



Fund Commentary

UOB APAC Green REIT ETF

October 2022

Why Invest?

- Diversified property holdings:** The Fund seeks to invest in high quality and sustainable real estate across a wide range of sectors and markets. As of October 2022, the Fund's Top Three sectors were retail, office, and diversified 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.
- Change in investor requirements:** This Fund meets the growing requirement by institutional real estate investors to adopt investment strategies that are more resilient, can minimize systematic risks, and are future-proof.
- High demand for green buildings:** According to Jones Lang LaSalle Incorporated (JLL), over 70 percent 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 decarbonization 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.

Investment Objectives

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

Fund Size

SGD 76.53 mil

Base Currency

SGD

Fund Manager

Victor Wong



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.



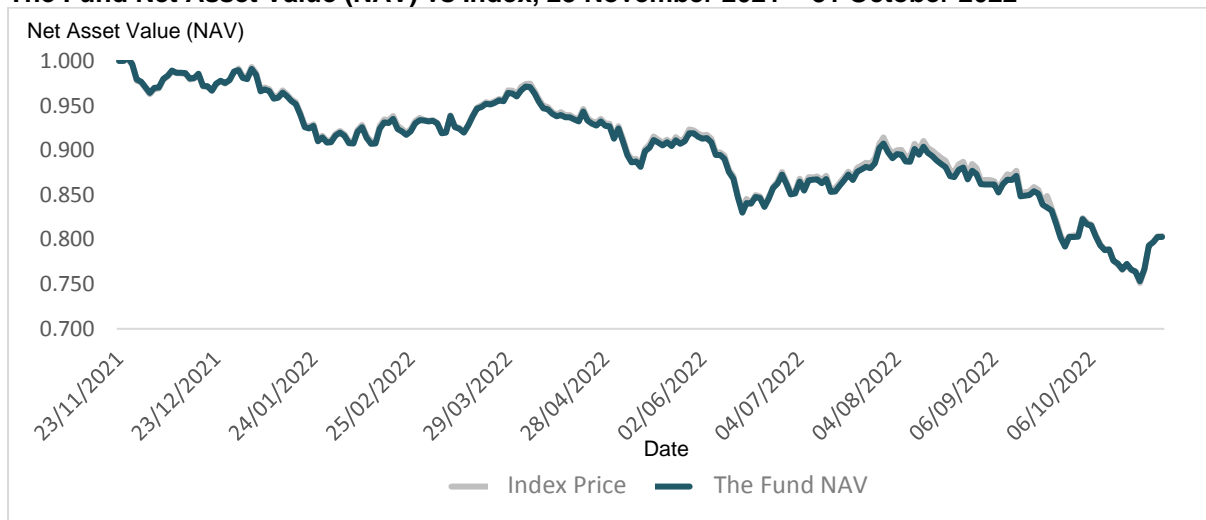
One Month Portfolio Review

The investment objective of the UOB APAC Green REIT³ ETF⁴ (the “Fund”) aims to replicate as closely as possible, before expense⁵, the performance of the iEdge-UOB APAC Yield Focus Green REIT Index (“Index”).

From its inception on 23 November 2021 to 31 October 2022, the Fund tracked the Index very closely with only very minor performance deviation that resulted from fees and initial deployment.

Annualised and Cumulative Returns

The Fund Net Asset Value (NAV) vs Index, 23 November 2021 – 31 October 2022



Source: UOBAM/Bloomberg, 31 October 2022

The Index outperformed its non-green peer S&P Asia Pacific REIT Index by 4.75 percent year-to-date (YTD).

³ Real Estate Investment Trust

⁴ Exchange Traded Fund

⁵ The expenses include costs, fees or other charges.

All statistics quoted in the write-up are sourced from Bloomberg as of 31 October 2022 unless otherwise stated.



iEdge-UOB APAC Yield Focus Green REIT Index vs peer index YTD, 31 December 2021 – 31 October 2022.

REIT Indices	Total Return (SGD)
iEdge-UOB APAC Yield Focus Green REIT Index	-17.92%
S&P Asia Pacific REIT Index	-22.67%

Source: UOBAM/Bloomberg, 31 October 2022

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

Market Review

Global equities bounced (MSCI All Country World Index: +4.5 percent in SGD terms) in October 2022 after a weaker US job opening triggered a rally on optimism of a US Federal Reserve (Fed) pivot. However, Asian equity markets slumped (MSCI All Country Asia Pacific Index: -3.4 percent in SGD terms) weighed down by China/Hong Kong markets after US President Biden's administration announced new restrictions on China's access to US semiconductor technology. The 10-year US Treasury (UST) yield rose 22 basis points (bps) to 4.05 percent in October 2022. Metals prices were mixed but energy prices reversed the downward trend (Gasoline price: +13.7 percent, Brent oil price: +7.8 percent) following the announcement of the Organization of the Petroleum Exporting Countries (OPEC) production cuts amid already tight supply.

Japan is set to lift its international border restrictions for foreign tourists effective 11 October 2022. This includes the resumption of its visa-waiver programme which was suspended in March 2020 and individual travel. The Bank of Japan (BOJ) maintained its ultra-loose monetary policy and reiterated its dovish stance in October 2022, fuelling continued weakness in the Japanese yen.

The Reserve Bank of **Australia** (RBA) raised its cash rate by 25bps to 2.6 percent, lower than the market expectation of a 50bps hike. The market interpreted the RBA's stance as dovish as RBA Governor flagged that the need for outsized moves has diminished even as there are more rate increases ahead.

Singapore's Monetary Authority of Singapore (MAS) tightened its monetary policy for the fifth time since October 2021, by re-centring upward the midpoint of the Singapore dollar nominal effective exchange rate (S\$NEER) with no change to the slope or width of the band. The MAS revised its 2022 core and headline inflation forecasts to 4 percent and 6 percent, respectively. For 2023, it estimates core and headline inflation to remain elevated at 3.5-4.5 percent and 5.5-6.5 percent, respectively following the impact of the Goods and Services Tax (GST) increase in January 2023. The third quarter of 2022 advance Gross Domestic Product (GDP) estimates of 1.5 percent quarter-on-quarter (q/q) was ahead of the market expectation of 0.7



percent but MAS maintained its 2022 full-year GDP growth forecast at 3-4 percent and expects 'below trend' growth for 2023 on dimmer prospects for manufacturing and trade.

Hong Kong's Policy Address 2022 outlined plans aimed largely at attracting top talents and easing the domestic housing woes. Key measures included a two-year visa program for high earners (minimum annual income of HK\$2.5 million), suspension of its annual quota system for skilled talents, as well as a plan to refund extra property stamp duties for foreigners after a 7-year period.

China/Hong Kong equity markets succumbed to their worst monthly loss since 2011 amid foreign outflows following the conclusion of the 20th Chinese Communist Party (CPC) National Congress that signalled power concentration and more efficient execution. China's third quarter of 2022 GDP grew stronger than expected at 3.9 percent year-on-year (y/y) (vs second quarter of 2022: 0.4 percent y/y) supported by resilient fixed asset investment. However, the Purchasing Managers' Index in October 2022 fell to 49.2, showing a contraction in activity and below market expectations.

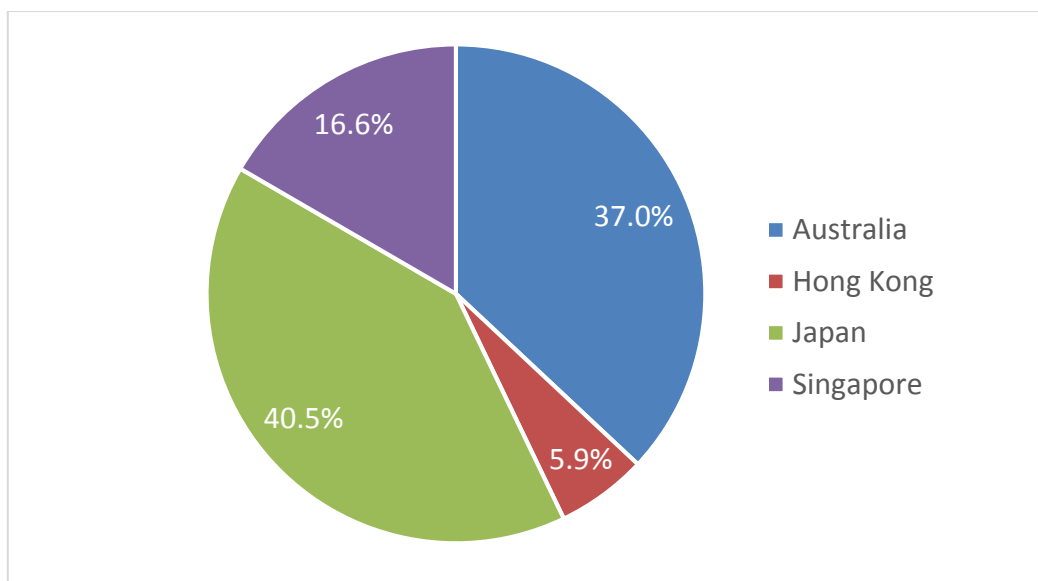
Outlook and Positioning

Amid an uncertain global macro environment, the REITs market saw volatility with interest rate expectations changing rapidly in 2022. 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 on financing risks, and better yield-plus-growth trajectories.

The performance of the Fund was elevated by the Australia market while the Hong Kong market was the main drag in October 2022.

The following chart shows the latest country allocation of the Fund as date of 31 October 2022.

Country Allocation



Source: UOBAM, 31 October 2022



The Fund aims to replicate as closely as possible, before expenses, the performance of the Index. The Index is reviewed semi-annually in March and September. Results from an Index review are implemented effectively on the fourth Monday of the review month. The latest Index review was on 26 September 2022, when the Fund's rebalancing came into effect on the same day to track closely the Index. The Fund aims to have income distribution on a quarterly basis. Distributions in SGD are not guaranteed. Distributions may be made out of income, capital gains and/or capital. This relates to the disclosed distribution policy as set out in the Fund's prospectus. Please refer to www.uobam.com.sg for more information. The ex-date of the latest dividend distribution was on 26 September 2022.

ESG (Environmental, Social, and Governance) Impact

Green Impact Dashboard

The Green Impact Dashboard (GID) measures the extent that green tilting⁶ provides the Fund with a positive sustainability impact. It compares the performance of the Fund against the Non-Green Tilt APAC REIT index. The two indices have the same holdings, but the latter does not include a green tilt. We measure the Fund's green impact from 4 metrics: greenhouse gas emission, energy consumption, water consumption and Green building certification.

This dashboard indicates that green tilting provides the Fund with a positive green impact and our investors can easily monitor the concrete impact.

⁶ Green tilting refers to the weights of selected REITs within the ETF/Index. The weights of selected REITs can either increase, reduce or remain unchanged at each index review date based on the GRESB Environmental Performance and Development Components ("Environmental Score") in addition to the overall GRESB Score as assessed by the independent research firm, GRESB, to reward greener REITs and penalize less greener REITs.



	Non-Green Tilt APAC REIT Index	UOB APAC Green REIT ETF	Improvement
Scope 1 & 2 Greenhouse Gas Emissions(tCO₂e)	144,998	139,648	4%
	4% improvement indicates the Fund invests in REITs that have better sustainability performance and management practices to reduce carbon emissions arising from operations.		
Water Consumed(M³)	1,196,322	1,122,463	6%
	6% improvement indicates clear water conservation strategies and programmes for portfolio of buildings in Green REITs.		
Energy Consumed(MWh)	249,948	239,401	4%
	4% improvement indicates the energy conservation measures that Green REITs have employed in their operations. This is critical since a significant amount of carbon emissions are derived from real estate operations.		
Green Building Certification – DCR*(%)	7.5	8.3	11%
Green Building Certification – OPS**(%)	47	47	-
	The Fund has a higher percentage of certified green buildings measures by percentage of floor area covered by a DCR Certification.		

Source: UOBAM, GRESB, October 2022

*DCR: Valid green building certification obtained at the time of design, construction, and/or renovation

**OPS: Valid operational green building certification



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