

October 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 October 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 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.

October 2024 Portfolio Performance

UOB APAC Green REIT ETF (SGD)	-5.22 per cent ³
Benchmark: iEdge-UOB APAC Yield Focus Green REIT Index	-5.27 per cent

Source: Morningstar, Performance from 30 September 2024 to 31 October 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 dragged by Australia and Singapore in October 2024.

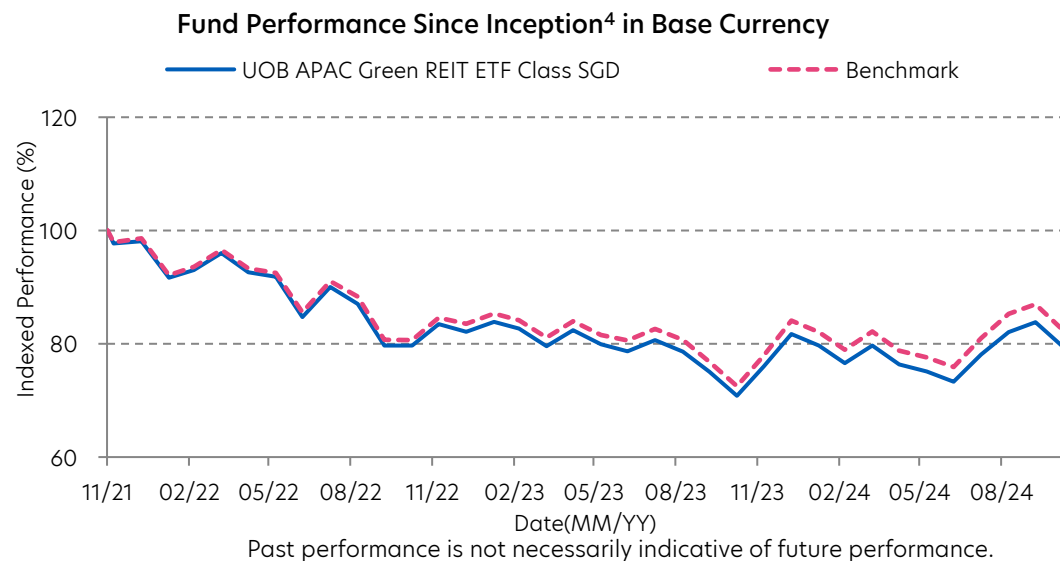
Portfolio Positioning

REITs could be heading to a period of above-average valuation given peaking financing costs in 2024. The upside to the distribution per unit (DPU) hinges on a pick-up in external growth, and the 2-year forward DPU Compound annual growth rate (CAGR) is forecasted to be 3 per cent. We see potential sector re-rating on the back of greater certainty of the rate cut and 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 should boost REITs’ bottom line and distribution growth, and we anticipate REITs to take a more acquisitive approach to their assets portfolios as interest rates decline.

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)



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 October 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 October 2024 unless otherwise stated.

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

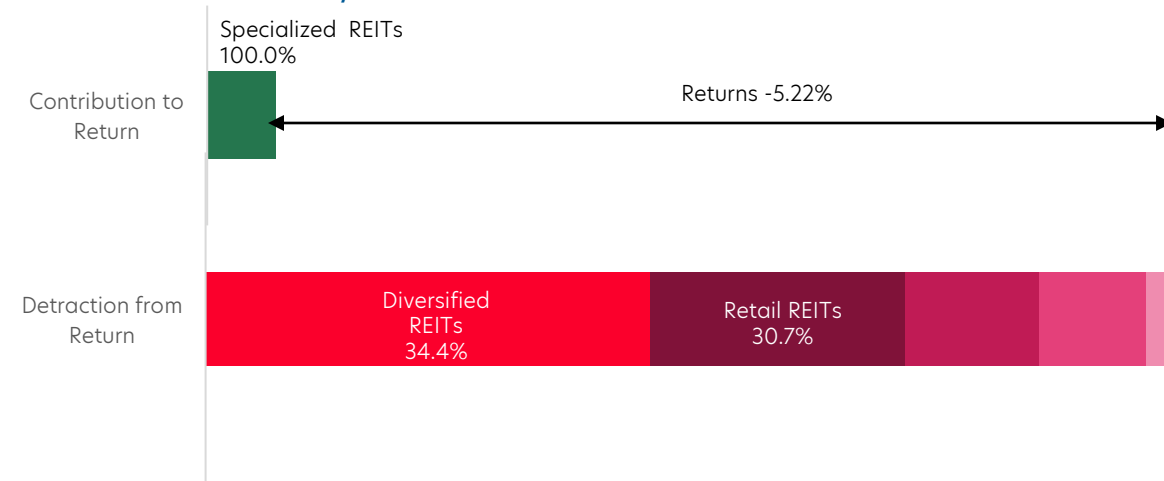
REIT Indices	Total Return (SGD)
iEdge-UOB APAC Yield Focus Green REIT Index	-2.02%
S&P Asia Pacific REIT Index	0.34%

Source: UOBAM/Bloomberg, 31 October 2024

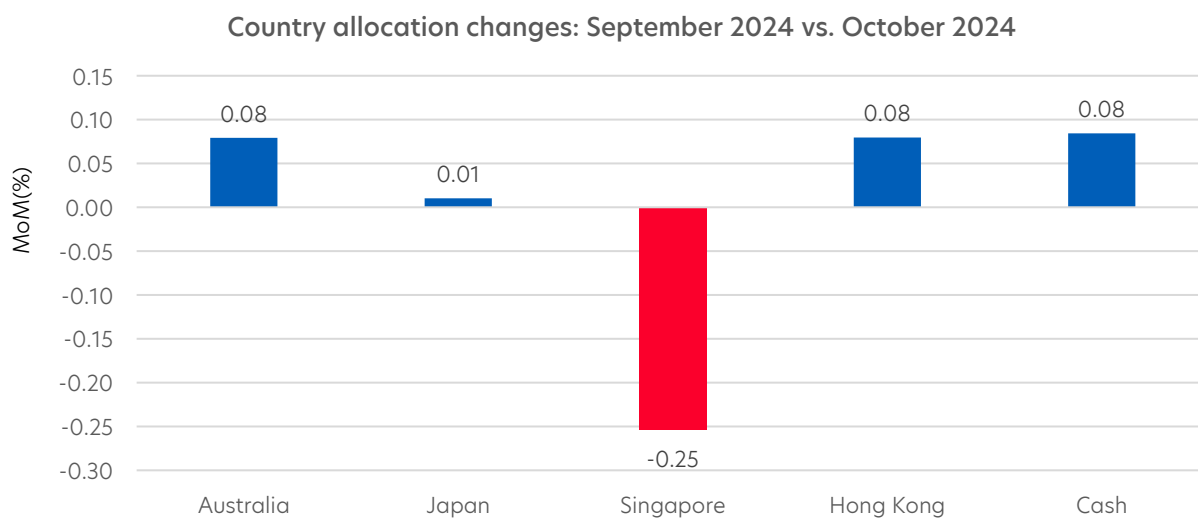
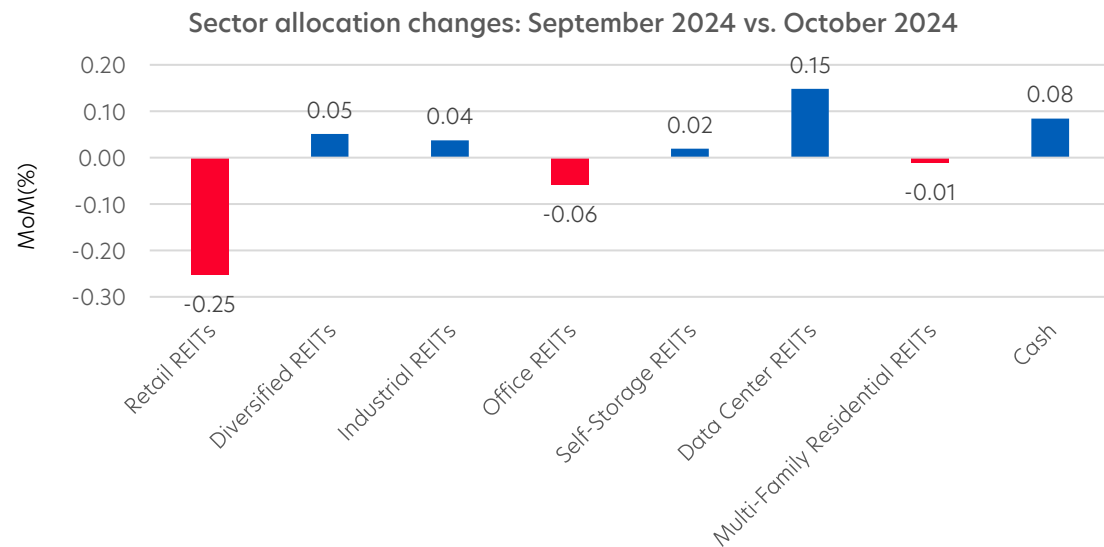
Past performance is not necessarily indicative of future performance. Performance numbers are not annualised.

The Index underperformed its non-green peer S&P APAC REIT Index by -2.36 per cent year-to-date

Performance Contributors/Detractors: October 2024



Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

As shown on the left charts, the biggest decrease in the sector allocation changes for October 2024 was in Retail REITs (-0.25 per cent), and the biggest increase was in Data Center REITs (+0.15 per cent). In terms of country allocation changes, the Fund had the highest decline in Singapore (-0.25 per cent) and the highest increase in Hong Kong and Australia (+0.08 per cent) for October 2024.

Market Review

Global equities gained 0.8 per cent (MSCI All Country World Index, in SGD terms) in October 2024 while Asia ex-Japan equities fell 1.6 per cent for the month. Among the Asia ex-Japan markets, mixed performance was seen with the Taiwan market rallying while Malaysia, South Korea and India were among the laggards.

The **Australian market** kicked off October 2024 similarly to September 2024, with the ASX-200 Index soft for the first week of October 2024 before rallying strongly to new highs, ultimately drifting lower toward the end of October 2024 (down 1.3 per cent in October 2024). The market focused on stimulus measures unveiled from China that had initially triggered a rotation out of banks and into beaten-down miners. However, as the month unfolded, the market became less enthused amid a lack of detail and the rotation trade ran out of steam. The housing market remained subdued with prices broadly flat amid high mortgage rates. Prudent lending standards also meant that financial stability risks from residential development were contained.

Japan's market in October 2024 saw fluctuating movements amid caution over political events (the House of Representatives election in Japan and the US presidential election) and sluggish earnings reports from major overseas semiconductor companies. However, after the Japanese election, uncertainty eased, and the market was buoyed by expectations of improved earnings thanks to the weaker yen, leading to a 1.87 per cent monthly increase in the TOPIX Index.

Singapore market fell 0.2 per cent in October 2024, although the third quarter Gross Domestic Product (GDP) growth was better than expected but exports slowed markedly. Singapore's unemployment fell to its lowest in 18 months. The electronics export cycle in South Korea and Taiwan which serves as a bellwether for the region seemed to have peaked in the third quarter of 2024 and is seemingly on the cusp of a downcycle. Singapore's electronics non-oil-domestic exports (NODX) growth could embark on a similar downtrend in the months ahead.

China's market fell -3.0 per cent in October 2024. Rollout of new policy measures and existing policies began to make an impact gradually but indications of household sector support remained light. China's official Purchasing Managers' Index (PMI) showed both manufacturing and non-manufacturing activity returned to expansion in October 2024. Manufacturing output hitting a six-month high but new export orders were in contraction. Factory activity was back into expansion for the first time since April 2024. Production accelerated from the prior month while new orders were just marginally higher. Export fell for the second straight month. Inflation was much stronger with input prices turning positive combined with narrowing declines in output prices. By industry size, stronger expansion among large firms while medium-sized firms were in contraction but improved from the prior month. However, contraction deepened for small-sized firms. Non-manufacturing PMI rose to 50.2 from 50.0 in September 2024 but was below expectations of 50.4. Real estate activity saw a slight improvement but was still in contraction.

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 60.08 mil	Victor Wong



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