

For the financial year ended 31 December 2021

# **ANNUAL REPORT LIONGLOBAL SOUTH EAST ASIA FUND**

**Lion Global Investors Ltd**

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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 Gerard Lee How Cheng (Chief Executive Officer)  
Mr Tan Siew Peng  
Mr Ronnie Tan Yew Chye  
Ms Chong Chuan Neo  
Mr Leslie Teo Eng Sipp

### Trustee/Registrar

HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard,  
Marina Bay Financial Centre, Tower 2,  
#48-01  
Singapore 018983

### 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

## PERFORMANCE OF THE FUND

For the financial year ended 31 December 2021

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2021 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal South East Asia Fund (SGD Class)	Benchmark* Returns (%)
3 months	1.9	0.6
6 months	2.9	2.1
1 year	9.5	2.0
3 years**	1.8	0.1
5 years**	2.3	2.4
10 years**	2.6	3.0
Since Inception** (23 February 1996)	4.7	4.0

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2021 in USD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal South East Asia Fund (USD Class)	Benchmark* Returns (%)
3 months	2.6	1.3
6 months	2.6	1.8
1 year	7.5	0.0
3 years**	2.3	0.5
5 years**	3.7	3.8
10 years**	2.3	2.6
Since Inception** (25 June 2004)	6.2	8.5

Source: Morningstar/Lion Global Investors Ltd.

\* Benchmark:

MSCI All Countries Far East Ex Japan: Since inception to 31 December 2005

MSCI All Countries ASEAN Index (previously known as MSCI All Countries South East Asia Index): From 1 January 2006 – present

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

## REVIEW

For the year ended 31 December 2021, the Fund returned 9.5%, while the benchmark MSCI All Countries ASEAN Index returned 2.0%, in SGD terms.

2021 started off with optimism following the positive development on vaccines by Pfizer and Moderna. Vaccines by other manufacturers were subsequently rolled out. Within ASEAN, Singapore was the first to start vaccinating her population, followed by the rest in the 1st half of 2021. Meanwhile, a more transmissible virus variant, Delta emerged in mid-2021 which resulted in re-imposition of lockdowns across the region with the initial nascent reopening optimism dampened. Markets subsequently fell as countries registered record daily virus cases. However, as vaccination progressed in ASEAN, restrictions were relaxed as various governments shifted their pandemic management strategy to treating it as an endemic. As a result, markets recovered on re-opening optimism again.

The MSCI ASEAN Index markets were up 2% in SGD terms with Singapore and Indonesia the best performers while Malaysia did poorly. The Singapore market was led by the Financials and Property sectors on re-opening optimism while Indonesian Financials did well on loan recovery prospects. Malaysia underperformed mainly due to the Healthcare sector on declining glove prices.

Stock selection from all the ASEAN markets contributed positively to performance particularly from our investments in Bank Jago, Merdeka Copper Gold and Saratoga Investama in Indonesia, DBS in Singapore, Wilcon Depot in Philippines and Ngern Tid Lor in Thailand.

## STRATEGY AND OUTLOOK

With vaccination rates higher across ASEAN, the various governments are adopting a "Learning to live with it" strategy and re-opening the economies progressively. Unless the new virus variant Omicron renders current vaccines ineffective or hospitalisation and mortality surge, there should not be any more hard lock downs in ASEAN even if there are certain restrictions in place.

Thus, 2022 should be the year of recovery for ASEAN and outlook is promising driven by re-opening, strong Gross Domestic Product growth, easing of supply chain pressure supporting trade and manufacturing and good earnings growth. Expect economic growth of more than 5% which will be higher than China's forecasted growth of 5% for 2022 for the first time since the 90s. Re-opening of economies should drive domestic consumption while re-opening of borders would benefit the services sector, especially hospitality and tourism. This should add more impulse to growth given that the service sector accounts for the lion's share of economic activity in ASEAN.

Although inflation will be higher on base effect, pent-up demand, higher energy costs and supply chain disruptions, it should taper off especially in the 2nd half of 2022. In addition, inflation is still relatively benign in ASEAN compared to other regions. Conducive liquidity and stronger financial positions such as higher foreign reserves in ASEAN should also mitigate the potential impact of tapering and interest rate hikes.

We expect ASEAN to post earnings growth of 10% in 2022 and this may be revised higher if pent up demand is stronger and re-opening of borders is earlier-than-expected. We are positive on companies that benefit from re-opening and recovery of the economies and those that can continue to grow their earnings sustainably either through their market leadership position or have the ability to pass on higher input costs. We continue to be positive on some of the secular trends in ASEAN including technology adoption and climate change. ASEAN digital economy boomed during COVID-19 and we expect it to continue to do well post-COVID-19 during the endemic period. Besides nascent stage of penetration in ASEAN, regulatory environment is very supportive in promoting adoption of technology in all the countries in ASEAN. We expect more new economy names to be included in the ASEAN indices in 2022.

Key risks include geopolitics like US/China relations, new virus variants rendering vaccines ineffective and causing severe illness or mortality, higher-than-expected inflationary risks resulting in higher-and-faster-than-expected interest rates hikes and tapering and domestic politics.

As of 23 February 2022.

**DISCLOSURES ON THE FUND<sup>1</sup>***For the financial year ended 31 December 2021***1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2021**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
a) <u>By Asset Class</u>		
Equities	11,708,584	98.8
Cash and other net assets	143,483	1.2
<b>Net assets attributable to unitholders</b>	<b>11,852,067</b>	<b>100.0</b>
b) <u>By Credit Rating of Debt Securities</u>		
Not applicable		
c) <u>By Derivative Type</u>		

Total net realised losses from financial derivatives at the end of the year were \$9,232.

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

**2. TOP 10 HOLDINGS**
**As at 31 December 2021**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
DBS Group Holdings Limited	1,130,657	9.5
United Overseas Bank Limited	737,275	6.2
PT Bank Central Asia Tbk	508,561	4.3
Sea Limited ADR	506,679	4.3
PT Bank Rakyat Indonesia (Persero) Tbk	495,372	4.2
Public Bank Berhad	287,281	2.4
PT Telkom Indonesia Persero Tbk	285,119	2.4
CP Seven Eleven Public Company Limited - NVDR	267,160	2.3
Wilmar International Limited	231,840	2.0
Energy Absolute Public Company Limited - NVDR	223,937	1.9

**As at 31 December 2020**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
DBS Group Holdings Limited	939,476	7.9
United Overseas Bank Limited	650,773	5.4
PT Bank Rakyat Indonesia (Persero) Tbk	490,837	4.1
PT Bank Central Asia Tbk	469,031	3.9
Keppel Corporation Limited	418,026	3.5
CP Seven Eleven Public Company Limited - NVDR	327,885	2.7
PT Telekomunikasi Indonesia Tbk	315,505	2.6
Wilmar International Limited	291,555	2.4
Nanofilm Technologies International Limited	272,800	2.3
PTT Public Company Limited - NVDR	258,728	2.2

**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 PURCHASE TRANSACTIONS**

Nil

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

Nil

**7. BORROWINGS**

Nil

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

The soft dollar commissions if applicable from various brokers for the financial 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 31 December 2021*

The Trustee is under a duty to take into custody and hold the assets of LionGlobal South East Asia Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act 2001, 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 12 to 38, 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

28 March 2022

## STATEMENT BY THE MANAGER

*For the financial year ended 31 December 2021*

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 12 to 38, 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 South East Asia Fund (the "Fund") as at 31 December 2021, 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 Investment Funds" 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  
LION GLOBAL INVESTORS LIMITED

GERARD LEE HOW CHENG  
CEO

28 March 2022

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SOUTH EAST ASIA FUND

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

### **Our Opinion**

In our opinion, the accompanying financial statements of the LionGlobal South East Asia Fund (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" 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 31 December 2021, and 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 31 December 2021;
- the Statement of Financial Position as at 31 December 2021;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2021;
- the Statement of Portfolio as at 31 December 2021; 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.

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SOUTH EAST ASIA FUND

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

### **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 Investment Funds" 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.

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SOUTH EAST ASIA FUND

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

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

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, 28 March 2022

**STATEMENT OF TOTAL RETURN**
*For the financial year ended 31 December 2021*

	<b>Note</b>	<b>2021 \$</b>	<b>2020 \$</b>
<b>Income</b>			
Dividends		328,737	361,666
Interest on cash and bank balances	11	1	22
		<u>328,738</u>	<u>361,688</u>
<b>Less: Expenses</b>			
Audit fee		10,000	13,050
Custodian fees	11	2,987	2,416
Management fee	11	170,996	171,906
Professional fee		18,578	14,296
Registration fee	11	16,605	17,220
Transaction costs		77,555	153,441
Trustee fee	11	8,000	8,000
Valuation and administration fees	11	8,000	8,000
Miscellaneous expenses		22,148	21,700
		<u>334,869</u>	<u>410,029</u>
<b>Net expenses</b>		<u>(6,131)</u>	<u>(48,341)</u>
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains/(losses) on investments		1,154,803	(1,516,473)
Net losses on foreign exchange spot contracts		(9,232)	(53,862)
Net foreign exchange (losses)/gains		(4,752)	7,889
		<u>1,140,819</u>	<u>(1,562,446)</u>
<b>Total return/(deficit) for the financial year before income tax</b>		1,134,688	(1,610,787)
<b>Less: Income tax</b>	3	(22,207)	(28,684)
<b>Total return/(deficit) for the financial year</b>		<u>1,112,481</u>	<u>(1,639,471)</u>

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

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
Portfolio of investments		11,708,584	11,755,640
Receivables	4	13,205	23,279
Due from brokers	8	-	57,071
Financial derivatives at fair value	7	-	1
Cash and cash equivalents	5	187,115	354,367
<b>Total assets</b>		<u>11,908,904</u>	<u>12,190,358</u>
<b>LIABILITIES</b>			
Payables	6	56,837	56,556
Due to brokers	8	-	163,607
Financial derivatives at fair value	7	-	897
<b>Total liabilities</b>		<u>56,837</u>	<u>221,060</u>
<b>EQUITY</b>			
Net assets attributable to unitholders	9	<u>11,852,067</u>	<u>11,969,298</u>

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

# STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2021

	Note	2021 \$	2020 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		11,969,298	24,643,294
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		1,112,481	(1,639,471)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		1,351,289	994,001
Cancellation of units		(2,581,001)	(12,028,526)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(1,229,712)	(11,034,525)
Total decrease in net assets attributable to unitholders		(117,231)	(12,673,996)
<b>Net assets attributable to unitholders at the end of the financial year</b>	9	11,852,067	11,969,298

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



**STATEMENT OF PORTFOLIO**
*As at 31 December 2021*

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>By Geography (Primary)</b>			
<b>QUOTED EQUITIES</b>			
<b>SINGAPORE</b>			
DBS Group Holdings Limited	34,619	1,130,657	9.5
United Overseas Bank Limited	27,408	737,275	6.2
Sea Limited ADR	1,680	506,679	4.3
Wilmar International Limited	56,000	231,840	2.0
Keppel Corporation Limited	43,000	220,160	1.9
Singapore Telecommunications Limited	73,600	170,752	1.4
Grand Venture Technology Private Limited	123,500	146,965	1.2
Sembcorp Industries	68,400	136,800	1.1
Sembcorp Marine Limited	983,500	80,647	0.7
Raffles Medical Group Limited	58,500	80,145	0.7
Venture Corporation Limited	4,200	76,902	0.6
Q & M Dental Group (Singapore) Limited	125,700	76,048	0.6
TDCX Inc.	2,495	64,414	0.5
Singapore Airlines Limited	11,500	57,385	0.5
Nanofilm Technologies International Limited	14,100	53,862	0.5
Singapore Exchange Limited	4,900	45,570	0.4
CapitaLand Investment Limited	9,500	32,395	0.3
Credit Bureau Asia Limited	29,200	31,244	0.3
		<u>3,879,740</u>	<u>32.7</u>

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

# LIONGLOBAL SOUTH EAST ASIA FUND

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>By Geography (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>INDONESIA</b>			
PT Bank Central Asia Tbk	736,500	508,561	4.3
PT Bank Rakyat Indonesia (Persero) Tbk	1,274,214	495,372	4.2
PT Telkom Indonesia Persero Tbk	746,100	285,119	2.4
PT Astra International Tbk	375,500	202,457	1.7
PT Merdeka Copper Gold Tbk	538,200	198,034	1.7
PT Ashmore Asset Management Indonesia Tbk	859,146	151,969	1.3
PT Saratoga Investama Sedaya Tbk	545,300	144,425	1.2
PT Cisarua Mountain Dairy Tbk	429,500	138,130	1.2
PT Elang Mahkota Teknologi Tbk	575,500	124,116	1.0
PT Avia Avian Tbk	1,363,000	119,257	1.0
PT Indocement Tunggal Prakarsa Tbk	101,500	116,171	1.0
PT Indofood CBP Sukses Makmur Tbk	131,200	107,969	0.9
PT Sumber Alfaria Trijaya Tbk	730,200	83,920	0.7
PT Panca Mitra Multiperdana	1,785,600	81,748	0.7
PT Map Aktif Adiperkasa Tbk	286,200	68,762	0.6
PT Bank Jago Tbk	32,948	49,865	0.4
PT Semen Indonesia (Persero) Tbk	53,800	36,895	0.3
PT Aneka Tambang Tbk	130,800	27,838	0.2
		<u>2,940,608</u>	<u>24.8</u>
<b>THAILAND</b>			
CP Seven Eleven Public Company Limited - NVDR	112,200	267,160	2.3
Energy Absolute Public Company Limited - NVDR	57,800	223,937	1.9
PTT Public Company Limited - NVDR	144,900	222,218	1.9
PTT Exploration & Production Public Company Limited - NVDR	44,800	213,347	1.8

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

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>By Geography (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>THAILAND (continued)</b>			
Minor International Public Company Limited - NVDR	149,778	173,785	1.5
Siam Commercial Bank Public Company Limited - NVDR	33,400	171,189	1.5
Hana Micro Electronics PCL - NVDR	40,400	144,295	1.2
Stark Corporation Public Company Limited	754,000	144,237	1.2
Bangkok Dusit Medical Services Public Company Limited	145,000	134,593	1.1
Ngern Tid Lor Public Company Limited	84,100	123,884	1.0
Super Energy Corporation Public Company Limited - NVDR	3,223,500	123,589	1.0
Airports of Thailand Public Company Limited - NVDR	47,400	116,690	1.0
BTS Group Holdings Public Company Limited - NVDR	296,700	111,958	1.0
Kasikornbank Public Company Limited - NVDR	17,200	98,570	0.8
VGI Public Company Limited	317,700	84,623	0.7
Delta Electronics Thailand PCL - NVDR	3,500	58,196	0.5
Stark Corporation Public Company Limited Warrants 31/12/2046	251,333	9,433	0.1
BTS Group Holdings Public Company Limited Warrants 31/12/2049 (TH0221056BR3)	59,340	1,198	*
BTS Group Holdings Public Company Limited Warrants 31/12/2049 (TH0221054BR8)	29,670	766	*
BTS Group Holdings Public Company Limited Warrants 05/09/2022	14,835	431	*
		<u>2,424,099</u>	<u>20.5</u>

\* denotes less than 0.1%

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

	<b>Holdings at 31 December 2021</b>	<b>Fair value at 31 December 2021 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2021 %</b>
<b>By Geography (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>MALAYSIA</b>			
Public Bank Berhad	213,400	287,281	2.4
Supercomnet Technologies Berhad	292,800	190,452	1.6
CIMB Group Holdings Berhad	97,646	172,214	1.5
Malayan Banking Berhad	59,298	159,271	1.3
Inari Amertron Berhad	108,400	140,316	1.2
TIME DotCom Berhad	82,700	123,107	1.0
Greatech Technology Berhad	52,900	115,210	1.0
Petronas Chemicals Group Berhad	35,500	102,474	0.9
Press Metal Aluminium Holdings Berhad	48,200	90,156	0.7
CTOS Digital Bhd	92,800	54,356	0.5
Swift Haulage Sdn Bhd	156,900	48,997	0.4
		<u>1,483,834</u>	<u>12.5</u>
<b>PHILIPPINES</b>			
Metropolitan Bank & Trust Company	101,900	150,059	1.3
Wilcon Depot Inc.	173,000	139,501	1.2
AC Energy Philippines, Inc.	477,800	138,954	1.2
Ayala Land Inc.	127,500	123,711	1.0
Ayala Corporation	4,260	93,593	0.8
Banco de Oro Unibank Inc.	27,380	87,372	0.7
Century Pacific Food, Inc.	112,000	86,611	0.7
GT Capital Holdings Inc.	5,690	81,234	0.7
SM Prime Holdings Inc.	57,000	51,086	0.4
Monde Nissin Corporation	65,800	28,182	0.3
		<u>980,303</u>	<u>8.3</u>
<b>Portfolio of investments</b>		11,708,584	98.8
<b>Other net assets</b>		143,483	1.2
<b>Net assets attributable to unitholders</b>		<u>11,852,067</u>	<u>100.0</u>

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

	Percentage of total net assets attributable to unitholders at	
	31 December 2021	31 December 2020
	%	%
<b>By Geography (Summary)</b>		
Singapore	32.7	35.1
Indonesia	24.8	19.5
Thailand	20.5	23.6
Malaysia	12.5	9.9
Philippines	8.3	10.1
<b>Portfolio of investments</b>	98.8	98.2
<b>Other net assets</b>	1.2	1.8
<b>Net assets attributable to unitholders</b>	100.0	100.0

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

	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %		31 December 2020 %
<b>By Industry (Secondary)</b>				
Financial	4,719,605	39.8		38.1
Communications	1,448,066	12.2		8.7
Consumer, Non-cyclical	1,316,346	11.1		11.1
Industrial	1,227,659	10.4		15.3
Basic Materials	690,825	5.8		2.6
Energy	659,502	5.6		4.6
Technology	592,341	5.0		6.3
Consumer, Cyclical	584,505	4.9		6.5
Utilities	262,543	2.2		-
Real Estate	207,192	1.8		5.0
<b>Portfolio of investments</b>	11,708,584	98.8		98.2
<b>Other net assets</b>	143,483	1.2		1.8
<b>Net assets attributable to unitholders</b>	11,852,067	100.0		100.0

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

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2021*

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

### 1. GENERAL

LionGlobal South East Asia Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 12 December 1995 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.

There are currently 3 classes of units established in respect of the Fund, namely 2 Singapore Dollar-denominated Classes, “Grandfathered Class” and “SGD Class”, and a US Dollar-denominated Class, “USD Class”. There are no material differences between the SGD Class Units and the USD Class Units save for the currency of denomination. The Grandfathered Class was established by the Manager solely in order for units in the LionGlobal Philippines Fund (which has been terminated) to be switched into the Grandfathered Class Units on 4 April 2013 at the offer price of \$1.000. The Grandfathered Class is not currently being offered to investors.

The management fee of both the SGD and USD Class is 1.5% per annum, and the management fee of the Grandfathered Class is 1.0% per annum.

Subscriptions and redemptions of the Fund are denominated in Singapore Dollar and United States Dollar. Investors may subscribe in United States Dollar at the applicable rate of exchange from Singapore Dollar.

### 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 Investment Funds” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants in July 2020 for the financial year beginning on or after 1 July 2020.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect of the amounts reported for the current or prior years.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Recognition of income

Dividend income is recognised when the right to receive payment is established.

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) 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 sales 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.



**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) 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 Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

**(f) 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, less accumulated impairment losses.

**(g) Due from and due to brokers**

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

**(i) Payables**

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Foreign currencies****(i) Functional and presentation currency**

Subscriptions and redemptions of the units in the Fund are denominated in Singapore Dollar and United States Dollar. The primary activity of the Fund is to invest in quoted or listed securities (including real estate investment trusts) in South East Asia, particularly in Indonesia, Malaysia, Singapore, Thailand, the Philippines, Hong Kong S.A.R. and other countries within the region.

The performance of the Fund is measured and reported to the investors in Singapore Dollar. In addition, the Fund's activities are substantially based in Singapore and expenses are predominantly in Singapore Dollar. 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 investments.

**(k) 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.

### 3. INCOME TAX

The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Manager and Trustee of the Fund will 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>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Refund of Singapore income tax from prior year	(367)	-
Singapore income tax	158	3,229
Overseas income tax	22,416	25,455
Total income tax	<u>22,207</u>	<u>28,684</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.

**4. RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Amount receivable for creation of units	5,085	10,842
Dividends receivable	4,587	9,559
Other receivables	3,533	2,878
	<u>13,205</u>	<u>23,279</u>

**5. CASH AND CASH EQUIVALENTS**

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

**6. PAYABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Amount payable for cancellation of units	2,221	6,223
Amount due to the Manager	14,263	14,344
Amount due to the Trustee	12,298	12,347
Amount due to the Custodian	270	-
Amount due to the Registrar	6,433	3,417
Other payables	21,352	20,225
	<u>56,837</u>	<u>56,556</u>

**7. FINANCIAL DERIVATIVES AT FAIR VALUE**

As at 31 December 2021, there are no financial derivatives due for settlement. As at 31 December 2020, financial derivatives comprise foreign exchange spot contracts due for settlement within 6 days from reporting date. The contract or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the reporting date are analysed below.

**As at 31 December 2020**

	<b>Contract or underlying principal amount</b>	<b>Fair value</b>	
	<b>\$</b>	<b>Asset</b>	<b>Liability</b>
		<b>\$</b>	<b>\$</b>
Foreign exchange spot contracts	139,378	<u>1</u>	<u>897</u>

**8. DUE FROM/(TO) BROKERS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Sales awaiting settlement	-	57,071
Purchases awaiting settlement	-	(163,607)

**9. UNITS IN ISSUE**

	<b>2021</b>		<b>2020</b>	
	<b>SGD/USD</b>	<b>Grandfathered</b>	<b>SGD/USD</b>	<b>Grandfathered</b>
	<b>Class</b>	<b>Class</b>	<b>Class</b>	<b>Class</b>
	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
Units at beginning of the financial year	6,895,419	2,032,697	13,932,540	2,287,255
Units created	880,586	-	767,328	-
Units cancelled	(1,479,791)	(295,511)	(7,804,449)	(254,558)
Units at end of the financial year	6,296,214	1,737,186	6,895,419	2,032,697
of which, units denominated in - USD	1,531,338	-	1,690,679	-
	<b>SGD/USD</b>	<b>Grandfathered</b>	<b>SGD/USD</b>	<b>Grandfathered</b>
	<b>Class</b>	<b>Class</b>	<b>Class</b>	<b>Class</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders	9,910,043	1,942,024	9,905,710	2,063,588
Net asset value per unit	1.573	1.117	1.436	1.015

**9. UNITS IN ISSUE (continued)**

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>2021</b>		<b>2020</b>	
	<b>SGD/USD Class</b>	<b>Grandfathered Class</b>	<b>SGD/USD Class</b>	<b>Grandfathered Class</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders per unit per the financial statements	1.573	1.117	1.436	1.015
Effect for movement in the net asset value between the last dealing date and the financial year end date	-	-	-	(0.001)
Net assets attributable to unitholders per unit for issuing/redeeming units	1.573	1.117	1.436	1.014

**10. 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 investment in equity investments. 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.

**10. FINANCIAL RISK MANAGEMENT (continued)**

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.

COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

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

**10. FINANCIAL RISK MANAGEMENT (continued)**

 (a) Market risk (continued)

 (i) Price risk

The Fund's sensitivity to the market is measured using its beta, a ratio that describes how the expected return of a portfolio is correlated to the return of the financial market as a whole. The daily fund price movement is measured against the price movement of the benchmark to derive the beta.

As at 31 December 2021, the Fund's beta was 0.92 (2020: 0.97) which is calculated based on the daily returns over the preceding 12 months for the Fund and its benchmark (2020: based on the daily returns over the preceding 12 months for the Fund and its benchmark).

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to the unitholders as at 31 December 2021 and 2020. The analysis was based on the assumptions that the index components within the benchmark index increased/decreased by a reasonable possible shift, with all variables held constant and that the fair value of the Fund's investments moved according to the beta.

Fund	Benchmark	<b>Impact of 5% (2020: 8%) movement in benchmark on net assets attributable to the unitholders</b>	
		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
LionGlobal South East Asia Fund	MSCI AC ASEAN Index	538,595	912,238

 (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.

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly. However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between interest rates and the value of the equity securities is indirect. Hence, no separate sensitivity analysis has been presented.



## 10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Currency risk

The Fund has monetary assets/liabilities denominated in currencies other than Singapore Dollar 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 account for the analysis.

**As at 31 December  
2021**

	MYR \$	IDR \$	THB \$	SGD \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	1,483,834	2,940,608	2,424,099	3,308,647	1,551,396	11,708,584
Receivables	982	-	-	6,845	5,378	13,205
Cash and cash equivalents	2,465	284	242	126,540	57,584	187,115
<b>Total assets</b>	<b>1,487,281</b>	<b>2,940,892</b>	<b>2,424,341</b>	<b>3,442,032</b>	<b>1,614,358</b>	<b>11,908,904</b>
<b>Liabilities</b>						
Payables	-	-	-	53,643	3,194	56,837
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,643</b>	<b>3,194</b>	<b>56,837</b>
<b>Net financial assets</b>	<b>1,487,281</b>	<b>2,940,892</b>	<b>2,424,341</b>	<b>3,388,389</b>	<b>1,611,164</b>	
<b>Net currency exposure</b>	<b>1,487,281</b>	<b>2,940,892</b>	<b>2,424,341</b>	<b>3,388,389</b>	<b>1,611,164</b>	

# 10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

**As at 31 December  
2020**

	MYR	IDR	THB	SGD	Others	Total
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Portfolio of investments	1,183,553	2,336,868	2,714,780	4,103,258	1,417,181	11,755,640
Due from brokers	-	-	-	57,071	-	57,071
Receivables	2,385	-	496	8,916	11,482	23,279
Cash and cash equivalents	2,502	1	265	345,634	5,965	354,367
<b>Total assets</b>	<b>1,188,440</b>	<b>2,336,869</b>	<b>2,715,541</b>	<b>4,514,879</b>	<b>1,434,628</b>	<b>12,190,357</b>
<b>Liabilities</b>						
Payables	-	-	-	49,655	6,901	56,556
Due to brokers	-	61,031	-	-	102,576	163,607
<b>Total liabilities</b>	<b>-</b>	<b>61,031</b>	<b>-</b>	<b>49,655</b>	<b>109,477</b>	<b>220,163</b>
<b>Net financial assets</b>	<b>1,188,440</b>	<b>2,275,838</b>	<b>2,715,541</b>	<b>4,465,224</b>	<b>1,325,151</b>	
<b>Currency spots</b>	<b>-</b>	<b>36,643</b>	<b>-</b>	<b>(139,060)</b>	<b>102,417</b>	
<b>Net currency exposure</b>	<b>1,188,440</b>	<b>2,312,481</b>	<b>2,715,541</b>	<b>4,326,164</b>	<b>1,427,568</b>	

Equity investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Fund's net asset value has been included in the above other price risk sensitivity analysis.

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 31 December 2021 and 2020, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and hence no sensitivity analysis on foreign currency risk has been presented.

**10. FINANCIAL RISK MANAGEMENT (continued)**
**(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 tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>As at 31 December 2021</b>	<b>Less than 3 months \$</b>	<b>3 months- 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Payables	56,837	-	-	-

<b>As at 31 December 2020</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				
- inflow	(139,219)	-	-	-
- outflow	140,116	-	-	-
Payables	56,556	-	-	-
Due to brokers	163,607	-	-	-

**(c) Credit risk**

Credit risk is the risk that counterparties 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.

**10. FINANCIAL RISK MANAGEMENT (continued)****(c) Credit risk (continued)**

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.

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 Standard and Poor's ("S&P") or Moody's.

For purposes of impairment assessment, the Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

The tables below summarise the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2021 and 2020.

	<b>Credit rating ##</b>	<b>Source of credit rating</b>
<b>As at 31 December 2021</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

## 10. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

	Credit rating <sup>##</sup>	Source of credit rating
<b>As at 31 December 2020</b>		
<b>Custodian</b>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<b>Bank</b>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	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.

<sup>##</sup> 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).

**10. FINANCIAL RISK MANAGEMENT (continued)**

 (e) Fair value estimation (continued)

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2021 and 2020:

<b>As at 31 December 2021</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>				
Portfolio of investments				
- Quoted equities	11,708,584	-	-	11,708,584

<b>As at 31 December 2020</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>				
Portfolio of investments				
- Quoted equities	11,755,640	-	-	11,755,640
- Unquoted equity	-	-	-	-
Financial derivatives at fair value	-	1	-	1
	11,755,640	1	-	11,755,641

**Liabilities**

Financial derivatives at fair value	-	897	-	897
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Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise active listed equities. The Fund does not adjust the quoted price for these instruments.

The following table presents the movement in Level 3 investments for the year ended 31 December 2021.

	<b>\$</b>
Opening balance	-
Transfer out of Level 3	(1,198)
Net gain on investments	1,198
Closing balance	-

Except for cash and cash equivalents which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2021 and 2020 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

**11. RELATED PARTY TRANSACTIONS**

Management fee is 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>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Brokerage on purchases and sales of investments charged by a related party of the Manager	4,845	8,055
Interest income earned from a bank which is a related company of the Trustee	1	22
Interest expenses incurred with a bank which is a related company of the Trustee	-	24
Transaction fees charged by the Trustee	2,748	(4,487)
Registration fees charged by a related company of the Trustee	16,605	17,220
Valuation and administration fees charged by the Trustee	8,000	8,000
Custodian fees charged by a related company of the Trustee	2,987	2,416
Bank service fees charged by a bank which is a related company of the Trustee	2,103	890
Cash transfer fees charged by a related company of the Trustee	5,145	4,890

**12. FINANCIAL RATIOS**

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Expense ratio <sup>1</sup>		
- SGD/USD class	2.19	2.20
- Grandfathered class	1.69	1.70
Portfolio turnover ratio <sup>2</sup>	59	81

<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 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 transactions 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. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

Total operating expenses and average net asset value are as below:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total operating expenses		
- SGD/USD class	221,425	222,563
- Grandfathered class	32,786	34,001
Average net asset value		
- SGD/USD class	10,106,850	10,092,915
- Grandfathered class	1,938,828	1,997,772

<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 purchases of \$7,071,242 (2020: purchases of \$9,787,061) divided by the average daily net asset value of \$12,045,678 (2020: \$12,090,687).



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