















Equity ETFs			Fixed Income ETFs		
Geography	REITs	Thematics	Singapore Bonds	China Bonds	
  Nikko AM Singapore STI ETF	  Nikko AM StraitsTrading Asia ex Japan REIT ETF	  Nikko AM StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF	  ASIF Singapore Bond Index Fund	  Nikko AM SGD Investment Grade Corporate Bond ETF	  Nikko AM iCICSIG China Bond ETF
 Amviva MSCI AC Asia ex Japan ex China Index ETF	 Amviva E Fund CHNext Index ETF				

## Why SGD ETFs Deserve a Second Look

### Description

If you're just starting to invest, chances are you might have come across someone or an online post that suggested to just buy the S&P 500. While it is true that [the S&P 500 has returned ~10%\\* p.a. annualised over the last 20 years](#), the first rule in investing is that *past performance does not guarantee future returns*.

\*As of May 2025 i.e. returns are from 2005.

The second thing that many folks tend to overlook is the forex exposure risk. It can be easy to forget about that when the USD-SGD rate has generally been strong over the last decade; but older, wiser investors may tell you otherwise:

## Historical Chart

Zoom YTD 1Y 5Y 10Y **20Y** All



Image credits: [Macrotrends](#), screenshot on 22 August 2025

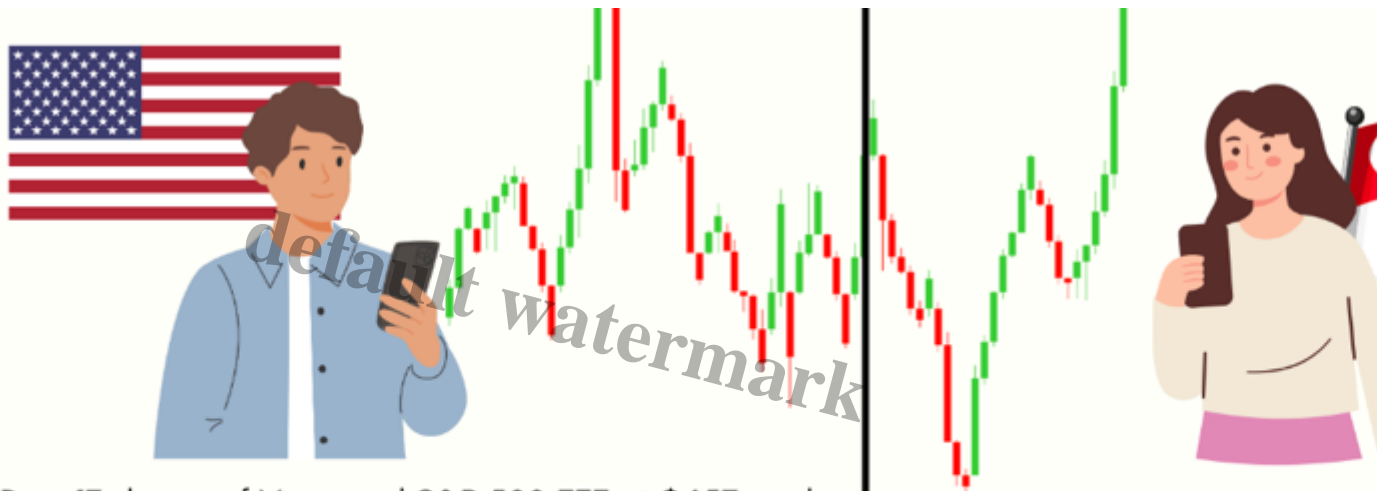
As recent events have shown, investing in USD when your expenses and cost of living are in SGD may not always be a wise choice.

### USD Returns, SGD Bills

Let's talk about the elephant in the room. Most of us spend in SGD. Our mortgages, groceries, kopi money—everything is priced in local currency.

If all your investments are in USD, you might be taking an excessive amount of currency risk without even realising it! This hit home for me during the market correction in April 2025. If you had invested in the S&P 500 and someone else had invested in the STI, you might be surprised to find that your US investments actually delivered *lower* returns after converting it back to SGD—thanks to the weakening of the USD.

Here's the illustrated calculations:



Buys 17 shares of Vanguard S&P 500 ETF at \$457 each on 8 April 2025, spending **SGD 10,550.30** after converting SGD into USD at an exchange rate of 1.358.

Collects dividends of \$1.744 per share in June, and after paying for a 30% withholding tax, receives USD 20.75 in his brokerage account.

Sells on 8 July at \$570 = USD 9,690. He converts USD 9,690 + USD 20.75 back into SGD at an exchange rate of 1.288 and gets SGD 12,507.45 back.

Result = \$1,975.15, or **18.6% profit.**

Buys 2,891 shares of Nikkei 225 each on 9 April 2025, spending **SGD 10,000.00**

Sells shares at \$4.12 on 8 July 2025, receiving \$12,035.52 and \$0.0917 in dividends

Total cash back in her portfolio = \$12,127.16

Result = \$2,173.16

@sgbudgetbabe

*Note: The above calculations does not take into account any trading fees or charges, as your exact fees may differ depending on the broker you're using. Exchange rates are based on Google's rates. Your outcomes might also differ depending on the exact time as well as the FX spread offered by your broker.*

Further reading:

[During the recent April 2025, you would have made more money as a Singapore investor](#)

Unlike the US Fed which adjusts interest rates, our Monetary Authority of Singapore (MAS) doesn't manage monetary policy that way. Instead, our central bank uses exchange rate policy where it adjusts the strength of SGD to combat imported inflation and manage our export prices.

Instead of changing interest rates, [MAS manages the exchange rate of the SGD](#). Specifically, MAS looks at how the SGD performs against a basket of other major currencies (like USD, MYR, CNY, etc). This is known as the Nominal Effective Exchange Rate (NEER). This determines how strong or weak SGD is compared to a group of currencies that matter to us—usually from countries we trade a lot with.

Read more here: [Singapore's Exchange Rate-Based Monetary Policy](#)

That's why, the SGD has remained strong over the years vs. many other currencies.

In recent months, you might have heard about the theme called "De-dollarisation" which refers to the trend of investors moving away from the USD and USD investments. This has led to the devaluation of the USD, which creates a double-whammy effect as the USD weakens while SGD strengthens.

In other words, what does that mean for me as a Singaporean investor? If our investments are in USD but our bills are in SGD, that's not the wisest plan.

### What happens when we invest in US ETFs as a Singaporean investor?

If you're new to exchange traded funds (ETFs) they're basically a basket of stocks that track a specific index. They're usually passive, low-cost, and self-correcting. When poor-performing companies drop out of the index, they get replaced by better ones. You don't need to stock pick or continuously monitor the market for individual stock performance.

But here's the thing: not all ETFs are created equal.

Feature	US-Listed ETFs (e.g. VOO, QQQ)	London-Domiciled ETFs (e.g. CSPX)	SGD-Denominated SGX ETFs
Currency Risk	Yes (USD)	Yes (mostly USD/EUR)	Mitigated* (SGD)
Dividend Withholding Tax	30%	15% (reduced under Ireland treaty)	None
Estate Tax	Up to 40% if > USD 60k	None (Ireland domiciled)	None
Can use CPF / SRS to invest?	No	No	Yes (subject to limits)
Trading Currency	USD	USD or EUR	SGD

Table: Author's own compilation.

*\*Note that for currency risk, SGD-denominated ETFs that have underlying investments in [Amova E Fund ChiNext Index ETF](#) help SGD investors mitigate FX risks.*

As you may know by now, the majority of US-listed ETFs are in USD. If the USD weakens against SGD (which has been happening), your returns get eroded when you convert back.

And if you're investing for the long run, [holding over USD 60,000 in US-domiciled assets \(including US ETFs\) leaves you at risk for estate tax implications](#). Should you pass away, [your estate is subject to up to 40% of your investment](#), leaving your loved ones with lesser to inherit.

What's more, US-listed ETFs also come with a [30% dividend withholding tax for non-US residents](#). Imagine being paid \$1,000 in dividends, but only receiving less than \$700 after accounting for taxes and your brokerage's foreign dividend-handling fees. While some savvy investors bypass this by opting for Irish-domiciled versions like CSPX for tax efficiency ([drops to 15% withholding tax instead of 30%](#)), even such a move cannot eliminate your currency risk.

What's one way to avoid that risk altogether?













Look for ETFs that trade in SGD.

### Investing as a Singaporean

Many Singapore investors naturally gravitate towards the S&P 500 and US-listed ETFs when starting their investment journey. After all, these funds are more well-known and widely talked about online by foreign finance creators as compared to coverage on our local market.

But that doesn't mean you should skip on investing in your home country entirely. Nor does it mean that Singapore isn't an attractive place for returns.

The good news is, Nikko AM (soon to be renamed **Amova Asset Management**) has an entire suite of ETFs primarily designed for Singapore-based investors like you and me.

Equity ETFs			Fixed Income	
Geography	REITs	Thematics	Singapore Bonds	
  <b>Nikko AM Singapore STI ETF</b>	  <b>NikkoAM-StraitsTrading Asia ex Japan REIT ETF</b>	  <b>NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF</b>	  <b>ABF Singapore Bond Index Fund</b>	  <b>Nikko AM SGD Investment Grade Corporate Bond ETF</b>
 <b>Amova MSCI AC Asia ex Japan ex China Index ETF</b>	 <b>Amova E Fund ChiNext Index ETF</b>			

Some of their key ETFs include:

- **[Nikko AM Singapore STI ETF](#)**: Exposure to Singapore's 30 biggest companies
- **[Nikko AM SGD Investment Grade Corporate Bond ETF](#)**: For investors seeking income<sup>1</sup> and medium to long-term capital preservation
- **[ABF Singapore Bond Index Fund](#)**: Tracks Singapore government bonds, one of the most stable of the lot
- **[NikkoAM-StraitsTrading Asia ex Japan REIT ETF](#)**: Exposure to regional REITs and popular among dividend-seeking<sup>1</sup> investors
- **[Amova MSCI AC Asia ex China Index ETF](#)**: more flexible allocation to the bright spots in Asia e.g. India, Korea, Taiwan and Asean
- **[Amova E Fund ChiNext Index ETF \(SGD-hedged\)](#)**: Ride on the growth of the Chinese market, but with a SGD hedge to moderate against volatility and the RMB-SGD

Nikko AM's new [Amova E Fund ChiNext Index ETF](#) is a great example—they didn't just slap a Chinese index on an ETF and call it a day. They went a step further to hedge it in SGD for us, and that's rare.

Note: having a SGD-hedge does not remove FX risks 100%, but it does help to mi

Over the last 3 decades, they have expanded their ETF offerings to the point where an investor today can even build an entire core-satellite ETF portfolio with their products! Whether you're looking for exposure to equities, bonds, certain sectors or even to tap on growth in China, there's a ETF for

that.

With this mix, you can get diversification in both bonds and equities across the Asia market, while staying fully invested in SGD.

No need to worry about the USD depreciating.

No surprise tax implications.

Designed with the Singaporean investor in mind.

## Conclusion

The ETF investing scene has changed drastically in the last decade, with new funds offering us more access to different markets and themes today.

At the same time, investors should be aware of key risks and considerations associated with each of these ETFs. Market volatility, interest rate changes and forex fluctuations can affect an ETF's performance and lead to potential capital loss. While diversification reduces risk, it doesn't eliminate it entirely – economic downturns or industry declines can still impact performance.

And more importantly, a **globally diversified investment portfolio doesn't have to be 100% in foreign currencies.**

I'm not saying to never invest in the S&P 500 or overseas ETFs. There's a place for them in every globally diversified portfolio, and even for myself, I own both overseas ETFs and local ones.

But what I *am* saying is, don't ignore the forex risk. Especially not now, when the USD is showing signs of weakness.

When you live, spend and pay your bills in SGD, you should think about how your investment portfolio is catering for that.

So look beyond – just the S&P 500, and start by making sure your core investments include locally-domiciled SGD ones.

*P.S. From 1 September 2025, Nikko Asset Management will be rebranded as **Amova Asset Management**. Same trusted team, new name. Amova combines Alpha and Move – a nod to their goal of helping you move ahead in your financial journey w*

[Check out the full suite of Amova ETFs for the Singaporean investor here!](#)

1 Distributions are not guaranteed and are at the absolute discretion of the Managers. If the investment income is insufficient

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**Disclosure: This post is brought to you in collaboration with Nikko Asset Mana**  
All research and opinions are that of my own, and should not be taken as finan  
[understand more about the various ETFs offered by NikkoAM](#)  
which you can use for SRS investing, and then click into the respective links

Important Information by Nikko Asset Management Asia Limited and Nikko AM Asia Limited VCC:  
The NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility Index ETF, Amova MSCI AC Asia ex Japan ex China I  
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) may be different from the net asset value per unit/share of the ETF. The ETF may also be suspended or delisted from the SGX  
The Central Provident Fund (CPF) Ordinary Account (OA)•  
) interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks' interest rates, which  
•  
) is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is hi  
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) . Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest r  
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