

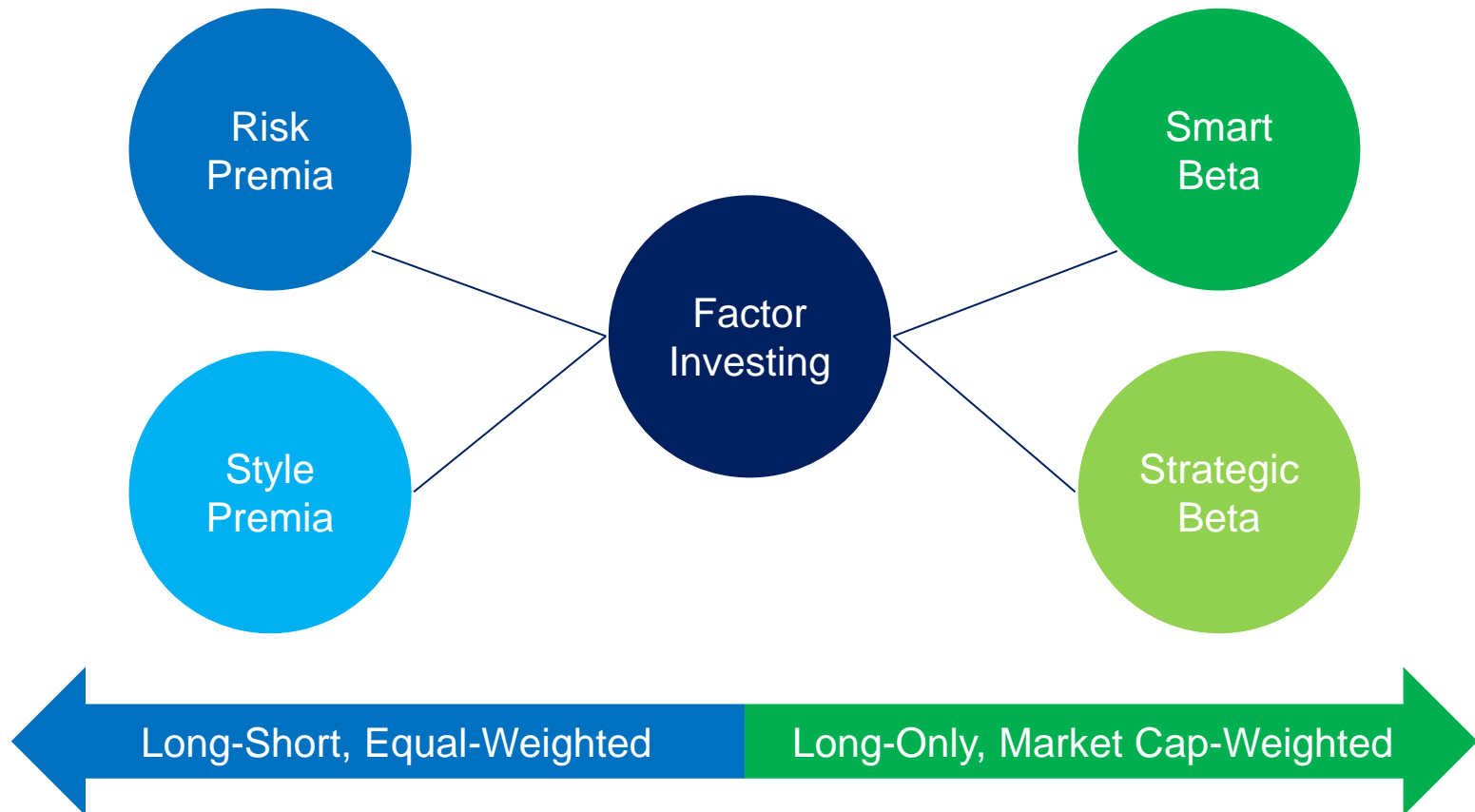


FACTOR INVESTING IN SINGAPORE

THE RISE OF FACTOR INVESTING

THE CONFUSING WORLD OF FACTOR INVESTING

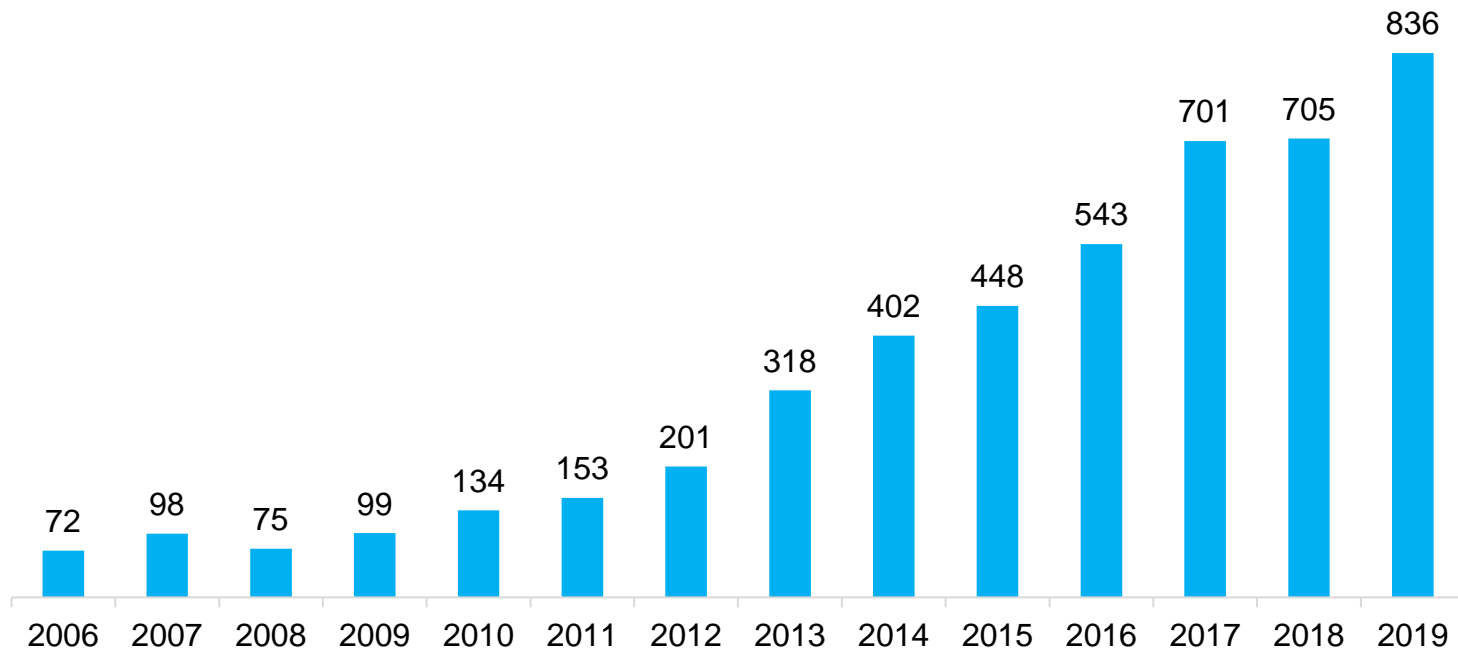
Factor Investing Is Rules-Based Investing



SMART BETA ASSETS UNDER MANAGEMENT

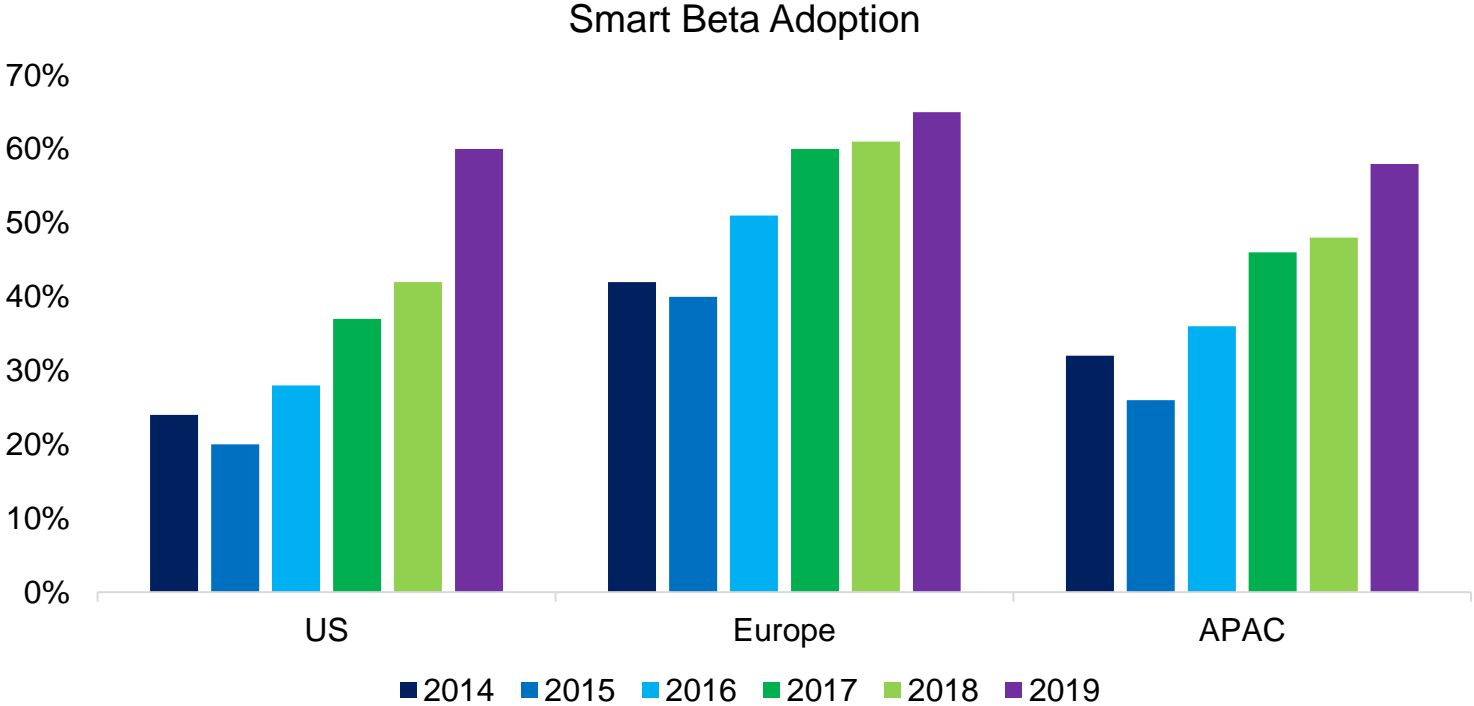
Factor Investing Is Steadily Gaining AUM

Smart Beta Assets under Management in the US (\$ Billions)



SMART BETA ADOPTION

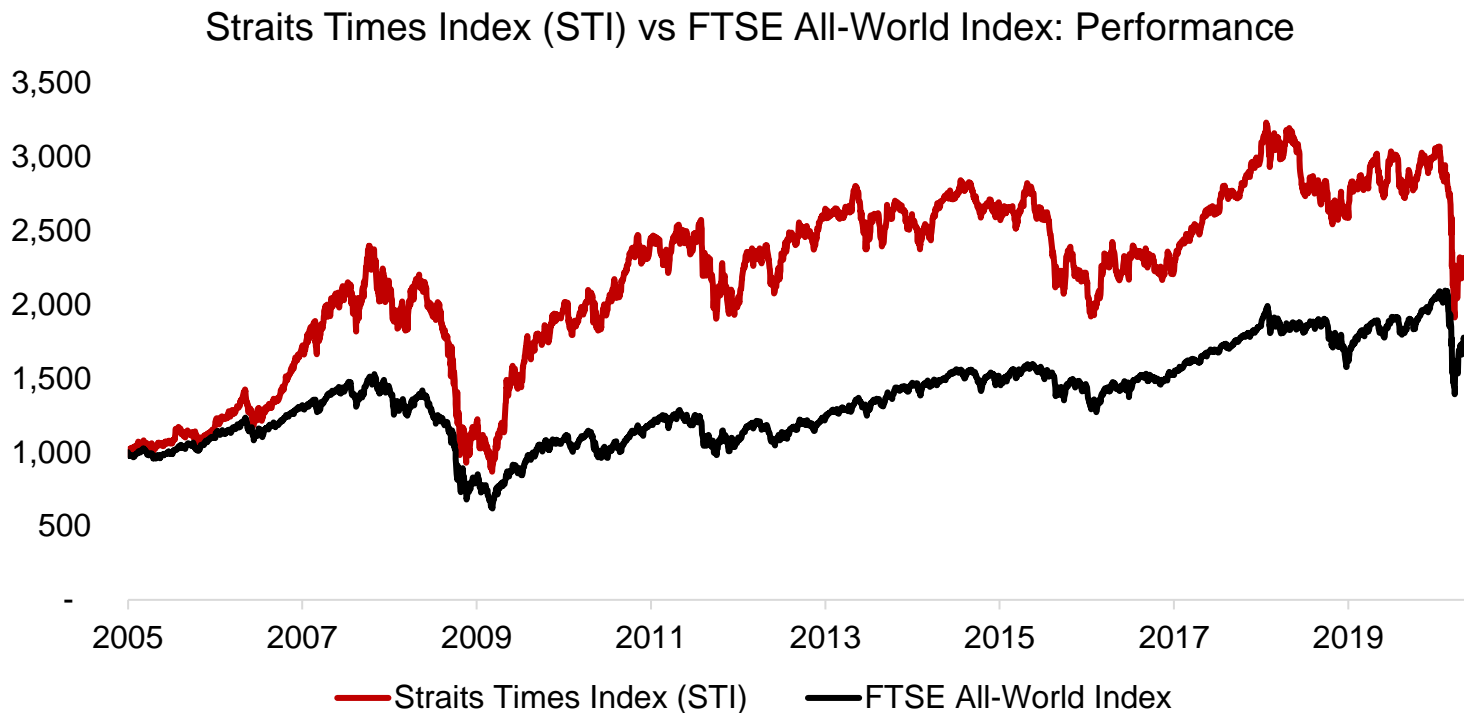
Popularity Is Rising Across Regions



SNAPSHOT OF THE SINGAPORE MARKET

STI VS ALL WORLD INDEX

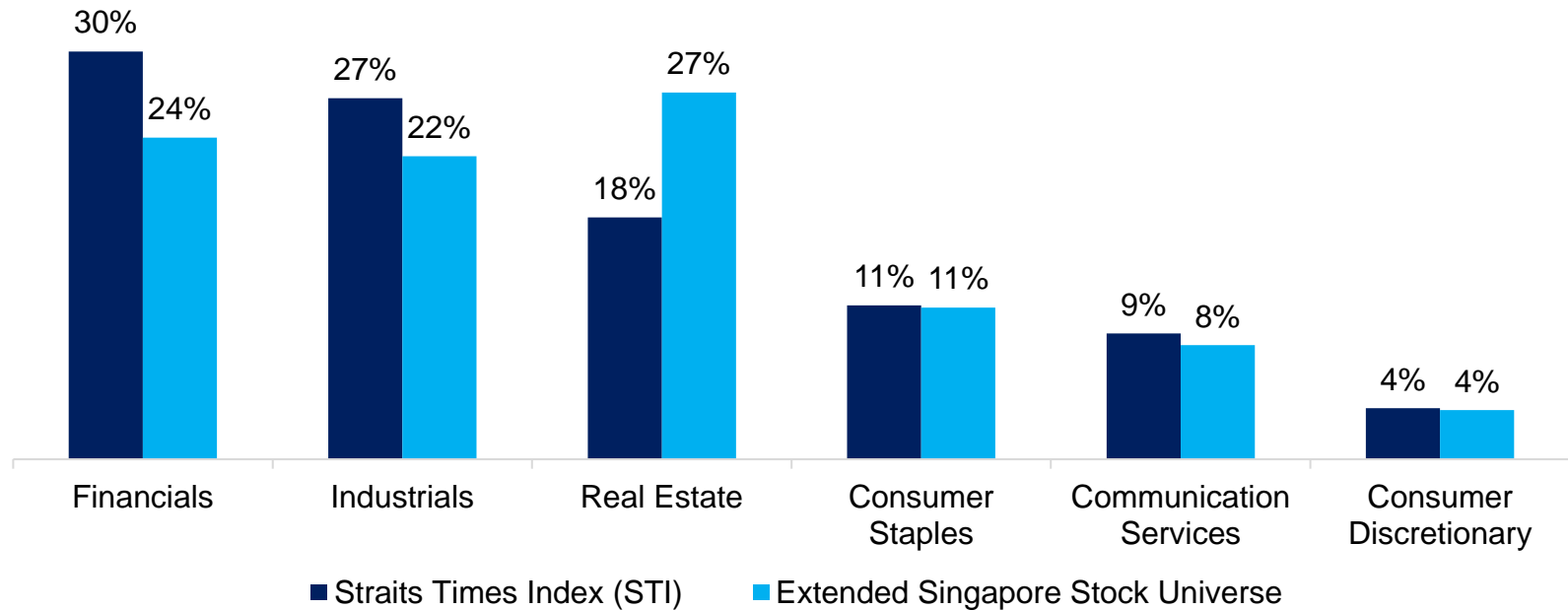
Similar Trends in Stock Market Performance



STI COMPOSITION

Strong Sector Biases in the Singapore Stock Market

STI and Extended Singapore Stock Universe: Breakdown by Sectors (2020)



FACTOR INVESTING IN SINGAPORE

FACTOR DEFINITIONS

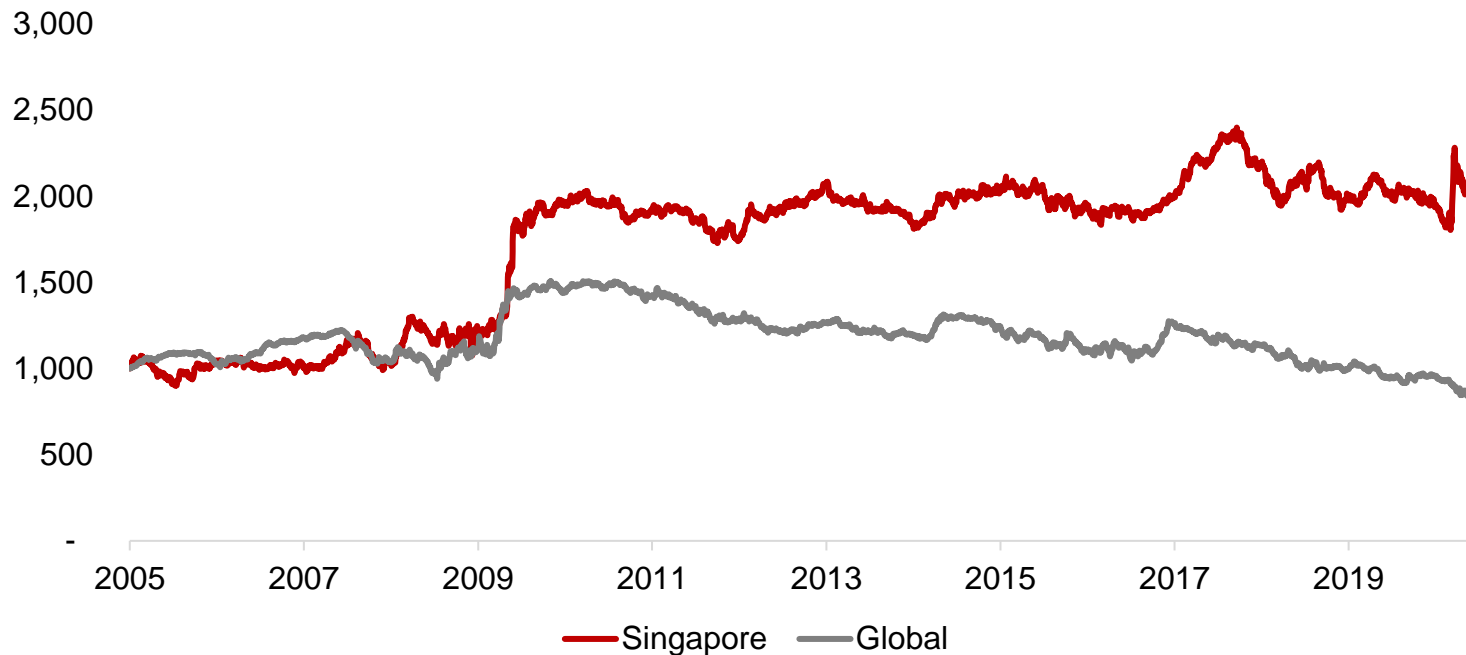
Definitions in line with Academic & Industry Standards

Factor	Metrics for Stock Selection	High Factor Exposure	Supported by Academic Research
Value	An equal-weight combination of price-to-book and price-to-earnings multiples	Cheap valuation	Yes
Size	Current market capitalization	Low market capitalization	Yes
Momentum	Last 12-months share price performance, excluding the most recent month	High performance	Yes
Low Volatility	Share price volatility over the last 12-months	Low volatility	Yes
Quality	An equal-weight combination of return-on-equity and debt-over-equity	High quality	Yes
Growth	An equal-weight combination of the 3-year sales-per-share and earnings-per-share growth	High growth	No
Dividend Yield	Current dividend yield	High dividend yield	Mixed

VALUE FACTOR

Buy Cheap Stocks, Sell Expensive Stocks

Value Factor (Long-Short) Performance: Singapore vs Global

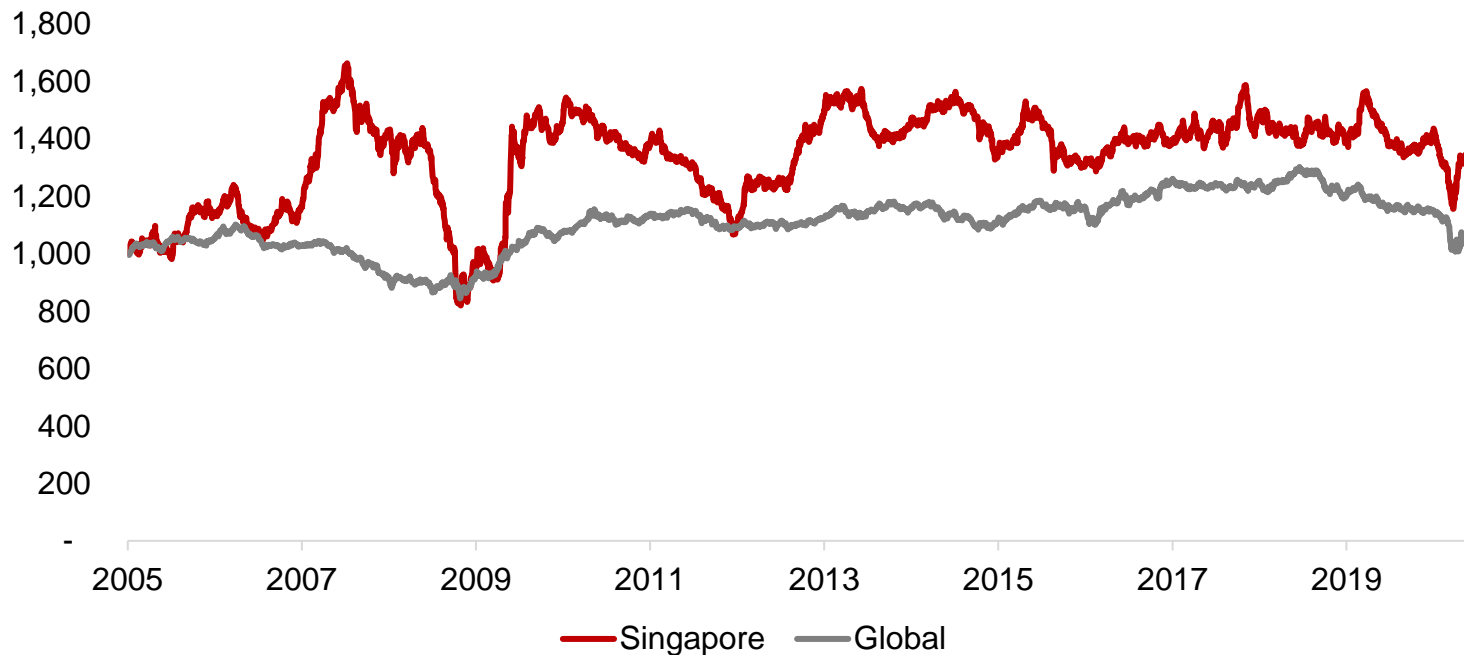


- Comparable to global factor performance, albeit better in recent years

SIZE FACTOR

Buy Small Stocks, Sell Large Stocks

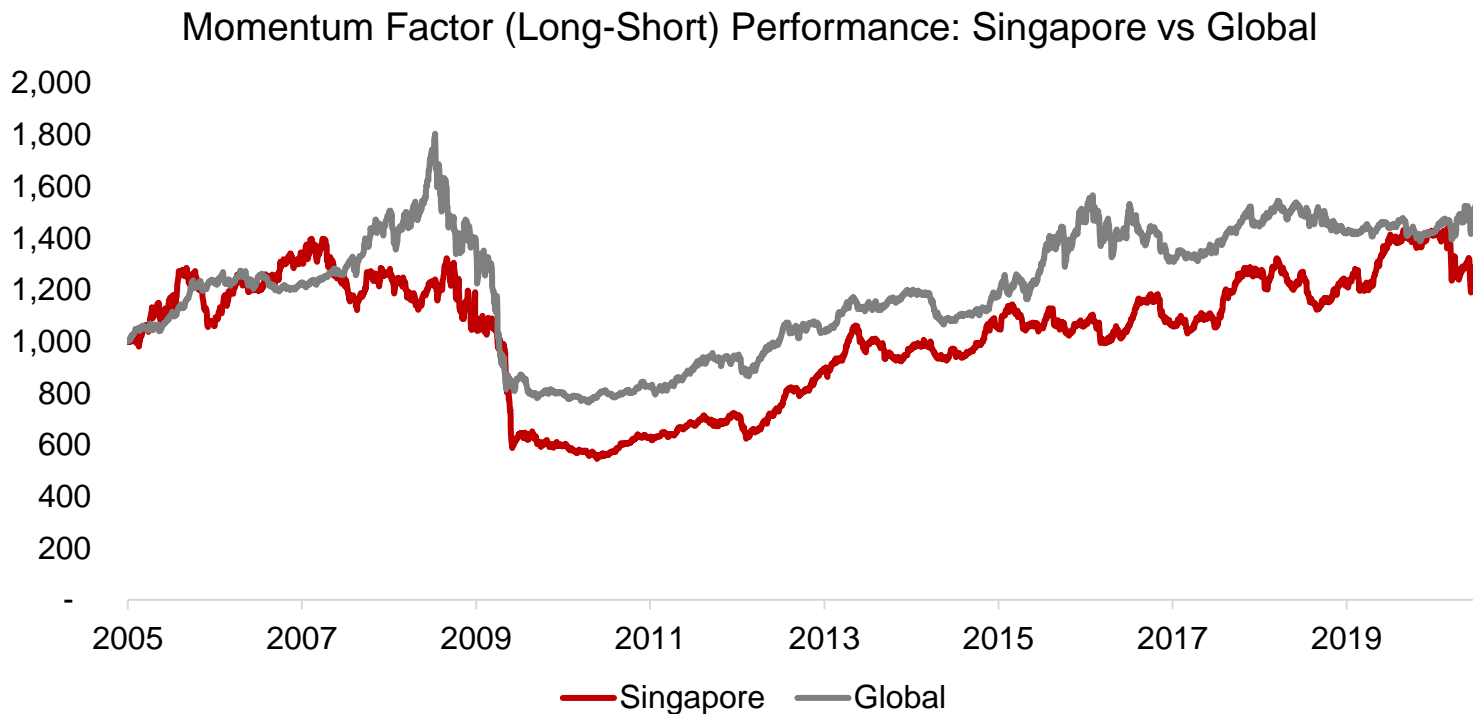
Size Factor (Long-Short) Performance: Singapore vs Global



- Comparable to global factor performance

MOMENTUM FACTOR

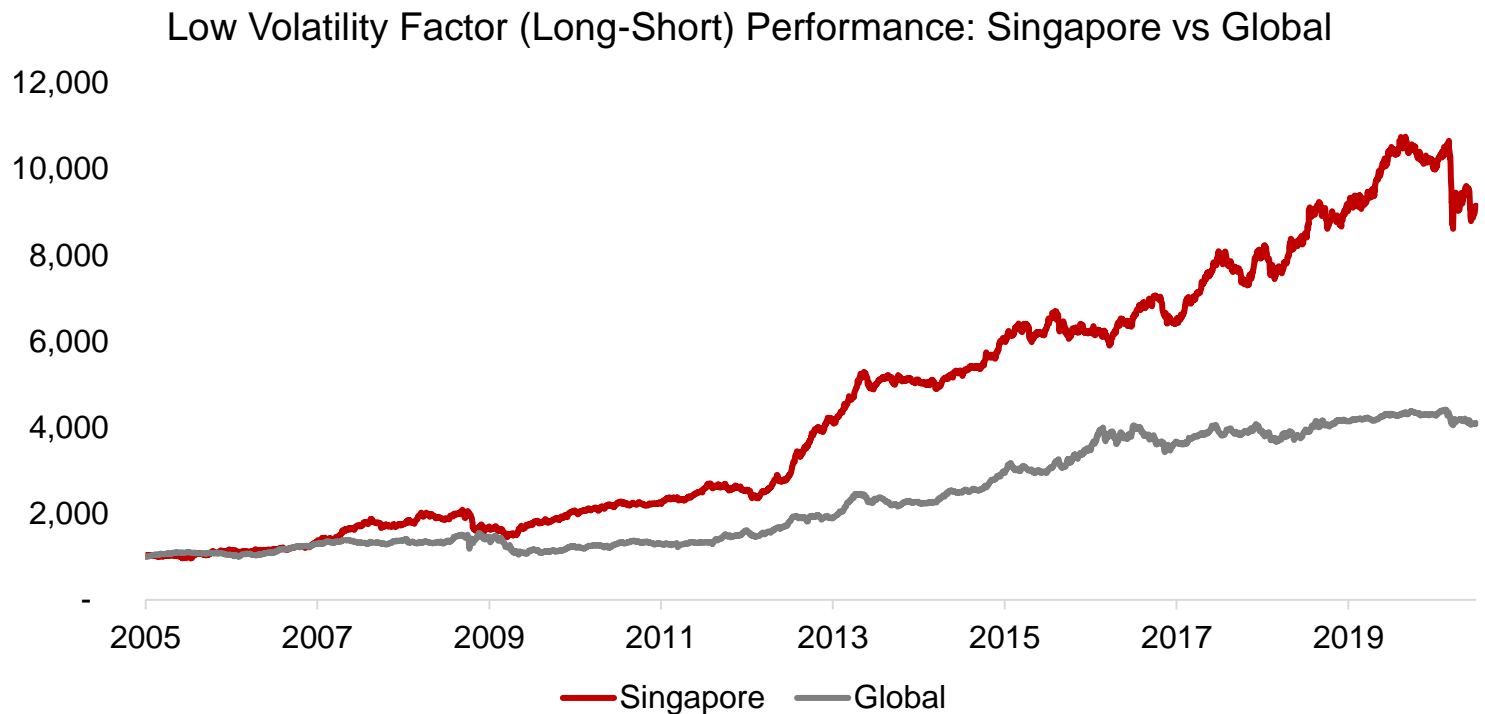
Buy Winners, Sell Losers



- Comparable to global factor performance

LOW VOLATILITY FACTOR

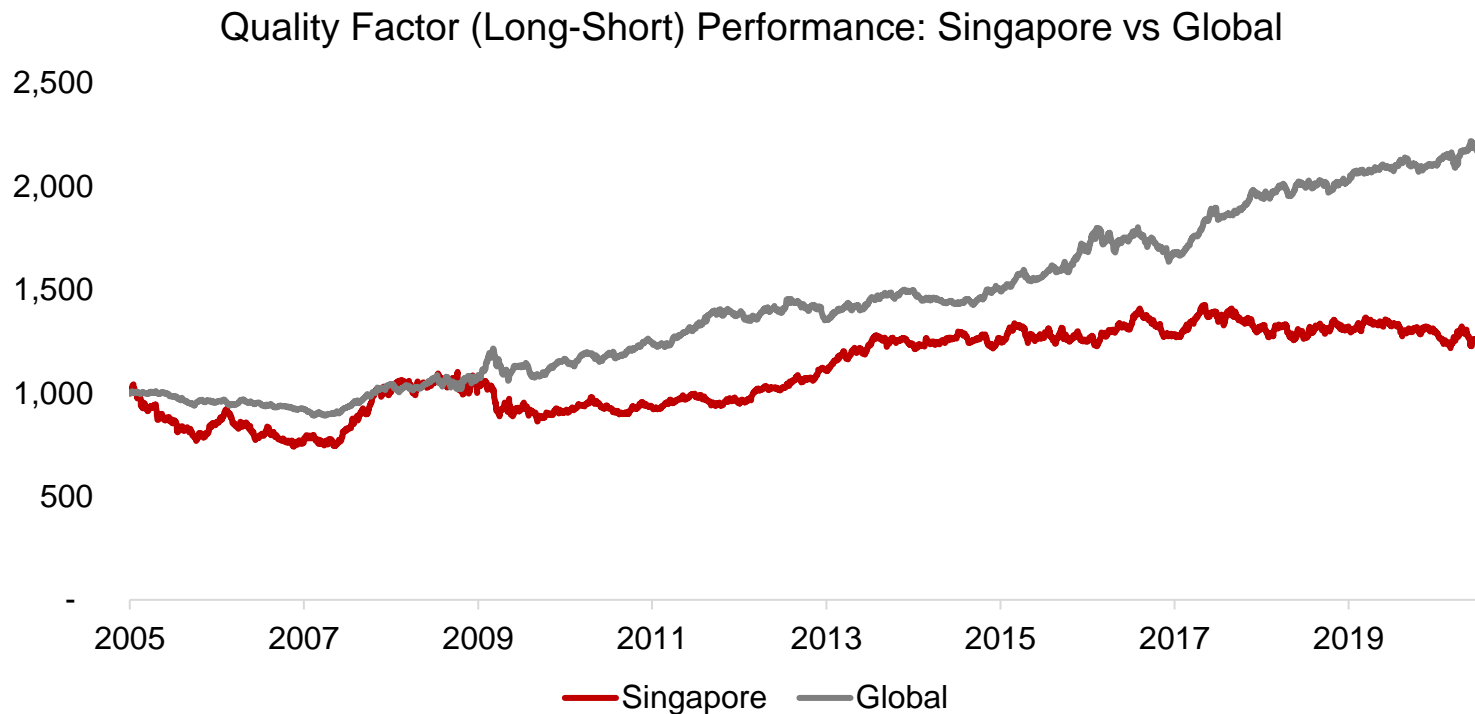
Buy Low-Risk Stocks, Sell High-Risk Stocks



- Comparable to global factor performance, but more extreme positive returns

QUALITY FACTOR

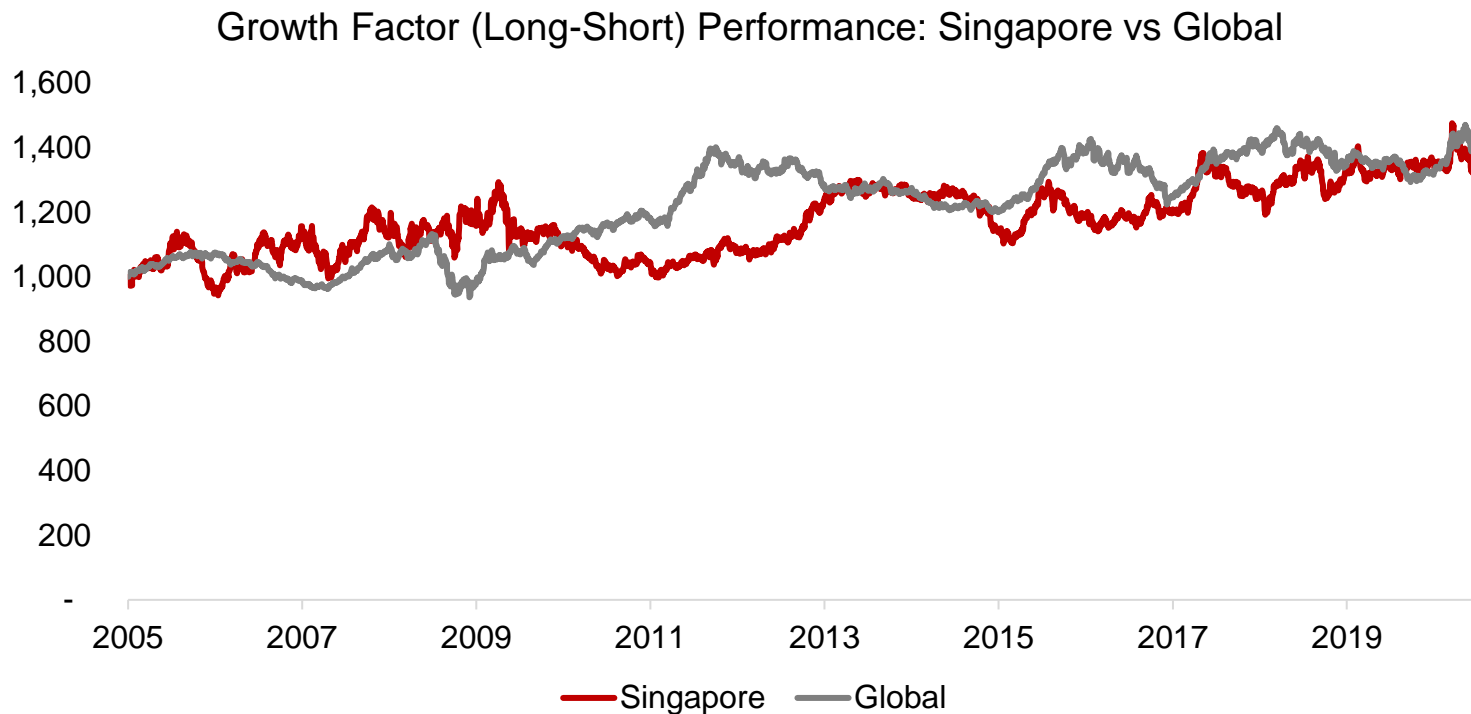
Buy High Quality Stocks, Sell Low Quality Stocks



- Comparable to global factor performance, but less positive returns

GROWTH FACTOR

Buy High Growth Stocks, Sell Low Growth Stocks

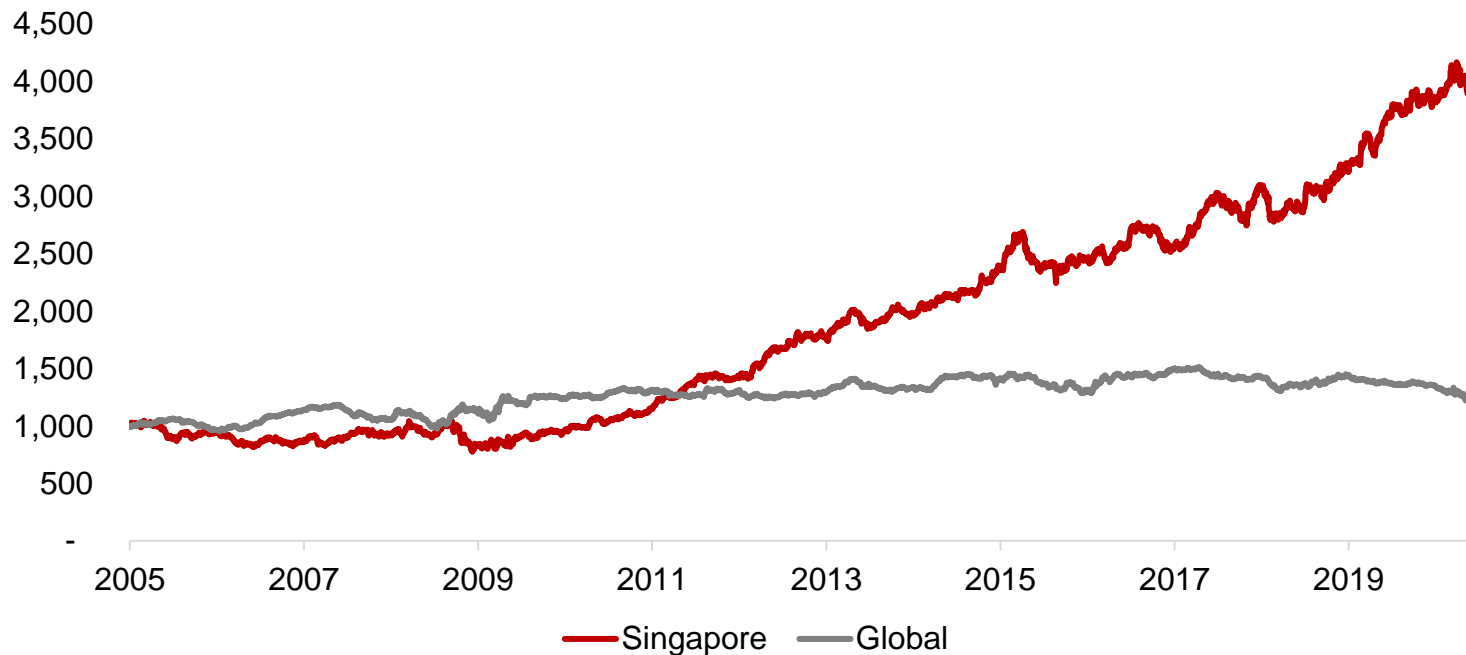


- Similar magnitude of returns to global factor performance, but different trends

DIVIDEND YIELD FACTOR

Buy High Yielding Stocks, Sell Low Yielding Stocks

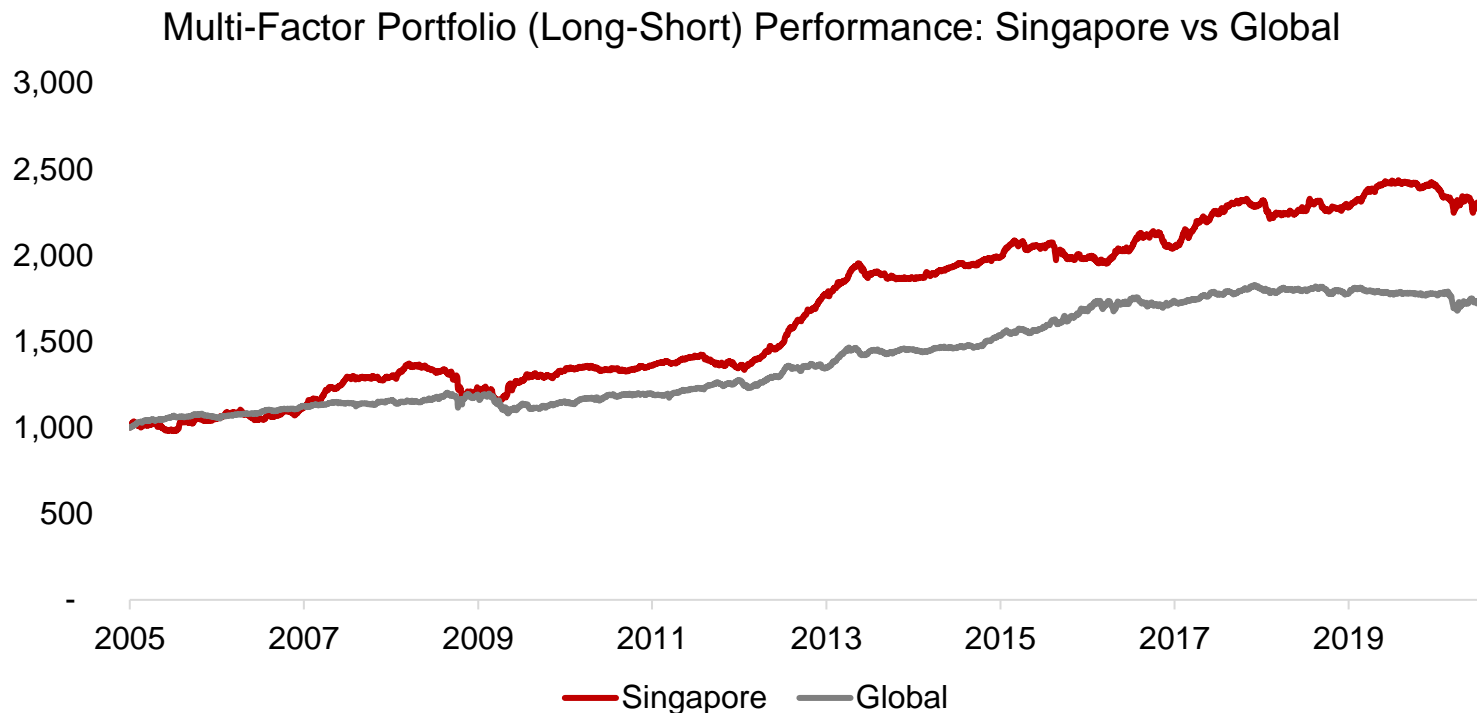
Dividend Yield Factor (Long-Short) Performance: Singapore vs Global



- Different to global factor performance given consistently positive returns

MULTI-FACTOR INVESTING

Ranked on Value, Size, Momentum, Low Volatility & Quality



- Comparable to global factor performance, albeit more positive returns
- Growth factor is excluded due to lack of academic support

MULTI-FACTOR PORTFOLIO IN SINGAPORE

Ranked on Value, Size, Momentum, Low Volatility & Quality

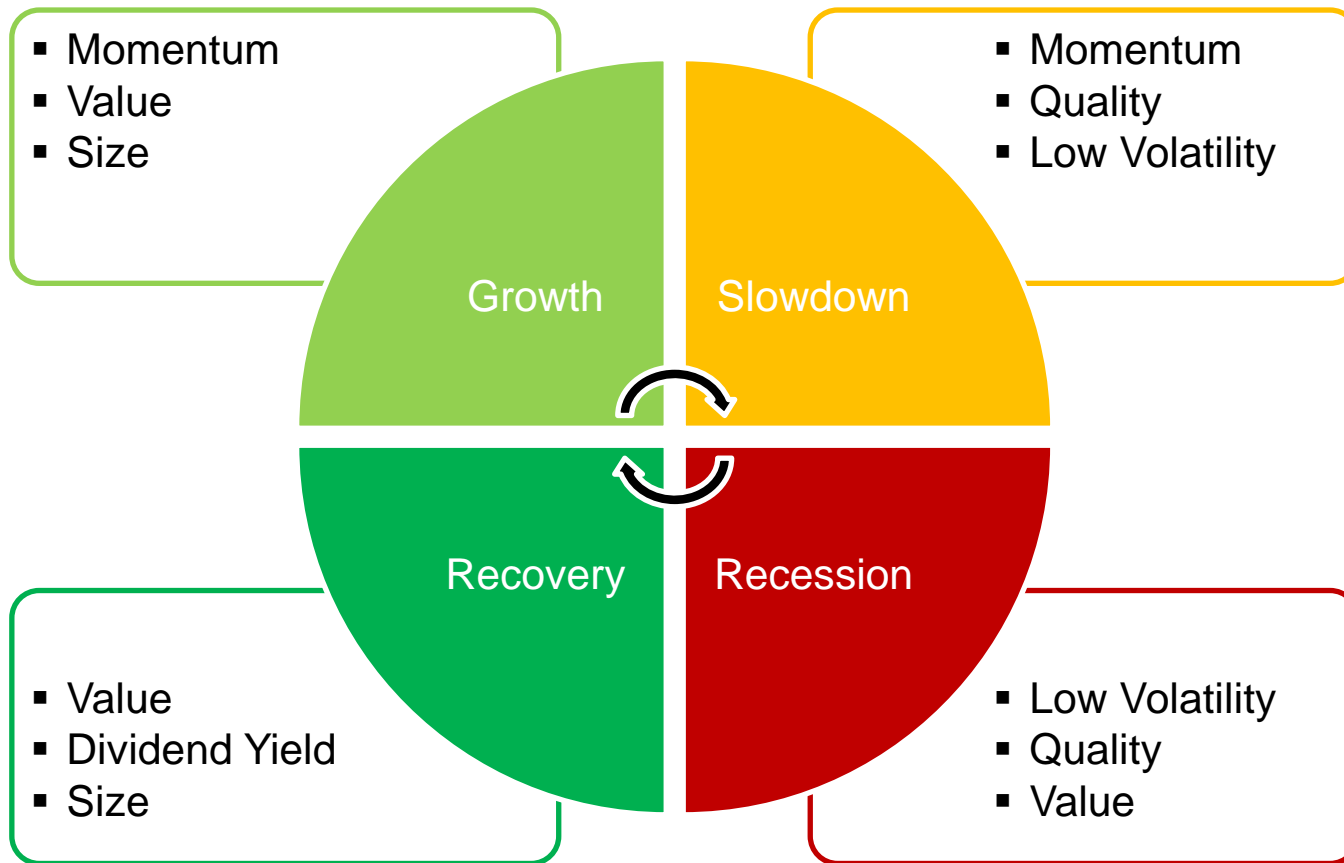
Multi-Factor						
Long Portfolio: Highly Ranked Stocks				Short Portfolio: Low Ranked Stocks		
Rank	RIC	Ticker	Company Name	RIC	Ticker	Company Name
1	PROP.SI	OYY	PropNex	SCMN.SI	S51	Sembcorp Marine
2	HONG.SI	H30	Hong Fok	SIAL.SI	C6L	SIA
3	SASS.SI	CRPU	Sasseur REIT	GSHC.SI	BDX	GSH
4	VLUE.SI	BN2	Valuetronics	ESRR.SI	J91U	ESR-REIT
5	BHGR.SI	BMGU	BHG Retail REIT	THOS.SI	A50	Thomson Medical
6	TIAN.SI	T14	Tianjin Zhongxin	DAIR.SI	D01	Dairy Farm
7	IREI.SI	UD1U	IREIT Global	MAPE.SI	RW0U	Mapletree NAC
8	CHSN.SI	QES	China Sunshine	STEL.SI	Z74	Singtel
9	BRCA.SI	BEC	BRC Asia	COSC.SI	F83	Cosco Shipping
10	KOUF.SI	VL6	Koufu	CALT.SI	K2LU	ARA LOGOS REIT

- Portfolio as of end of June 2020

FACTOR INVESTING & ASSET ALLOCATION

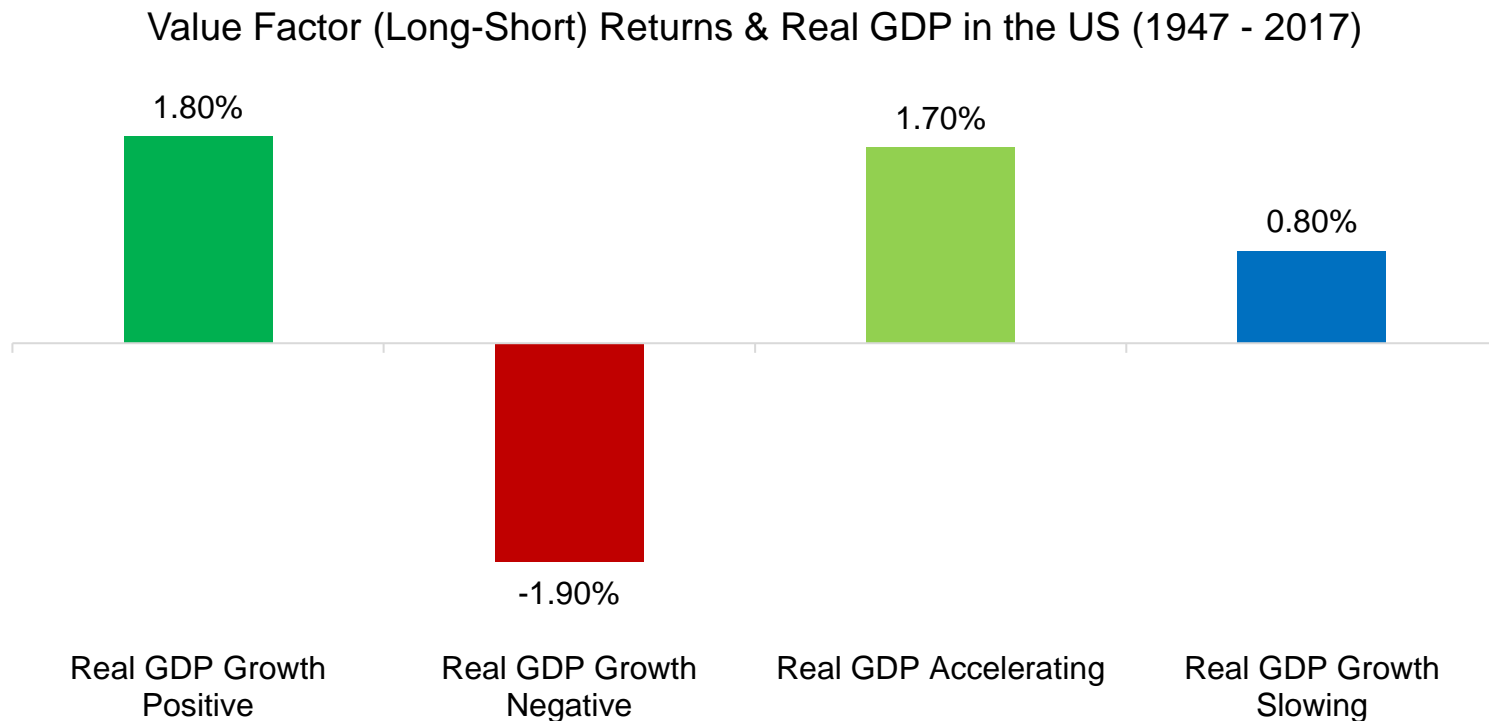
FACTOR INVESTING & ASSET ALLOCATION

Using Factors to Ride the Economic Cycle



CASE STUDY: VALUE FACTOR & ECONOMIC GROWTH

Value Performs When GDP Growth Is Positive or Accelerating

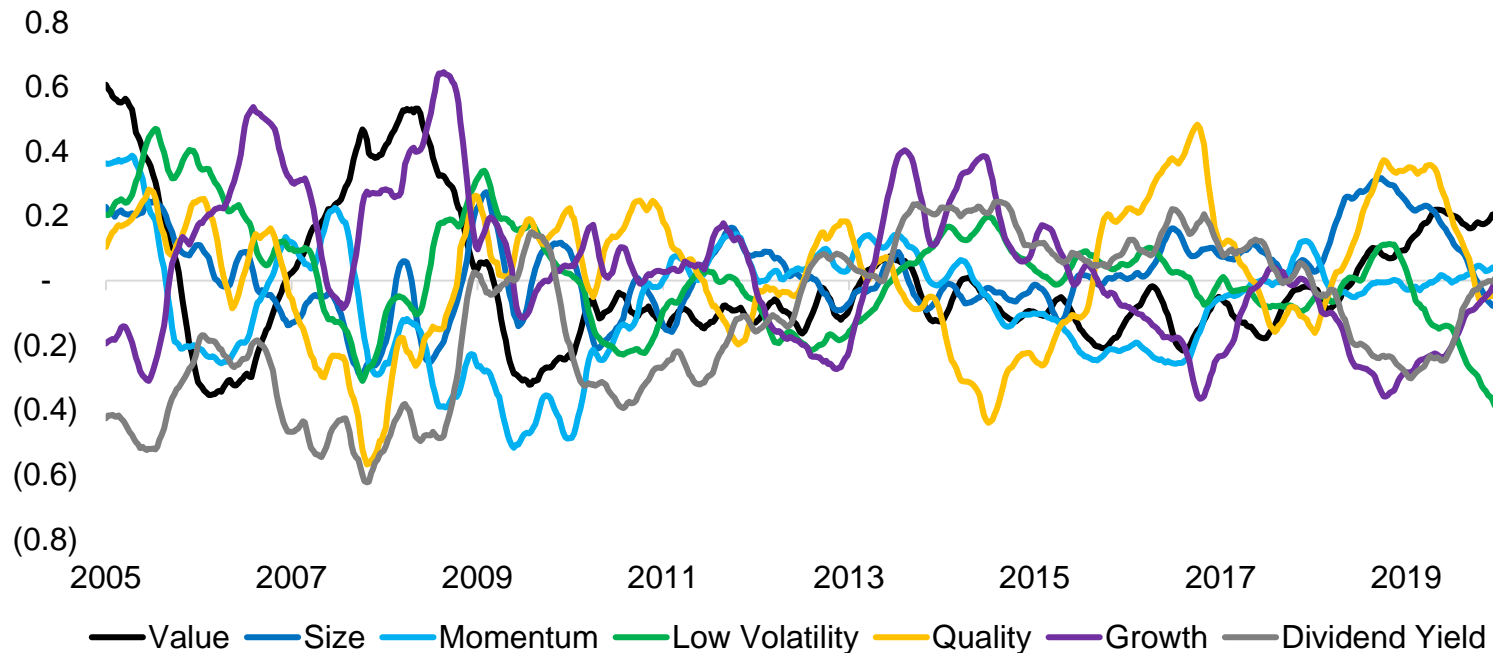


FACTOR EXPOSURE OF SINGAPORE MARKET

FACTOR EXPOSURE OF SINGAPORE MARKET

No Structural Factor Exposure

Factor Exposure Analysis of the Singapore Stock Market: Factor Betas



FACTOR EXPOSURE BY SECTORS

No Surprises Here

Singapore Stock Market: Average Factor Exposure by Sectors

Sector	Stocks	Value	Size	Momentum	Low Volatility	Quality	Growth	Dividend Yield	Multi-Factor
Real Estate	59	54	54	55	58	66	56	53	59
Industrials	18	57	64	73	66	58	53	66	72
Staples	9	73	76	55	54	57	56	75	72
Technology	8	79	30	45	88	17	43	60	44
Communication	5	66	68	60	21	69	80	33	53
Discretionary	5	62	65	45	48	58	61	55	55
Financials	4	55	111	42	14	32	29	46	37
Health Care	4	69	64	46	38	43	59	83	42
Utilities	2	58	63	54	48	90	21	27	70
Energy	1	26	38	64	50	12	28	55	11
Materials	1	9	11	97	68	3	15	83	8

Legend:

Positive Factor Exposure

Negative Factor Exposure

FACTOR EXPOSURE BY MARKET CAPS & MARKETS

No Surprises Here Either

Singapore Stock Market: Average Factor Exposure by Market Capitalization

Sector	Stocks	Value	Size	Momentum	Low Volatility	Quality	Growth	Dividend Yield	Multi-Factor
Large Stocks	58	63	88	54	43	53	55	57	65
Small Stocks	58	54	30	59	71	63	52	57	53

Legend:

Positive Factor Exposure

Negative Factor Exposure

Singapore Stock Market: Average Factor Exposure by Geography

Geography	Stocks	Value	Size	Momentum	Low Volatility	Quality	Growth	Dividend Yield	Multi-Factor
Singapore	73	65	63	56	49	58	56	60	59
China	12	26	38	54	62	51	29	52	30
Hong Kong	7	43	81	84	65	56	75	53	84
South East Asia	12	62	56	58	79	58	49	57	72
Developed Markets	12	58	38	39	74	69	44	47	57

Legend:

Positive Factor Exposure

Negative Factor Exposure

THANK YOU & Q&A

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Value, Size,
Momentum,..

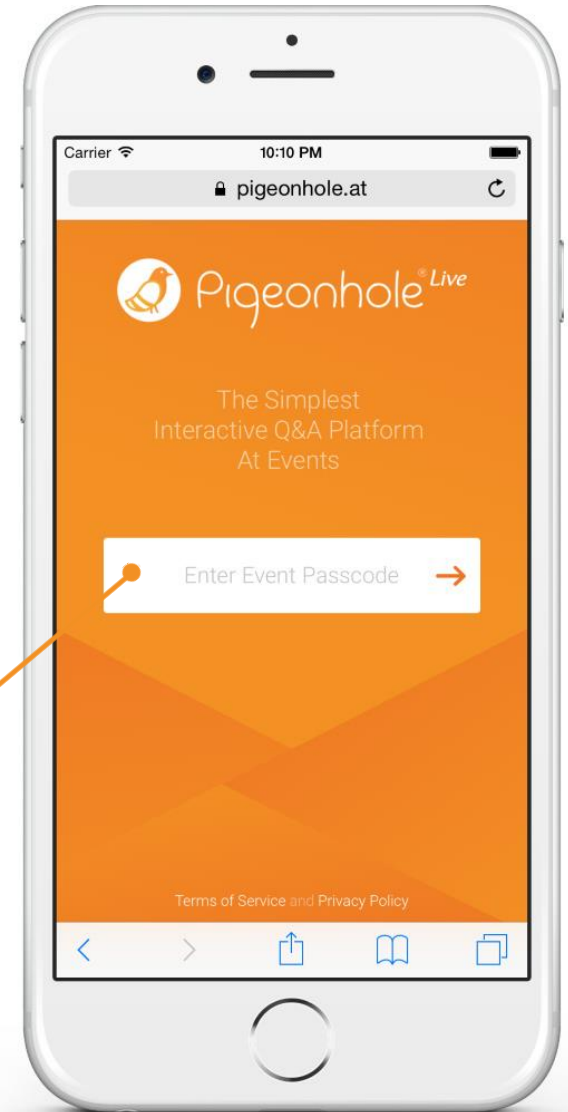
Factor
Exposure

Q&A

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