August 2024

UOB APAC Green REIT ETF

UOB Asset Management

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 August 2024, 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 neutrality[1].

• **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 goals[2].

• **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.

August 2024 Portfolio Performance

UOB APAC Green REIT ETF (SGD)	+5.09 per cent[3]
Benchmark: iEdge-UOB APAC Yield Focus Green REIT Index	+5.35 per cent

Source: Morningstar, Performance from 31 July 2024 to 31 August 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 was supported by Australia and Singapore in August 2024.

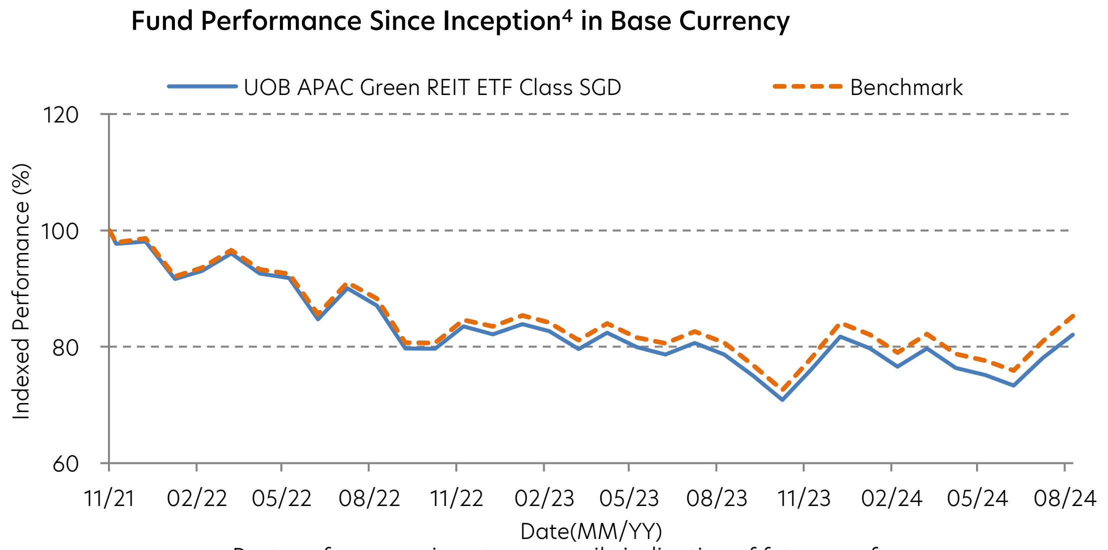
Portfolio Positioning

We expect changing expectations on interest rate trajectory to remain a tailwind for REITs. We see potential sector re-rating on the back of greater certainty of the rate cut, along with supportive property-level fundamentals, income resilience and rental growth. Conditions supporting a healthy earnings growth outlook are largely favourable though certain segments and markets may enjoy better growth. Cheaper financing costs shall boost REITs' bottom line and distribution growth, and we anticipate REITs to take on a more acquisitive approach to their assets portfolios as interest rates decline. As the REIT industry continues to evolve, we view its future growth prospects to remain promising and prefer the Australian and Singapore markets.

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 31 August 2024, SGD basis, with dividends and distributions reinvested, if any.

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

All statistics quoted in the write-up are sourced from Bloomberg as at 31 August 2024 unless otherwise stated.

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

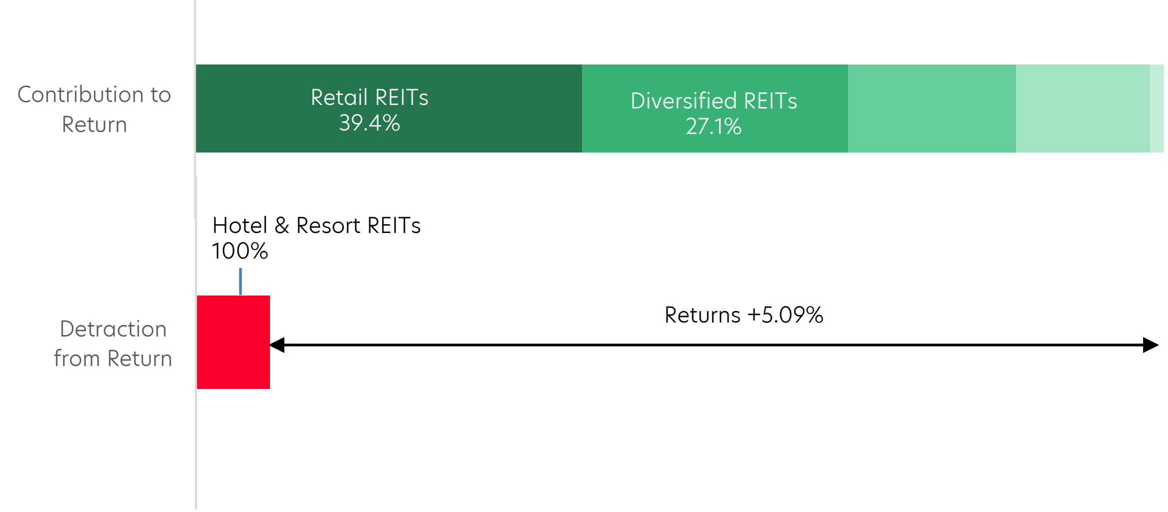
REIT Indices	Total Return (SGD)
iEdge-UOB APAC Yield Focus Green REIT Index	+1.43%
S&P Asia Pacific REIT Index	+2.87%

Source: UOBAM/Bloomberg, 31 August 2024

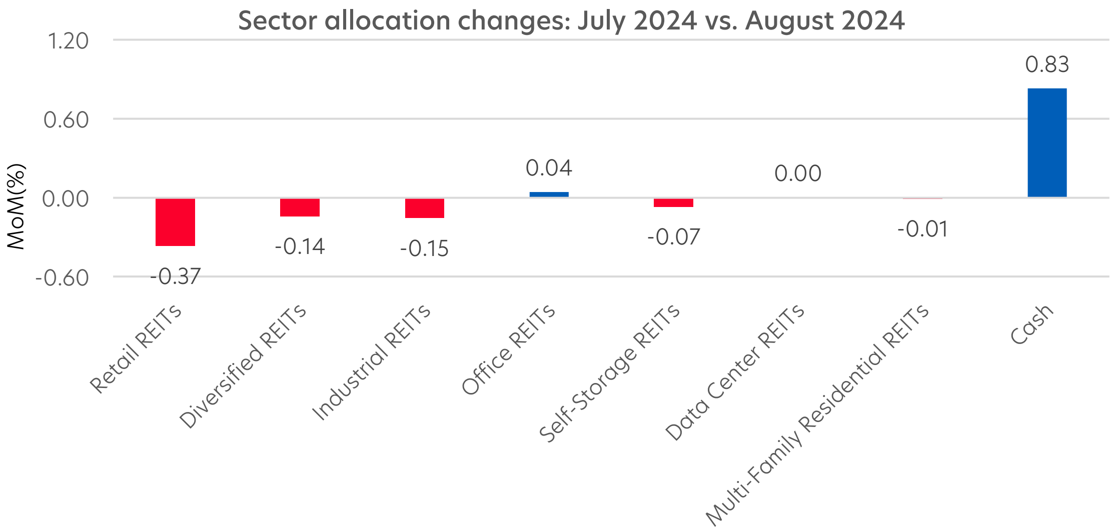
Past performance is not necessarily indicative of future performance. Performance numbers are not annualised.

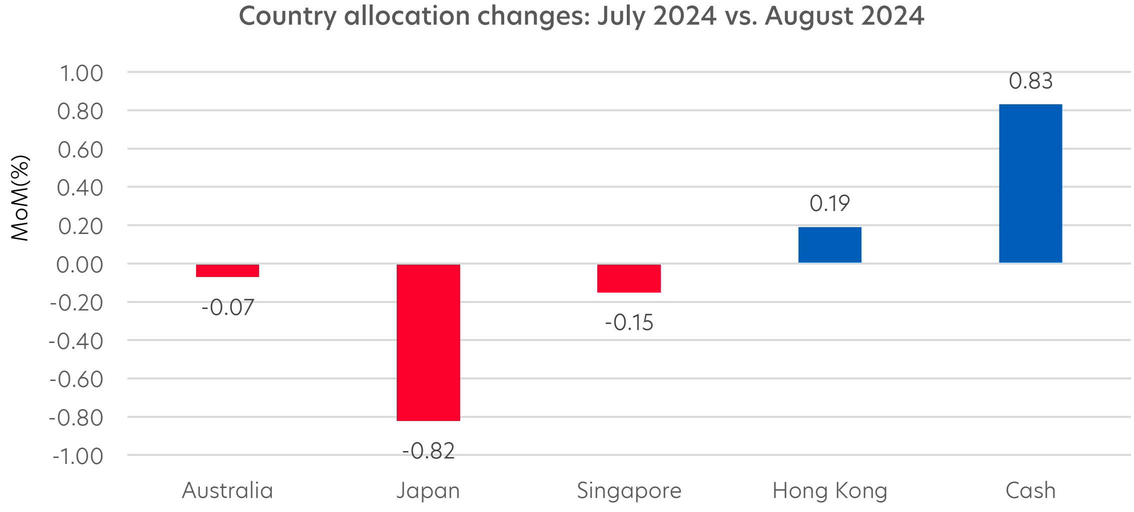
The Index underperformed its non-green peer S&P APAC REIT Index by -1.44 per cent year-to-date.

Performance Contributors/Detractors: August 2024



Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

As shown on the left charts, the biggest decrease in the sector allocation changes for August 2024 was in Retail REITs (-0.37 per cent). In terms of country allocation changes, the Fund had the highest decline in Japan (-0.82 per cent) and the highest increase in Hong Kong (+0.19 per cent) for August 2024.

Market Review

Global equities gained 0.1 per cent (MSCI All Country World Index, in SGD terms) in August 2024 while Asia ex-Japan dropped -0.5 per cent for the month. Among the Asia ex-Japan markets, mixed performance was seen, with Southeast Asia markets such as the Philippines, Malaysia, Indonesia and Thailand outperforming as ASEAN currencies rallied while South Korea, China and India were among the laggards in August 2024.

Australia's economy continued to navigate a complex landscape characterized by sluggish growth, sticky inflationary and evolving monetary policies in August 2024. The Reserve Bank of Australia (RBA) has maintained its cash rate at 4.35 per cent for several months, with growing expectations that it may soon consider rate cuts. Recent economic data suggested that the labour market has cooled, with modest job creation and the unemployment rate at 4.2 per cent. Coupled with the highly anticipated September US Federal Reserve rate cuts, the market expected the RBA to follow suit with a rate cut by late 2024 and potentially reduce the cash rate to around 3 per cent by 2025. Inflation in Australia has shown signs of moderation, with forecasts on the annual Consumer Price Index (CPI) dropping to around 2.7 per cent. As inflation stabilises within target ranges, the potential RBA rate cuts could provide a much-needed stimulus. However, the sectoral disparities highlight ongoing vulnerabilities in retail and labour markets which may hinder broader economic recovery.

Japan's economic landscape has been shaped by significant developments in monetary policy, inflation trends, and sectoral performance in August 2024. The Bank of Japan (BoJ) initiated a tightening cycle in July 2024, reflecting a shift in its long-standing accommodative stance. The BoJ raised its key interest rate to 0.25 per cent, marking the first increase in over a decade. The BoJ's commitment to adjusting monetary policy reflects their cautious optimism about Japan's economic recovery. The Nikkei 225 index declined by 1.16 per cent in August 2024 due to concerns over potential recession in the US and the strengthening Japanese yen. Companies in the export-related sectors faced challenges due to the appreciation of the Japanese yen, making exports less competitive. Sectors such as shipping, retail and precision products showed resilience, benefiting from domestic consumption bolstered by rising real wages and government support measures. If the BoJ continues its tightening path, there may be long-term benefits for banks as they improve their profitability in a higher interest rate environment.

Singapore market rose 2.7 per cent in August 2024, as the market cheered US Federal Reserve Chair Jerome Powell's speech about a potential interest rate cut in September 2024. Communication Services, Real Estate and Utilities were among the top performers while Industrials and Consumer Discretionary underperformed. Indonesia's market gained 6.8 per cent in August 2024 with Bank Indonesia acknowledging a stronger Indonesian rupiah but also held rates steady. Indonesia's second-quarter 2024 GDP growth moderated slightly to 5.05 per cent year-on-year (y/y) from 5.11 per cent in the previous quarter while deflation deepened in July 2024. The energy sector led the gains as Adaro Energy Indonesia posted a strong earning beat due to better coal sales while Materials and Consumer Discretionary dragged on performance.

China's market fell -1.4 per cent in August 2024, as China's economic data for July 2024 showed no material improvement in activities. The National Bureau of Statistics of China acknowledged the weakness in growth, saying the transformation from old to new growth drivers was causing "temporary pain". In response, authorities are said to be considering a revamp to re-mortgaging rules to free up cash, however, the People's Bank of China (PBoC) kept its various interest rates unchanged through August 2024. Beijing also ramped up efforts to discourage banks from buying government bonds amid a record rally that has sent bond yields to record lows. The PBoC has repeatedly warned that a bubble is forming in the sovereign bond market and China's government also tried to spur growth by pushing regional lenders away from parking the money in ultra-safe bonds. The sovereign bond yields picked up slightly from an all-time low. Most sectors were in the red, except for Energy and Healthcare.

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 63.31 mil	Victor Wong

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