LionGlobal SGD Money Market Fund

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

The start of the second half of 2021 saw US Treasury (UST) rallied during the month with a flattening of the yield curve. While part of the rally in rates can be attributed to technical factors, July 2021 saw COVID-19 back in the driving seat once again as the spread of the delta variant in many countries raised growth concerns. Risk sentiments during the month were partly affected by the crackdown on Chinese education and technology companies. On the data front, June 2021 inflation surprised on the upside, coming at 0.9% month-on-month. The print was driven primarily by used car prices, airline fares and lodging due to the reopening of the economy. US economy grew by 6.5% quarter-on-quarter in 2nd Quarter (2Q) 2021. While the print missed consensus, overall health of the economy remained strong with the miss led by inventories which were affected by supply side constraints and consumption beat estimates.

At the July 2021 Federal Open Market Committee (FOMC), no changes were made to policy and the decision was unanimous. The statement acknowledged that the economy had made progress towards the dual goals of maximum employment and price stability and the committee will continue to assess the progress in coming meetings. However, there were no hints of any imminent changes to the asset purchase program. At the press conference, Powell indicated that this was the first meeting where the timing, composition and pace of asset purchases were discussed but no decision was made. He further indicated that the job market is still some way from making substantial further progress and he would like to see strong job numbers. On inflation, Powell reiterated that the spike in prices is transitory, caused by supply bottlenecks with the reopening of the economy and inflation is likely to remain elevated in coming months before moderating. As the impact of the spread of the delta variant is not known yet, the FOMC is taking a "wait and see" perspective. Separately, the FOMC announced two standing repurchase agreement (repo) facilities will be established to address pressures in money market that could impede the effective implementation of monetary policy.

Following its recent strategy review where a symmetric inflation target of 2% over the medium term was set, European Central Bank (ECB) revised its forward guidance at its July 2021 meeting. Overall tone was dovish with the governing council expecting the key ECB interest rates to remain at their present or lower levels until it sees inflation reaching 2% well ahead of the end of its projection horizon and durably for the rest of the projection horizon, and it judges that realized progress in underlying inflation is sufficiently advanced to be consistent with inflation stabilising at 2% over the medium term. With ECB staff inflation forecast for 2022 and 2023 at 1.5% and 1.4% respectively, there is a considerable amount of room before rate hikes can take place. ECB President, Lagarde indicated during the press conference that ECB wants to avoid premature tightening. There were no other policy changes as Pandemic Emergency Purchase Programme (PEPP), the Asset Purchase Programme (APP) and the targeted longer-term refinancing operations (TLTROS) were not discussed at the meeting.

6months swap offer rate (SOR) drifted lower in July 2021 and was down by 5 basis points at 0.19%. 6months Singapore Interbank Offered Rate (SIBOR) remained flat at 0.59% while 6months London Interbank Offered Rate (LIBOR) recorded minimal movements and ended the month almost flat at 0.15%. For the 28 days Monetary Authority of Singapore (MAS) bills, the cut-off ranged from 0.28% to 0.32%. For the 12-week MAS bills, the cut-offs ranged from 0.30% to 0.36%.

Advance estimates for 2Q gross domestic product indicated a 2.0% quarter-on-quarter contraction for the Singapore economy following a 3.1% expansion in first quarter of 2021. The contraction can be attributed to tighter restrictions from 16 May to 13 June 2021. Weakness was broad based with the manufacturing, construction and services sectors contracting by 1.8%, 11% and 1% respectively. On a year-on-year (y/y) basis, the economy grew by 14.3% largely reflecting the low base in 2020 due to the circuit breaker. June 2021 headline inflation was unchanged at 2.4% while core inflation dipped to 0.6% y/y from 0.8% in May 2021. The dip in core inflation was brought about by large fall in prices of retail & other goods while headline inflation was kept at 2.4% as the fall in prices of retail & other goods was offset by higher housing rental costs and higher private transport cost. MAS expect headline inflation to come in between 1% to 2% for 2021 and core inflation to average 0% to 1%. Inflation is unlikely to be a concern in the near term as the surge in COVID-19 cases and uncertainties over economic outlook weigh on consumer sentiments and wage growth is likely to stay subdued.

With the surge in COVID-19 cases, Singapore has tightened its social distancing measure to Phase Two (heightened Alert) (P2HA) settings for four weeks from 22 July to 18 August 2021. To support the economy through P2HA, the government will provide a SGD1.1 billion of support package comprising of measures like wage subsidies and rental relief for commercial properties. While the government is actively pushing for higher vaccination rate, downside risks posed by COVID-19 remain significant. Thus, MAS is likely to keep its policy unchanged at the upcoming meeting in October 2021.

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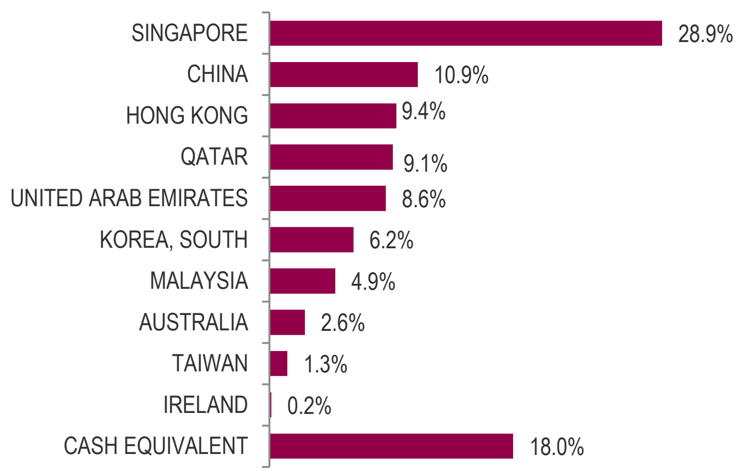
Performance (%)

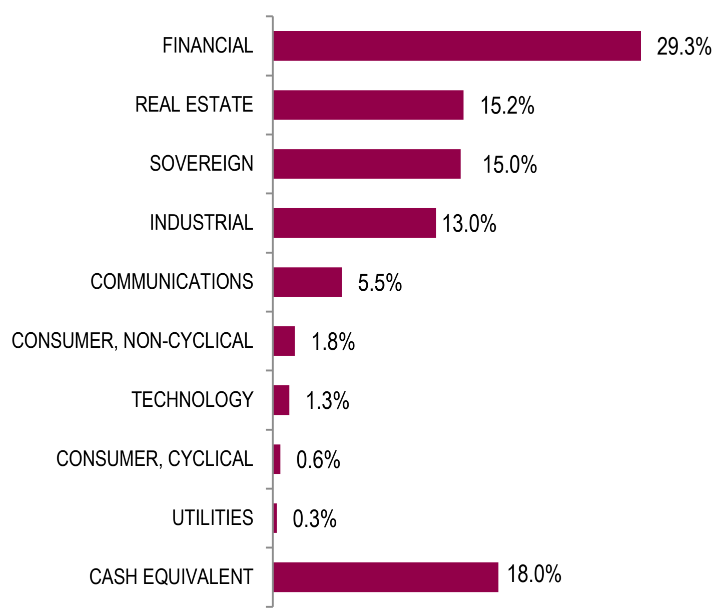
		1-year	3-years p.a.	5-years p.a.	10-years p.a.	Since Inception p.a.
SGD Class[1]	NAV	0.8	1.2	1.1	0.9	1.2
	Benchmark#	0.0	0.9	0.8	0.5	0.8

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$1.336
Fund Size:	S$656.2 million
Weighted Yield to Maturity[2]:	0.85 %
Weighted Duration[3]:	0.46 years
Weighted Credit Rating[4]:	A

Codes

SGD Class	SG9999002760 OCBSGDM

Currency Exposure (% of NAV)

SGD	99.11
USD	0.62
Others	0.27
	100.0

Credit Rating[4] (% of NAV)

Investment Grade	100.0
	100.0

LION GLOBAL INVESTORS

Top 10 Holdings (% of NAV)

DOOSAN POWER SYSTEM VAR 25/10/2048	5.0
QIIB SENIOR SUKUK LTD FRN 30/09/2022	3.5
ABQ FINANCE 3.5% 22/02/2022	3.4
WHEELOCK FINANCE LTD 4.5% 02/09/2021	3.3
EMIRATES NBD BANK PJSC 4.75% 18/02/2022	2.9
CERAH CAPITAL LTD CONV 0% 08/08/2024	2.7
OPTUS FINANCE PTY LTD 3.24% 29/09/2022	2.6
ASCENDAS REAL ESTATE INVESTMENT TR 4% 03/02/2022	2.6
ADCB FINANCE CAYMAN LTD FRN 25/10/2022	2.6
UNITY 1 SUKUK LIMITED 3.86% 30/11/2021	2.5

[#] 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 July 2021 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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