

For the financial year ended 30 June 2018

# **ANNUAL REPORT LIONGLOBAL SHORT DURATION BOND FUND**

**THE ASIAN  
ASSET SPECIALIST**  
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## DIRECTORY

### Manager

Lion Global Investors Limited  
65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513

### Directors of Lion Global Investors Limited

Mr Khor Hock Seng (Chairman)  
Mr Ching Wei Hong (Deputy Chairman)  
Mr Gerard Lee How Cheng (CEO)  
Mr Norman Ip Ka Cheung  
Mr Tan Siew Peng  
Mr Ronnie Tan Yew Chye  
Ms Wee Ai Ning

### Trustee/Registrar

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320

### Custodian

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road  
Central, Hong Kong

### Independent Auditor

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936

# LIONGLOBAL SHORT DURATION BOND FUND

## PERFORMANCE OF THE FUND

*For the year ended 30 June 2018*

Past performance is not necessarily indicative of future performance. Cumulative returns for the fund are calculated up to 30 June 2018 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Short Duration Bond Fund – SGD Class A Dist	Benchmark* Returns (%)
3 months	0.1	-0.6
6 months	-0.6	0.7
1 year	0.4	1.3
3 years**	1.9	1.1
5 years**	2.8	0.9
10 years**	3.5	0.7
Since Inception** (22 March 1991)	3.9	1.7

Time Period	Fund Returns (%)	
	LionGlobal Short Duration Bond Fund – SGD Class I Dist	Benchmark* Returns (%)
3 months	0.2	0.4
6 months	-0.5	0.7
1 year	0.6	1.3
3 years**	2.3	1.1
5 years**	-	-
10 years**	-	-
Since Inception** (8 July 2014)	3.0	1.0

# LIONGLOBAL SHORT DURATION BOND FUND

Time Period	Fund Returns (%)	
	LionGlobal Short Duration Bond Fund – SGD Class A Acc	Benchmark* Returns (%)
3 months	1.2	0.4
6 months	0.5	0.7
1 year	1.5	1.3
3 years**	-	-
5 years**	-	-
10 years**	-	-
Since Inception** (28 December 2016)	2.3	1.3

Time Period	Fund Returns (%)	
	LionGlobal Short Duration Bond Fund – SGD Class I Acc	Benchmark* Returns (%)
3 months	0.2	0.4
6 months	-0.5	0.7
1 year	0.6	1.3
3 years**	-	-
5 years**	-	-
10 years**	-	-
Since Inception** (28 December 2016)	1.7	1.3

## LIONGLOBAL SHORT DURATION BOND FUND

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 30 June 2018 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Short Duration Bond Fund – USD-Hedged Class A Dist	Benchmark <sup>##</sup> Returns (%)
3 months	0.2	0.3
6 months	-0.3	1.2
1 year	0.8	2.0
3 years**	-	-
5 years**	-	-
10 years**	-	-
Since Inception** (4 January 2016)	2.2	1.6

Time Period	Fund Returns (%)	
	LionGlobal Short Duration Bond Fund – USD-Hedged Class I Dist	Benchmark <sup>##</sup> Returns (%)
3 months	0.3	0.6
6 months	-0.2	1.2
1 year	1.0	2.0
3 years**	-	-
5 years**	-	-
10 years**	-	-
Since Inception** (28 April 2016)	2.0	1.7

Source: Morningstar/Lion Global Investors Ltd.

\*Benchmark

1-month SGD Interbank Bid Rate: Inception – 6 August 2006

12-month SGD Interbank Bid Rate: from 7 August 2006

12-month Singapore Interbank Offer Rate - 0.25%: from 1 May 2014

<sup>##</sup> 12-Month London Interbank Bid Rate ("LIBID")

\*\* Returns of more than 1 year are annualised.

## REVIEW

For the year ended 30 June 2018, the Fund returned 0.4%, underperforming the benchmark 12-month Singapore Interbank Offer Rate - 0.25% which returned 1.3%, in SGD terms.

Global interest rates rose during the first half of 2018 as stronger US economic data led to the US Federal Reserve (Fed) hiking the federal funds rate in June 2018, representing the seventh hike since the Fed started its tightening cycle in December 2015. Singapore government bond yields rose in tandem while credit spreads widen during this period due to a combination of higher funding cost and credit risk aversion.

On the back of stronger than expected economic data, the Monetary Authority of Singapore (MAS) tightened monetary policy for the first time in six years in April 2018. The MAS changed its stance to slight increase the slope of the Singapore dollar's policy band from zero percent previously while keeping the width and mid-point of the band unchanged. In its half-yearly macroeconomic review, MAS also reiterated its expectation for full-year gross domestic product growth to come in slightly above the middle of the forecasted range of 1.5% to 3.5%. Core inflation is expected to rise gradually for the rest of the year and come in at the upper half of the forecast range of 1% to 2%.

## STRATEGY AND OUTLOOK

The strong global economic upswing since 2011 is expected to continue over the next couple of years, driven by tax cuts in the United States, an increase in capital expenditure spending and trade recovery. The International Monetary Fund (IMF) reiterated its global growth forecast of 3.9% for both 2018 and 2019. However, the IMF painted a more pessimistic outlook beyond the next two years as global growth fades due to central banks tightening monetary policy, US fiscal stimulus subsides and China's gradual slowdown. An escalation of the trade war which is currently playing out could also derail the current growth expansion expectation.

Singapore's economy has benefitted from the strong global economic upswing. 1st Half 2018 Gross Domestic Product (GDP) registered 4.1% growth year-on-year, on track to meet MAS' projection of 2.5% to 3.5% GDP growth in 2018. However, the recent escalation of US-China trade tension poses uncertainty given Singapore's open economy in terms of trade. As the balance of risks has tilted towards downside to growth, we expect MAS to maintain its current guidance for a "gradual and modest appreciation" of Singapore dollar at the upcoming October policy review.

While the US Fed is likely to continue its path of interest rate normalization, the implications of a trade war on macroeconomics is likely to limit any sharp increase in global interest rates. The fund will be positioned to keep duration short while invested in Investment Grade credits to earn accruals from credits.

## DISCLOSURES ON THE FUND<sup>1</sup>

For the financial year ended 30 June 2018

### 1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2018

	Fair Value \$	Percentage of total net assets attributable to unitholders %
a) <u>By Asset Class</u>		
Debt securities (including accrued interest on debt securities)	360,343,539	102.6
Fund	2,424,772	0.7
Financial derivatives at fair value	(1,547,704)	(0.4)
Other net liabilities	(10,023,698)	(2.9)
<b>Net assets attributable to unitholders</b>	<b>351,196,909</b>	<b>100.0</b>
b) <u>By Credit Rating of Debt Securities</u>		
Aaa	1,995,200	0.6
Aa2	3,242,275	0.9
A1	9,275,986	2.6
A2	8,132,360	2.3
A3	12,965,440	3.8
Baa1	59,706,489	17.0
Baa2	67,991,870	19.4
Baa3	26,358,505	7.5
Ba3	2,713,910	0.8
B1	842,588	0.2
Unrated	163,845,747	46.6
Accrued interest on debt securities	3,273,169	0.9
<b>Total debt securities</b>	<b>360,343,539</b>	<b>102.6</b>
c) <u>By Derivative Type</u>		
Foreign exchange forward contracts	(1,386,845)	(0.4)
Futures contract	(160,859)	*
	<b>(1,547,704)</b>	<b>(0.4)</b>

The net realised and unrealised losses from financial derivatives at the end of the period were \$3,076,155 and \$1,547,704 respectively.

\* denotes amount less than 0.1%

<sup>1</sup> As required by the Code on Collective Investment Schemes.

# LIONGLOBAL SHORT DURATION BOND FUND

## 2. TOP 10 HOLDINGS

### As at 30 June 2018

	Fair Value \$	Percentage of total net assets attributable to unitholders %
Sembcorp Industries Limited Series MTN Var Perpetual	8,703,437	2.5
United Overseas Bank Limitd Series EMTN Var due 16/09/2026	7,632,016	2.2
Ascendas Hospitality Trust Series MTN 3.3% due 07/04/2020	7,079,800	2.0
Ascott Real Estate Investment Trust MTN Pte Limited Series MTN 4.205% due 23/11/2022	7,035,053	2.0
Straits Trading Company Limited Series EMTN 3.73% due 19/07/2021	6,848,213	2.0
CapitaLand Limited 2.8% due 08/06/2025	6,830,215	1.9
ICBC Asia Limited Series EMTN Var due 10/10/2023	6,355,397	1.8
Mapletree Treasury Services Limited Series EMTN Var Perpetual	6,317,875	1.8
Standard Chartered PLC Var due 23/01/2026	6,139,440	1.7
ONGC Videsh Limited 3.25% due 15/7/2019	6,053,862	1.7

### As at 30 June 2017

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Capital Funding II Corporation Var Perpetual	22,804,760	7.0
Alibaba Group Holding Limited 3.6% due 28/11/2024	11,408,910	3.5
ICBC Asia Limited Series EMTN Var due 10/10/2023	7,927,980	2.4
Ascendas Hospitality Trust Series MTN 3.3% due 07/04/2020	7,132,510	2.2
Far East Horizon Limited 4.25% due 30/10/2017	7,053,480	2.2
CapitaLand Limited Series Capital 2.95% due 20/06/2022	6,778,688	2.1
ONGC Videsh Limited 3.25% due 15/7/2019	6,205,163	1.9
Overseas Union Enterprise Limited Series MTN 4.25% due 30/10/2019	6,052,260	1.9
Bank Of East Asia Limited EMTN 6.125% due 16/07/2020	6,005,847	1.8
Axiata SPV2 Berhad 3.466% due 19/11/2020	5,713,083	1.8



**3. GLOBAL EXPOSURE**

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

**4. COLLATERAL**

Nil

**5. SECURITIES LENDING OR REPURCHASE TRANSACTIONS**

Nil

**6. INVESTMENT IN OTHER UNIT TRUSTS, MUTUAL FUNDS AND COLLECTIVE INVESTMENT SCHEMES**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable</b>
		<b>to unitholders</b>
		<b>%</b>
LionGlobal Investment Funds II - LionGlobal RMB Quality Bond Fund Class L RMB Accumulation	2,424,772	0.7

**7. BORROWINGS**

Nil

**8. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS**

The soft dollar commissions from various brokers for the year were utilised on research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation analyses and computer hardware and software used for and in support of the investment process of fund managers. Goods and services received were for the benefit of the scheme and there was no churning of trades. These brokers also execute trades for other funds managed by the managers. The trades are conducted on best available terms and in accordance with best practices.

## 9. OTHER MATERIAL INFORMATION

There is no other material information that will adversely impact the valuation of the Fund.

## 10. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

## REPORT OF THE TRUSTEE

*For the financial year ended 30 June 2018*

The Trustee is under a duty to take into custody and hold the assets of LionGlobal Short Duration Bond Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 14 to 54, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatory

25 September 2018

## STATEMENT BY THE MANAGER

*For the financial year ended 30 June 2018*

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 14 to 54, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of LionGlobal Short Duration Bond Fund (the "Fund") as at 30 June 2018, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of  
LION GLOBAL INVESTORS LIMITED

Authorised signatory

25 September 2018

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SHORT DURATION BOND FUND

*(Constituted under a Trust Deed in the Republic of Singapore)*

### ***Our Opinion***

In our opinion, the accompanying financial statements of the LionGlobal Short Duration Bond Fund (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2018, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

### *What we have audited*

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2018;
- the Statement of Financial Position as at 30 June 2018;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2018;
- the Statement of Portfolio as at 30 June 2018; and
- the notes to the financial statements, including a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## ***Other Information***

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## ***Responsibilities of the Manager for the financial statements***

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's Financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore, 25 September 2018

**STATEMENT OF TOTAL RETURN**

*For the financial year ended 30 June 2018*

	2018	2017
Note	\$	\$
<b>Income</b>		
Dividend Income	781,212	630,767
Interest on cash and bank balances	6,867	537
Other income	42,368	8,750
	830,447	640,054
<b>Less: Expenses</b>		
Audit fee	43,495	22,002
Custodian fees	14 60,272	61,187
Management fee	3, 14 1,650,442	1,417,748
Professional fees	33,667	23,858
Registration fee	14 32,366	30,656
Transaction costs	5,683	2,090
Trustee fee	14 20,002	20,002
Valuation and administration fees	14 122,822	109,351
Miscellaneous expenses	56,923	53,960
	2,025,672	1,740,854
<b>Net expenses</b>	(1,195,225)	(1,100,800)
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains on investments	1,153,265	10,988,725
Net (losses)/gains on foreign exchange spot contracts	(17,143)	53,753
Net gains/(losses) on foreign exchange forward contracts	618,087	(2,455,181)
Net gains on futures contracts	927,507	1,900,110
Net foreign exchange losses	(166,617)	(45,705)
	2,515,099	10,441,702
<b>Total return for the financial year before income tax</b>	1,319,874	9,340,902
<b>Less: Income tax</b>	4 (54,455)	(82,817)
<b>Total return for the financial year</b>	1,265,419	9,258,085



**STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2018*

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
Portfolio of investments		362,768,311	311,483,769
Receivables	6	899,615	4,215,524
Due from brokers	7	948,892	4,766,751
Financial derivatives at fair value	10	32,277	1,606,956
Cash and bank balances	8	5,698,889	20,268,440
<b>Total assets</b>		370,347,984	342,341,440
<b>LIABILITIES</b>			
Payables	9	16,343,944	16,408,940
Due to brokers	7	1,227,150	-
Financial derivatives at fair value	10	1,579,981	135,523
<b>Total liabilities</b>		19,151,075	16,544,463
<b>EQUITY</b>			
Net assets attributable to unitholders	11	351,196,909	325,796,977

**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS**

*For the financial year ended 30 June 2018*

	Note	2018 \$	2017 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		325,796,977	247,295,084
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		1,265,419	9,258,085
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		182,478,127	206,924,001
Cancellation of units		(148,459,436)	(128,831,006)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		34,018,691	78,092,995
Distributions	5	(9,884,178)	(8,849,187)
Total increase in net assets attributable to unitholders		25,399,932	78,501,893
<b>Net assets attributable to unitholders at the end of the financial year</b>	11	351,196,909	325,796,977

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

## STATEMENT OF PORTFOLIO

As at 30 June 2018

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>By Geography (Primary)</b>			
<b>QUOTED</b>			
<b>FUNDS</b>			
<b>CHINA</b>			
LionGlobal Investment Funds II - LionGlobal RMB Quality Bond Fund Class L RMB Accumulation	2,160,680	2,424,772	0.7
<b>TOTAL FUNDS</b>		<u>2,424,772</u>	<u>0.7</u>
<b>DEBT SECURITIES</b>			
<b>SINGAPORE</b>			
Sembcorp Industries Limited Series MTN Var Perpetual	8,750,000	8,703,437	2.5
United Overseas Bank Limited Series EMTN Var due 16/09/2026	5,700,000	7,632,016	2.2
Ascendas Hospitality Trust Series MTN 3.3% due 07/04/2020	7,000,000	7,079,800	2.0
Ascott Real Estate Investment Trust MTN Pte Limited Series MTN 4.205% due 23/11/2022	6,750,000	7,035,053	2.0
Straits Trading Company Limited Series EMTN 3.73% due 19/07/2021	6,750,000	6,848,213	2.0
CapitaLand Limited 2.8% due 08/06/2025	7,000,000	6,830,215	1.9
Mapletree Treasury Services Limited Series EMTN Var Perpetual	6,250,000	6,317,875	1.8
FCOT Treasury Private Limited Series MTN FRN 03/05/2022	6,000,000	5,902,440	1.7
Mapletree Logistics Trust Var Perpetual (SG72D0000009)	5,750,000	5,782,775	1.6

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	<b>Holdings at 30 June 2018</b>	<b>Fair value at 30 June 2018 \$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>
United Engineers Limited Series MTN 3.68% due 01/06/2021	5,750,000	5,725,850	1.6
United Overseas Bank Limitd Series 4% due 29/12/2049	5,250,000	5,338,515	1.5
Cambridge MTN Private Limited Series MTN 3.5% 05/11/2018	5,250,000	5,258,925	1.5
Frasers Property Treasury Private Limited 4.25% due 21/04/2026	5,000,000	5,016,800	1.4
Lend Lease Retail Investments 3 Private Limited Series MTN 3.28% due 03/09/2021	4,000,000	4,041,760	1.1
GII IHT Private Limited Series MTN 4% due 31/01/2022	3,750,000	3,799,950	1.1
Singapore Post Limited Var Perpetual	3,500,000	3,595,060	1.0
AACI Real Estate Investment Trust MTN Private Limited Series MTN 3.8% due 21/05/2019	3,500,000	3,493,630	1.0
BOC Aviation Limited Series Regs FRN 02/05/2021	2,500,000	3,441,917	1.0
Mapletree Treasury Services Limited Series Series EMTN 2.85% due 29/08/2025	3,250,000	3,147,203	0.9
Capitaland Treasury Limited Series EMTN 3.8% due 28/08/2024	3,000,000	3,080,010	0.9
Sembcorp Financial Services Private Limited Series MTN 3.7325% due 9/4/2020	3,000,000	3,049,050	0.9
OUE Limited Series MTN 4.25% due 30/10/2019	3,000,000	3,027,690	0.9
City Developments Limited Series MTN 3.48% due 15/06/2026	3,000,000	2,995,080	0.9
CCT MTN Private Limited Series MTN 2.77% due 04/07/2022	3,000,000	2,964,930	0.8
FH REIT Treasury Private Limited Series MTN 3.08% due 08/11/2024	3,000,000	2,946,690	0.8
FCT MTN Private Limited Series 08/11/2024	3,000,000	2,916,510	0.8

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	<b>Holdings at 30 June 2018</b>	<b>Fair value at 30 June 2018 \$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>
BOC Aviation Limited Series GMTN 3% due 23/05/2022	2,200,000	2,897,395	0.8
Oversea Education 5.2% due 17/04/2019	2,750,000	2,740,265	0.8
Keppel Land Financial Series EMTN 3.259% due 11/12/2019	2,000,000	2,705,429	0.8
Wing Tai Holdings Limited Series MTN 4.5% due 26/09/2022	2,500,000	2,599,850	0.7
Frasers Property Treasury Private Limited 3.95% due 07/10/2021	2,500,000	2,551,750	0.7
City Developments Limited Series MTN 3% due 02/04/2020	2,500,000	2,517,450	0.7
Mapletree Logistics Trust Series EMTN Var Perpetual 29/12/2049	2,250,000	2,195,640	0.6
Keppel Land Limited Series MTN 3.8% due 08/06/2022	2,000,000	2,045,400	0.6
City Developments Limited MTN 3.48% due 03/04/2023	2,000,000	2,031,120	0.6
Mapletree Treasury Services Limited Series MTN 2.92% due 21/01/2019	2,000,000	2,005,800	0.6
Ascendas Real Estate Investment Trust Series MTN 2.95% due 03/08/2020	2,000,000	2,005,600	0.6
Government of Singapore 1.625% 01/10/2019	2,000,000	1,995,200	0.6
Cambridge MTN Private Limited Series MTN 4.1% due 29/04/2020	1,750,000	1,761,060	0.5
United Overseas Bank Limited EMTN Var Perpetual	1,750,000	1,759,747	0.5
Keppel Land Limited Series MTN 2.843% due 05/09/2023	1,500,000	1,472,205	0.4
Capitaland Treasury Limited Series EMTN 3.08% due 19/10/2027	1,500,000	1,447,500	0.4
DBS Group Holdings Limited Series GMTN Var Perpetual	1,000,000	1,312,369	0.4
United Overseas Bank Limited Series Var 08/03/2027	1,000,000	1,304,719	0.4
Wing Tai Holdings Limited Series MTN 4.7% due 28/02/2024	1,250,000	1,297,088	0.4

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	<b>Holdings at 30 June 2018</b>	<b>Fair value at 30 June 2018 \$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>
Gold Ridge Private Limited 2.9% due 15/08/2023	1,250,000	1,234,950	0.3
Capitamalls Asia Treasury Series EMTN 3.7% due 29/08/2022	1,000,000	1,024,060	0.3
Wing Tai Holdings Limited Series MTN 4.25% due 15/03/2023	1,000,000	1,020,860	0.3
Mapletree Commercial Trust Series EMTN 3.25% due 03/02/2023	1,000,000	1,007,370	0.3
FCOT Treasury Private Limited Series MTN 3.185% due 28/02/2023	1,000,000	999,410	0.3
RCS Trust Series MTN 2.6% due 05/06/2023	1,000,000	982,670	0.3
Prime Asset Holdings Limited Series MTN 2.9% due 24/10/2024	1,000,000	978,250	0.3
Mapletree Commercial Trust Series EMTN 3.11% due 24/08/2026	1,000,000	973,060	0.3
OUE Limited MTN 3.8% due 15/04/2020	500,000	501,570	0.1
Keppel Corporation Limited Series MTN 3.145% due 14/02/2022	500,000	499,525	0.1
F&N Treasury Private Limited Series MTN 3.09% due 23/03/2022	500,000	498,510	0.1
ASL Marine Holdings Limited Series 4.75% due 28/03/2020	712,500	490,788	0.1
Frasers Property Treasury Private Limited 3.65% due 22/05/2022	437,000	441,855	0.1
Ascendas Real Estate Investment Trust Series MTN 4% due 03/02/2022	250,000	258,310	0.1
Mapletree Commercial Trust Series EMTN 3.6% due 24/08/2020	250,000	254,780	0.1
Keppel Corporation Limited Series MTN 3.1% due 12/10/2020	250,000	251,765	0.1
Cambridge MTN Private Limited Series MTN 3.95% due 21/05/2020	250,000	250,573	0.1
		<u>176,285,287</u>	<u>50.2</u>

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>CHINA</b>			
ICBC Asia Limited Series EMTN Var due 10/10/2023	4,650,000	6,355,397	1.8
China State Construction Finance II 3.375% due 29/11/2022	4,000,000	5,239,249	1.5
Charming Light Investment Limited Series EMTN Var Perpetual	3,900,000	5,158,120	1.5
JD.Com Inc 3.125% due 29/04/2021	3,000,000	3,985,104	1.1
Sunshine Life Insurance Series 5Year 3.15% due 20/04/2021	3,000,000	3,945,550	1.1
Haitong International Finance 2014 Limited 3.99% due 11/09/2019	2,500,000	3,414,289	1.0
Beijing Capital Polaris 4.25% due 26/03/2021	2,500,000	3,401,540	1.0
China Oversea Finance Cayman II Limited 5.375% due 29/10/2023	2,200,000	3,150,765	0.9
Azure Nova International Series EMTN 3% due 21/03/2020	2,250,000	3,022,609	0.9
Huarong Finance 2017 Company 3.2% due 27/04/2021	3,000,000	2,956,560	0.8
China Merchants Finance Series EMTN 5% due 04/05/2022	2,082,000	2,945,915	0.8
Sunny Optical Technology 3.75% due 23/01/2023	2,200,000	2,920,643	0.8
CNAC Hong Kong Finbridge Company Limited 4.125% due 14/03/2021	2,000,000	2,735,208	0.8
Bao-Trans Enterprise 3.75% due 12/12/2018	2,000,000	2,727,136	0.8
Wanda Properties Overseas 4.875% due 21/11/2018	2,000,000	2,713,910	0.8
Hainan Airlines Hong Kong Company Limited 3.625% due 07/02/2020	2,000,000	2,707,775	0.8
Cnac Hong kong Finbridge Company Limited 3.5% due 19/07/2022	2,000,000	2,634,541	0.8
Leader Goal International Limited Var Perpetual 29/12/2049	2,000,000	2,597,468	0.7
Weichai International Hong Kong Energy Var Perpetual	2,000,000	2,519,066	0.7

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Azure Nova International Series EMTN 3.5% due 21/03/2022	1,700,000	2,280,225	0.6
Huarong Finance Var Perpetual	1,700,000	2,267,674	0.6
BOSC International BVI 3.125% due 18/01/2021	1,450,000	1,948,575	0.6
Vanke Real Estate Hong Kong Series EMTN 4.15% due 18/04/2023	1,400,000	1,878,291	0.5
China Overseas Finance Cayman II Limited 5.5% due 10/11/2020	1,000,000	1,423,385	0.4
Huarong Finance Company Limited 4.5% due 16/01/2020	1,000,000	1,374,258	0.4
China International Capital Corporation (CICC) FRN 25/04/2021	900,000	1,233,961	0.4
Far East Horizon Limited Series EMTN FRN due 03/07/2021	900,000	1,228,911	0.3
Eastern Creation II Investment 2.75% due 26/09/2020	800,000	1,066,868	0.3
Central China Real Estate Limited 6.75% due 08/11/2021	650,000	842,588	0.2
Shougang Group Company Limited 3.95% due 04/04/2019	500,000	683,724	0.2
ICBCIL Finance Company Limited Series 2.375% due 19/05/2019	500,000	676,637	0.2
China Cinda Finance 2017 Series EMTN 3.875% due 08/02/2023	300,000	404,808	0.1
Huarong Finance Company Limited 4% due 17/07/2019	200,000	273,123	0.1
Horse Gallop Finance Series EMTN FRN 28/06/2021	200,000	272,890	0.1
		82,986,763	23.6

The accompanying notes form an integral part of these financial statements.



# LIONGLOBAL SHORT DURATION BOND FUND

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>HONG KONG</b>			
Bank of East Asia Limited EMTN 6.125% due 16/07/2020	4,000,000	5,704,093	1.6
DAH Sing Bank Limited Series EMTN Var due 29/01/2024	3,000,000	4,108,539	1.2
Cheung Kong Hutchison Capital 17 Var Perpetual	2,000,000	2,620,770	0.7
Mapletree Greater China Commercial Treasury Co HKSAR Limited Series EMTN 3.96% due 09/11/2022	2,000,000	2,064,760	0.6
China Citic Bank International Limited 6% due 07/05/2024	1,100,000	1,514,136	0.4
Wharf Finance No 1 Limited Series EMTN 4.5% due 20/07/2021	500,000	531,795	0.2
Wheelock Finance Limited EMTN 4.5% due 02/09/2021	250,000	261,745	0.1
		16,805,838	4.8
<b>INDIA</b>			
ONGC Videsh Limited 3.25% due 15/7/2019	4,450,000	6,053,862	1.7
Indian Oil Corporation Limited 4.1% due 15/10/2022	4,770,000	4,878,542	1.4
ICICI Bank Limited/Dubai 3.65% due 14/01/2020	1,500,000	1,527,060	0.4
ICICI Bank Limited (Hong Kong) 5.75% due 16/11/2020	1,000,000	1,420,201	0.4
Ascendas India Trust Series MTN 3.9% due 05/10/2020	500,000	507,340	0.2
		14,387,005	4.1

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>SOUTH KOREA</b>			
Harvest Operations Corp Ser Regs (Reg) 4.2% due 01/06/2023	2,350,000	3,242,275	0.9
Korea Resources Corporation 3% due 24/04/2022	2,000,000	2,640,445	0.8
Hyundai Capital Services Series 3% due 29/08/2022	2,000,000	2,617,770	0.7
Korea Resources Corporation 4% due 18/04/2023	1,450,000	1,979,191	0.6
National Federation Of Fisheries Cooperatives Series EMTN 2.625% due 16/04/2019	750,000	1,018,115	0.3
Hankook Tire Company Limited 3.5% due 30/01/2023	750,000	1,001,661	0.3
Daegu Bank Limited 3.75% due 13/08/2023	350,000	471,653	0.1
		<u>12,971,110</u>	<u>3.7</u>
<b>UNITED KINGDOM</b>			
Standard Chartered PLC Var due 23/01/2026	6,000,000	6,139,440	1.7
SSE Public Limited Company Var due 16/09/2077	2,000,000	2,638,945	0.8
		<u>8,778,385</u>	<u>2.5</u>
<b>AUSTRALIA</b>			
AusNet Services Holdings Pty Limited Var due 17/03/2076	3,000,000	4,254,120	1.2
National Australia Bank Limited Series Var 19/05/2028	3,000,000	3,066,420	0.9
		<u>7,320,540</u>	<u>2.1</u>
<b>CANADA</b>			
Manulife Financial Corporation Var due 25/05/2026	4,250,000	4,343,883	1.3
Manulife Financial Corporation Var 21/11/2029	3,000,000	2,891,430	0.8
		<u>7,235,313</u>	<u>2.1</u>

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>NETHERLANDS</b>			
ABN Amro Bank NV Var due 27/03/2028	3,400,000	4,547,493	1.3
ABN Amro Bank NV Series EMTN Var 01/04/2026	1,000,000	1,034,650	0.3
		<u>5,582,143</u>	<u>1.6</u>
<b>INDONESIA</b>			
PT Logindo Samudramakmur Tbk 2.93% due 03/02/2020	1,500,000	1,507,200	0.4
PT Federal International Finance Series MTN 4.125% due 10/05/2021	1,000,000	1,359,832	0.4
PT Pelabuhan Indonesia II 4.25% due 05/05/2025	1,000,000	1,305,125	0.4
Indonesia Eximbank Series EMTN 4.135% due 03/11/2020	1,000,000	1,032,830	0.3
		<u>5,204,987</u>	<u>1.5</u>
<b>GERMANY</b>			
LB Baden-Wuerttemberg Series EMTN Var due 18/05/2027	5,000,000	4,959,700	1.4
<b>MALAYSIA</b>			
IOI Investment (L) Berhad Series EMTN 4.375% due 27/06/2022	3,000,000	4,128,092	1.2
Malayan Banking Berhad Var Perpetual	750,000	753,173	0.2
		<u>4,881,265</u>	<u>1.4</u>
<b>FRANCE</b>			
BNP Paribas Series EMTN Var due 03/12/2025	1,750,000	1,781,658	0.5
BPCE Var due 17/12/2025	500,000	509,135	0.2
BPCE Series EMTN Var due 03/06/2026	500,000	506,485	0.1
		<u>2,797,278</u>	<u>0.8</u>
<b>PHILIPPINES</b>			
Union Bank of Philippines Series EMTN 3.369% due 29/11/2022	2,000,000	2,592,927	0.7

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>JAPAN</b>			
Mitsubishi UFJ Lease & Finance Series 2.652% due 19/09/2022	1,350,000	1,764,795	0.5
<b>QATAR</b>			
QIB Sukuk Limited 3.251% due 23/05/2022	1,000,000	1,306,178	0.4
<b>UNITED ARAB EMIRATES</b>			
ADCB Finance Cayman Limited Series 4% due 29/03/2023	600,000	814,419	0.2
<b>IRELAND</b>			
SMBC Aviation Capital Finance 2.65% due 15/07/2021	300,000	396,437	0.1
Accrued interest receivable on debt securities		3,273,169	0.9
<b>TOTAL DEBT SECURITIES</b>		360,343,539	102.6
<b>UNQUOTED</b>			
<b>EQUITY</b>			
<b>SINGAPORE</b>			
Ezion Holdings Limited Call Warrants 06/04/2020*	750,000	-	-
<b>Portfolio of investments</b>		362,768,311	103.3
<b>Other net liabilities</b>		(11,571,402)	(3.3)
<b>Net assets attributable to unitholders</b>		351,196,909	100.0

\* There is no readily available market quotation as the security is not traded. The Manager made certain estimates and assumptions to arrive at the fair value, after taking into account all relevant information.

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	Percentage of total net assets attributable to unitholders at	
	30 June 2018 %	30 June 2017 %
<b>By Geography (Summary)</b>		
Singapore	50.2	33.8
China	24.3	32.4
Hong Kong	4.8	8.9
India	4.1	8.6
South Korea	3.7	-
United Kingdom	2.5	0.3
Australia	2.1	-
Canada	2.1	0.7
Netherlands	1.6	1.6
Indonesia	1.5	3.0
Germany	1.4	0.6
Malaysia	1.4	2.9
France	0.8	1.1
Philippines	0.7	-
Japan	0.5	0.8
Qatar	0.4	-
United Arab Emirates	0.2	-
Ireland	0.1	0.1
	<hr/>	<hr/>
	102.4	94.8
Accrued interest receivable on debt securities	0.9	0.8
	<hr/>	<hr/>
<b>Portfolio of investments</b>	103.3	95.6
<b>Other net (liabilities)/assets</b>	(3.3)	4.4
<b>Net assets attributable to unitholders</b>	<hr/>	<hr/>
	100.0	100.0

The accompanying notes form an integral part of these financial statements.

# LIONGLOBAL SHORT DURATION BOND FUND

	Percentage of total net assets attributable to unitholders at		
	Fair value at	30 June	30 June
	30 June	2018	2017
	\$	%	%
<b>By Industry (Secondary)</b>			
Real Estate	134,894,478	38.5	26.1
Financial	115,585,680	32.8	37.2
Industrial	66,285,201	18.9	8.3
Energy	12,439,604	3.5	4.1
Consumer, Cyclical	10,254,629	2.9	5.0
Utilities	6,893,065	2.0	3.4
Basic Materials	5,303,360	1.6	-
Technology	2,920,643	0.8	3.5
Funds	2,424,772	0.7	1.4
Sovereign	1,995,200	0.6	1.3
Consumer, Non-cyclical	498,510	0.1	1.5
Communications	-	-	3.0
	<u>359,495,142</u>	<u>102.4</u>	<u>94.8</u>
Accrued interest receivable on debt securities	<u>3,273,169</u>	<u>0.9</u>	<u>0.8</u>
<b>Portfolio of investments</b>	<u>362,768,311</u>	<u>103.3</u>	<u>95.6</u>
<b>Other net (liabilities)/assets</b>	<u>(11,571,402)</u>	<u>(3.3)</u>	<u>4.4</u>
<b>Net assets attributable to unitholders</b>	<u>351,196,909</u>	<u>100.0</u>	<u>100.0</u>

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 30 June 2018*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. GENERAL

LionGlobal Short Duration Bond Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 13 February 1991 together with its Supplemental Deeds thereon (hereafter referred to as “Trust Deed”) between Lion Global Investors Limited (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore.

The Fund has been included as a CPF Investment Scheme on 28 February 2014.

The Fund offered eight class of units as at 30 June 2018, namely:

Class A (SGD) (Dist)  
Class I (SGD) (Dist)  
Class A (USD Hedged) (Dist)  
Class I (USD Hedged) (Dist)  
Class A (SGD) (Acc)  
Class I (SGD) (Acc)  
Class A (USD Hedged) (Acc)  
Class I (USD Hedged) (Acc)

As at 30 June 2018, there were no subscription of units of Class A (USD Hedged) (Acc) and Class I (USD Hedged) (Acc). Classes with “(SGD)” are each denominated in Singapore dollars whilst Classes with “(USD Hedged)” are each denominated in US dollars.

Classes with “(Acc)” are accumulation classes of units where a unit accumulates the net income attributable to such unit so that is reflected in the increased value of such unit whilst classes with “(Dist)” are distribution classes of units where a unit distributes its net investment income.

Class ‘A’ units and Class ‘I’ units have different subscription and minimum holding requirements and different fee structures. In respect of the USD Hedged Class units, the Manager has the ability to hedge the units of such class in relation to the base currency of the Fund or the currency of the underlying investments in such manner as they deem appropriate. Where hedging of this kind is undertaken, the effect of this hedging will be reflected in the net asset value of the USD Hedged Class units, and therefore, in the performance of the USD Hedged Class units. Similarly, any expenses arising from such hedging transactions will be borne by the USD Hedged Class units.

## 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(d) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account, to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(e) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.



(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in the fair value of investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sale of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments in debt securities held by the Fund is the market mid prices. Accrued interest or discount or premium on debt securities at the reporting date are included in the fair value of debt securities. Interest income on debt securities is presented within net gains or losses on investments on the Statement of Total Return. The quoted market price used for investments in underlying funds held by the Fund is the published price of the underlying funds at the close of trading on the reporting date.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method.

(h) Foreign currencies

(i) Functional and presentation currency

Subscriptions and redemptions of the units are denominated in Singapore dollars and United States dollars. The primary activity of the Fund is to invest in Singapore and international bonds, high quality interest rate securities, real estate investment trusts, business trusts and other related securities.

The performance of the Fund is measured and reported to the investors in Singapore dollars. In addition, the Fund's activities are substantially based in Singapore and expenses are predominantly denominated in Singapore dollars. Therefore, the manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the net gain or loss on investment.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(j) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers its investment in the other funds ("Investee Fund") to be investment in unconsolidated structured entities. The Fund invests in the Investee Fund whose objectives range from achieving short to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Fund is managed by related asset managers and apply various investment strategies to accomplish their respective investment objectives. The Investee Fund finances their operations by issuing redeemable shares which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in each of its Investee Fund.

The change in fair value of the Investee Fund is included in the Statement of Total Return in "Net gains/losses on investments".

### 3. MANAGEMENT FEE

The management fee rates for Class A units is 0.50% per annum, and Class I units is 0.25% per annum.

### 4. INCOME TAX

The Fund was granted the status of a Designated Unit Trust (“DUT”) in Singapore. The Trustee of the Fund will also ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Singapore income tax	1,902	8,457
Overseas income tax	25,717	73,730
Capital gain tax	26,836	630
	<u>54,455</u>	<u>82,817</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

# LIONGLOBAL SHORT DURATION BOND FUND

## 5. DISTRIBUTIONS

	2018 \$	2017 \$
<b><u>Class A (SGD) (Dist)</u></b>		
Distribution of \$1.24 per 100 units on 23 October 2017 to unitholders on the register as at 30 September 2017	2,183,132	-
Distribution of \$1.24 per 100 units on 22 January 2018 to unitholders on the register as at 31 December 2017	2,205,384	-
Distribution of \$1.22 per 100 units on 20 April 2018 to unitholders on the register as at 31 March 2018	2,301,311	-
Distribution of \$1.21 per 100 units on 20 July 2018 to unitholders on the register as at 30 June 2018	2,321,247	-
Distribution of \$1.25 per 100 units on 21 October 2016 to unitholders on the register as at 30 September 2016	-	1,928,133
Distribution of \$1.25 per 100 units on 23 January 2017 to unitholders on the register as at 31 December 2016	-	1,879,554
Distribution of \$1.24 per 100 units on 24 April 2017 to unitholders on the register as at 31 March 2017	-	1,869,139
Distribution of \$1.24 per 100 units on 21 July 2017 to unitholders on the register as at 30 June 2017	-	2,047,800
<b><u>Class I (SGD) (Dist)</u></b>		
Distribution of \$0.78 per 100 units on 23 October 2017 to unitholders on the register as at 30 September 2017	111,469	-
Distribution of \$0.78 per 100 units on 22 January 2018 to unitholders on the register as at 31 December 2017	58,036	-
Distribution of \$0.77 per 100 units on 20 April 2018 to unitholders on the register as at 31 March 2018	57,672	-
Distribution of \$0.76 per 100 units on 20 July 2018 to unitholders on the register as at 30 June 2018	57,300	-

# LIONGLOBAL SHORT DURATION BOND FUND

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Distribution of \$0.75 per 100 units on 21 October 2016 to unitholders on the register as at 30 September 2016	-	234,545
Distribution of \$0.80 per 100 units on 23 January 2017 to unitholders on the register as at 31 December 2016	-	266,804
Distribution of \$0.78 per 100 units on 24 April 2017 to unitholders on the register as at 31 March 2017	-	260,639
Distribution of \$0.78 per 100 units on 21 July 2017 to unitholders on the register as at 30 June 2017	-	110,971

## **Class A (USD Hedged) (Dist)**

Distribution of US\$0.76 per 100 units on 23 October 2017 to unitholders on the register as at 30 September 2017	24,080	-
Distribution of US\$0.76 per 100 units on 22 January 2018 to unitholders on the register as at 31 December 2017	23,588	-
Distribution of US\$0.75 per 100 units on 20 April 2018 to unitholders on the register as at 31 March 2018	23,044	-
Distribution of US\$0.74 per 100 units on 20 July 2018 to unitholders on the register as at 30 June 2018	14,240	-
Distribution of US\$0.75 per 100 units on 21 October 2016 to unitholders on the register as at 30 September 2016	-	12,525
Distribution of US\$0.75 per 100 units on 23 January 2017 to unitholders on the register as at 31 December 2016	-	13,201
Distribution of US\$0.76 per 100 units on 24 April 2017 to unitholders on the register as at 31 March 2017	-	23,479
Distribution of US\$0.76 per 100 units on 21 July 2017 to unitholders on the register as at 30 June 2017	-	23,317

## **Class I (USD Hedged) (Dist)**

Distribution of US\$0.76 per 100 units on 23 October 2017 to unitholders on the register as at 30 September 2017	154,858	-
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# LIONGLOBAL SHORT DURATION BOND FUND

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Distribution of US\$0.76 per 100 units on 22 January 2018 to unitholders on the register as at 31 December 2017	151,162	-
Distribution of US\$0.75 per 100 units on 20 April 2018 to unitholders on the register as at 31 March 2018	147,153	-
Distribution of US\$0.74 per 100 units on 20 July 2018 to unitholders on the register as at 30 June 2018	50,502	-
Distribution of US\$0.75 per 100 units on 21 October 2016 to unitholders on the register as at 30 September 2016	-	41,013
Distribution of US\$0.75 per 100 units on 23 January 2017 to unitholders on the register as at 31 December 2016	-	43,592
Distribution of US\$0.75 per 100 units on 24 April 2017 to unitholders on the register as at 31 March 2017	-	41,947
Distribution of US\$0.76 per 100 units on 21 July 2017 to unitholders on the register as at 30 June 2017	-	52,528
	<u>9,884,178</u>	<u>8,670,107</u>

## 6. RECEIVABLES

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Amount receivable for creation of units	833,290	4,136,883
Other receivable	66,325	78,641
	<u>899,615</u>	<u>4,215,524</u>

## 7. DUE FROM/(TO) BROKERS

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Margin deposits	948,892	732,427
Sales awaiting settlement	-	4,034,324
	<u>948,892</u>	<u>4,766,751</u>

The margin deposits are placed with a financial institution which is a non-related company.

# LIONGLOBAL SHORT DURATION BOND FUND

	<b>2018</b>	<b>2017</b>
	\$	\$
Purchases awaiting settlement	<u>(1,227,150)</u>	<u>-</u>

## 8. CASH AND BANK BALANCES

The cash and bank balances are placed with a financial institution which is a related company of the Trustee.

## 9. PAYABLES

	<b>2018</b>	<b>2017</b>
	\$	\$
Amount payable for cancellation of units	13,700,697	13,996,089
Amount due to the Manager	142,236	139,729
Amount due to the Trustee	12,575	12,141
Amount due to the Custodian	986	986
Amount due to the Registrar	6,708	6,706
Distribution payable	2,443,289	2,234,322
Other payables	37,453	18,967
	<u>16,343,944</u>	<u>16,408,940</u>

## 10. FINANCIAL DERIVATIVES AT FAIR VALUE

Financial derivative contracts comprise futures contracts and foreign exchange forward contracts due for settlement within 2 months (30 June 2017: 3 months) from the reporting date. The contracts or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the at the reporting date are analysed below.

	<b>Contract or underlying principal amount</b>	<b>Fair value</b>	
		<b>Asset</b>	<b>Liability</b>
	\$	\$	\$
Foreign exchange forward contracts	183,427,594	32,277	1,419,122
Futures contracts	56,909,797	-	160,859
		<u>32,277</u>	<u>1,579,981</u>

# LIONGLOBAL SHORT DURATION BOND FUND

30 June 2017

	Contract or underlying principal amount	Fair value	
		Asset	Liability
		\$	\$
Foreign exchange forward contracts	193,808,172	1,491,759	135,523
Futures contracts	38,312,329	115,197	-
		<u>1,606,956</u>	<u>135,523</u>

## 11. UNITS IN ISSUE

	Class A (SGD) (Dist)		Class I (SGD) (Dist)	
	2018	2017	2018	2017
	Units	Units	Units	Units
Units at beginning of the year	165,145,163	131,998,027	14,227,021	24,485,195
Units created	86,386,403	99,080,100	227,262	8,997,304
Units cancelled	<u>(59,692,996)</u>	<u>(65,932,964)</u>	<u>(6,914,791)</u>	<u>(19,255,478)</u>
Units at end of the year	<u>191,838,570</u>	<u>165,145,163</u>	<u>7,539,492</u>	<u>14,227,021</u>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$	\$
Net assets attributable to unitholders	306,594,425	271,047,159	7,566,717	14,627,319
Net asset value per unit	<u>1.5981</u>	<u>1.6412</u>	<u>1.0036</u>	<u>1.0281</u>
	Class A (USD Hedged) (Dist)		Class I (USD Hedged) (Dist)	
	2018	2017	2018	2017
	Units	Units	Units	Units
Units at beginning of the year	2,219,626	1,196,787	5,000,405	3,006,187
Units created	182,717	1,041,093	9,963,266	1,994,218
Units cancelled	<u>(991,079)</u>	<u>(18,254)</u>	<u>(9,958,475)</u>	-
Units at end of the year	<u>1,411,264</u>	<u>2,219,626</u>	<u>5,005,196</u>	<u>5,000,405</u>



## LIONGLOBAL SHORT DURATION BOND FUND

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Net assets attributable to unitholders	1,385,484	2,226,838	4,902,037	4,994,462
Net assets attributable to unitholders (SGD equivalent)	1,889,108	3,066,022	6,683,927	6,876,624
Net asset value per unit	<u>0.9817</u>	<u>1.0032</u>	<u>0.9793</u>	<u>0.9988</u>
Net asset value per unit (SGD equivalent)	<u>1.3385</u>	<u>1.3813</u>	<u>1.3353</u>	<u>1.3752</u>

	<b>Class A (SGD) (Acc)</b>		<b>Class I (SGD) (Acc)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
Units at beginning of the year	28,560,917	-	1,036,131	-
Units created	112,449	28,560,917	26,658,988	1,047,329
Units cancelled	<u>(28,597,581)</u>	<u>-</u>	<u>(31,180)</u>	<u>(11,198)</u>
Units at end of the year	<u>75,785</u>	<u>28,560,917</u>	<u>27,663,939</u>	<u>1,036,131</u>

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders	78,429	29,123,149	28,384,303	1,056,704
Net asset value per unit	<u>1.0348</u>	<u>1.0196</u>	<u>1.0260</u>	<u>1.0198</u>

Distributions are accrued for at the reporting period if the necessary approvals have been obtained and a legal or constructive obligation has been created, for the purpose of determining the accounting net asset values in the financial statements.

## LIONGLOBAL SHORT DURATION BOND FUND

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the reporting date is presented below:

	<b>Class A (SGD) (Dist)</b>		<b>Class I (SGD) (Dist)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders per unit per the financial statements	1.5981	1.6412	1.0036	1.0281
Effect of distribution per unit	0.0121	0.0124	0.0076	0.0078
Effect of movement in the net asset value between the last dealing date and the financial year end date	<u>(0.0001)</u>	<u>*</u>	<u>(0.0001)</u>	<u>*</u>
Net assets attributable to unitholders per unit for issuing/redeeming units	<u>1.6101</u>	<u>1.6536</u>	<u>1.0111</u>	<u>1.0359</u>

	<b>Class A (USD Hedged) (Dist)</b>		<b>Class I (USD Hedged) (Dist)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders per unit per the financial statements	0.9817	1.0032	0.9793	0.9988
Effect of distribution per unit	0.0074	0.0076	0.0074	0.0076
Effect of movement in the net asset value between the last dealing date and the financial year end date	<u>(0.0001)</u>	<u>*</u>	<u>(0.0003)</u>	<u>*</u>
Net assets attributable to unitholders per unit for issuing/redeeming units	<u>0.9890</u>	<u>1.0108</u>	<u>0.9864</u>	<u>1.0064</u>

# LIONGLOBAL SHORT DURATION BOND FUND

	Class A (SGD) (Acc)		Class I (SGD) (Acc)	
	2018	2017	2018	2017
	\$	\$	\$	\$
Net assets attributable to unitholders per unit per the financial statements	1.0348	1.0196	1.0260	1.0198
Effect of movement in the net asset value between the last dealing date and the financial year end date	(0.0001)	*	(0.0001)	*
Net assets attributable to unitholders per unit for issuing/redeeming units	1.0347	1.0196	1.0259	1.0198

## 12. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial futures contracts, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of investments in debt securities. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss to the value of financial investments because of changes in market conditions like interest and currency rate movements and volatility in security prices. External factors such as changes in economic environment, consumption patterns and investor's expectation contribute to market risk which may have a significant impact on the asset's value.

The Fund's investments are substantially dependent on changes in market prices. The Manager monitors the Fund's investments closely so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies/industries.

The Fund's market risk is affected primarily by changes in three main components: changes in actual market prices, interest rate volatilities and foreign exchange movements.

(i) Price risk

Price risk primarily results from exposure to volatility of equities prices. As of 30 June 2018 and 2017, the Fund's exposure to price risk with respect to the Investee Fund is not considered to be significant and hence no sensitivity analysis on price risk has been presented.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

It affects the value of fixed income securities more directly than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rates increase, the opportunity cost of holding a fixed income security increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

## LIONGLOBAL SHORT DURATION BOND FUND

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and liabilities at fair value, categorised by interest rate types.

<b>30 June 2018</b>	<b>Variable rates</b>	<b>Fixed rates</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Portfolio of investments	119,566,626	237,503,744	5,697,941	362,768,311
Receivables	-	-	899,615	899,615
Due from brokers	-	-	948,892	948,892
Financial derivatives at fair value	-	-	32,277	32,277
Cash and bank balances	5,698,889	-	-	5,698,889
<b>Total assets</b>	<b>125,265,515</b>	<b>237,503,744</b>	<b>7,578,725</b>	<b>370,347,984</b>

<b>Liabilities</b>				
Payables	-	-	16,343,944	16,343,944
Due to brokers	-	-	1,227,150	1,227,150
Financial derivatives at fair value	-	-	1,579,981	1,579,981
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>19,151,075</b>	<b>19,151,075</b>

<b>30 June 2017</b>	<b>Variable rates</b>	<b>Fixed rates</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Portfolio of investments	58,472,683	245,721,932	7,289,154	311,483,769
Receivables	-	-	4,215,524	4,215,524
Due from brokers	-	-	4,766,751	4,766,751
Financial derivatives at fair value	-	-	1,606,956	1,606,956
Cash and bank balances	20,268,440	-	-	20,268,440
<b>Total assets</b>	<b>78,741,123</b>	<b>245,721,932</b>	<b>17,878,385</b>	<b>342,341,440</b>

<b>Liabilities</b>				
Payables	-	-	16,408,940	16,408,940
Financial derivatives at fair value	-	-	135,523	135,523
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>16,544,463</b>	<b>16,544,463</b>

## LIONGLOBAL SHORT DURATION BOND FUND

The duration, a measure of the sensitivity of the price of a fixed income security to a change in interest as at 30 June 2018 is 2.92 (2017: 2.87). As of 30 June 2018, should interest rates lower or rise by 1% (2017: 1%) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders would be as follows:

	<b>Impact of 1% (2017: 1%) movement in interest rate on net assets attributable to the unitholders</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Fund</b>		
LionGlobal Short Duration Bond Fund	6,935,109	7,052,219

(iii) Currency risk

The Fund has monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The tables below summarise the Fund's exposure to key currencies at the end of the financial year. Monetary and non-monetary items have been taken into the account for the analysis.

<b>30 June 2018</b>	<b>USD</b>	<b>CNH</b>	<b>SGD</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Portfolio of investments	160,418,703	2,424,772	199,924,836	362,768,311
Receivables	28	-	899,587	899,615
Due from brokers	948,892	-	-	948,892
Cash and bank balances	2,019,082	-	3,679,807	5,698,889
<b>Total assets</b>	<u>163,386,705</u>	<u>2,424,772</u>	<u>204,504,230</u>	<u>370,315,707</u>
<b>Liabilities</b>				
Payables	13,458,688	-	2,885,256	16,343,944
Due to brokers	1,227,150	-	-	1,227,150
<b>Total liabilities</b>	<u>14,685,838</u>	<u>-</u>	<u>2,885,256</u>	<u>17,571,094</u>
<b>Net financial assets</b>	148,700,867	2,424,772	201,618,974	352,744,613
<b>Currency forwards and financial derivatives</b>	<u>(138,333,197)</u>	<u>(1,977,766)</u>	<u>140,150,104</u>	
<b>Net currency exposure</b>	<u>10,367,670</u>	<u>447,006</u>	<u>341,769,078</u>	

# LIONGLOBAL SHORT DURATION BOND FUND

30 June 2017	USD \$	CNH \$	SGD \$	Others \$	Total \$
<b>Assets</b>					
Portfolio of investments	166,393,929	4,668,315	133,050,549	7,370,976	311,483,769
Receivables	-	-	4,215,524	-	4,215,524
Due from brokers	732,427	-	4,034,324	-	4,766,751
Cash and bank balances	54,899	15	20,213,526	-	20,268,440
<b>Total assets</b>	<b>167,181,255</b>	<b>4,668,330</b>	<b>161,513,923</b>	<b>7,370,976</b>	<b>340,734,484</b>
<b>Liabilities</b>					
Payables	76,136	-	16,332,804	-	16,408,940
<b>Total liabilities</b>	<b>76,136</b>	<b>-</b>	<b>16,332,804</b>	<b>-</b>	<b>16,408,940</b>
<b>Net financial assets</b>	<b>167,105,119</b>	<b>4,668,330</b>	<b>145,181,119</b>	<b>7,370,976</b>	<b>324,325,544</b>
<b>Currency forwards and financial derivatives</b>					
	(147,843,437)	(2,946,891)	150,905,526	-	
<b>Net currency exposure</b>	<b>19,261,682</b>	<b>1,721,439</b>	<b>296,086,645</b>	<b>7,370,976</b>	

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Fund.

As of 30 June 2018 and 2017, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant except for the currency presented in the table below which shows the Fund's sensitivity to exchange rate movements on significant monetary assets/liabilities denominated in foreign currencies, should those currencies increase by a reasonable possible shift with all other variables held constant. This sensitivity analysis is not presented separately should the currency decrease as it is the reversal of the impact disclosed below.

Currency	Impact of increase in FX rates on net assets attributable to the unitholders			
	Reasonable possible FX movement			
	2018	2017	2018	2017
	%	%	\$	\$
USD	5	5	518,384	963,084

## LIONGLOBAL SHORT DURATION BOND FUND

(b) Liquidity risk

The Fund is exposed to daily redemption of units in the Fund. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>30 June 2018</b>	<b>Less than 3 months \$</b>	<b>3 months- 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Derivative financial instruments				
- inflows	(159,650,224)	-	-	-
- outflows	161,230,205	-	-	-
Payables	16,343,944	-	-	-
Due to brokers	1,227,150	-	-	-

<b>30 June 2017</b>	<b>Less than 3 months \$</b>	<b>3 months- 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Derivative financial instruments				
- inflows	(21,451,323)	-	-	-
- outflows	21,586,846	-	-	-
Payables	16,408,940	-	-	-



(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings in percentage, out of total net asset attributable to unitholders.

	<b>2018</b>	<b>2017</b>
	%	%
Aaa	0.6	-
Aa2	0.9	-
A1	2.6	4.3
A2	2.3	2.7
A3	3.8	2.8
Baa1	17.0	18.8
Baa2	19.4	14.3
Baa3	7.5	12.8
Ba1	-	0.8
Ba3	0.8	0.9
B1	0.2	-
B2	-	0.3
Unrated	46.6	35.7
Accrued interest on debt securities	0.9	0.8
<b>Total debt securities</b>	<b>102.6</b>	<b>94.2</b>

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

# LIONGLOBAL SHORT DURATION BOND FUND

Credit risk also arises from cash and cash equivalents and assets held with financial institutions.

The Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimises the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit-ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 30 June 2018 and 2017.

	<b>Credit rating ##</b>	<b>Source of credit rating</b>
<b>30 June 2018</b>		
<b><u>Custodian</u></b>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<b><u>Bank</u></b>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
Oversea-Chinese Banking Corporation Limited	AA-	S&P
Australia & New Zealand Banking Group Ltd	AA-	S&P
Standard Chartered Bank	A	S&P
UBS AG	A+	S&P
<b><u>Margin deposit</u></b>		
UBS AG	A+	S&P

	Credit rating ##	Source of credit rating
<b>30 June 2017</b>		
<b><u>Custodian</u></b>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<b><u>Bank</u></b>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
Oversea-Chinese Banking Corporation Limited	AA-	S&P
Australia & New Zealand Banking Group Ltd	AA-	S&P
Standard Chartered Bank	A	S&P
<b><u>Margin deposit</u></b>		
UBS AG	A+	S&P

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-Term Issuer Ratings published by the rating agency.

## Group credit ratings are presented for unrated subsidiaries.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

# LIONGLOBAL SHORT DURATION BOND FUND

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2018 and 2017:

<b>30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss				
- Quoted fund	2,424,772	-	-	2,424,772
- Quoted debt securities	-	360,343,539	-	360,343,539
- Unquoted equity^	-	-	-	-
Held for trading				
- Derivative financial instruments	-	32,277	-	32,277
	<u>2,424,772</u>	<u>360,375,816</u>	<u>-</u>	<u>362,800,588</u>

## **Liabilities**

Held for trading				
- Derivative financial instruments	160,859	1,419,122	-	1,579,981
	<u>160,859</u>	<u>1,419,122</u>	<u>-</u>	<u>1,579,981</u>

<b>30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss				
- Quoted fund	4,668,315	-	-	4,668,315
- Quoted debt securities	-	306,815,454	-	306,815,454
Held for trading				
- Derivative financial instruments	115,197	1,491,759	-	1,606,956
	<u>4,783,512</u>	<u>308,307,213</u>	<u>-</u>	<u>313,090,725</u>

## **Liabilities**

Held for trading				
- Derivative financial instruments	-	135,523	-	135,523
	<u>-</u>	<u>135,523</u>	<u>-</u>	<u>135,523</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise exchange traded derivatives. The Fund does not adjust the quoted price for these instruments.

Investments in open-ended investment funds whose net assets value is struck daily, price information published and readily available and units are subscribed and redeemable on demand at the published price are classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds and over-the-counter derivatives.

- ^ Investments classified within Level 3 have significant unobservable inputs as there are no readily available quoted market prices. Investments classified as Level 3 consists of one equity security which is not traded on the relevant exchanges. The fair value of these securities have been written down to nil value. The valuation technique and key unobservable inputs for these investments are not disclosed and no sensitivity analysis is presented as the amount is insignificant.

Except for cash and cash balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2018 and 2017 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

- (f) Offsetting financial assets and financial liabilities

There are no financial assets or liabilities subject to offsetting, enforceable master netting arrangement and similar arrangements.

### 13. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Fund's investment in the Investee Fund is subject to the terms and conditions of the Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of the Investee Fund. The Manager makes investment decisions after extensive due diligence of the Investee Fund, its strategy and the overall quality of the Investee Fund's manager. The Investee Fund in the investment portfolio is managed by portfolio managers who are compensated by the respective Investee Fund for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments in each of the Investee Fund.

The Fund has right to request redemption of its investments in Investee Fund on a daily basis.

The exposure to investments in the Investee Fund at fair value is disclosed under the Statement of Portfolio. These investments are included within "Portfolio of investments" in the Statement of Financial Position.

The Fund's holding in the Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Fund may, at any point in time, hold a majority of an Investee Fund's total units in issue.

The Fund's maximum exposure to loss from its interests in the Investee Fund is equal to the total fair value of its investments in the Investee Fund.

Once the Fund has disposed of its shares in the Investee Fund, the Fund ceases to be exposed to any risk from it.

## 14. RELATED PARTY TRANSACTIONS

Management fees are paid to the Manager, while trustee fee is paid to the Trustee. These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective notes to the financial statements are on terms set out in the Trust Deed.

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Transaction fees charged by the Trustee	7,186	3,497
Registration fees charged by a related company of the Trustee	32,366	30,656
Valuation and administration fees charged by the Trustee	122,822	109,351
Custodian fees charged by a related company of the Trustee	60,272	61,187
Bank service fees charged by a bank which is a related company of the Trustee	3,154	4,850
Cash transfer fees charged by a related company of the Trustee	4,417	5,009

## 15. FINANCIAL RATIOS

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Expense ratio <sup>1</sup>		
- Class A (SGD) (Dist)	0.61	0.60
- Class I (SGD) (Dist)	0.35	0.34
- Class A (USD Hedged) (Dist)	0.61	0.59
- Class I (USD Hedged) (Dist)	0.35	0.34
- Class A (SGD) (Acc)	0.60	0.58
- Class I (SGD) (Acc)	0.36	0.35
Portfolio Turnover ratio <sup>2</sup>	55	26

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 30 June 2018 was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. Expenses which are common to all Classes are apportioned based on the proportion of NAV of respective Class. The Fund does not pay any performance fee. The average net asset values are based on the daily balances.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being sales of \$191,089,051 (2017: sales of \$79,408,675) divided by the weighted average daily net asset value of \$345,076,044 (2017: \$306,929,216).

The following table presents the total operating expenses and average net asset values of the Fund for the financial year ended 30 June 2018.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Total operating expenses		
Class A (SGD) (Dist)	1,784,915	1,523,848
Class I (SGD) (Dist)	37,164	112,281
Class A (USD Hedged) (Dist)	18,217	13,319
Class I (USD Hedged) (Dist)	65,616	18,857
Class A (SGD) (Acc) (annualised in accordance with IMAS guidelines)	61,683	120,055
Class I (SGD) (Acc) (annualised in accordance with IMAS guidelines)	33,081	2,198

# LIONGLOBAL SHORT DURATION BOND FUND

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Average net asset value		
Class A (SGD) (Dist)	293,693,706	256,005,221
Class I (SGD) (Dist)	10,470,889	32,571,122
Class A (USD Hedged) (Dist)	3,006,302	2,252,552
Class I (USD Hedged) (Dist)	18,516,651	5,469,995
Class A (SGD) (Acc)	10,202,379	20,547,073
Class I (SGD) (Acc)	9,186,117	628,595



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