



SINGAPORE INDEX
FUND

Annual Report to Unitholders

For the financial year ended 30 June 2020

SINGAPORE CONSORTIUM INVESTMENT MANAGEMENT LIMITED

SINGAPORE INDEX FUND

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

Annual Report To Unitholders For The Financial Year Ended 30 June 2020

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	5.44	-18.79	-20.02	-4.46	-2.26	1.41	3.08
Benchmark ²	6.24	-17.77	-18.60	-3.35	-1.11	2.55	2.76

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

While the first half of FY2020 was characterized by developments in the US-China trade discussions, the main driver in the second half of FY2020 (ending 30 June 2020) was the COVID-19 pandemic. Equities markets fell sharply initially in March as the spread of COVID-19 crossed China's borders and escalated into a global pandemic. Economic activity came to a halt as countries impose lockdowns. However, investors' risk appetites have since returned, due to aggressive policy action at unprecedented levels on both monetary and fiscal fronts by several of the major economies.

The Straits Times Index ("STI") decreased 22.0% during FY2020, comprising a decrease of 3.0% over the first half of FY2020 (from July to December 2019) and a decrease of 19.6% over the second half of FY2020 (from January to June 2020). A resurgence in infection cases after initial optimism weighed on investor sentiments on Singapore equity markets. Amidst weak global trade data, Singapore economy's reliance on external factors has also dampened short-term outlook. According to the latest figures from the Ministry of Trade and Industry ("MTI") released in August, the Singapore economy contracted by 13.2% y-o-y in 2Q 2020, its worst on record, and contracted by 0.3% in 1Q 2020, as compared to an expansion of 0.7% for the full year of 2019.

The STI saw a reshuffling in its index constituents, with the notable inclusion of three real estate investment trusts ("REITs") from the Mapletree family. The new inclusions are Mapletree Commercial Trust, Mapletree Logistics Trust, and Mapletree Industrial Trust, which displaced Hutchison Port Holdings Trust, Golden Agri-Resources and Singapore Press Holdings, respectively. Among the current index constituents, Mapletree Industrial Trust was one of the best performing stocks in FY2020, with a total return (including dividends) of nearly 36%. Conversely, SATS was the worst performer, with a negative total return of nearly -43% across the same period.

Market Outlook

In the latest World Economic Outlook report published in June 2020, the International Monetary Fund ("IMF") projected 2020 global growth at -4.9%, 1.9% below the April 2020 forecast. IMF also projected global growth to be 5.4% in 2021. Overall, this would leave projected 2021 gross domestic product ("GDP") some 6.5% lower than the pre-COVID-19 projections in January 2020. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast.

The sharp rally in the equity markets from the lows in March have seen several equity markets recovering back to end-2019 levels, have brought about concerns that markets are high. Current price-to-earnings multiples are already looking past the impact of COVID-19 and seemingly ignoring any short-term economic impact. That said, certain sectors and countries have lagged behind the recovery, which could present opportunities. Also, a foreseeable low interest rate environment in the short-term will support equity valuations. Going forward, caution is still called for, with the risks of a second wave of infections still present.

The latest forecast from MTI projected Singapore's GDP growth at -7.0 to -5.0% in 2020. This is due to the expected impact of the lockdown measures on the Singapore economy, as well as the sharp deterioration in the growth outlook of major economies that were affected by the COVID-19 pandemic. Since then, Singapore's external demand outlook has weakened slightly, with many of Singapore's key final demand markets seeing worse-than-expected economic disruptions in the second quarter. The pace of recovery in the second half of 2020 is also expected to be gradual, due to the threat of localised outbreaks and the continued need for restriction measures to contain such outbreaks as they occur.

The negative guidance on Singapore's GDP growth for 2020 is expected to continue to weigh on the STI. However, a lot of downside appeared to have been already priced in, given that the STI is trading at one of the cheapest levels in terms of forward price-to-earnings ratios viz-a-viz other equity indices in the region. Investors can also take comfort in the strong support from the Singapore government so far, in the form of an economic stimulus package committing close to 20% of the country's GDP.

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B) Investments at fair value and as a percentage of net asset value (NAV) as at 30 June 2020 under review classified by

i)	Country	Fair Value	Percentage of net assets attributable to unitholders
		\$	%
	Quoted Equities		
	China	274,257	0.84
	Hong Kong	3,723,434	11.35
	Singapore	27,697,722	84.44
	Thailand	909,495	2.77
		<u>32,604,908</u>	<u>99.40</u>
	Portfolio of investments	32,604,908	99.40
	Other net assets	197,684	0.60
	Net assets attributable to unitholders	<u>32,802,592</u>	<u>100.00</u>
ii)	Industry	Fair Value	Percentage of net assets attributable to unitholders
		\$	%
	Quoted Equities		
	Communication Services	2,537,711	7.74
	Consumer Discretionary	880,659	2.68
	Consumer Staples	2,077,419	6.33
	Financials	13,903,408	42.39
	Industrials	6,115,846	18.65
	Information Technology	262,116	0.80
	Real Estate	6,827,749	20.81
		<u>32,604,908</u>	<u>99.40</u>
	Portfolio of investments	32,604,908	99.40
	Other net assets	197,684	0.60
	Net assets attributable to unitholders	<u>32,802,592</u>	<u>100.00</u>

B) Investments at fair value and as a percentage of net asset value (NAV) as at 30 June 2020 under review classified by (continued)

iii) Asset Class	Fair value at 30 Jun 2020	Percentage of net assets attributable to unitholders 30 Jun 2020	Percentage of net assets attributable to unitholders 30 Jun 2019
	\$	%	%
Quoted Equities	32,604,908	99.40	98.78
Other net assets	197,684	0.60	1.22
Net assets attributable to unitholders	32,802,592	100.00	100.00

iv) Credit rating of debt securities

Not Applicable

C) Top Ten Holdings

The top ten holdings as at 30 June 2020 and 30 June 2019

10 largest holdings at 30 June 2020

	Fair Value \$	Percentage of net assets attributable to unitholders %
DBS Group Holdings Limited	5,053,714	15.41
Oversea-Chinese Banking Corporation	4,216,986	12.86
United Overseas Bank Limited	3,676,944	11.21
Singapore Telecommunications Limited	2,537,711	7.74
Jardine Matheson Holdings Limited	1,754,393	5.35
Keppel Corporation Limited	1,255,474	3.83
Ascendas Real Estate Investment Trust	1,100,624	3.36
CapitaLand Limited	1,014,408	3.09
Singapore Exchange Limited	955,764	2.91
Hongkong Land Holdings Limited	935,101	2.85

C) Top Ten Holdings (continued)

10 largest holdings at 30 June 2019

	Fair Value	Percentage of net assets attributable to unitholders
	\$	%
DBS Group Holdings Limited	6,463,183	15.47
Oversea-Chinese Banking Corporation	5,247,352	12.56
United Overseas Bank Limited	4,644,790	11.11
Singapore Telecommunications Limited	3,610,565	8.64
Jardine Matheson Holdings Limited	2,485,073	5.95
Hongkong Land Holdings Limited	1,414,120	3.38
Keppel Corporation Limited	1,303,029	3.12
Jardine Strategic Holdings Limited	1,289,700	3.09
CapitaLand Limited	1,226,322	2.93
Thai Beverages PCL	1,118,342	2.68

D) Exposure to Derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2020
Not applicable
- ii) Net gain/(loss) on derivative contracts realised during the financial year ended 30 June 2020
Not applicable
- iii) Net gain/(loss) on outstanding derivative contracts marked to market as at 30 June 2020
Not applicable

E) Investments in other unit trusts, mutual funds and collective investment schemes as at 30 June 2020

	Fair value at 30 Jun 2020	Percentage of net assets attributable to unitholders
	\$	%
Ascendas Real Estate Investment Trust	1,100,624	3.36
CapitaLand Commercial Trust	574,769	1.75
CapitaLand Mall Trust	630,630	1.92
Mapletree Commercial Trust	579,000	1.76
Mapletree Industrial Trust	588,924	1.80
Mapletree Logistics Trust	388,000	1.18

F) Amount and percentage of borrowings to NAV as at 30 June 2020

Not applicable

G) Amount of subscriptions and redemptions for the period 01 July 2019 to 30 June 2020

Total amount of subscriptions	SGD	–
Total amount of redemptions	SGD	765,252

H) Amount of related party transactions for the period 01 July 2019 to 30 June 2020

Please refer to Note 9 of the Notes to the Financial Statements on page 34.

I) Expense Ratios

Please refer to Note 10 of the Notes to the Financial Statements on page 35.

J) Turnover ratios

Please refer to Note 10 of the Notes to the Financial Statements on page 35.

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

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REPORT OF THE TRUSTEE

For the financial year ended 30 June 2020

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the year covered by these financial statements, set out on pages 15 to 35, 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

17 September 2020

SINGAPORE INDEX FUND

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STATEMENT BY THE MANAGER

For the financial year ended 30 June 2020

In the opinion of the directors of Singapore Consortium Investment Management Limited, the accompanying financial statements set out on pages 15 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 Singapore Index Fund (the "Fund") as at 30 June 2020, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager

SINGAPORE CONSORTIUM INVESTMENT MANAGEMENT LIMITED

Executive Director & CEO

17 September 2020

SINGAPORE INDEX FUND

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SINGAPORE INDEX FUND

Our Opinion

In our opinion, the accompanying financial statements of Singapore Index Fund (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2020, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2020;
- the Statement of Financial Position as at 30 June 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2020;
- the Statement of Portfolio as at 30 June 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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

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.

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.

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

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.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Paul Sammy Pak.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 17 September 2020

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STATEMENT OF TOTAL RETURN*For the financial year ended 30 June 2020*

	Note	2020 \$	2019 \$
Income			
Dividends		1,601,923	1,685,492
Interest on cash and bank balances		19	26
		<u>1,601,942</u>	<u>1,685,518</u>
Less: Expenses			
Audit fee		22,500	22,500
Bank charges		–	82
Custody fees	9	16,925	18,489
Management fees	9	252,919	267,235
Printing expenses		4,284	4,192
Professional fees		25,009	16,025
Registrar fees	9	29,115	28,866
Trustee fees	9	28,327	29,930
Accounting and valuation fees	9	16,050	12,827
Transaction cost		3,486	3,015
Miscellaneous expenses*		1,427	(2,243)
		<u>400,042</u>	<u>400,918</u>
Net income		<u>1,201,900</u>	<u>1,284,600</u>
Net gain or loss on value of investments			
Net (losses)/gains on investments		(9,400,185)	630,829
Net foreign exchange losses		(1,638)	(1,933)
		<u>(9,401,823)</u>	<u>628,896</u>
Total (deficit)/return for the year before income tax		<u>(8,199,923)</u>	<u>1,913,496</u>
Less: Income tax	3	(21,552)	(19,847)
Total (deficit)/return for the year		<u>(8,221,475)</u>	<u>1,893,649</u>

* Miscellaneous expenses includes GST rebate

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

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STATEMENT OF FINANCIAL PORTFOLIO

As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Portfolio of investments		32,604,908	41,278,993
Receivables	5	35,468	–
Cash and bank balances	9	304,711	657,429
Total Assets		32,945,087	41,936,422
Liabilities			
Payables	6	142,495	147,103
Total Liabilities		142,495	147,103
Equity			
Net assets attributable to unitholders	7	32,802,592	41,789,319

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

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STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2020

	Note	2020 \$	2019 \$
Net assets attributable to unitholders at the beginning of the financial year		41,789,319	40,760,460
Operations			
Change in net assets attributable to unitholders resulting from operations		(8,221,475)	1,893,649
Unitholders' withdrawals			
Cancellation of units		(765,252)	(864,790)
Change in net assets attributable to unitholders resulting from cancellation of units		(765,252)	(864,790)
Total (decrease)/increase in net assets attributable to unitholders		(8,986,727)	1,028,859
Net assets attributable to unitholders at the end of the financial year	7	32,802,592	41,789,319

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STATEMENT OF PORTFOLIO

As at 30 June 2020

	Holdings at 30 June 2020	Fair value at 30 June 2020 \$	Percentage of net assets attributable to unitholders at 30 June 2020 %
By Industry - (Primary)* Quoted Equities			
Communication Services			
Singapore Telecommunications Limited	1,031,590	2,537,711	7.74
Consumer Discretionary			
Genting Singapore Limited	793,600	603,136	1.84
Jardine Cycle & Carriage Limited	13,766	277,523	0.84
Total		880,659	2.68
Consumer Staples			
Dairy Farm International Holdings Limited	41,900	271,805	0.83
Thai Beverages PCL	1,347,400	909,495	2.77
Wilmar International Limited	219,100	896,119	2.73
Total		2,077,419	6.33
Financials			
DBS Group Holdings Limited	242,967	5,053,714	15.41
Oversea-Chinese Banking Corporation	468,554	4,216,986	12.86
Singapore Exchange Limited	114,600	955,764	2.91
United Overseas Bank Limited	181,757	3,676,944	11.21
Total		13,903,408	42.39

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

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STATEMENT OF PORTFOLIO

As at 30 June 2020

	Holdings at 30 June 2020	Fair value at 30 June 2020 \$	Percentage of net assets attributable to unitholders at 30 June 2020 %
By Industry - (Primary)* (continued)			
Quoted Equities			
Industrials			
ComfortDelgro Corporation Limited	286,000	414,700	1.26
Jardine Matheson Holdings Limited	30,129	1,754,393	5.35
Jardine Strategic Holdings Limited	25,351	762,135	2.32
Keppel Corporation Limited	210,650	1,255,474	3.83
SATS Limited	102,400	292,864	0.89
Sembcorp Industries Limited	126,740	221,795	0.68
Singapore Airlines Limited	117,600	438,648	1.34
Singapore Technologies Engineering	212,600	701,580	2.14
Yangzijiang Shipbuilding Holdings Limited	294,900	274,257	0.84
Total		6,115,846	18.65
Information Technology			
Venture Corporation Limited	16,200	262,116	0.80

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As at 30 June 2020

	Holdings at 30 June 2020	Fair value at 30 June 2020 \$	Percentage of net assets attributable to unitholders at 30 June 2020 %
By Industry - (Primary)* (continued)			
Quoted Equities			
Real Estate			
Ascendas Real Estate Investment Trust	347,200	1,100,624	3.36
CapitaLand Commercial Trust	340,100	574,769	1.75
CapitaLand Limited	347,400	1,014,408	3.09
CapitaLand Mall Trust	321,750	630,630	1.92
City Developments Limited	65,380	550,499	1.68
Hongkong Land Holdings Limited	162,300	935,101	2.85
Mapletree Commercial Trust	300,000	579,000	1.76
Mapletree Industrial Trust	205,200	588,924	1.80
Mapletree Logistics Trust	200,000	388,000	1.18
UOL Group Limited	68,600	465,794	1.42
Total		6,827,749	20.81
Portfolio of investments		32,604,908	99.40
Other net assets		197,684	0.60
Net assets attributable to unitholders		32,802,592	100.00

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

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STATEMENT OF PORTFOLIO

As at 30 June 2020

	Percentage of net assets attributable to unitholders at 30 June 2020 %	Percentage of net assets attributable to unitholders at 30 June 2019 %
By Industry (Primary)* (Summary)		
Quoted Equities		
Communication Services	7.74	9.94
Consumer Discretionary	2.68	2.94
Consumer Staples	6.33	6.66
Financials	42.39	41.31
Industrials	18.65	21.10
Information Technology	0.80	1.41
Real Estate	20.81	15.42
Portfolio of investments	99.40	98.78
Other net assets	0.60	1.22
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).

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STATEMENT OF PORTFOLIO

As at 30 June 2020

	Fair value at 30 June 2020 \$	Percentage of net assets attributable to unitholders at 30 June 2020 %	Percentage of net assets attributable to unitholders at 30 June 2019 %
By Geography - Secondary* Quoted Equities			
China	274,257	0.84	1.08
Hong Kong	3,723,434	11.35	13.39
Singapore	27,697,722	84.44	81.64
Thailand	909,495	2.77	2.67
Portfolio of investments	32,604,908	99.40	98.78
Other net assets	197,684	0.60	1.22
Net assets attributable to unitholders	32,802,592	100.00	100.00

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

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

SINGAPORE INDEX FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

1. GENERAL

Singapore Index Fund (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 12 November 1996 together with its Supplemental Deeds thereon (hereafter referred to as "Trust Deed") between Singapore Consortium Investment Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore.

The primary activity of the Fund is investment trading. The Fund's investment objective is to achieve medium to long term capital appreciation by investing in the component securities of the Straits Times Index (the "STI"). While the Fund will aim to follow the STI as closely as possible, the Fund's performance will not be able to exactly match the performance of the STI due to, among others, operating expenses.

Subscriptions and redemptions of the units are denominated in Singapore Dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets held 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Distribution

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

(d) Investments

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

(i) Initial recognition

Purchase 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 changes in fair value on 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 gain and loss on the sale of investments are computed on the basis of the difference between the weighted average carrying amount 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 quoted market price used for investments held by the Fund is 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.

The fair value of investments held in underlying funds is the quoted net asset value of the underlying fund as determined by the underlying fund's administrator. Net changes in fair value of investments are included in the Statement of Total Return in the period in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Foreign currency translation

(i) Functional and presentation currency

The Fund operates from Singapore with the subscriptions and redemptions of the units denominated in Singapore Dollars.

The performance of the Fund is measured and reported to the investors in Singapore Dollars. The Manager considers the Singapore Dollars as the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Singapore Dollars ('\$'), which is the Fund's functional and presentation currency.

(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 gain and loss resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equity are also recognised in the Statement of Total Return within the net gain or loss on investments.

(g) Receivables

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

(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 initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

3. INCOME TAX

	2020	2019
	\$	\$
Singapore income tax	<u>21,552</u>	<u>19,847</u>

The Fund was granted the status of a 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:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Singapore Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in future 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;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

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

4. DISTRIBUTION

The Manager has not proposed any distribution to unitholders for the financial year ended 30 June 2020 and 30 June 2019.

5. RECEIVABLES

	2020	2019
	\$	\$
Dividends receivable	30,195	–
Other receivables	5,273	–
	<u>35,468</u>	<u>–</u>

6. PAYABLES

	2020	2019
	\$	\$
Amount due to Manager	54,181	68,357
Amount due to Trustee	6,049	7,656
Other accruals for operating expenses	82,265	71,090
	<u>142,495</u>	<u>147,103</u>

7. UNITS IN ISSUE

During the financial year ended 30 June 2020 and 2019, the number of units issued, redeemed and outstanding were as follows:

	2020	2019
Units at the beginning of the financial year	17,029,459	17,404,922
Units created	–	–
Units cancelled	(319,840)	(375,463)
Units at the end of the financial year	<u>16,709,619</u>	<u>17,029,459</u>
Net assets attributable to unitholders (\$)	32,802,592	41,789,319
Net asset value per unit (\$)	<u>1.9631</u>	<u>2.4539</u>

7. UNITS IN ISSUE (continued)

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

	2020	2019
	\$	\$
Net assets attributable to unitholders per unit per financial statements	1.9631	2.4539
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	(0.0003)	0.0002
Net assets attributable to unitholders per unit for issuing/redeeming	1.9628	2.4541

[^] The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between such date and the end of the reporting period due to accrual of operating expenses.

8. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risk (including foreign exchange risk, price risk and interest rate risk), liquidity risk and credit 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, financial options contracts and/or currency forward contracts subject to the terms of the Prospectus to moderate certain risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments, money market investments and cash. 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.

8. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis 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.

During the financial year ended 30 June 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. As a result of the COVID-19 outbreak, 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 in the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 outbreak and its related impact.

(i) Foreign exchange risk

The Fund has monetary financial assets and liabilities denominated in currencies other than Singapore Dollars and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between Singapore Dollars and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

8. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the Fund's exposure to foreign currencies as at the end of the financial year.

As at 30 June 2020	SGD \$	USD \$	Total \$
<u>Assets</u>			
Portfolio of investments	28,881,474	3,723,434	32,604,908
Receivables	22,217	13,251	35,468
Cash and bank balances	304,711	–	304,711
Total Assets	29,208,402	3,736,685	32,945,087
<u>Liabilities</u>			
Payables	142,495	–	142,495
Total Liabilities	142,495	–	142,495
Net currency exposure		3,736,685	
As at 30 June 2019	SGD \$	USD \$	Total \$
<u>Assets</u>			
Portfolio of investments	35,465,427	5,813,566	41,278,993
Cash and bank balances	657,429	–	657,429
Total Assets	36,122,856	5,813,566	41,936,422
<u>Liabilities</u>			
Payables	147,103	–	147,103
Total Liabilities	147,103	–	147,103
Net currency exposure		5,813,566	

Portfolio of investment, which is a significant item in the Statement of Financial Position, is exposed to foreign exchange risk and other price risk. The Manager has considered the impact of foreign exchange risk sensitivity on non-monetary assets as part of price risk sensitivity analysis.

As of 30 June 2020 and 2019, the Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Consequently, no separate sensitivity analysis on foreign currency risk has been presented.

8. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices. The Fund is designated to track the performance of the STI, therefore the exposure to price risk in the Fund will be substantially the same as the STI. As an exchange-traded fund, the Manager manages the Fund's exposure to price risk by ensuring the key characteristics of the portfolio, such as security weight and industry weight, is closely aligned to the STI characteristics.

If the STI at 30 June 2020 had increased or decreased by 27% (30 June 2019: 15%) with all other variables held constant, this would have increased or decreased respectively the net asset value and return for the year by approximately 27% (30 June 2019: 15%).

(iii) 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. However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect.

Other than cash and bank balances which are subjected to insignificant interest rate risk, the Fund's financial assets and liabilities are largely non-interest bearing.

Hence, no sensitivity analysis has been presented separately.

(b) Liquidity risk

The Fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Fund's investments in listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

8. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

The Manager may from time to time employ derivatives to implement a portfolio strategy to reduce risk or for the purpose of efficient portfolio management. Market liquidity of complex derivatives are significantly less than traditional investment instruments and such positions may therefore require a longer time to reverse than what would be typically expected for traditional investment instruments. No such instruments were held as at the end of the financial year.

The maturity profile of payables and net assets attributable to unitholders based on undiscounted cash flows is less than 1 year (30 June 2019: less than 1 year). The units are redeemable on demand at the holder's option subject to terms and conditions for redemption.

(c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund's credit risk is concentrated on cash and bank balances, and amounts or securities receivable on the sale and purchase of investments respectively. In order to mitigate exposure to credit risk, all transactions in listed securities are settled/paid for upon delivery and transacted with approved counterparties using an approved list of brokers that are regularly assessed and updated by the Manager.

As the Fund does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the Statement of Financial Position.

The Fund's financial assets are neither past due nor impaired, representing cash and bank balances and receivables. Bank deposits and all the investments are held with a bank and a custodian respectively, that are part of HSBC Group with a credit rating assigned by Fitch at 30 June 2020 is A+ (30 June 2019: AA-). The credit rating is based on the Viability rating published by the rating agency. Receivables are substantially from companies with good collection track record with the Fund.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders as the Fund does not have any gearing. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives.

8. FINANCIAL RISK MANAGEMENT (continued)

(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 table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2020 and 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 30 June 2020				
Assets				
Portfolio of investment				
- Quoted equities	32,604,908	-	-	32,604,908
As at 30 June 2019				
Assets				
Portfolio of investment				
- Quoted equities	41,278,993	-	-	41,278,993

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.

Except for cash and bank balances which are classified as Level 1, the Fund's financial assets had liabilities not measured at fair value at 30 June 2020 and 2019 have been classified as Level 2. The carrying amounts of these financial assets and financial liabilities approximate their fair values as at the reporting date.

9. RELATED PARTY TRANSACTIONS

- (a) The Manager and the Trustee of the Fund are Singapore Consortium Investment Management Limited and HSBC Institutional Trust Services (Singapore) Limited respectively. HSBC Institutional Trust Services (Singapore) Limited is a subsidiary of HSBC Holdings plc.

Management fee is paid to the Manager. Trustee fee is paid to the Trustee. These fees paid or payable by the Fund are shown in the Statement of Total Return and are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

- (b) As at the end of the financial year, the Fund maintained current accounts with HSBC Group as follows:

	2020 \$	2019 \$
Bank balances	<u>304,711</u>	<u>657,429</u>

- (c) In addition to 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 \$
Accounting and valuation fee expense charged by a related company of the Trustee	16,050	12,827
Transaction fee expense charged by the Trustee and its related company	510	1,620
Custody fee expense charged by a related company of the Trustee	16,925	18,489
Registrar fee expense charged by a related company of the Trustee	<u>17,165</u>	<u>15,112</u>

10. FINANCIAL RATIOS

	2020	2019
Expense ratio ¹	1.05%	1.00%
Turnover ratio ²	4.99%	2.15%

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 30 June 2020 was based on total operating expenses of \$396,556 (2019: \$397,903) divided by the average net asset value of \$37,861,467 (2019: \$39,954,185) 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.
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 \$1,887,887 (2019: purchases of \$857,367) divided by the average daily net asset value of \$37,861,467 (2019: \$39,954,185).

SINGAPORE INDEX FUND

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

DETAILS OF TOP 10 HOLDINGS

	As at 30 June 2020			
	Cost \$	Percentage of share capital owned %	Dividends received \$	Dividend cover ratio*
DBS Group Holdings Limited	3,120,490	0.010	313,698	2.03
Oversea-Chinese Banking Corporation	3,357,897	0.011	252,159	2.08
United Overseas Bank Limited	2,424,891	0.011	236,284	1.96
Singapore Telecommunications Limited	3,034,742	0.006	180,528	0.38
Jardine Matheson Holdings Limited	2,521,491	0.004	72,473	4.43
Keppel Corporation Limited	1,133,528	0.012	42,130	1.95
Ascendas Real Estate Investment Trust	830,118	0.010	28,943	1.05
CapitaLand Limited	1,020,681	0.007	–	3.53
Singapore Exchange Limited	253,152	0.011	34,380	1.45
Hongkong Land Holdings Limited	893,609	0.007	51,258	0.39

* 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.

SUMMARY OF INVESTMENT PORTFOLIO

	30 June 2020	30 June 2019
	Cost / Fair Value \$	Cost / Fair Value \$
Investments:		
Cost	30,945,922	31,700,912
Unrealised gain on investments	1,658,986	9,578,081
Net Book Value	32,604,908	41,278,993

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 17 September 2020.

Manager

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