UOB APAC Green REIT ETF

October 2023

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 September 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 neutrality[1].

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 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.

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

Fund Size
SGD 57.84 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.

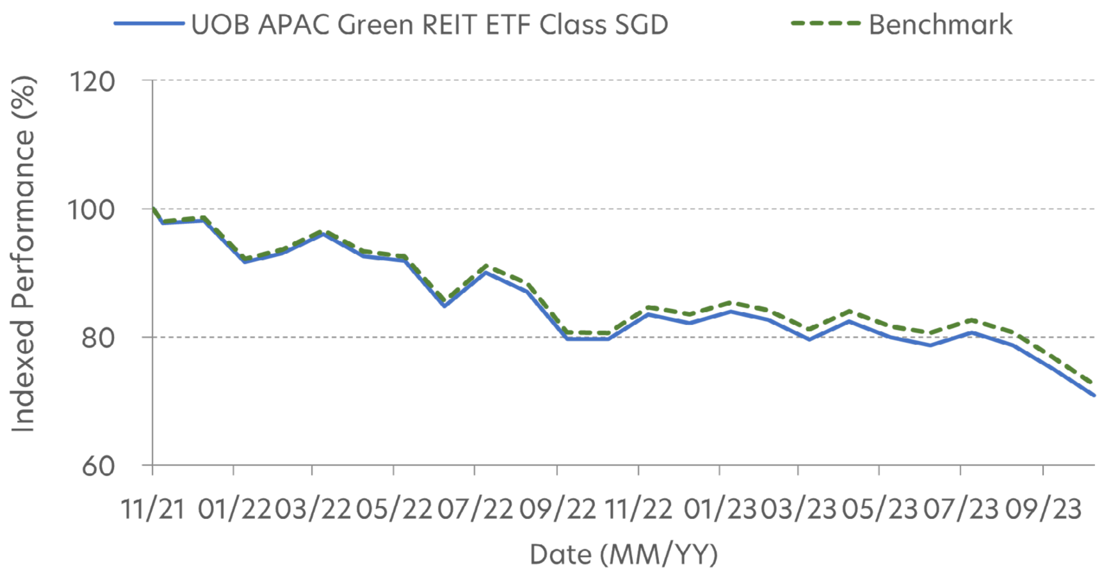
One Month Portfolio Review

The investment objective of the UOB APAC Green REIT[3] ETF[4] - SGD (the "Fund") aims to replicate as closely as possible, before expense[5], the performance of the iEdge-UOB APAC Yield Focus Green REIT Index ("Index").

From its inception on 23 November 2021 to 31 October 2023, the Fund tracked the Index very closely with only very minor performance deviation that came as a result of fees and initial deployment.

Historical Performance

Fund Performance Since Inception[6] in Base Currency



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: Edge-UOB APAC Yield Focus Green REIT Index

Source: Morningstar. Performance as at 31 October 2023, SGD basis, with dividends and distributions reinvested, if any.

[3] Real Estate Investment Trust
[4] Exchange Traded Fund
[5] The expenses include costs, fees or other charges.
[6] 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 of 31 October 2023 unless otherwise stated.

iEdge-UOB APAC Yield Focus Green REIT Index vs peer indices year to date, 31 December 2022 - 31 October 2023

REIT Indices	Total Return (SGD)
iEdge-UOB APAC Yield Focus Green REIT Index	-13.13%
S&P Asia Pacific REIT Index	-12.25%

Source: UOBAM/Bloomberg, 31 October 2023
Past performance is not indicative of future performance. Performance numbers are not annualised.

The Index slightly underperformed its non-green peer S&P APAC REIT Index by 0.88 per cent year-to-day.

Market Review

Global equity markets extended the decline in October 2023 (MSCI All Country World Index: -2.7 per cent in SGD terms) as the market assessed the positives from a dovish US Federal Reserve (Fed) tilt against heightened geopolitical tensions in the Middle East triggered by the Israel-Hamas conflict. The real estate/REITs sector took the brunt of the selloff (FTSE EPRA/Nareit Asia Pacific Index: -5.1 per cent in SGD terms) as the 10-year US Treasury (UST) yield surged past 5 per cent to 17-year highs. Japan's real estate market relatively outperformed. Hong Kong was a major laggard.

The **Bank of Japan (BOJ)** tweaked its yield curve control but maintained its very accommodative monetary policy. Short-term policy was maintained at -0.1 per cent (Negative Interest Rate Policy, NIRP), while long-term policy rate (10-year yield target) was at around 0 per cent and an upper bound of 1 per cent for the yield. However, the upper bound is now regarded as a reference rate instead of a rigid ceiling. The BOJ also raised its core Consumer Price Index (CPI) forecasts higher for Fiscal Year (FY) 2024 to 2.8 per cent year-on-year (y/y) and 1.7 per cent for FY2025.

The **Reserve Bank of Australia (RBA)** maintained its cash rate in October 2023, but commentary reflected a hawkish tone. It called out persistent services price inflation and the sharp rise in oil prices since June 2023 "as a significant concern given how long inflation is likely to be above target'. The third quarter (2023) CPI advanced 5.4 per cent y/y ahead of the market expectation of 5.3 per cent, led by automotive fuel and rents.

Singapore's industrial production for September 2023 narrowed significantly to -2.1 per cent y/y (versus August 2023: -11.6 per cent), better than market expectations of -4.5 per cent y/y. The improvement was driven by an upturn in electronics production (+10.2 per cent y/y) on the back of semiconductor strength. According to the Urban Redevelopment Authority, rents and prices of private residential homes, as well as office space prices rose 0.8 per cent quarter-on-quarter (q/q) in the third quarter of 2023, while retail ticked up 0.6 per cent q/q. Occupancies for office and retail improved to 90 per cent and 92.8 per cent, respectively.

The third quarter Gross Domestic Product (GDP) growth in **Hong Kong** was softer than expected at 4.1 per cent y/y versus market expectation of 5.2 per cent y/y. Growth was underpinned by further improvements in private consumption and services exports, while gross domestic capital formation benefitted from a low comparison base in 2022. Goods trade remains weak with continued contraction in exports and imports.

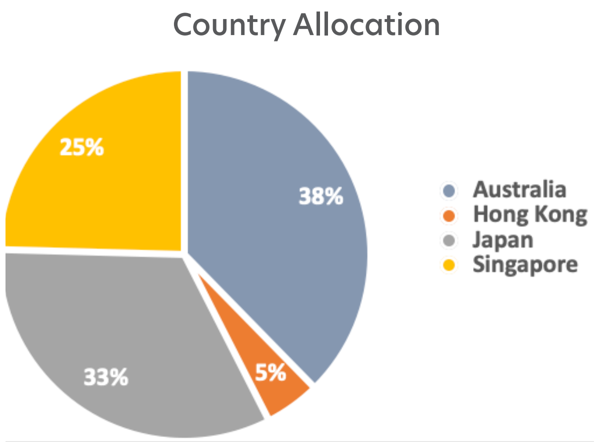
The **People's Bank of China (PBOC)** raised its 2023 fiscal deficit by 1 trillion Chinese yuan (RMB) of additional special central government bonds (CGV) to 3.8 per cent of GDP (versus the original plan of 3 per cent). This is on top of the planned total general fiscal deficit of RMB 3.88 trillion, to support natural disaster prevention, post-disaster recovery and related infrastructure investment.

Outlook and Positioning

Despite the macro-level headwinds, property-level fundamentals remain mostly supportive. Notwithstanding a backdrop of slowing global growth and monetary policy tightening, Asia looks better placed in the near term given its domestic demand resilience. 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.

The performance of the Fund was supported by the Hong Kong market in October 2023.

The following chart shows the latest country allocation of the Fund as date of 31 October 2023.



Source: UOBAM, 31 October 2023

Important notice and disclaimers

MSCI Data are exclusive property of MSCI. MSCI Data are provided "as is", MSCI bears no liability for or in connection with MSCI Data. Please see complete MSCI disclaimer here.

This document is for general information only. It does not constitute an offer or solicitation to deal in units ("Units") in the UOB APAC Green REIT ETF (the "Fund") or investment advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it.

The information contained in this document, including any data, projections and underlying assumptions, are based upon certain assumptions, management forecasts and analysis of information available and reflects prevailing conditions and the views of UOB Asset Management Ltd ("UOBAM") as of the date of this document, all of which are subject to change at any time without notice. In preparing this document, UOBAM has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was otherwise reviewed by UOBAM. While the information provided herein is believed to be reliable, UOBAM makes no representation or warranty whether express or implied, and accepts no responsibility or liability for its completeness or accuracy. Nothing in this document shall, under any circumstances constitute a continuing representation or give rise to any implication that there has not been or there will not be any change affecting the Fund. No representation or promise as to the performance of the Fund or the return on your investment is made. Past performance of the Fund or UOBAM and any past performance or prediction, projection or forecast of the economic trends or securities market are not necessarily indicative of the future or likely performance of the Fund or UOBAM. The value of Units and the income from them, if any, may fall as well as rise, and is likely to have high volatility due to the investment policies and/or portfolio management techniques employed by the Fund. Investments in Units involve risks, including the possible loss of the principal amount invested, and are not obligations of, deposits in, or guaranteed or insured by United Overseas Bank Limited ("UOB"), UOBAM, or any of their subsidiary, associate or affiliate ("UOB Group") or distributors of the Fund. The Fund may use or invest in financial derivative instruments and you should be aware of the risks associated with investments in financial derivative instruments which are described in the Fund's prospectus. The UOB Group may have interests in the Units and may also perform or seek to perform brokering and other investment or securities-related services for the Fund.

Investors should note that the Fund is not like a conventional unit trust in that an investor cannot redeem his Units directly with UOBAM and can only do so through the participating dealers, either directly or through a stockbroker if his redemption amount satisfies a prescribed minimum that will be comparatively larger than that required for redemptions of units in a conventional unit trust. The list of participating dealers can be found at www.uobam.com.sg. An investor may therefore only be able to realise the value of his Units by selling the Units on the Singapore Exchange Limited ("SGX"). Investors should also note that any listing and quotation of Units on the SGX does not guarantee a liquid market for the Units.

An investment in unit trusts is subject to investment risks and foreign exchange risks, including the possible loss of the principal amount invested. Investors should read the Fund's prospectus, which is available and may be obtained from UOBAM or any of its appointed agents or distributors, before deciding whether to subscribe for or purchase any Units. You may wish to seek advice from a financial adviser before making a commitment to invest in any Units, and in the event that you choose not to do so, you should consider carefully whether the Fund is suitable for you.

The Fund is not in any way sponsored, endorsed, sold or promoted by and/or its affiliates and SGX and/or its affiliates make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the iEdge-UOB APAC Yield Focus Green REIT Index (the "Index") and/or the figure at which the Index stands at any particular time on any particular day or otherwise, The Index is administered, calculated and published by SGX. SGX shall not be liable (whether in negligence or otherwise) to any person for any error in the Fund and the Index and shall not be under any obligation to advise any person of any error therein.

"SGX" is a trade mark of SGX and is used by the Index under license. All intellectual property rights in the Index vest in SGX.

The use of UOB's name, logo or trademark on this document in relation to the Fund is not representative of the views of UOB. UOB is not the offeror or manager of the Fund and does not perform any investment nor advisory role to UOBAM as a consequence of the use of the word "UOB" in the Fund's name. UOB is not responsible for the performance of the Fund nor is UOB involved in the manner with which UOBAM manages the Fund. No recommendation or advice is given by UOB of any kind and this document was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. UOB assumes no direct or consequential liability for any errors in or reliance upon this document.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

UOB Asset Management Ltd Co. Reg. No. 198600120Z