

利安資金亞太基金 年度財務報告

(中文簡譯本)

2022年12月31日

利安資金管理公司

Lion Global Investors Limited

www.lionglobalinvestors.com

新光投信

Shin Kong Investment Trust

www.skit.com.tw

本基金財務報告內容如與英文版財務報告有任何歧異，以英文版財務報告為主。

本基金財務報告簡譯本僅供投資人參考用。

警語：本基金財務報告（簡譯本）僅投資人參考，不代表對行情之預測或研判，投資人應自負風險。本基金經主管機關核准，惟不表示本基金絕無風險。本公司以往之經理績效，不保證各基金之最終投資收益；本公司除盡善良管理人之注意義務外，不負責各基金之盈虧，亦不保證最低收益，投資人申購前應詳閱各基金公開說明書。

利安資金亞太基金財務報告

總投資報酬表

2022年1月1日至2022年12月31日

| | 附註 | 2022 S\$ | 2021 S\$ |
|-----------------|----|---------------------|------------------|
| 收入 | | | |
| 股利 | | 2,958,462 | 2,198,598 |
| 利息 | | 7,810 | 2,794 |
| | | <u>2,966,272</u> | <u>2,201,392</u> |
| 減：費用 | | | |
| 審計費 | | 10,000 | 10,000 |
| 託管費 | | 26,180 | 20,603 |
| 管理費 | | 2,358,925 | 1,881,474 |
| 專業費 | | 32,632 | 16,091 |
| 登錄費 | | 15,732 | 16,186 |
| 受託公司費 | | 31,465 | 24,579 |
| 交易費用 | | 1,222,840 | 571,106 |
| 評價行政費 | | 32,759 | 25,086 |
| 其他費用 | | 33,944 | 31,786 |
| | | <u>3,764,477</u> | <u>2,596,911</u> |
| 淨利/ (支出) | | <u>(798,205)</u> | <u>(395,519)</u> |
| 淨投資收益或損失 | | | |
| 已實現淨投資收益/ (損失) | | (25,653,855) | 1,592,168 |
| 已實現現貨合約收益/ (損失) | | (323,944) | (75,720) |
| 已實現遠期合約收益/ (損失) | | (14,843) | (6,281) |
| 兌換收益/ (損失) | | (993,423) | 215,783 |
| | | <u>(26,986,065)</u> | <u>1,725,950</u> |
| 稅前總投資利潤/ (虧損) | | (27,784,270) | 1,330,431 |
| 減：所得稅 | | (383,046) | (243,660) |
| 期間總利潤/ (虧損) | | <u>(28,167,316)</u> | <u>1,086,771</u> |

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利安資金亞太基金財務報告

資產負債表 2022年12月31日

| | 附註 | 2022 S\$ | 2021 S\$ |
|-------------|----|--------------------|--------------------|
| 資產 | | | |
| 投資組合 | | 618,501,609 | 118,623,615 |
| 應收帳款 | | 972,039 | 210,554 |
| 定期存款 | | 30,002,836 | - |
| 經紀人應付帳款 | | 90,895 | 143,654 |
| 衍生性金融商品公平價值 | | - | - |
| 現金及銀行存款 | | 57,065,551 | 10,383,783 |
| 總資產 | | 706,632,930 | 129,361,606 |
| 負債 | | | |
| 應付款項 | | 1,023,283 | 209,232 |
| 經紀人應收款 | | - | 454,595 |
| 衍生性金融商品公平價值 | | - | 409 |
| 總負債 | | 1,023,283 | 664,236 |
| 權益 | | | |
| 基金單位持有人資產淨值 | | 705,609,647 | 128,697,370 |

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For the financial year ended 31 December 2022

ANNUAL REPORT LIONGLOBAL ASIA PACIFIC 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 Teo Joo Wah (Chief Executive Officer)
Mr Ronnie Tan Yew Chye
Ms Chong Chuan Neo

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 2022

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2022 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

| Time Period | Fund Returns (%) | |
|------------------------------------|--|------------------------|
| | LionGlobal Asia Pacific Fund (SGD Class) | Benchmark* Returns (%) |
| 3 months | 2.0 | 4.8 |
| 6 months | -8.7 | -5.7 |
| 1 year | -20.9 | -17.9 |
| 3 years** | 0.0 | -0.7 |
| 5 years** | 0.5 | 0.2 |
| 10 years** | 4.0 | 4.5 |
| Since inception** (19 May 1995) | 3.7 | 4.1 |

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2022 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

| Time Period | Fund Returns (%) | |
|--------------------------------------|--|------------------------|
| | LionGlobal Asia Pacific Fund (USD Class) | Benchmark* Returns (%) |
| 3 months | 9.2 | 12.1 |
| 6 months | -5.3 | -2.2 |
| 1 year | -20.5 | -17.5 |
| 3 years** | 0.1 | -0.6 |
| 5 years** | -0.1 | 0.1 |
| 10 years** | 2.7 | 3.6 |
| Since inception** (2 August 2004) | 6.8 | 7.7 |

Source: Morningstar/Lion Global Investors Ltd.

* Benchmark:

DBS CPF Index: Inception – December 1998

MSCI All Countries Asia Pacific ex Japan: From January 1999

** Returns more than 1 year are annualised.

REVIEW

For the year ended 31 December 2022, the Fund returned -20.9% in SGD terms while the benchmark MSCI AC Asia Pacific Ex Japan declined 17.9%.

The Asian markets were not spared from the global sell off in equities as the inflation and interest rate shock emanating from the US reverberated round the world. Geopolitics also took center stage with Russia's invasion of Ukraine leading to soaring commodity prices, and escalating US-China tensions leading to fears of supply chain shifts and de-listing of the Chinese American depository receipts (ADRs).

The region managed to fare better than the US for the first time in a long time as the re-opening theme in Asia helped to cushion the global growth concerns. The best performing markets were Thailand, Indonesia and Hong Kong which rose largely on the back of the re-opening theme. Tourist dependent Thailand was the largest beneficiary, while Indonesia benefitted additionally from soaring commodity prices triggered by Russia's invasion of Ukraine. Hong Kong benefitted from easing COVID-19 restrictions and the removal of China's zero COVID-19 policy towards the end of the year gave the market a major boost.

The worst performing markets were Taiwan, South Korea and China. Both Taiwan and South Korea were hit by concerns over a sharp slowdown in global tech demand in face of rising interest rates, while China was bogged down by its obstinate stance on the zero COVID-19 policy for the large part of the year which led to a significant growth slowdown. It was only during the last two months of the year that China dramatically u-turned on these policies.

The top 3 contributors were Pacific Basin, National Australia Bank and Karoon Energy. Pacific Basin delivered better than expected earnings and a higher than expected dividend while Karoon Energy benefitted from the sharp increase in energy prices due to the Russia-Ukraine conflict. For National Australia Bank, rising interest rates was seen as a positive for their margins. The top 3 detractors were Techtronic, Win Semiconductor and Taiwan Semiconductor Manufacturing (TSMC). Techtronic suffered from concerns over the weakening US household sector amidst higher interest rates while Win Semiconductor and TSMC were impacted by concerns over the slowdown in the smartphone and semiconductor sectors.

STRATEGY AND OUTLOOK

The outlook for the next 12 months is likely to be dominated by the dramatic Chinese policies reversals in the short span of the last two months of 2022.

While the Chinese market has similarly rebounded sharply, valuations are still on the cheap side and still look attractive. It will take some time for earnings and investment flows to recover back to normal as these tend to lag. The risks that these new policies will not be followed through by government officials or reversed again are low for the following reasons. Last year's economy targets were not achieved due to conflicting targets set by China's Zero COVID-19 policy. In addition, China's major policies tend to be sustained for a few years at least. For example, the prior property, regulatory and COVID-19 policies were all set in 2020.

While China's reflationary policies bodes well for the Chinese market, the impact on global inflation will have some ramification on the US Federal Reserve's (Fed) interest rate policy. To the extent that commodity prices and markets may rise could pose a dilemma to the Fed's attempt to reduce inflation via significant interest rate hikes. The Fed could compensate by keeping interest rates higher for longer, pushing global economies into recession and hurting exports from Asia.

This push and pull tug-of-war may keep markets choppy for the early part of the year. The Fund has been increasing its weight in China and Hong Kong stocks to take advantage of the recovery. The Thai market could also benefit from the increase in Chinese tourists who can now visit the country. Tourism accounts for a large portion of the Thai economy and beneficiaries extend beyond airports and hotels to consumption and financial services. The Fund has been increasing its weight in Thai stocks to take advantage of this trend.

As of 20 February 2023.

DISCLOSURES ON THE FUND¹

For the financial year ended 31 December 2022

1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2022

| | Fair Value | Percentage of |
|---|-------------------|-------------------------|
| | \$ | total net assets |
| | | attributable to |
| | | unitholders |
| | | % |
| a) <u>By Asset Class</u> | | |
| Equities | 618,501,609 | 87.7 |
| Cash and other net assets | 87,108,038 | 12.3 |
| Net assets attributable to unitholders | 705,609,647 | 100.0 |

b) By Credit Rating of Debt Securities

Not applicable

c) By Derivative Type

Total net realised losses from financial derivatives at the end of the financial year were \$338,787.

¹ As required by Code on Collective Investment Schemes

2. TOP 10 HOLDINGS
As at 31 December 2022

| | Fair Value | Percentage of |
|--|-------------------|-------------------------|
| | \$ | total net assets |
| | | attributable to |
| | | unitholders |
| | | % |
| Taiwan Semiconductor Manufacturing Company Limited | 42,117,050 | 6.0 |
| Tencent Holdings Limited | 36,583,220 | 5.2 |
| BHP Billiton Limited | 29,859,745 | 4.2 |
| Alibaba Group Holding Limited | 28,739,376 | 4.1 |
| Samsung Electronics Company Limited | 26,276,068 | 3.7 |
| AIA Group Limited | 23,733,834 | 3.4 |
| ICICI Bank Limited | 15,987,940 | 2.3 |
| DBS Group Holdings Limited | 15,822,086 | 2.2 |
| JD.Com Inc. | 14,921,317 | 2.1 |
| National Australia Bank Limited | 13,609,311 | 1.9 |

As at 31 December 2021

| | Fair Value | Percentage of |
|--|-------------------|-------------------------|
| | \$ | total net assets |
| | | attributable to |
| | | unitholders |
| | | % |
| Taiwan Semiconductor Manufacturing Company Limited | 10,638,479 | 8.3 |
| Samsung Electronics Company Limited | 6,876,438 | 5.3 |
| Tencent Holdings Limited | 6,508,830 | 5.1 |
| Alibaba Group Holding Limited | 5,470,628 | 4.3 |
| National Australia Bank Limited | 3,833,871 | 3.0 |
| BHP Billiton Limited | 3,370,631 | 2.6 |
| DBS Group Holdings Limited | 2,895,407 | 2.3 |
| Techtronic Industries Company Limited | 2,831,352 | 2.2 |
| CSL Limited | 2,801,115 | 2.2 |
| ICICI Bank Limited | 2,724,859 | 2.1 |

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 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 2022

The Trustee is under a duty to take into custody and hold the assets of LionGlobal Asia Pacific 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 2023

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2022

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 Asia Pacific Fund (the "Fund") as at 31 December 2022, 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

TEO JOO WAH
CEO

28 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL ASIA PACIFIC FUND

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

Our Opinion

In our opinion, the accompanying financial statements of LionGlobal Asia Pacific 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 2022, 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 2022;
- the Statement of Financial Position as at 31 December 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2022;
- the Statement of Portfolio as at 31 December 2022; 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 ASIA PACIFIC 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 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 ASIA PACIFIC 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 2023

STATEMENT OF TOTAL RETURN
For the financial year ended 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|--|-------------|--------------------------|--------------------------|
| Income | | | |
| Dividends | | 2,958,462 | 2,198,598 |
| Interest on cash and bank balances | | 7,810 | 2,794 |
| | | <u>2,966,272</u> | <u>2,201,392</u> |
| Less: Expenses | | | |
| Audit fee | | 10,000 | 10,000 |
| Custodian fees | 12 | 26,180 | 20,603 |
| Management fee | 12 | 2,456,925 | 1,881,474 |
| Less: Management fee rebate | 12 | (98,000) | - |
| Professional fees | | 32,632 | 16,091 |
| Registration fee | 12 | 15,732 | 16,186 |
| Trustee fee | 12 | 31,465 | 24,579 |
| Transaction costs | | 1,222,840 | 571,106 |
| Valuation and administration fees | 12 | 32,759 | 25,086 |
| Miscellaneous expenses | | 33,944 | 31,786 |
| | | <u>3,764,477</u> | <u>2,596,911</u> |
| Net expense | | <u>(798,205)</u> | <u>(395,519)</u> |
| Net gains or losses on value of investments and financial derivatives | | | |
| Net (losses)/gains on investments | | (25,653,855) | 1,592,168 |
| Net losses on foreign exchange spot contracts | | (323,944) | (75,720) |
| Net losses on foreign exchange forward contracts | | (14,843) | (6,281) |
| Net foreign exchange (losses)/gains | | (993,423) | 215,783 |
| | | <u>(26,986,065)</u> | <u>1,725,950</u> |
| Total (deficit)/return for the financial year before income tax | | (27,784,270) | 1,330,431 |
| Less: Income tax | 3 | (383,046) | (243,660) |
| Total (deficit)/return for the financial year | | <u>(28,167,316)</u> | <u>1,086,771</u> |

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|--|-------------|--------------------------|--------------------------|
| ASSETS | | | |
| Portfolio of investments | | 618,501,609 | 118,623,615 |
| Receivables | 4 | 972,039 | 210,554 |
| Fixed deposits | 8 | 30,002,836 | - |
| Due from brokers | 5 | 90,895 | 143,654 |
| Cash and cash equivalents | 7 | 57,065,551 | 10,383,783 |
| Total assets | | 706,632,930 | 129,361,606 |
| LIABILITIES | | | |
| Payables | 9 | 1,023,283 | 209,232 |
| Due to brokers | 5 | - | 454,595 |
| Financial derivatives at fair value | 6 | - | 409 |
| Total liabilities | | 1,023,283 | 664,236 |
| EQUITY | | | |
| Net assets attributable to unitholders | 10 | 705,609,647 | 128,697,370 |

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS
For the financial year ended 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|--|------|--------------|-------------|
| Net assets attributable to unitholders at the beginning of the financial year | | 128,697,370 | 120,019,141 |
| Operations | | | |
| Change in net assets attributable to unitholders resulting from operations | | (28,167,316) | 1,086,771 |
| Unitholders' contributions/(withdrawals) | | | |
| Creation of units | | 625,774,223 | 17,475,649 |
| Cancellation of units | | (20,694,630) | (9,884,191) |
| Change in net assets attributable to unitholders resulting from net creation and cancellation of units | | 605,079,593 | 7,591,458 |
| Total increase in net assets attributable to unitholders | | 576,912,277 | 8,678,229 |
| Net assets attributable to unitholders at the end of the financial year | 10 | 705,609,647 | 128,697,370 |

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

STATEMENT OF PORTFOLIO
As at 31 December 2022

| | Holdings at 31 December 2022 | Fair value at 31 December 2022 \$ | Percentage of total net assets attributable to unitholders at 31 December 2022 % |
|--|------------------------------------|--|--|
| By Geography (Primary) | | | |
| QUOTED EQUITIES | | | |
| CHINA | | | |
| Tencent Holdings Limited | 637,400 | 36,583,220 | 5.2 |
| Alibaba Group Holding Limited | 1,939,076 | 28,739,376 | 4.1 |
| JD.Com Inc. | 394,336 | 14,921,317 | 2.1 |
| Kweichow Moutai Company Limited | 38,972 | 13,046,819 | 1.8 |
| Ping An Insurance (Group) Company of China Limited H Shares | 1,440,500 | 12,785,184 | 1.8 |
| China Tourism Group Duty Free Corporation Limited | 293,800 | 12,303,409 | 1.7 |
| WuXi Biologics Cayman Inc. | 1,111,000 | 11,426,195 | 1.6 |
| Pinduoduo Inc. | 99,637 | 10,897,783 | 1.5 |
| Meituan | 343,100 | 10,299,995 | 1.5 |
| Huazhu Group Limited | 167,665 | 9,539,083 | 1.4 |
| Trip.com Group | 201,650 | 9,480,641 | 1.3 |
| East Money Information Company Limited | 2,432,740 | 9,148,650 | 1.3 |
| China Merchants Bank Company Limited H Shares | 1,038,000 | 7,785,832 | 1.1 |
| Glodon Company Limited | 660,421 | 7,674,846 | 1.1 |
| Poly Developments and Holdings Group Company Limited | 2,532,200 | 7,426,711 | 1.1 |
| China Resources Cement Holding Limited | 9,436,000 | 6,712,923 | 0.9 |
| Ganfeng Lithium Company Limited | 537,280 | 5,382,606 | 0.8 |
| KE Holdings Inc. (US4824971042) | 225,472 | 4,221,547 | 0.6 |
| Xtep International Holdings Limited | 2,697,000 | 4,027,394 | 0.6 |
| KE Holdings Inc. (KYG5223Y1089) | 121,800 | 774,413 | 0.1 |
| | | <u>223,177,944</u> | <u>31.6</u> |

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

LIONGLOBAL ASIA PACIFIC FUND

| | Holdings at 31 December 2022 | Fair value at 31 December 2022 \$ | Percentage of total net assets attributable to unitholders at 31 December 2022 % |
|---|------------------------------------|--|--|
| By Geography (Primary) (continued) | | | |
| QUOTED EQUITIES (continued) | | | |
| AUSTRALIA | | | |
| BHP Billiton Limited | 719,476 | 29,859,745 | 4.2 |
| National Australia Bank Limited | 497,769 | 13,609,311 | 1.9 |
| CSL Limited | 43,215 | 11,310,564 | 1.6 |
| Macquarie Group Limited | 72,515 | 11,011,833 | 1.6 |
| Goodman Group | 678,108 | 10,707,003 | 1.5 |
| Steadfast Group Limited | 2,081,845 | 10,357,502 | 1.5 |
| OZ Minerals Limited | 386,438 | 9,806,259 | 1.4 |
| Karoon Gas Australia Limited | 3,707,741 | 7,385,380 | 1.0 |
| | | 104,047,597 | 14.7 |
| TAIWAN | | | |
| Taiwan Semiconductor Manufacturing Company Limited | 2,152,000 | 42,117,050 | 6.0 |
| Chailease Holding Company Limited | 1,325,545 | 12,551,841 | 1.8 |
| Mediatek Inc. | 262,000 | 7,145,532 | 1.0 |
| Alchip Technologies Limited | 180,000 | 6,189,449 | 0.9 |
| Nanya Technology Corporation | 1,774,000 | 3,963,481 | 0.5 |
| | | 71,967,353 | 10.2 |
| INDIA | | | |
| ICICI Bank Limited | 1,107,025 | 15,987,940 | 2.3 |
| HDFC Bank Limited | 400,964 | 10,583,524 | 1.5 |
| Varun Beverages Limited | 479,895 | 10,289,371 | 1.5 |
| Reliance Industries Limited | 195,368 | 8,067,648 | 1.1 |
| Devyani International Limited | 2,317,866 | 6,791,991 | 1.0 |
| Infosys Limited | 190,070 | 4,647,325 | 0.7 |
| Campus Activewear Limited | 660,093 | 4,423,373 | 0.6 |
| Embassy Office Parks REIT | 742,317 | 4,044,118 | 0.6 |
| | | 64,835,290 | 9.3 |

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

LIONGLOBAL ASIA PACIFIC FUND

| | Holdings at 31 December 2022 | Fair value at 31 December 2022 \$ | Percentage of total net assets attributable to unitholders at 31 December 2022 % |
|---|------------------------------------|--|--|
| By Geography (Primary) (continued) | | | |
| QUOTED EQUITIES (continued) | | | |
| SOUTH KOREA | | | |
| Samsung Electronics Company Limited | 447,982 | 26,276,068 | 3.7 |
| KB Financial Group Inc. | 196,944 | 10,131,160 | 1.4 |
| Hanwha Aerospace Company Limited | 84,677 | 6,610,251 | 0.9 |
| SK Hynix Inc. | 73,826 | 5,872,801 | 0.8 |
| Hansol Chemical Company Limited | 24,693 | 4,858,391 | 0.7 |
| Coupage Inc. | 238,899 | 4,713,251 | 0.7 |
| | | 58,461,922 | 8.2 |
| HONG KONG | | | |
| AIA Group Limited | 1,591,200 | 23,733,834 | 3.4 |
| Hong Kong Exchanges and Clearing Limited | 176,400 | 10,221,380 | 1.4 |
| Techtronic Industries Company Limited | 630,500 | 9,436,841 | 1.3 |
| Pacific Basin Shipping Limited | 19,493,000 | 8,843,130 | 1.3 |
| | | 52,235,185 | 7.4 |
| THAILAND | | | |
| Ngern Tid Lor Public Company Limited (THA271010R18) | 6,216,123 | 7,101,007 | 1.0 |
| Siam Commercial Bank Public Company Limited | 1,542,500 | 6,391,271 | 0.9 |
| I-TAIL Corporation PCL (THB056010010) | 2,768,900 | 3,216,672 | 0.5 |
| I-TAIL Corporation PCL (THB056010R12) | 2,214,100 | 2,572,153 | 0.4 |
| Siam Global House Public Company Limited - NVDR | 1,725,700 | 1,496,896 | 0.2 |
| Ngern Tid Lor Public Company Limited (THA271010011) | 345,884 | 395,122 | 0.1 |
| | | 21,173,121 | 3.1 |

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

LIONGLOBAL ASIA PACIFIC FUND

| | Holdings at 31 December 2022 | Fair value at 31 December 2022 \$ | Percentage of total net assets attributable to unitholders at 31 December 2022 % |
|---|------------------------------------|--|--|
| By Geography (Primary) (continued) | | | |
| QUOTED EQUITIES (continued) | | | |
| SINGAPORE | | | |
| DBS Group Holdings Limited | 466,453 | 15,822,086 | 2.2 |
| INDONESIA | | | |
| PT Bank Rakyat Indonesia (Persero) Tbk | 15,933,064 | 6,781,111 | 1.0 |
| Portfolio of investments | | 618,501,609 | 87.7 |
| Other net assets | | 87,108,038 | 12.3 |
| Net assets attributable to unitholders | | 705,609,647 | 100.0 |

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

| | Percentage of total net assets attributable to unitholders at | |
|---|--|---------------------|
| | 31 December 2022 | 31 December 2021 |
| | % | % |
| By Geography (Summary) | | |
| China | 31.6 | 26.9 |
| Australia | 14.7 | 14.4 |
| Taiwan | 10.2 | 15.4 |
| India | 9.3 | 10.0 |
| South Korea | 8.2 | 12.6 |
| Hong Kong | 7.4 | 7.4 |
| Thailand | 3.1 | 1.2 |
| Singapore | 2.2 | 3.0 |
| Indonesia | 1.0 | 1.3 |
| | <hr/> | <hr/> |
| Portfolio of investments | 87.7 | 92.2 |
| Other net assets | 12.3 | 7.8 |
| | <hr/> | <hr/> |
| Net assets attributable to unitholders | 100.0 | 100.0 |
| | <hr/> | <hr/> |

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

LIONGLOBAL ASIA PACIFIC FUND

| | Fair value at 31 December 2022 \$ | Percentage of total net assets attributable to unitholders at | |
|---|--|--|--------------------------|
| | | 31 December 2022 % | 31 December 2021 % |
| By Industry (Secondary) | | | |
| Financial | 184,398,588 | 26.2 | 28.8 |
| Consumer, Cyclical | 127,071,350 | 18.0 | 11.0 |
| Technology | 103,886,552 | 14.7 | 20.0 |
| Basic Materials | 56,619,924 | 8.0 | 7.2 |
| Consumer, Non-cyclical | 51,861,774 | 7.3 | 6.0 |
| Communications | 40,804,767 | 5.8 | 8.8 |
| Real Estate | 22,952,245 | 3.3 | 2.3 |
| Industrial | 15,453,381 | 2.2 | 5.3 |
| Energy | 15,453,028 | 2.2 | 2.8 |
| Portfolio of investments | 618,501,609 | 87.7 | 92.2 |
| Other net assets | 87,108,038 | 12.3 | 7.8 |
| Net assets attributable to unitholders | 705,609,647 | 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 2022

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

1. GENERAL

LionGlobal Asia Pacific Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 6 April 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.

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.

The Fund is a unit trust under the Central Provident Fund Investment Scheme.

During the financial year, the Manager has at its own discretion, chosen to rebate to the Fund a management fee rebate.

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.

(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.

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)(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.

(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 the equities markets of the Asia Pacific (ex-Japan) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)(j) Foreign currencies (continued)

(ii) Transactions and balances

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

(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 Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund has assessed and is satisfied that the Fund has met the requisite conditions under the DUT Scheme for the current financial year. The Trustee of the Fund will also ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT fund is not taxable in accordance with sections 35(12) and 35(12A) of the Income Tax Act 1947. 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 1947);
- (c) dividends derived from outside Singapore and received in Singapore;

3. INCOME TAX (continued)

- (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.

| | 2022 | 2021 |
|----------------------|----------------|----------------|
| | \$ | \$ |
| Singapore income tax | (211) | (346) |
| Overseas income tax | 383,257 | 244,006 |
| Total income tax | <u>383,046</u> | <u>243,660</u> |

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

The Fund invests in securities issued by entities which are domiciled in foreign countries. Many of these foreign countries have tax laws which indicate that taxes on gains on disposal of investments may be applicable to non-residents, such as the Fund. Typically, these taxes are required to be determined on a self assessment basis and, therefore, such taxes may not be deducted by the Fund's brokers on a "withholding" basis.

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore when measuring any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

As at 31 December 2022 and 2021, the Fund has uncertain tax exposure with respect to gains on investments of which the tax liability is estimated to be nil. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

4. RECEIVABLES

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Amount receivable for creation of units | 582,684 | 118,281 |
| Interest receivable | 2,807 | 5 |
| Dividends receivable | 249,850 | 56,965 |
| Other receivables | 136,698 | 35,303 |
| | <u>972,039</u> | <u>210,554</u> |

5. DUE FROM/(TO) BROKERS

| | 2022 | 2021 |
|-------------------------------|---------------|------------------|
| | \$ | \$ |
| Sales awaiting settlement | <u>90,895</u> | <u>143,654</u> |
| Purchases awaiting settlement | <u>-</u> | <u>(454,595)</u> |

6. FINANCIAL DERIVATIVES AT FAIR VALUE

There were no financial derivatives outstanding as at 31 December 2022. The contracts or underlying principal amounts of financial derivatives and their corresponding gross fair values as at 31 December 2021 are analysed below.

| As at 31 December 2021 | Contract or underlying principal amount | Fair value | |
|---------------------------------|--|-------------------|------------------|
| | | Asset | Liability |
| | \$ | \$ | \$ |
| Foreign exchange spot contracts | 191,005 | <u>-</u> | <u>409</u> |

7. CASH AND CASH EQUIVALENTS

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

8. FIXED DEPOSITS

| | 2022 | 2021 |
|---|-------------|-------------|
| | \$ | \$ |
| Fixed deposit placed with a bank which is the ultimate holding company of the Manager | 30,002,836 | - |

As at 31 December 2022, the fixed deposit of the Fund has a maturity of 3 days from the end of the financial year with effective interest rate of 1.7%.

9. PAYABLES

| | 2022 | 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| Amount payable for cancellation of units | 164,439 | 21,155 |
| Amount due to the Manager | 814,233 | 163,835 |
| Amount due to the Trustee | 20,797 | 4,321 |
| Amount due to the Custodian | 5,295 | 249 |
| Amount due to the Registrar | 1,200 | 6,450 |
| Other payables | 17,319 | 13,222 |
| | <u>1,023,283</u> | <u>209,232</u> |

10. UNITS IN ISSUE

| | 2022 | 2021 |
|--|--------------------|-------------------|
| | Units | Units |
| Units at beginning of the financial year | 38,763,486 | 36,463,344 |
| Units created | 236,740,424 | 5,107,530 |
| Units cancelled | (6,949,769) | (2,807,388) |
| Units at end of the financial year | <u>268,554,141</u> | <u>38,763,486</u> |
| of which, units denominated in | | |
| - USD | <u>49,487</u> | <u>42,641</u> |
| | 2022 | 2021 |
| | \$ | \$ |
| Net assets attributable to unitholders | 705,609,647 | 128,697,370 |
| Net asset value per unit | <u>2.627</u> | <u>3.320</u> |

10. 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:

| | 2022 | 2021 |
|---|-------------|-------------|
| | \$ | \$ |
| Net assets attributable to unitholders per unit per financial statements | 2.627 | 3.320 |
| Effect of movement in the net asset value between the last dealing date and the end of the reporting period | * | - |
| Effect of adjustments for management fee rebates | * | - |
| Net assets attributable to unitholders per unit for issuing/redeeming units | 2.627 | 3.320 |

* denotes amount less than \$0.001

11. 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.

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.

11. FINANCIAL RISK MANAGEMENT (continued)(a) Market risk (continued)

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 2022, the Fund's beta was 1.07 (2021: 0.97) which was calculated based on the daily returns over the preceding 12 months for the Fund and its benchmark (2021: based on the daily returns over the preceding 12 months for the Fund and its benchmark). The tables below summarise 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 2022 and 2021. 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.

11. FINANCIAL RISK MANAGEMENT (continued)

- (a) Market risk (continued)
- (i) Price risk (continued)

| Fund | Benchmark | Impact of 5% (2021: 5%) movement in benchmark on net assets attributable to the unitholders | |
|-----------------|-----------------------|--|-----------|
| | | 2022 | 2021 |
| | | \$ | \$ |
| | MSCI All Countries | | |
| LionGlobal Asia | Asia Pacific ex Japan | | |
| Pacific Fund | Index | 33,089,836 | 5,753,245 |

- (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 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.

11. 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 2022

| | HKD | AUD | KRW | TWD | INR | SGD | USD | CNH | Others | Total |
|------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | | | | |
| Portfolio of investments | 201,154,281 | 104,047,597 | 53,748,671 | 71,967,353 | 64,835,290 | 15,822,086 | 29,371,663 | 49,600,436 | 27,954,232 | 618,501,609 |
| Receivables | - | 50,884 | - | 195,859 | 3,108 | 720,836 | 1,343 | 9 | - | 972,039 |
| Fixed deposits | - | - | - | - | - | 30,002,836 | - | - | - | 30,002,836 |
| Due from brokers | - | - | - | - | 90,895 | - | - | - | - | 90,895 |
| Cash and cash equivalents | 10,455 | 130,944 | 267 | 4,033,928 | 2,187,455 | 47,518,866 | 50,246 | 3,132,403 | 987 | 57,065,551 |
| Total assets | 201,164,736 | 104,229,425 | 53,748,938 | 76,197,140 | 67,116,748 | 94,064,624 | 29,423,252 | 52,732,848 | 27,955,219 | 706,632,930 |
| Liabilities | | | | | | | | | | |
| Payables | - | - | - | - | - | 1,015,773 | 7,510 | - | - | 1,023,283 |
| Total liabilities | - | - | - | - | - | 1,015,773 | 7,510 | - | - | 1,023,283 |
| Net financial assets | 201,164,736 | 104,229,425 | 53,748,938 | 76,197,140 | 67,116,748 | 93,048,851 | 29,415,742 | 52,732,848 | 27,955,219 | |
| Net currency exposure | 201,164,736 | 104,229,425 | 53,748,938 | 76,197,140 | 67,116,748 | 93,048,851 | 29,415,742 | 52,732,848 | 27,955,219 | |

11. FINANCIAL RISK MANAGEMENT (continued)

 (a) Market risk (continued)

 (iii) Currency risk (continued)

As at 31 December 2021

| | HKD | AUD | KRW | TWD | INR | SGD | USD | CNH | Others | Total |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | | | | |
| Portfolio of investments | 32,353,546 | 18,530,574 | 16,252,025 | 19,799,094 | 12,914,879 | 2,895,407 | 922,212 | 11,728,733 | 3,227,145 | 118,623,615 |
| Receivables | - | 15,908 | - | 37,580 | 3,477 | 152,236 | 1,348 | 5 | - | 210,554 |
| Due from brokers | 123,229 | 20,425 | - | - | - | - | - | - | - | 143,654 |
| Cash and cash equivalents | 142 | 145,108 | - | 323,014 | 3,260,927 | 4,896,733 | 137,967 | 1,618,829 | 1,063 | 10,383,783 |
| Total assets | 32,476,917 | 18,712,015 | 16,252,025 | 20,159,688 | 16,179,283 | 7,944,376 | 1,061,527 | 13,347,567 | 3,228,208 | 129,361,606 |
| Liabilities | | | | | | | | | | |
| Payables | - | - | - | - | - | 208,983 | 249 | - | - | 209,232 |
| Due to brokers | 314,234 | 13,436 | 126,925 | - | - | - | - | - | - | 454,595 |
| Total liabilities | 314,234 | 13,436 | 126,925 | - | - | 208,983 | 249 | - | - | 663,827 |
| Net financial assets | | | | | | | | | | |
| | 32,162,683 | 18,698,579 | 16,125,100 | 20,159,688 | 16,179,283 | 7,735,393 | 1,061,278 | 13,347,567 | 3,228,208 | |
| Currency spots | | | | | | | | | | |
| | 191,005 | - | - | - | - | (191,005) | - | - | - | |
| Net currency exposure | | | | | | | | | | |
| | 32,353,688 | 18,698,579 | 16,125,100 | 20,159,688 | 16,179,283 | 7,544,388 | 1,061,278 | 13,347,567 | 3,228,208 | |

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 2022 and 2021, 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.

11. FINANCIAL RISK MANAGEMENT (continued)

 (b) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligation as and when they fall due without incurring unacceptable cost or losses.

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 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 2022 | Less than 3 months \$ | 3 months- 1 year \$ | 1-5 years \$ | Above 5 years \$ |
|-------------------------------|--------------------------------------|------------------------------------|-----------------------------|---------------------------------|
| Payables | 1,023,283 | - | - | - |

| As at 31 December 2021 | Less than 3 months \$ | 3 months- 1 year \$ | 1-5 years \$ | Above 5 years \$ |
|----------------------------------|--------------------------------------|------------------------------------|-----------------------------|---------------------------------|
| Derivative financial instruments | | | | |
| - inflows | (191,005) | - | - | - |
| - outflows | 191,414 | - | - | - |
| Due to brokers | 454,595 | - | - | - |
| Payables | 209,232 | - | - | - |

11. 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.

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.

11. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 31 December 2022 and 2021.

| | Credit rating^{##} | Source of credit rating |
|-------------------------------|---------------------------------------|------------------------------------|
| As at 31 December 2022 | | |

Custodian

| | | |
|---|-----|-----|
| The Hongkong and Shanghai Banking Corporation Limited | AA- | S&P |
|---|-----|-----|

Bank

| | | |
|---|-----|-----|
| The Hongkong and Shanghai Banking Corporation Limited | AA- | S&P |
| Overseas-Chinese Banking Corporation Limited [#] | AA- | S&P |

| | Credit rating^{##} | Source of credit rating |
|-------------------------------|---------------------------------------|------------------------------------|
| As at 31 December 2021 | | |

Custodian

| | | |
|---|-----|-----|
| The Hongkong and Shanghai Banking Corporation Limited | AA- | S&P |
|---|-----|-----|

Bank

| | | |
|---|-----|-----|
| The Hongkong and Shanghai Banking Corporation Limited | AA- | S&P |
| Australia & New Zealand Banking Group 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.

[#] *Ultimate holding company of the Manager.*

^{##} *Group credit ratings are presented for unrated subsidiaries.*

11. FINANCIAL RISK MANAGEMENT (continued)

 (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).

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 2022 and 2021:

| As at 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|----------------|----------------|----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Portfolio of investments | | | | |
| - Quoted equities | 618,501,609 | - | - | 618,501,609 |

| As at 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|----------------|----------------|----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Portfolio of investments | | | | |
| - Quoted equities | 118,623,615 | - | - | 118,623,615 |

Liabilities

| | | | | |
|-------------------------------------|---|-----|---|-----|
| Financial derivatives at fair value | - | 409 | - | 409 |
|-------------------------------------|---|-----|---|-----|

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.

11. FINANCIAL RISK MANAGEMENT (continued)

 (e) Fair value estimation (continued)

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.

The assets and liabilities included in the Statement of Financial Position except portfolio of investments and financial derivatives are carried at amortised cost; their carrying values are reasonable approximation of fair value.

12. RELATED PARTY TRANSACTIONS

Management fee is paid to the Manager and management fee rebate is received from 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:

| | 2022 | 2021 |
|---|-------------|-------------|
| | \$ | \$ |
| Brokerage on purchases and sales of investments charged by a related party of the Manager | 325 | 1,896 |
| Interest income earned from a bank which is the ultimate holding company of the Manager | 5,630 | - |
| Interest income earned from a bank which is a related company of the Trustee | 2,180 | 2,794 |
| Transaction fees charged by the Trustee | 19,773 | 9,970 |
| Registration fee charged by a related company of the Trustee | 15,732 | 16,186 |
| Valuation and administration fees charged by the Trustee | 32,759 | 25,086 |
| Custodian fees charged by a related company of the Trustee | 26,180 | 20,603 |
| Bank service fees charged by a bank which is a related company of the Trustee | 7,881 | 2,618 |
| Cash transfer fees charged by a related company of the Trustee | 439 | 1,887 |

13. FINANCIAL RATIOS

| | 2022 | 2021 |
|---------------------------------------|-------------|-------------|
| | % | % |
| Expense ratio ¹ | 1.55 | 1.61 |
| Portfolio turnover ratio ² | <u>62</u> | <u>59</u> |

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 2022 was based on total operating expenses of \$2,541,637 (2021: \$2,025,805) divided by the average net asset value of \$163,568,679 (2021: \$125,499,550) 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 \$101,958,790 (2021: sales of \$73,704,389) divided by the average daily net asset value of \$163,568,679 (2021: \$125,499,550).

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