

INSURANCE ASIA NEWS

Institutional Asset Management Awards
2023



Best Asset Consultant Insurance Fund House of the Year – Singapore

Lion Global Investors

**LGI recognises the need
for new frontiers in
investments.**



Teo Joo Wah, CEO, Lion Global Investors

With one of the largest and most experienced investment teams in Asia, Lion Global Investors (LGI) focuses on regional investments where it can use its expertise in the local investment culture.

LGI engages in continuous dialogue with its institutional clients including insurance clients, to gain a holistic understanding of their investment goals and the regulatory restrictions they have to adhere to.

Its 54 investment professionals include portfolio managers with an average 24 years of investment experience. With an average tenure of 14 years, LGI has one of the longest tenured portfolio management teams in the region.

In 2022, LGI collaborated with Great Eastern Holdings (GE) to launch Singapore's first green life insurance product, Great Green SP as part of their sustainability efforts.

The Great Green SP is a short-term endowment plan which invests in projects that support climate change mitigation, such as renewable energy, green buildings and the deployment of electric vehicle charging stations.

Working closely with GE, Lion Global Investors developed the proprietary Green Bond Assessment Framework that outlines the eligibility criteria of a green bond. To minimise the risk of greenwashing, its fixed income professionals continue to perform their independent assessment for each issue to determine if it qualifies for inclusion in the endowment plan.

In the Singapore fixed income market where LGI is a cornerstone investor, the firm is often given first look at new domestic bond deals, which potentially translates to better pricing and allocation. This is especially important for Singapore-based clients where it is essential to optimise their SGD-based asset liability matching.

In response to insurers' needs to reduce the credit charges they have to set aside for non-externally rated bonds within their portfolios, LGI developed its own internal rating system, which is also known as Internal Credit Rating Approach ("ICRA"). LGI is also one of the few managers whose rating approach has been validated by Moody's.

Independent validation with industry rating and indexing services is also vitally important. By end December 2022, LGI had managed to refine the ESG integration for its products and registered an 18% increase of its unit trusts achieving a minimum MSCI ESG fund rating of 'A'.

Having a Moody's validated internal rating system complete with ESG integration for its products to improve the funds' ESG ratings is important for insurance clients, who utilises the firm's unit trusts as building blocks for their investment-linked products. These investment-linked products are hence, aligned with the clients' move towards having more responsible and sustainable products available on their platforms.



Strength and depth with one of the largest and most experienced investment teams in Asia

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LGI also continued to expand its suite of solutions by exploring new frontiers that would create sustainable long-term value for its clients and stakeholders. This includes the launch of the Lion-OCBC Securities Singapore Low Carbon ETF and setup of the Artificial Intelligence of Investments (AIOI) team to uncover investment possibilities offered by technological advancements.

While LGI believes that there are still opportunities for skilled managers to exploit mispriced assets, such skill-based returns are increasingly harder to generate. With technological advancements, LGI recognises that there is a need to push new frontiers in the way they look at investments.

Its Artificial Intelligence of Investments (AIOI) team, a dedicated technology-driven investment unit, began operating in early 2022. The team focuses on using AI and machine learning techniques to process large datasets with the aim of generating better and more sustainable returns.

Unlike other AI models, which typically rely significantly on quantitative methodologies, LGI uses a hybrid approach to leverage on a human’s thought process in portfolio management, focusing on certain characteristics and behaviour of stocks, and programming that into the AIOI engine.

This approach has enabled LGI to create a non-Blackbox machine learning model that generates identifiable and observable factors which make intuitive sense from a human investor’s standpoint.