

The background image shows a person's hands interacting with a tablet device. The tablet screen displays a financial chart with a blue line and red bars. In the background, a large computer monitor displays a similar financial chart with a red line and green bars. The overall scene is dimly lit, suggesting an office or trading environment.

Investing In ETFs During COVID-19

在疫情期间投资交易所挂牌基金 (ETF)

**Mr. Calvin Neo,
ETF Business Development Specialist,
Nikko AM**

Important Information

重要信息

My Money

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This document is for informational purposes only and does not constitute a solicitation to buy or sell securities.

Past performance is no guarantee of future returns. Forecasts may not be attained.

The value of investments and the income from them may go down as well as up and you may not get back the amount invested.

The value of investments may rise or fall due to changes in the rate of exchange in the currency in which the investments are denominated if it is different from the investor's own currency.

There are additional risks associated with international investments, including foreign, political, currency and economic factors to consider.

Throughout this document where charts indicate that a third party (parties) is the source, please note that the source references the raw data received from such parties.



OUR AGENDA FOR TODAY

议程

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1. What are ETFs?
2. Types of ETFs and what worked during COVID-19
3. Longevity, diversification & rebalancing
4. Risks when investing in ETFs
5. Tips for investors

Source: Nikko AM




WHAT ARE ETFs?

什么是交易所挂牌基金 (ETF)?

1. **Exchange Traded Fund** - a unit trust fund listed on the exchange
2. **Trades** like normal stocks and shares
3. Typically tracks an underlying **Index**
4. Allow investors to gain **exposure to an asset class** (e.g. equities, bonds, commodities), **thematic** (e.g. e-commerce), or **strategy** (e.g. smart beta)



SGX  [Securities](#) [Fixed Income](#) [Derivativ](#)

Market Performance

Today's Volume / Value: 1.54B / S\$1.32B

< [Stocks](#) [REITs](#) **ETFs** [Structured Warrants](#) [Daily Lev](#) >

Today's Volume / Value: 2.9M / S\$13.0M

Top 5 by:

Value

Name	Last Price (Change)	Volume (K)	Value (\$M)
GLD US\$	188.600 (+5.210)	25.42	4.78
STI ETF	2.575 (-0.001)	1,600.12	4.12
Nikko AM STI ETF	2.610 (-0.010)	126.06	0.33
NikkoAM SGD IGBond ETF	1.063 (-)	288.45	0.31

Source: Nikko AM, SGX

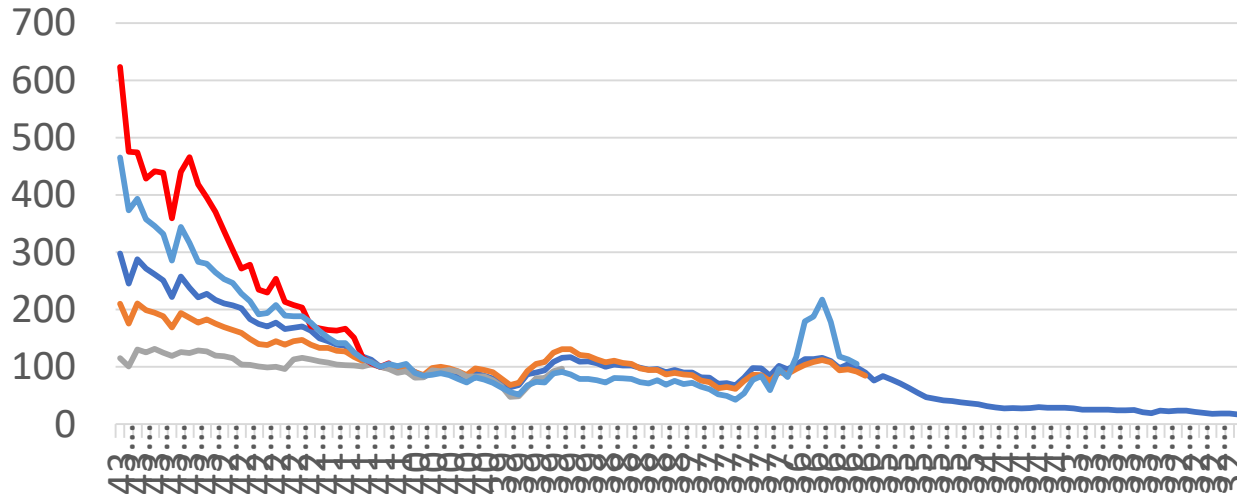


THEMATIC ETFS

主题ETF

Environment, 5G, Robotics, E-Commerce, etc.

Index total return performance* 1988 to 2020 (SGD)



Source: Nikko AM, Bloomberg, as of 10 June 2020.

*Rebased to 100 as of 31 December 2012. ^ iEdge-FactSet Global Internet (Total Return) Index.

SMART BETA ETFS

智能测试版ETF

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1. Smart beta involves identifying “factors” to beat the market
2. Basket of stocks or bonds are traditionally weighted by market value
3. ETF issuers have come up other parameters to create more innovative and/or better performing products
Examples: higher dividend, earnings growth, large cap versus small cap, etc.

Source: Nikko AM



WHY ETFS MAKE SENSE

为什么选择ETF

Longevity

Dow Jones Industrial Average (DJIA) was first calculated on 26 May 1896 comprising only 12 industrial companies.

American Cotton Oil Co.	Distilling & Cattle Feeding Co.	North American Co.
American Sugar Co.	General Electric	Tennessee Coal, Iron and Railroad Co.
American Tobacco Co.	Laclede Gas Co.	U.S. Leather Co.
Chicago Gas Co.	National Lead Co.	United States Rubber Co.

Source: Nikko AM, Dow Jones Indices



WHY ETFS MAKE SENSE

为什么选择ETF

October 2017

The DJIA Index is self-renewing. Modern industries replace the old, and allows investors to ride through market cycles.

3M Co.	Cisco Systems	Home Depot	Merck & Co.	UnitedHealth
American Express	Coca-Cola Co.	Intel Corp.	Microsoft	United Tech
Apple	E.I. Du Pont	IBM Corp.	Nike Inc.	Verizon Comm
Boeing Co.	Exxon Mobil	Johnson & Johnson	Pfizer Inc.	Visa Inc.
Caterpillar	General Electric	JPMorgan Chase	Procter & Gamble	Wal-Mart Stores
Chevron Corp.	Goldman Sachs	McDonald's	Travelers Cos.	Walt Disney Co.

Source: Nikko AM, Dow Jones Indices

WHY ETFS MAKE SENSE

为什么选择ETF

1. Significantly **lower fees and expenses** than unit trusts
2. Fully **transparent** holdings
3. Greater **accessibility**

Source: Nikko AM



THE IMPORTANCE OF DIVERSIFICATION AND REBALANCING

多元化和再平衡的重要性

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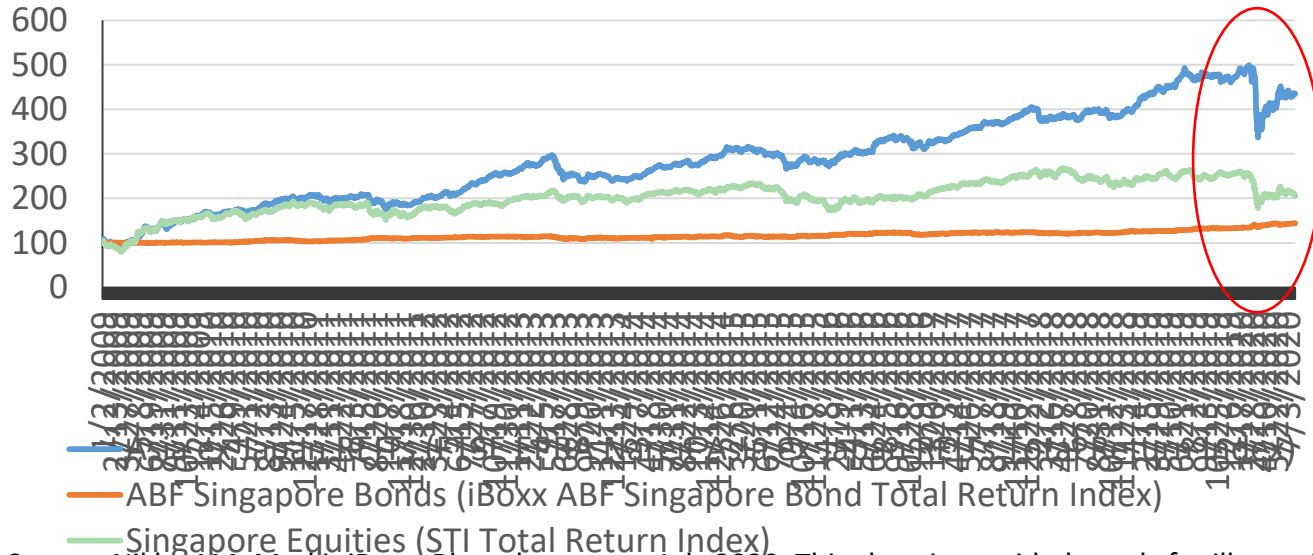


THE IMPORTANCE OF DIVERSIFICATION

多元化的重要性

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REITs vs Singapore Equities vs Singapore Bonds



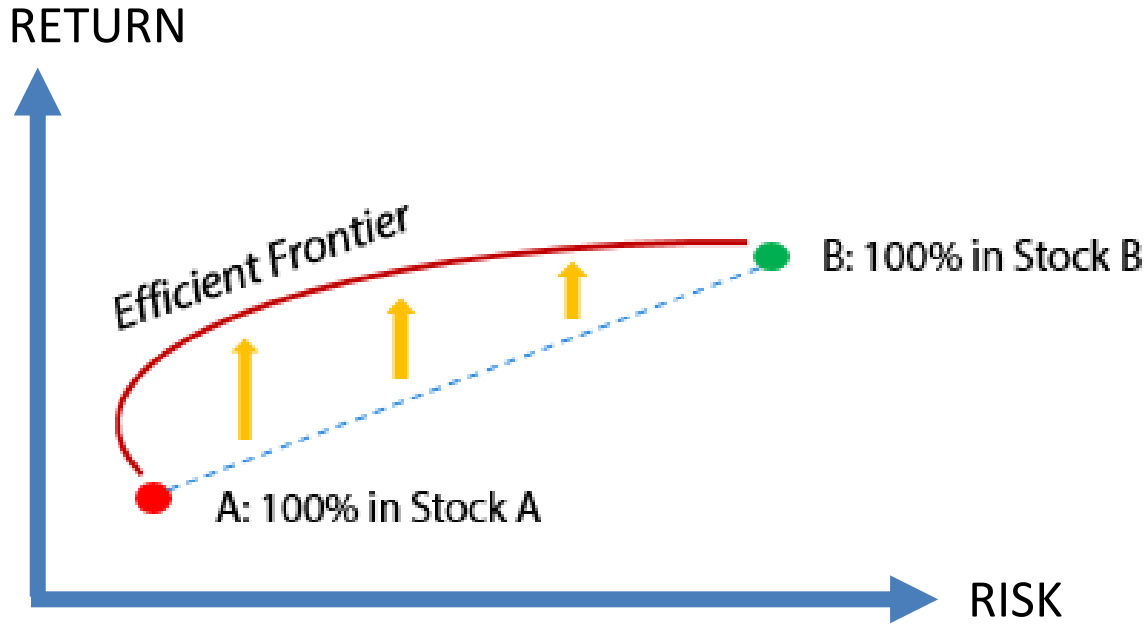
1. Diversification is about risk management
2. Diversification helps to preserve capital

Source: Nikko AM, Markit iBovx, Bloomberg, as at July 2020. This chart is provided purely for illustration purpose, not as recommendation. Performance of the indices presented here is not exactly the same as that of the corresponding or related ETFs. Index performance does not factor in any management fee, transaction costs or fund expenses of an ETF. Past performance is not necessarily indicative of the future performance. The copyright and intellectual rights to the index displayed above are the sole property of the index provider



THE IMPORTANCE OF DIVERSIFICATION

多元化的重要性



1. Diversification in a 2-stock portfolio gives you better risk-adjusted returns
2. Correlation is important

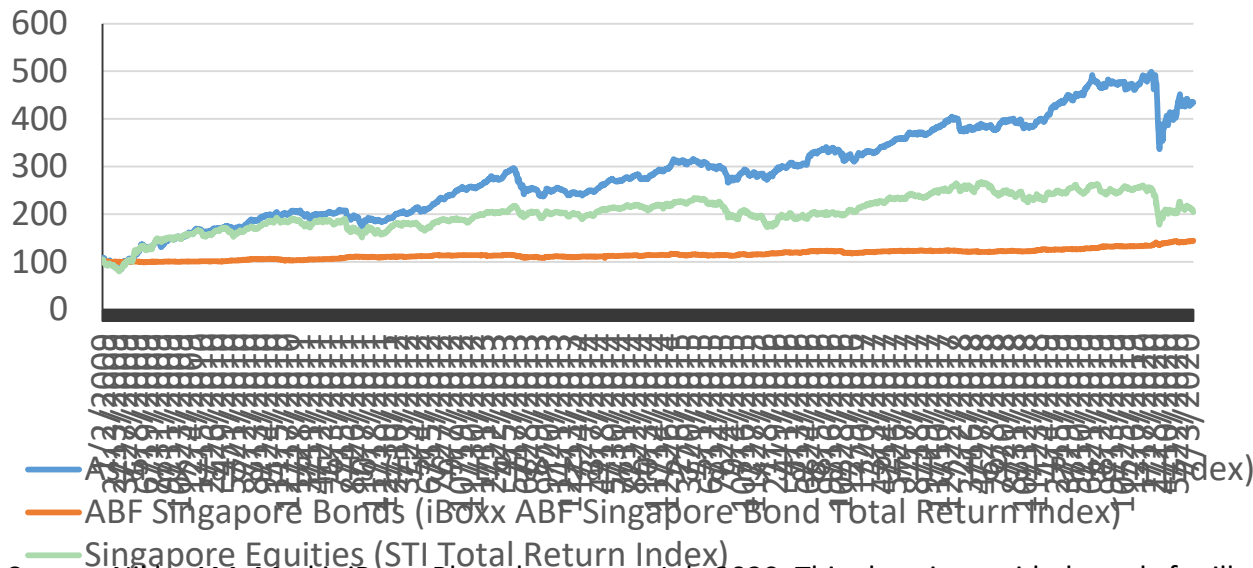
Source: Nikko AM. Chart shows a hypothetical example and is purely for illustration.

THE IMPORTANCE OF REBALANCING

重新平衡的重要性

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REITs vs Singapore Equities vs Singapore Bonds



1. Markets undergo cycles. Different asset classes, themes, and strategies response differently
2. If you don't rebalance, you don't take profit!

Source: Nikko AM, Markit iBoxx, Bloomberg, as at July 2020. This chart is provided purely for illustration purpose, not as recommendation. Performance of the indices presented here is not exactly the same as that of the corresponding or related ETFs. Index performance does not factor in any management fee, transaction costs or fund expenses of an ETF. Past performance is not necessarily indicative of the future performance. The copyright and intellectual rights to the index displayed above are the sole property of the index provider



WHAT ARE THE RISKS WHEN INVESTING IN ETFs DURING COVID-19?

在疫情期间投资ETF有什么风险？

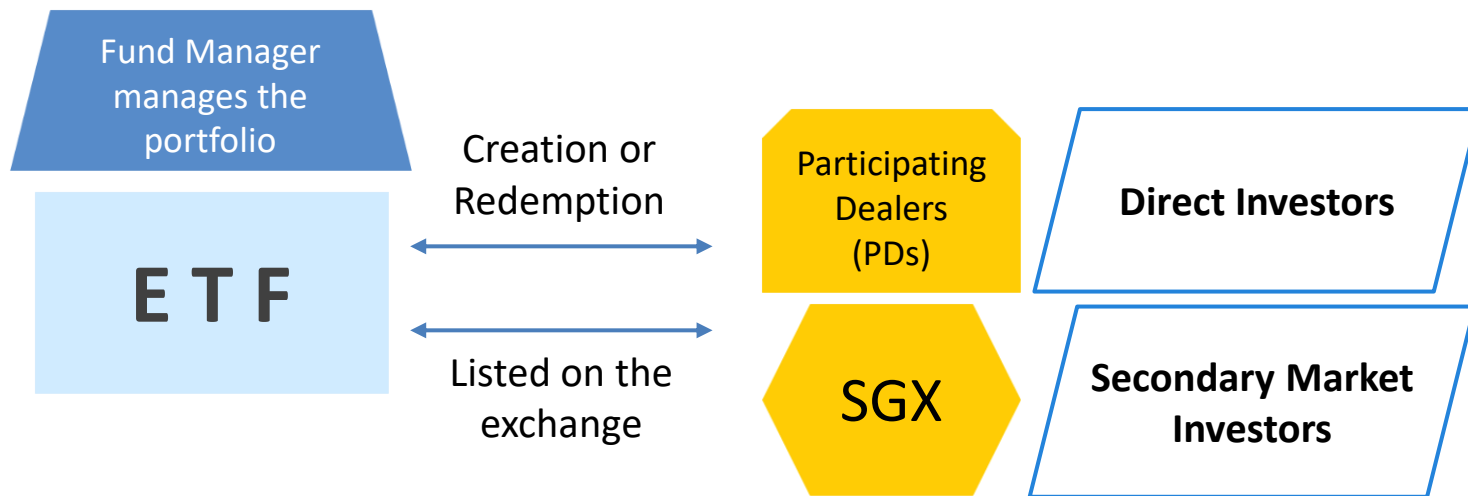
1. ETFs shares the same risks as the underlying exposure
2. Liquidity risk
 - Premium and discounts can widen
 - Focus on bid-ask spreads rather than volumes
 - Dual layers of ETF liquidity

Source: Nikko AM



ETF “DUAL” LIQUIDITY

ETF“双重”流动性



Source: Nikko AM

“STRATEGIES” FOR REBALANCING 重新平衡的“策略”

1. Value and diversification is important
2. A bond-equity ETF portfolio approach helps lower overall risk
3. Core-satellite (ETF for market exposure plus tactical trades on single securities)
4. Simple dollar-cost-average strategies make sense for longer term investors

Source: Nikko AM. This is not investment recommendation, it does not take into consideration the specific financial situation of any investor.



4 THINGS TO LOOK OUT FOR IN ETF FACTSHEETS

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ETF概览表中需要注意的4件事项

Investment Objective

The investment objective of the Fund is to replicate as closely as possible, before expenses, the performance of the FTSE EPRA/NAREIT Asia ex Japan Net Total Return REIT Index ("Index"), or upon the Manager giving three (3) months' prior written notice to the Trustee and the Holders, such other index that gives, in the opinion of the Manager, the same or substantially similar exposure as the Index.

Performance (%)

	3M	6M	1Y	3Y	5Y	Since Inception
NAV-NAV	10.01	-10.18	-11.50	5.24	-	6.96
Benchmark^	10.36	-9.91	-10.93	5.86	-	7.63

Source: Nikko Asset Management Asia Limited as of 30 June 2020. Returns are calculated on a NAV-NAV basis and assuming all dividends and distributions are reinvested. if any. Returns for period in excess of 1 year are

Fund Characteristics

3-Years Annualised Tracking Error
0.26%

Fund Details

Base Currency	SGD
Fund Size	SGD 238.27 million
Total Units	216,770,000
Initial Sales Charge	Nil
Realisation Charge	Nil
Management Fee	0.50% p.a.
Trustee Fee	Up to 0.04% p.a.
Benchmark^	FTSE EPRA Nareit Asia ex Japan Net Total

Fund size

Total Expense Ratio

Tracking Error

The Index

Source: Nikko AM



KEY TAKEAWAYS

学习重点

1. ETFs offer a cost effective and flexible way to invest during Covid-19
2. Longevity and diversification are more important than ever
3. Approach the market with a “strategy”
4. Keep in mind 2 risks: asset class risk and liquidity risk

Source: Nikko AM



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