

SINGAPORE CONSORTIUM INVESTMENT MANAGEMENT LIMITED

(Incorporated in Singapore)

Company Registration No. 199607548K

SINGAPORE INDEX FUND

Unaudited financial statements for the half year ended 31 December 2016

SINGAPORE INDEX FUND

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

The Board of Directors of Singapore Consortium Investment Management Limited (the "Manager") wishes to announce the unaudited results of the Singapore Index Fund (the "Fund") for the half year ended 31 December 2016.

STATEMENT OF TOTAL RETURN

For the half year ended 31 December 2016 (UNAUDITED)

	31 December 2016 \$	31 December 2015 \$
Income		
Dividends	892,899	1,454,403
Interest on cash and bank balances	2	-
	<u>892,901</u>	<u>1,454,403</u>
Less: Expenses		
Audit fee	13,214	12,854
Bank charges	1,293	23
Custody fees	9,492	15,989
Management fees	133,035	226,100
Printing expenses	10,255	6,050
Professional fees	13,457	49,569
Registrar fees	17,907	18,419
Trustee fees	14,900	22,950
Accounting and valuation fees	6,385	-
Transaction cost	7,888	18,683
Miscellaneous expenses*	(8,288)	15,936
	<u>219,538</u>	<u>386,573</u>
Net income	<u>673,363</u>	<u>1,067,830</u>
Net gain or loss on value of investments		
Net gain/(loss) on investments	593,833	(10,299,107)
Net foreign exchange gain/(loss)	5,128	(43,725)
	<u>598,961</u>	<u>(10,342,832)</u>
Total return/(deficit) for the period before income tax	1,272,324	(9,275,002)
Less: Income tax	(13,701)	(19,449)
Total return/(deficit) for the period	<u>1,258,623</u>	<u>(9,294,451)</u>

* Miscellaneous expenses includes GST rebate

STATEMENT OF FINANCIAL POSITION*As at 31 December 2016 (UNAUDITED)*

	31 December 2016	30 June 2016
	\$	\$
ASSETS		
Portfolio of investments	41,563,052	42,067,062
Receivables	85,843	-
Cash and bank balances	124,229	251,611
Total Assets	41,773,124	42,318,673
LIABILITIES		
Payables	253,377	182,530
Total Liabilities	253,377	182,530
EQUITY		
Net assets attributable to unitholders	41,519,747	42,136,143

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the half year ended 31 December 2016 (UNAUDITED)*

	31 December 2016 \$	30 June 2016 \$
Net assets attributable to unitholders at the beginning of the financial period/year	42,136,143	78,560,415
Operations		
Change in net assets attributable to unitholders resulting from operations	1,258,623	(10,185,680)
Unitholders' contributions/(withdrawals)		
Cancellation of units	(1,875,019)	(26,238,592)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(1,875,019)	(26,238,592)
Total decrease in net assets attributable to unitholders	(616,396)	(36,424,272)
Net assets attributable to unitholders at the end of the financial period/year	41,519,747	42,136,143

STATEMENT OF PORTFOLIO*As at 31 December 2016 (UNAUDITED)*

	Holdings at 31 December 2016	Fair value at 31 December 2016 \$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
By Industry - (Primary)*			
Quoted Equities			
Consumer Discretionary			
Genting Singapore Public Limited Company	1,009,500	913,598	2.20
Jardine Cycle & Carriage Limited	18,566	765,476	1.85
Singapore Press Holdings Limited	268,600	948,158	2.28
Total		2,627,232	6.33
Consumer Staple			
Golden Agri-Resources Limited	1,084,932	466,521	1.12
Thai Beverages PCL	1,645,900	1,399,015	3.37
Wilmar International Limited	350,300	1,257,577	3.03
Total		3,123,113	7.52
Financials			
DBS Group Holdings Limited	302,767	5,249,980	12.64
Oversea-Chinese Banking Corporation	555,343	4,953,660	11.93
Singapore Exchange Limited	138,600	992,376	2.39
United Overseas Bank Limited	206,157	4,205,603	10.13
Total		15,401,619	37.09
Industrials			
ComfortDelgro Corporation Limited	344,300	850,421	2.05
Hutchison Port Holdings Trust	849,200	533,675	1.29
Jardine Matheson Holdings Limited	24,500	1,955,582	4.71
Keppel Corporation Limited	241,050	1,395,680	3.36
SATS Limited	108,200	524,770	1.26
Sembcorp Industries Limited	152,240	433,884	1.05
SIA Engineering Company Limited	38,800	130,756	0.31
Singapore Airlines Limited	85,340	825,238	1.99
Singapore Technologies Engineering	261,200	843,676	2.03
Yangzijiang Shipbuilding Holdings Limited	357,500	291,362	0.70
Total		7,785,044	18.75

* The classification by industry sector is based upon Global Industry Classification Standard (GICS) developed by Morgan Stanley Capital International (MSCI).

STATEMENT OF PORTFOLIO*As at 31 December 2016 (UNAUDITED)*

	Holdings at 31 December 2016	Fair value at 31 December 2016 \$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
By Industry - (Primary)* (continued)			
Quoted Equities			
Real Estate			
Ascendas Real Estate Investment Trust	391,400	888,477	2.14
CapitaLand Commercial Trust	343,300	508,084	1.22
CapitaLand Limited	427,300	1,290,446	3.11
CapitaLand Mall Trust	446,650	841,935	2.03
City Developments Limited	99,380	822,866	1.98
Global Logistic Properties Limited	496,300	1,091,860	2.63
Hongkong Land Holdings Limited	197,700	1,807,957	4.35
UOL Group Limited	81,000	485,190	1.17
Total		7,736,815	18.63
Telecommunications			
Singapore Telecommunications Limited	1,262,390	4,607,724	11.10
Starhub Limited	100,180	281,505	0.68
Total		4,889,229	11.78
Total Quoted Equities		41,563,052	100.10
Portfolio of investments		41,563,052	100.10
Other net liabilities		(43,305)	(0.10)
Net assets attributable to unitholders		41,519,747	100.00

* The classification by industry sector is based upon Global Industry Classification Standard (GICS) developed by Morgan Stanley Capital International (MSCI).

STATEMENT OF PORTFOLIO*As at 31 December 2016 (UNAUDITED)*

	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
By Industry (Primary)* (Summary)		
Quoted Equities		
Consumer Discretionary	6.33	6.38
Consumer Staple	7.52	7.82
Financials	37.09	36.78
Industrials	18.75	15.58
Real Estate	18.63	19.20
Telecommunications	11.78	14.08
Portfolio of investments	100.10	99.84
Other net (liabilities)/assets	(0.10)	0.16
Net assets attributable to unitholders	100.00	100.00

* The classification by industry sector is based upon Global Industry Classification Standard (GICS) developed by Morgan Stanley Capital International (MSCI).

STATEMENT OF PORTFOLIO*As at 31 December 2016 (UNAUDITED)*

	Fair value at 31 December 2016 \$	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
By Geography - Secondary*			
Quoted Equities			
China	291,362	0.70	0.81
Hong Kong	3,763,539	9.06	4.18
Singapore	36,109,136	86.97	90.98
Thailand	1,399,015	3.37	3.87
Portfolio of investments	41,563,052	100.10	99.84
Other net (liabilities)/assets	(43,305)	(0.10)	0.16
Net assets attributable to unitholders	41,519,747	100.00	100.00

* The geography classification is based on country of domicile of the investee companies.

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SEMI ANNUAL REPORT TO UNITHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 18 December 1996 Ann Comp Ret
Singapore Index Fund ¹	0.61	3.04	2.58	-0.73	3.98	1.91	3.70
Benchmark ²	0.79	3.53	3.82	0.35	5.13	2.70	3.11

Note: Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

¹ The performance returns of the Fund are in Singapore dollars based on a bid-to-bid price with net dividends reinvested.

² The performance returns of the Benchmark is in Singapore dollars with net dividends reinvested. The Benchmark of Singapore Index Fund since inception up to 23 Jan 2001 was the Business Times – Singapore Regional Index. The Benchmark of the Fund since 26 Jan 2001 is the Straits Times Index. The Benchmark was changed due to the change in the investment policy of the Fund to track the Straits Times Index instead of the Business Times - Singapore Regional Index.

Market and Portfolio Review

For the six months ended 31 December 2016:

The STI posted a gain of 3.7% in the first three weeks of the period alongside the recovery in global equities following the post-Brexit vote sell off, but remained relatively range bound retracing with a slight downward trend over the subsequent four months. Trump's surprising presidential election victory in November, together with the Republicans retaining control of both houses of Congress, led to expectations of increased fiscal stimulus through lower taxes and higher spending. Investors started pencilling in higher inflation as a result. Coupled with potentially stronger growth for the US economy and a resilient job market, the Federal Reserve raised short-term interest rates by 0.25 percentage points at the December Fed meeting. The STI joined the global equity markets in a post-US election rally to 2,960 in mid-December before correcting to close at 2,881.

Singapore's GDP grew by 1.5% year-on-year over the last six months according to the Ministry of Trade and Industry ("MTI"), driven by growth in electronics and biomedical manufacturing clusters outweighing a contraction in the transport engineering and general manufacturing clusters. The Monetary Authority of Singapore kept its monetary policy unchanged.

As part of the STI's review in September, Jardine Matheson Holdings Limited re-joined the index, replacing Sembcorp Marine Limited, which was removed as a result of its failure to meet the minimum market capitalisation requirement. In terms of constituent performance, 16 counters advanced while 14 counters declined. The top three performing counters are Genting Singapore PLC, Golden Agri-Resources Limited and Global Logistic Properties Limited which gained 24.8%, 22.9% and 21.9% respectively. The bottom three performing counters are StarHub Limited, Singapore Telecommunications Limited and CapitaLand Mall Trust which declined 25.9%, 11.6% and 11.5% respectively.

Sectorally, the three domestic banks were key drivers of the STI performance for most of the 6-month period. Expectations of higher interest rates improved bank earnings outlook, which led to the rally in bank share prices post-US elections. In contrast, REIT counters declined. In a similar vein, better earnings visibility driven by higher crude oil and palm oil prices led to gains in related counters, while Singapore Airlines shares retreated. During the period, the impending entry of a fourth telco caused telco counters to drop as competition was expected to intensify.

Market Outlook

According to MTI, global growth is projected to pick up slightly in 2017, although global trade is expected to remain weak. The US economy is expected to grow at a faster pace supported by domestic demand, leading to expectations of higher inflation. The US Federal Reserve is currently projecting three hikes in the target rate in 2017. On the other hand, uncertainty remains over the impact from changes under President Trump's administration, continued restructuring of China's economy and Brexit negotiations. Political risks have risen, and an increasing backlash against globalisation could further dampen global trade, while economic uncertainties could negatively affect business and consumer confidence.

MTI forecasts that Singapore's GDP will grow by 1–3% in 2017. The manufacturing (excluding marine and offshore engineering), tourism, and information & communications sectors are expected to benefit from the improved global economic outlook. However, externally oriented services sectors like finance and insurance, and wholesale trade are expected to remain sluggish as global trade is expected to remain weak.

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B) Investments at fair value and as a percentage of NAV as at 31 December 2016 under review classified by

i) Country	Fair Value \$	% of NAV
Quoted Equities		
China	291,362	0.70
Hong Kong	3,763,539	9.06
Singapore	36,109,136	86.97
Thailand	1,399,015	3.37
	<u>41,563,052</u>	<u>100.10</u>
Portfolio of investments	41,563,052	100.10
Other net liabilities	(43,305)	(0.10)
Total	<u>41,519,747</u>	<u>100.00</u>

ii) Industry	Fair Value \$	% of NAV
Quoted Equities		
Consumer Discretionary	2,627,232	6.33
Consumer Staple	3,123,113	7.52
Financials	15,401,619	37.09
Industrials	7,785,044	18.75
Real Estate	7,736,815	18.63
Telecommunications	4,889,229	11.78
	<u>41,563,052</u>	<u>100.10</u>
Portfolio of investments	41,563,052	100.10
Other net liabilities	(43,305)	(0.10)
Net assets attributable to unitholders	<u>41,519,747</u>	<u>100.00</u>

iii) Asset Class

	Fair value at 31 December 2016 \$	Percentage of total net assets at 31 December 2016 %	Percentage of total net assets at 30 December 2015 %
Quoted Equities	41,563,052	100.10	99.73
Other net (liabilities)/assets	(43,305)	(0.10)	0.27
Total	<u>41,519,747</u>	<u>100.00</u>	<u>100.00</u>

iv) Credit rating of debt securities

Not Applicable

C) Top Ten Holdings

The top ten holdings as at 31 December 2016 and 31 December 2015

10 largest holdings at 31 December 2016

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	5,249,980	12.64
Oversea-Chinese Banking Corporation	4,953,660	11.93
Singapore Telecommunications Limited	4,607,724	11.10
United Overseas Bank Limited	4,205,603	10.13
Jardine Matheson Holdings Limited	1,955,582	4.71
Hongkong Land Holdings Limited	1,807,957	4.35
Thai Beverages PCL	1,399,015	3.37
Keppel Corporation Limited	1,395,680	3.36
CapitaLand Limited	1,290,446	3.11
Wilmar International Limited	1,257,577	3.03

10 largest holdings at 31 December 2015

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	8,815,091	12.83
Oversea-Chinese Banking Corporation	8,355,917	12.16
Singapore Telecommunications Limited	7,975,240	11.61
United Overseas Bank Limited	6,994,828	10.18
Hongkong Land Holdings Limited	3,458,811	5.04
Keppel Corporation Limited	2,748,848	4.00
CapitaLand Limited	2,510,825	3.66
Thai Beverages PCL	2,001,069	2.91
Global Logistic Properties Limited	1,944,245	2.83
Singapore Exchange Limited	1,879,570	2.74

D) Exposure to Derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2016

Not applicable

- ii) Net gain/(loss) on derivative contracts realised during the half year ended 31 December 2016

Not applicable

- iii) Net gain/(loss) on outstanding derivative contracts marked to market as at 31 December 2016

Not applicable

E) Investments in other unit trusts, mutual funds and collective investment schemes as at 31 December 2016

	Fair value at 31 December 2016 \$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Ascendas Real Estate Investment Trust	888,477	2.14
CapitaLand Commercial Trust	508,084	1.22
CapitaLand Mall Trust	841,935	2.03

F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2016

Not applicable

G) Amount of subscriptions and redemptions for the period 01 July 2016 to 31 December 2016

Total amount of subscriptions	SGD	-
Total amount of redemptions	SGD	1,875,019

H) Amount of related party transactions for the period 01 July 2016 to 31 December 2016

Accounting and valuation fee expense charged by a related company	\$ 6,385
Transaction fee expense charged by the Trustee and its related company	585
Custody fee expense charged by a related company to the Trustee	9,492
Registration fee expense charged by a related company of the Trustee	16,693

I) Expense Ratios

31 December 2016	1.03%
31 December 2015	0.96%

Note: 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 2016 was based on total operating expenses of \$526,915 (2015: \$726,565) divided by the average net asset value of \$50,991,719 (2015: \$76,049,539) 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 gain/loss, 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.

J) Turnover ratios

31 December 2016	5.71%
31 December 2015	10.24%

Note: The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$2,413,300 (2015: sales of \$7,317,769) divided by the average daily net asset value of \$42,251,018 (2015: \$71,482,230).

K) Other material information

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

L) Supplemental information on underlying sub-funds where the scheme invests more than 30% of its deposited property in another scheme

Not applicable

M) Soft dollar commissions/arrangements received by the Manager

Under the Code, the Manager may receive soft dollar commissions or arrangements when such commissions or arrangements can reasonably be expected to assist in providing investment advice to the customer, when best execution is carried out for the transaction, and provided the Manager does not enter into unnecessary trades to achieve a sufficient volume of transactions to qualify for soft dollars.

The soft dollar commissions / arrangements which the Manager may receive or enter into are limited to the following kinds of services: specific advice as to the advisability of dealing in, or of the value of any investments; research and advisory services; economic and political analysis; portfolio analysis including valuation and portfolio measurements; market analysis; data and quotation services; computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and custodial services in relation to the investments managed for clients.

The receipt of goods and services such as travel, accommodation and entertainment that does not meet the conditions above is prohibited.

The Manager confirms that they are fully compliant with the Code and other relevant industry standards.

N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts

Not applicable

DETAILS OF TOP 10 HOLDINGS

	As at 31 December 2016			
	Cost SGD	Percentage of total net assets attributable to unitholders %	Dividends received SGD	Dividend cover ratio*
DBS Group Holdings Limited	3,795,222	12.64	97,760	2.92
Oversea-Chinese Banking Corporation	3,862,487	11.93	107,036	2.66
Singapore Telecommunications Limited	3,713,712	11.10	229,018	1.39
United Overseas Bank Limited	2,620,129	10.13	76,929	2.23
Jardine Matheson Holdings Limited	2,043,171	4.71	-	1.34
Hongkong Land Holdings Limited	1,088,519	4.35	17,274	4.50
Thai Beverages PCL[^]	1,032,337	3.37	12,676	1.26
Keppel Corporation Limited	1,275,266	3.36	20,860	2.47
CapitaLand Limited	1,255,432	3.11	13,354	2.79
Wilmar International Limited	2,050,898	3.03	9,623	2.93

* Dividend cover ratio is the ratio of the company's net profit attributable to ordinary shareholders over the dividend payout as published in the latest annual report.

[^] Thai Beverages PCL's dividend cover is calculated based on 9MFY16 net profit, and dividends declared for 9MFY16.

SUMMARY OF INVESTMENT PORTFOLIO	31 December 2016	31 December 2015
	Cost / Fair Value SGD	Cost / Fair Value SGD
Investments:		
Cost	35,798,241	59,486,766
Unrealised gain on investments	5,764,811	9,014,650
Net Book Value	<u>41,563,052</u>	<u>68,501,416</u>

INFORMATION ON THE PARTICULARS OF THE INVESTMENT MANAGER

The investment manager of the Singapore Index Fund is Singapore Consortium Investment Management Limited which is located at 51 Cuppage Road, #10-04, Singapore 229469. As at date of announcement, the Manager also manages Global Investments Limited, a mutual fund company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

These financial statements have been approved by the Board of Directors of Singapore Consortium Investment Management Limited pursuant to a resolution of the Board passed on 15 February 2017.

By Order of the Board

Lim Xinhua
Company Secretary

15 February 2017