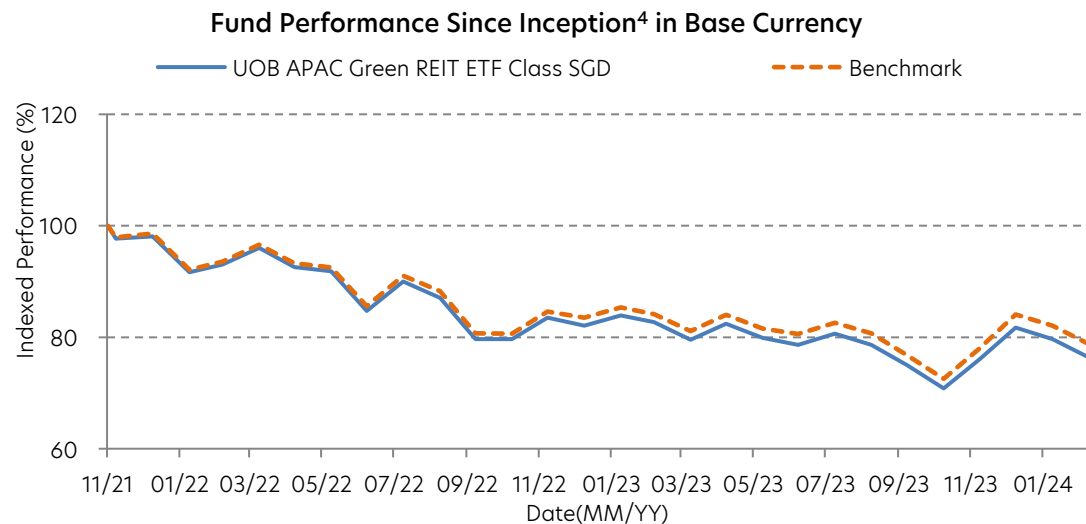
Portfolio Positioning

Global REITs have rebound potential as rates stabilise. Although the higher cost of borrowing was a headwind, many segments of Real Estate Investment Trusts (REITs) continued to show strong fundamentals and supply-demand dynamics. We believe REITs still present an attractive investment proposition from a total return perspective, with a combination of stable dividend yield supported by cash flow and upside potential for capital values. Our approach is to use both fundamental screening and valuation overlay to identify REITs with relatively more sustainable recovery paths, fewer concerns about financing risks, and better yield-plus-growth trajectories.

¹ IFC, “Green Buildings – A Finance and Policy Blueprint for Emerging Markets”, December 2019.

² JLL Research Commentary, “Premium rental for green buildings in Asia Pacific- Occupiers in Asia Pacific are willing to pay a premium rental for green-certified buildings”, 16 November 2021.

Performance (Class SGD)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: iEdge-UOB APAC Yield Focus Green REIT Index

Source: Morningstar. Performance as at 29 February 2024, SGD basis, with dividends and distributions reinvested, if any.

⁴ The UOB APAC Green REIT ETF (ISIN Code: SGXC32426998) was inceptioned on 23 November 2021.

All statistics quoted in the write-up are sourced from Bloomberg as at 29 February 2024 unless otherwise stated.

iEdge-UOB APAC Yield Focus Green REIT Index vs peer indices year to date, 31 December 2023 – 29 February 2024

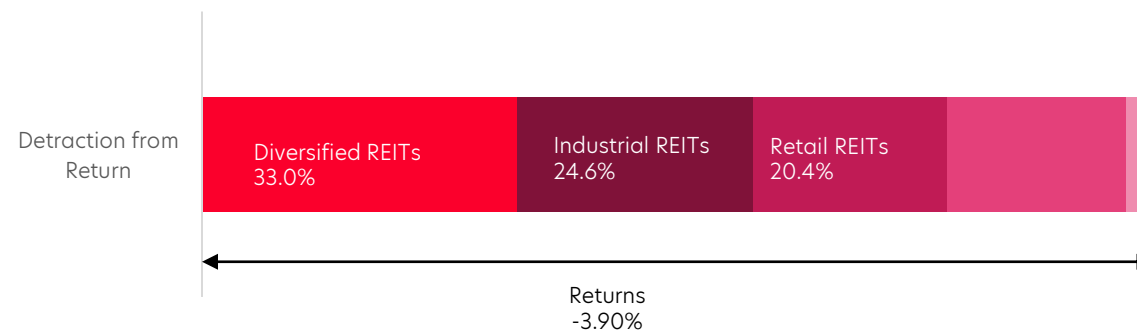
REIT Indices	Total Return (SGD)
iEdge-UOB APAC Yield Focus Green REIT Index	-6.09%
S&P Asia Pacific REIT Index	-4.42%

Source: UOBAM/Bloomberg, 29 February 2024

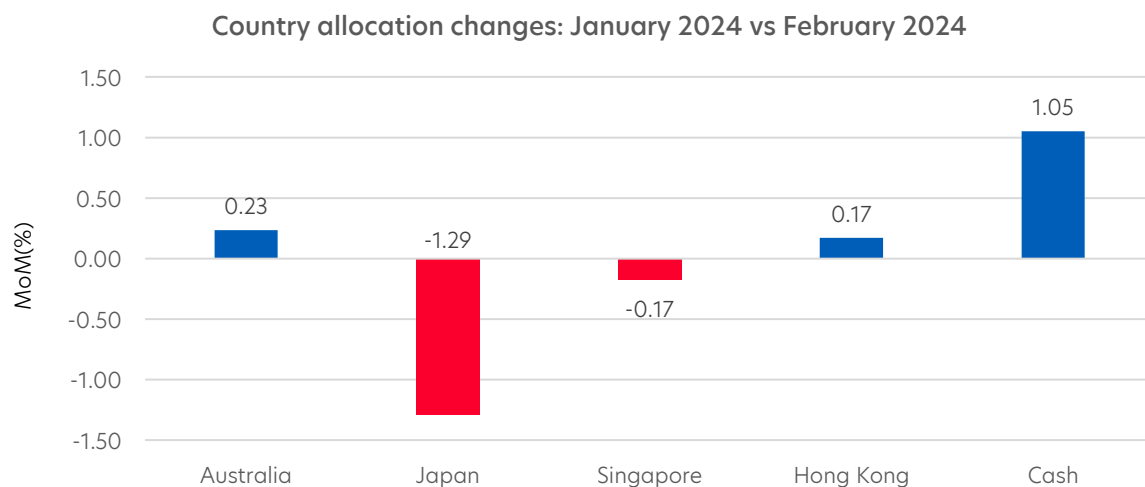
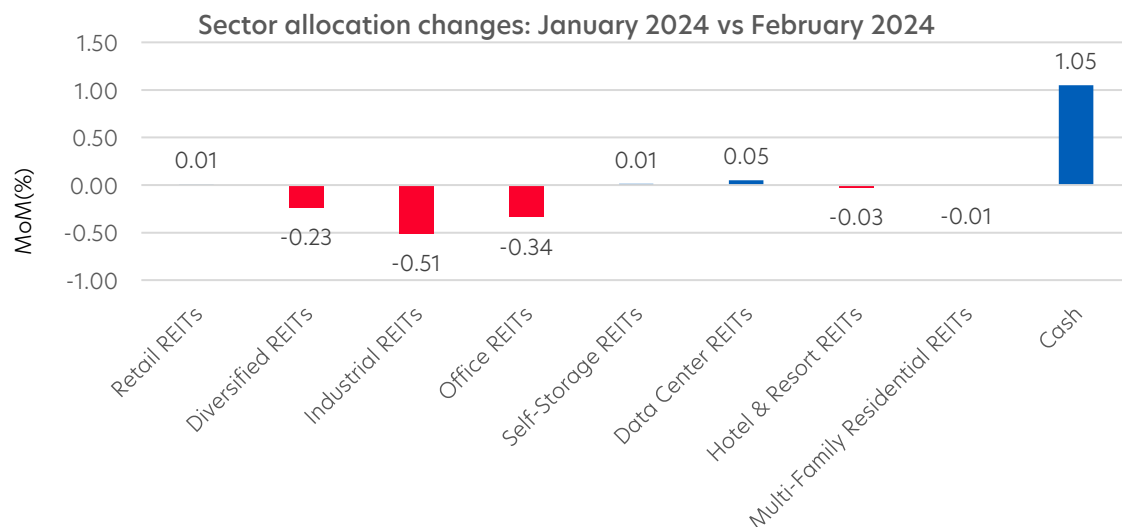
Past performance is not necessarily indicative of future performance. Performance numbers are not annualised.

The Index slightly underperformed its non-green peer S&P APAC REIT Index by -1.67 per cent year-to-date.

Performance Contributors/Detractors: February 2024



Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

As shown on the left charts, the biggest decrease in the sector allocation changes for February 2024 was in Industrial REITs (-0.51 per cent). In terms of country allocation changes, the Fund has the highest decline in Japan (-1.29 per cent) and the highest increase in Australia (+0.23 per cent) for February 2024.

Market Review

In February 2024, risk-on sentiment propelled a 4.94 per cent rally in global equities (MSCI All Country World Index), mirroring similar gains in the major regional indices. The S&P 500 climbed 5.94 per cent, fuelled by a renewed surge in big technology and a strong sale of 10-year US Treasuries (UST) that dimmed supply concerns while worries about rate cuts and banks were pushed aside. The real estate/REITs sector dropped by -1.85 per cent (S&P Asia Pacific REIT Index, SGD terms) following gains in the preceding months. Performance was supported by the Australian real estate/REITs market while Singapore, Japan and Hong Kong detracted as laggards. The green real estate/REIT sector dropped -3.77 per cent (iEdge-UOB APAC Yield Focus Green REIT Index, SGD terms).

In Australia, economic growth is expected to remain subdued in the near term as inflation and higher interest rates continue to weigh on demand. The forecast for Gross Domestic Product (GDP) growth is softer than three months ago, largely reflecting a weaker outlook for household consumption in the near term. For late 2024, growth is expected to pick up gradually as inflation declines and the pressures on household incomes ease. Most advanced economy central banks judge their policy rates to be restrictive and expect inflation to return to target over the next year or so. Global growth is expected to be soft over the next two years, contributing to slower growth in demand for Australian goods and services.

Japan's inflation fell by less than expected, core inflation eased to the Bank of Japan's (BOJ's) 2 per cent target for the first time since early 2022 as cost-push pressures continue to wane. Concerns linger on the potential of BOJ rate hike expectations and an imminent termination of the negative rate policy despite Governor Ueda's comments that monetary policy would remain accommodative after a Negative Interest Rate Policy (NIRP) exit. BOJ members await "shunto" results, where confirmation of larger wage hikes is seen as the final piece required to justify ending negative rates.

In February 2024, Singapore upgraded the forecast for 2024 Non-oil domestic exports (NODX) to 4-6 per cent year-on-year (y/y) as recovery in electronics is expected to accelerate. However, authorities also maintained the forecast for total merchandise trade at 4-6 per cent; both increases in line with recent upward revisions by the International Monetary Fund (IMF) and the World Trade Organization (WTO). The GDP growth for 2023 was revised down to 1.1 per cent for the year, as services growth slowed more than initial estimates, and manufacturing contracted. In February 2024, Singapore announced its 2024 Budget, unveiling measures to help households cope with the elevated cost-of-living, financing support and corporate tax rebate for businesses, initiatives to anchor quality investments in Singapore and strengthen competitive advantages and most notably, a significant boost to enhance workforce productivity via the new SkillsFuture Level-Up Programme.

China's market gained 9.1 per cent in February 2024 as policymakers introduced measures to stabilise the market, such as a 5-year Loan Prime Rate (LPR) cut, property loans whitelist, National Team intervention, etc. Market response to the LPR cut positively though some analysts cautioned it showed authorities had limited tools at their disposal to stimulate the economy. The housing ministry also approved \$17 billion of property development loans under a "whitelist" mechanism aimed at injecting liquidity into China's property sector. All sectors were in the green with the property sector among the best performers. Hong Kong's market gained 5.3 per cent following policy measures in China with all sectors having positive performance. Property stocks were also higher on news a Hong Kong court ruled against Logan Group creditors over a liquidation petition, giving the company more time for financial restructuring.

Investment Objective

The investment objective of the UOB APAC Green REIT ETF is to provide investment results that, before fees, costs and expenses (including any taxes and withholding taxes), closely correspond to the performance of the iEdge-UOB APAC Yield Focus Green REIT Index.

Fund Information

Base Currency	Fund Size	Fund Manager
SGD	SGD 60.81 mil	Victor Wong



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