

For the financial year ended 31 December 2020

ANNUAL REPORT LIONGLOBAL SINGAPORE TRUST 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 Ching Wei Hong (Deputy Chairman)
Mr Gerard Lee How Cheng (Chief Executive Officer)
Mr Tan Siew Peng
Mr Ronnie Tan Yew Chye
Ms Wee Ai Ning
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

LIONGLOBAL SINGAPORE TRUST FUND

PERFORMANCE OF THE FUND

For the year ended 31 December 2020

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2020 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Singapore Trust Fund (SGD Class)	Benchmark* Returns (%)
3 months	17.2	15.1
6 months	15.9	11.5
1 year	-0.1	-9.0
3 years**	1.0	-1.6
5 years**	5.5	4.3
10 years**	1.6	2.4
Since Inception** (3 March 1989)	6.4	4.4

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2020 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Singapore Trust Fund (USD Class)	Benchmark* Returns (%)
3 months	21.1	18.8
6 months	22.3	17.6
1 year	1.6	-7.5
3 years**	1.4	-1.2
5 years**	7.0	5.8
10 years**	1.3	2.1
Since Inception** (2 August 2004)	7.0	7.7

Source: Morningstar/Lion Global Investors Ltd.

*Benchmark:

DBS CPF Index: Inception to 30 November 1999

MSCI Singapore: From 1 December 1999

** Returns of more than 1 year are annualised.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

REVIEW

For the year ended 31 December 2020, the Fund returned -0.1%, while the benchmark Morgan Stanley Composite Index (MSCI) Singapore Index returned -9.0% in SGD terms.

MSCI World equities ended 2020 at all-time highs, up 17%, despite a year marked by a public health crisis, a pandemic induced bear market and global economic shutdown. Vaccine approvals as well as the immensely accommodative global fiscal and monetary policies contributed to the massive rally from the March 2020 low.

Singapore equity market registered a negative return of 8%, lagging global equities. The underperformance was driven by communication services, industrials and consumer discretionary sectors. Being a small and open economy, the pandemic created a big growth shock to the Singapore economy, with 2nd quarter of 2020 Gross Domestic Product (GDP) contracting a record 13.2% quarter-on-quarter (q/q). Fortunately, the lifting of the circuit breaker in June 2020 as well as the swift recovery in global supply chains resulted in the stronger than expected 3rd quarter of 2020 GDP expansion of 9.2% q/q.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

STRATEGY AND OUTLOOK

In 2021, Singapore's growth trajectory is expected to be highly volatile in the first half of the year due to last year's base effects. However, growth should be above trend in second half as recovery momentum gains assuming that mass vaccine becomes available and global travel can resume safely. The government expects GDP growth between 4% and 6% in 2021.

Both fiscal and monetary policies are expected to stay accommodative and expansionary to support the recovery. In the last policy review in October 2020, the Monetary Authority of Singapore (MAS) kept the status quo on its exchange rate policy. The three parameters – slope, mid-point and width – of the SGD Nominal Effective Exchange Rate policy band were unchanged. We do not expect any change in this policy stance in the next policy review in April 2021. In the depth of the pandemic crisis, the government responded strongly with close to S\$100 billion of fiscal stimulus, approximately 20% of nominal GDP. Budget 2021, which is due in February 2021, will remain expansionary but with more targeted policy measures. Resources will be directed to industries most affected by the pandemic, enhancing enterprise capabilities and upskilling of workers.

Following the positive news flow around COVID-19 vaccines, consensus 2021 earnings-per-share (EPS) has been raised by 3.4% in November 2020, reversing a 21% cut in January–October 2020. Increasing optimism around the vaccines and recovery in GDP is likely to drive further upward revision to EPS, which currently still suggest that 2021 expected EPS would be about 10% below 2019 levels. Consensus expects earnings to decline 37% in 2020, followed by 43% earnings rebound in 2021. The key sectors driving the forecast 43% year-on-year growth in 2021 earnings include banks, transport and capital goods.

In terms of valuation, Singapore equities market is now trading at 15 times 2021 expected price-to-earnings (P/E), above its historical average of 13 times. On a price-to-book (P/B) basis, the Singapore market looks more attractively valued at 1.14 times P/B, close to Global Financial Crisis low of 1.05 times and offers an attractive dividend yield of 4.2%. We expect the post pandemic recovery to continue in 2021 on the back of wider availability of vaccines, low interest rate environment and continued fiscal support.

As of 22 February 2021.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

DISCLOSURES ON THE FUND ¹*For the financial year ended 31 December 2020***1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2020**

	Fair Value	Percentage of
	\$	total net assets
		attributable to
		unitholders
		%
a) <u>By Asset Class</u>		
Equities	48,912,801	98.8
Financial derivatives	15	*
Cash and other net assets	580,706	1.2
Net assets attributable to unitholders	49,493,522	100.0
b) <u>By Credit Rating of Debt Securities</u>		
Not applicable		
c) <u>By Derivative Type</u>		
Foreign exchange spot contracts	15	*

The total net realised and unrealised gains from financial derivatives at the end of the year were \$8,722 and \$15 respectively.

* denotes amount less than 0.1%

¹ As required by Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 31 December 2020

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
DBS Group Holdings Limited	6,827,156	13.8
Oversea-Chinese Banking Corporation [#]	5,771,100	11.7
United Overseas Bank Limited	5,036,915	10.2
Singapore Telecommunications Limited	4,331,204	8.8
Keppel Corporation Limited	2,756,712	5.6
Hutchison Port Holdings Trust	2,137,483	4.3
Ascendas Real Estate Investment Trust	2,065,188	4.2
Wilmar International Limited	1,913,010	3.9
CapitaLand Limited	1,747,584	3.5
CapitaLand Integrated Commercial Trust	1,559,615	3.2

As at 31 December 2019

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
DBS Group Holdings Limited	3,118,902	17.3
Oversea-Chinese Banking Corporation [#]	2,308,578	12.8
United Overseas Bank Limited	2,273,135	12.6
Singapore Telecommunications Limited	1,871,968	10.4
CapitaLand Limited	739,500	4.1
Keppel Corporation Limited	612,685	3.4
Wilmar International Limited	549,196	3.0
Yangzijiang Shipbuilding Holdings Limited	480,144	2.7
GS Holdings Limited	420,641	2.3
UOL Group Limited	370,190	2.1

[#] Ultimate holding company of the Manager

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

Please refer to Statement of Portfolio.

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 31 December 2020

The Trustee is under a duty to take into custody and hold the assets of LionGlobal Singapore Trust 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 period 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 34, 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

26 March 2021

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2020

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 12 to 34, 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 Singapore Trust Fund (the "Fund") as at 31 December 2020, and the financial performance and movements in unitholders' funds for the 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
LION GLOBAL INVESTORS LIMITED

GERARD LEE HOW CHENG
CEO

26 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SINGAPORE TRUST FUND

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

Our Opinion

In our opinion, the accompanying financial statements of LionGlobal Singapore Trust 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 31 December 2020, 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 2020;
- the Statement of Financial Position as at 31 December 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2020;
- the Statement of Portfolio as at 31 December 2020; 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 SINGAPORE TRUST 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 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SINGAPORE TRUST 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, 26 March 2021

STATEMENT OF TOTAL RETURN
For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
Income			
Dividends		1,660,129	805,052
Interest on cash and bank balances		-	77
		<u>1,660,129</u>	<u>805,129</u>
Less: Expenses			
Audit fee		15,300	15,300
Custodian fees	11	2,842	4,959
Management fee	11	450,968	243,048
Professional fees		15,500	16,477
Registration fee	11	17,068	14,622
Trustee fee	11	8,000	10,002
Valuation and administration fees	11	8,000	9,234
Transaction costs		579,720	221,056
Miscellaneous expenses		20,359	15,185
		<u>1,117,757</u>	<u>549,883</u>
Net income		<u>542,372</u>	<u>255,246</u>
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		2,098,920	2,805,840
Net gains/(losses) on foreign exchange spot contracts		8,737	(186)
Net foreign exchange losses		(18,278)	(1,194)
		<u>2,089,379</u>	<u>2,804,460</u>
Total return for the year before income tax		2,631,751	3,059,706
Less: Income tax	3	(30,895)	(11,323)
Total return for the year		<u>2,600,856</u>	<u>3,048,383</u>

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

STATEMENT OF FINANCIAL POSITION*As at 31 December 2020*

	Note	2020 \$	2019 \$
ASSETS			
Portfolio of investments		48,912,801	18,029,289
Receivables	4	111,263	47,157
Due from brokers	5	246,498	-
Financial derivatives at fair value	6	15	-
Cash and bank balances	7	641,926	73,976
Total assets		49,912,503	18,150,422
LIABILITIES			
Payables	8	169,735	137,067
Due to brokers	5	249,246	-
Total liabilities		418,981	137,067
EQUITY			
Net assets attributable to unitholders	9	49,493,522	18,013,355

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the financial year ended 31 December 2020*

	Note	2020 \$	2019 \$
Net assets attributable to unitholders at the beginning of financial year		18,013,355	27,400,522
Operations			
Change in net assets attributable to unitholders resulting from operations		2,600,856	3,048,383
Unitholders' contributions/(withdrawals)			
Creation of units		47,585,492	3,161,340
Cancellation of units		(18,706,181)	(15,596,890)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		28,879,311	(12,435,550)
Total increase/(decrease) in net assets attributable to unitholders		31,480,167	(9,387,167)
Net assets attributable to unitholders at the end of financial year	9	49,493,522	18,013,355

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

STATEMENT OF PORTFOLIO
As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary)			
QUOTED EQUITIES			
FINANCIAL			
DBS Group Holdings Limited	272,650	6,827,156	13.8
Oversea-Chinese Banking Corporation [#]	573,668	5,771,100	11.7
United Overseas Bank Limited	222,971	5,036,915	10.2
Singapore Exchange Limited	139,600	1,295,488	2.5
		18,930,659	38.2
INDUSTRIAL			
Keppel Corporation Limited	512,400	2,756,712	5.6
Hutchison Port Holdings Trust	8,168,100	2,137,483	4.3
Yangzijiang Shipbuilding Holdings Limited	1,298,900	1,240,450	2.5
ComfortDelGro Corporation Limited	718,800	1,200,396	2.4
GKE Corporation Limited	9,832,900	1,179,948	2.4
Singapore Technologies Engineering Limited	278,600	1,064,252	2.1
Sembcorp Marine Limited	2,816,800	402,802	0.8
GS Holdings Limited	572,300	286,150	0.6
		10,268,193	20.7

[#] *Ultimate holding company of the Manager*

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

LIONGLOBAL SINGAPORE TRUST FUND

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
REAL ESTATE			
Ascendas Real Estate Investment Trust	693,016	2,065,188	4.2
CapitaLand Limited	532,800	1,747,584	3.5
CapitaLand Integrated Commercial Trust	722,044	1,559,615	3.2
City Developments Limited	111,400	887,858	1.8
Mapletree North Asia Commercial Trust	512,100	496,737	1.0
Hongkong Land Holdings Limited	84,500	461,236	0.9
Mapletree Logistics Trust	211,400	424,914	0.9
UOL Group Limited	48,794	376,201	0.8
Mapletree Commercial Trust	126,700	269,871	0.5
Suntec Real Estate Investment Trust	136,000	202,640	0.4
		<u>8,491,844</u>	<u>17.2</u>
COMMUNICATIONS			
Singapore Telecommunications Limited	1,874,980	4,331,204	8.8
TECHNOLOGY			
Venture Corporation Limited	61,500	1,194,330	2.4
Nanofilm Technologies International Limited	153,600	675,840	1.4
Hi-P International Limited	309,100	621,291	1.2
		<u>2,491,461</u>	<u>5.0</u>
CONSUMER, CYCLICAL			
Genting Singapore PLC	1,130,500	960,925	1.9
Jardine Cycle & Carriage Limited	48,100	940,355	1.9
GHY Culture & Media Holding Company Limited	253,200	172,176	0.4
		<u>2,073,456</u>	<u>4.2</u>

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

LIONGLOBAL SINGAPORE TRUST FUND

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
CONSUMER, NON-CYCLICAL			
Wilmar International Limited	411,400	1,913,010	3.9
BASIC MATERIALS			
Jiutian Chemical Group Limited	3,349,900	274,692	0.5
CNMC Goldmine Holdings Limited	485,200	138,282	0.3
		412,974	0.8
Portfolio of investments		48,912,801	98.8
Other net assets		580,721	1.2
Net assets attributable to unitholders		49,493,522	100.0

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

	Percentage of total net assets attributable to unitholders at	
	31 December 2020 %	31 December 2019 %
By Industry (Summary)		
Financial	38.2	44.3
Industrial	20.7	15.9
Real Estate	17.2	17.8
Communications	8.8	11.8
Technology	5.0	1.8
Consumer, Cyclical	4.2	3.0
Consumer, Non-cyclical	3.9	5.4
Basic Materials	0.8	0.1
	<hr/>	<hr/>
Portfolio of investments	98.8	100.1
Other net assets/(liabilities)	1.2	(0.1)
	<hr/>	<hr/>
Net assets attributable to unitholders	100.0	100.0

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

LIONGLOBAL SINGAPORE TRUST FUND

	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2020 %	31 December 2019 %
By Geography (Secondary)			
Singapore	48,451,565	97.9	99.0
Hong Kong	461,236	0.9	-
China	-	-	1.1
Portfolio of investments	48,912,801	98.8	100.1
Other net assets/(liabilities)	580,721	1.2	(0.1)
Net assets attributable to unitholders	49,493,522	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 2020

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

1. GENERAL

LionGlobal Singapore Trust Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 1 February 1989 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.

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 Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 bank balances

Cash and bank balances 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.

(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 securities listed on the Main Board of The Singapore Exchange Securities Trading Limited ("SGX-ST") and on the Catalist.

The performance of the Fund is measured and reported to the investors in Singapore Dollars. 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.

3. INCOME TAX

The Fund was granted the status of Designated Unit Trust ("DUT") in Singapore. The 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.

	2020	2019
	\$	\$
Singapore income tax	<u>30,895</u>	<u>11,323</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends.

4. RECEIVABLES

	2020	2019
	\$	\$
Amount receivable for creation of units	21,900	1,209
Dividends receivable	79,952	41,057
Other receivables	9,411	4,891
	<u>111,263</u>	<u>47,157</u>

5. DUE FROM/(TO) BROKERS

	2020	2019
	\$	\$
Sales awaiting settlement	246,498	-
Purchases awaiting settlement	(249,246)	-

6. FINANCIAL DERIVATIVES

Financial derivatives comprise foreign exchange spot contracts due for settlement within 4 days from the reporting date. The contracts 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	Contract or underlying principal amount	Fair value	
		Asset	Liability
		\$	\$
Foreign exchange spot contracts	158,598	15	-

As at 31 December 2019

There were no financial derivatives outstanding as at 31 December 2019.

7. CASH AND BANK BALANCES

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

8. PAYABLES

	2020	2019
	\$	\$
Amount payable for cancellation of units	88,528	82,714
Amount due to the Manager	47,419	17,568
Amount due to the Trustee	2,141	3,605
Amount due to the Custodian	387	1,524
Amount due to the Registrar	3,417	3,425
Other payables	27,843	28,231
	<u>169,735</u>	<u>137,067</u>

9. UNITS IN ISSUE

	2020	2019
	Units	Units
Units at beginning of the year	6,010,512	10,216,862
Units created	17,916,618	1,120,367
Units cancelled	<u>(7,391,527)</u>	<u>(5,326,717)</u>
Units at end of the year	<u>16,535,603</u>	<u>6,010,512</u>
of which, units denominated in		
- USD	<u>181,223</u>	<u>107,745</u>
	2020	2019
	\$	\$
Net assets attributable to unitholders	49,493,522	18,013,355
Net asset value per unit	<u>2.993</u>	<u>2.996</u>

There were no differences between the net assets attributable to unitholders per financial statements and the net assets attributable to unitholders for issuing/redeeming units at the reporting date.

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. 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 changes in three components: changes in actual market prices, interest rate volatilities and foreign exchange movements.

(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 daily price movement of the benchmark to derive the beta.

As at 31 December 2020, the Fund's beta was 0.94 (2019: 0.97) which is calculated based on the daily returns over the preceding 12 months for the Fund and its benchmark (2019: based on the daily returns over the preceding 12 months for the Fund and its benchmark).

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Price risk (continued)

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 2020 and 2019. 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	Impact of 8% (2019: 5%) movement in benchmark on net assets attributable to the unitholders	
		2020	2019
		\$	\$
LionGlobal Singapore Trust Fund	MSCI Singapore Index	3,678,243	874,421

(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.

(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.

10. FINANCIAL RISK MANAGEMENT (continued)

- (a) Market risk (continued)
- (iii) Currency risk (continued)

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 2020	USD	SGD	Total
	\$	\$	\$
Assets			
Portfolio of investments	2,598,719	46,314,082	48,912,801
Receivables	4,684	106,579	111,263
Due from brokers	-	246,498	246,498
Cash and bank balances	168,321	473,605	641,926
Total assets	2,771,724	47,140,764	49,912,488
Liabilities			
Payables	67,433	102,302	169,735
Due to brokers	249,246	-	249,246
Total liabilities	316,679	102,302	418,981
Net financial assets	2,455,045	47,038,462	
Currency spots	158,598	(158,598)	
Net currency exposure	2,613,643	46,879,864	
As at 31 December 2019			
	USD	SGD	Total
	\$	\$	\$
Assets			
Portfolio of investments	-	18,029,289	18,029,289
Receivables	510	46,647	47,157
Cash and bank balances	162	73,814	73,976
Total assets	672	18,149,750	18,150,422
Liabilities			
Payables	686	136,381	137,067
Total liabilities	686	136,381	137,067
Net financial (liabilities)/assets	(14)	18,013,369	
Net currency exposure	(14)	18,013,369	

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)(iii) Currency risk (continued)

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 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 2020 and 2019, 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.

(b) Liquidity risk

The Fund is exposed to daily redemption of units. 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.

As at 31 December 2020	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Due to brokers	249,246	-	-	-
Payables	169,735	-	-	-

As at 31 December 2019	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	137,067	-	-	-

10. FINANCIAL RISK MANAGEMENT (continued)

(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.

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.

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 31 December 2020 and 2019.

	Credit rating ##	Source of credit rating
As at 31 December 2020		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
The Bank of New York Mellon	A	S&P

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

	Credit rating ^{##}	Source of credit rating
As at 31 December 2019		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<u>Bank</u>		
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.

^{##} *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 2020 and 2019:

As at 31 December 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments				
- Quoted equities	48,912,801	-	-	48,912,801
Financial derivatives at fair value	-	15	-	15
	<u>48,912,801</u>	<u>15</u>	<u>-</u>	<u>48,912,816</u>

As at 31 December 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments				
- Quoted equities	<u>18,029,289</u>	-	-	<u>18,029,289</u>

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

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 over-the-counter derivatives.

Except for cash and bank balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2020 and 2019 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 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:

	2020	2019
	\$	\$
Brokerage on purchases and sales of investments charged by a related party of the Manager	126,748	40,620
Interest income earned from a bank which is a related company of the Trustee	-	77
Interest expenses incurred with a bank which is a related company of the Trustee	1,189	37
Transaction fees charged by the Trustee	(2,258)	32,742
Registration fee charged by a related company of the Trustee	17,068	14,622
Valuation and administration fees charged by the Trustee	8,000	9,234
Custodian fees charged by a related company of the Trustee	2,842	4,959
Bank service fees charged by a bank which is a related company of the Trustee	1,248	1,184
Cash transfer fees charged by a related company of the Trustee	<u>3,556</u>	<u>2,902</u>

12. FINANCIAL RATIOS

	2020	2019
	%	%
Expense ratio ¹	1.37	1.56
Portfolio turnover ratio ²	212	119

¹ 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 31 December 2020 was based on total operating expenses of \$536,849 (2019: \$328,791) divided by the average net asset value of \$39,111,481 (2019: \$21,137,527) 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.

² 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 \$82,736,256 (2019: purchases of \$25,213,097) divided by the average daily net asset value of \$39,111,481 (2019: \$21,137,527).

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