LionGlobal SGD Money Market Fund

LION GLOBAL INVESTORS

The Fund aims to manage liquidity and risk while looking to provide a return which is comparable to that of SGD short-term deposits. The Fund will invest in high quality short-term money market instruments and debt securities. Some of the investments may include government and corporate bonds, commercial bills and deposits with financial institutions.

Fund Manager's Commentary

- In the 2nd half of 2020, where the implementation of tougher lockdown measures has helped manage the incidences of the COVID-19 spread, investors' risk appetite begun to improve with the uptick in US labour market data prints and strong housing market, while the easing of the initial safe distancing measures in the US also boosted the Institute of Supply Management manufacturing and services prints, driving the gradually steepening United States Treasury (UST) curve post the 2nd quarter economic data trough. Following the swift but steep Federal Funds Rate cuts to the 0-0.25% range in 1st half of 2020 and Federal Open Market Committee's (FOMC) signal to maintain its dovish lean until it achieves its maximum employment and price stability goals, focus turned towards fiscal policy for further policy accommodation to cushion the harsh impact of the COVID-19 pandemic on the US economy. The Bipartisan lawmakers ended 2020 announcing another USD900 billion fiscal stimulus package, providing some interim support for individuals and small businesses.

- Geopolitical tensions between US and China intensified, with US enacting the Hong Kong Autonomy Act, closing of China's consulate in Houston, as well as operating restrictions on Tiktok, followed by the US Department of Defense and Department of Commerce releasing their lists containing Chinese companies with ties to the China military, prohibiting US persons from investing in these companies. US markets broadly shrugged off the geopolitical headlines with the rising COVID-19 incidence over the year end festive holidays overshadowed by investors' expectation of a prompt fiscal policy action, driving the 26 basis points (bps) surge of yields on 10 year UST to 0.91% over 2nd half of 2020, amid concerns of higher USTs supply and better risk appetite, while the short dated UST yields remain anchored near the year's low.

- Singapore's economy expanded by 13.3% quarter-on-quarter (-5.8% year-on-year), driven by strong growth in the manufacturing sector. The Monetary Authority of Singapore (MAS) maintained status quo in its October 2020 MAS Monetary Policy Statement meeting, leaving its zero appreciation stance on the SGD nominal effective exchange rate (NEER) policy band unchanged. Separately, the Singapore government announced that the first batch of vaccines will be arriving by the end of December 2020, supporting the broadly better risk sentiment and a bull flattening curve over the past 6 months, with yields on 10 years and 30 years Singapore Government Securities declining by 6bps and 15bps to 0.84% and 1.15% respectively. Notably, the MAS 28-day bill auction cutoffs reached a high of 0.64% in December 2020, fueling an inversion on the front end amid softer liquidity across the month.

- Meanwhile, the 3-month Singapore Interbank Offered Rates declined 15bps to 0.41% in 2nd half of 2020, mirroring the downward slide in the 3-month London Interbank Offered Rates, while the 3-month Swap Offer Rate remained sticky at its recent lows of 0.19%. The very short end rates remained anchored by flushed liquidity in the domestic and global financial system as the world maneuvers through the challenging economic backdrop. As the global central banks commits to keeping an active policy front, very short end rates are likely to be anchored at its current lows over the near term horizon.

- From Biden's campaign, the likelihood of a larger fiscal stimulus remains high over the near term horizon, albeit watered down from campaign promises given the narrow Senate majority (via a tie break by the new Vice President), which would lead to increase in both taxes and higher Treasury bond supply. The Blue Wave, which seemed unlikely just a month ago, has spurred consensus to revise their forecast for yields on the 10 years UST beyond the initial projections of low 1% handle, with a reduction in the likelihood of a fiscal gridlock fueling a continued UST curve steepening expectations.

- Singapore expect growth to remain under some pressure in 1st half of 2021, in part as the pandemic effects were largely felt in 2nd quarter 2020, and pandemic-related headwinds. However, momentum can be catalyzed by wider vaccine availability in 2nd half of 2021. The headlines continue to be dominated by fiscal stimulus headlines, progressing on the bipartisan discussions for another fiscal stimulus bill following a 6-month stalemate, with the USD1 trillion relief program targeted to help cushion the decelerating economic rebound. While incoming US President, Biden's campaign included several progressive agendas, higher welfare spending expectations remain mired in the bipartisan political challenges, especially if the Georgia Senate runoff elections favour the Republicans with a slim majority, undermining the crowded UST steepener trades in the market.

- For SGD bonds, the outlook is clouded by the current low rates and heavy duration supply (from SGS) in 1st half of 2021. If US yields rise, it is likely that SGD rates will follow, but with short-end rates largely anchored, unless market starts to price in a potential tightening of monetary policy (stronger SGD NEER).

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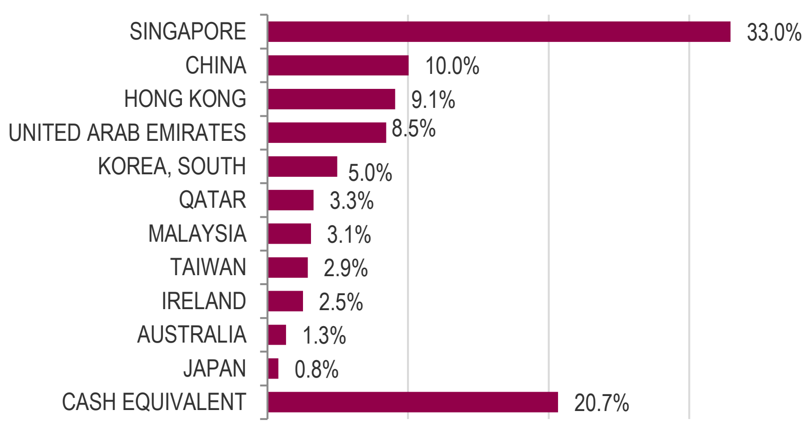
Performance (%)

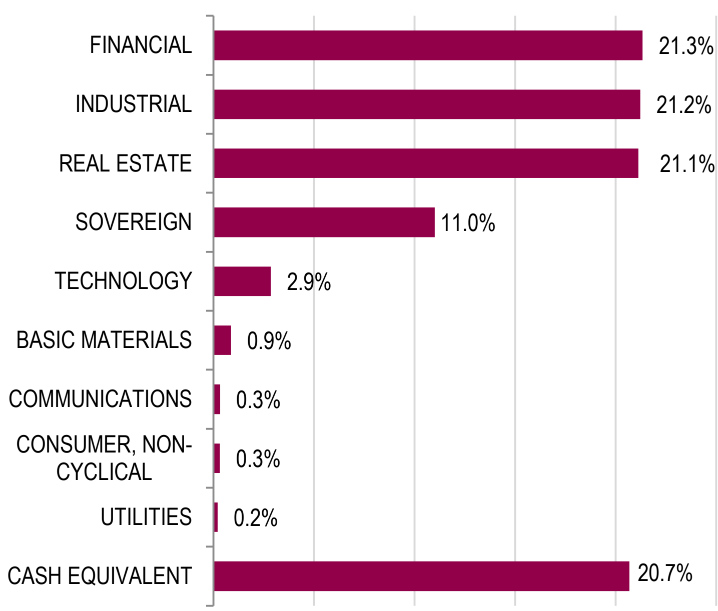
		1-year	3-years p.a.	5-years p.a.	10-years p.a.	Since Inception p.a.
SGD Class[1]	NAV	1.1	1.3	1.2	0.9	1.3
	Benchmark[#]	0.4	1.1	0.9	0.5	0.8

Past performance is not necessarily indicative of future performance
Source: Lion Global Investors Ltd / Morningstar

Country Allocation (% of NAV)



Sector Allocation (% of NAV)



Fund Facts

Fund Inception Date:	1 November 1999
Subscription Mode:	Cash, SRS[5]
Minimum Investment:	S$ 1,000
Initial Charge:	Currently NIL Maximum 5%
Management Fee:	Currently 0.25% p.a. Maximum 2.0% p.a.
Valuation Dealing:	Every dealing day
NAV Price:	S$1.3300
Fund Size:	S$300.2 million
Weighted Yield to Maturity[2]:	1.16 %
Weighted Duration[3]:	0.33 years
Weighted Credit Rating[4]:	A

Codes

SGD Class	SG9999002760 OCBSGDM

Currency Exposure of Bonds (% of NAV)

SGD	45.2
USD	47.7
HKD	3.6
AUD	3.2
EUR	0.3
	100.0

Credit Rating[4] (% of NAV)

Investment Grade	100.0
	100.0

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Top 10 Holdings (% of NAV)

DOOSAN POWER SYSTEM (REG S) (REG) VAR 25/10/2048	4.1
CHINA RAILWAY CONSTRUCT (REG) (REG S) 0% CONV 29/01/2021	3.7
DBS GROUP HOLDINGS LTD (SER MTN) (R EG) 2.78% 11/01/2021	3.6
SINGAPORE AIRLINES LTD (SER MTN) (R EG S) 3.145% 08/04/2021	3.2
WHEELOCK FINANCE LTD (SER EMTN) (BR) (REG S) 4.5% 02/09/2021	3.1
SUN HUNG KAI PROP (CAP) (SER EMTN) (BR) (REG S) 3.25% 20/05/2021	3.1
DANGA CAPITAL BHD (SER EMTN) (REG) (REG S) 3.035% 01/03/2021	3.1
UNITY 1 SUKUK LIMITED (REG) (REG S) 3.86% 30/11/2021	3.1
MAPLETREE TREASURY SVCS (SER MTN) (REG) (REG S) 2.888% 21/06/2021	3.0
FOXCONN FAR EAST LTD (SER EMTN) (RE G) (REG S) 2.25% 23/09/2021	2.9

[#] Benchmark:
From 23 Jan 2003: 1 Month SGD Interbank Bid Rate.
From 1 May 2014: 1 Month SGD Interbank Offered Rate -0.25%.

[1] Returns are based on a single pricing basis. Return periods longer than 1 year are annualized. Dividends are reinvested net of all charges payable upon reinvestment and in respective share class currency terms.

[2] Amortised cost basis. Hedged back to Singapore dollar basis. Inclusive of cash & equivalents at a yield of 0%.

[3] Inclusive of cash & equivalents which are assumed to be zero duration.

[4] Includes cash & equivalents @ AA, takes the worst of S&P, Moody's, Fitch or Internal ratings and based on a straight-line model.

[5] Supplementary Retirement Scheme ("SRS")

The above is based on information available as of 31 December 2020 unless otherwise stated. The bonds referenced are not intended as recommendations to buy or sell. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice.

For further information or to obtain a copy of the prospectus:

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