

SINGAPORE CONSORTIUM INVESTMENT MANAGEMENT LIMITED

(Incorporated in Singapore)

Company Registration No. 199607548K

SINGAPORE INDEX FUND

Audited financial statements for the year ended 30 June 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 audited results of the Singapore Index Fund (the "Fund") for the year ended 30 June 2016.

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2016

	Note	2016 \$	2015 \$
Income			
Dividends		<u>2,588,318</u>	2,682,337
Less: Expenses			
Audit fee		25,569	27,001
Bank charges		1,293	55
Custody fees	9	29,014	36,438
Management fees	9	418,499	506,491
Printing expenses		16,986	12,001
Professional fees		72,271	37,152
Registrar fees	9	29,893	29,854
Trustee fees	9	43,211	49,820
Accounting and valuation fees	9	4,375	-
Transaction cost		51,966	31,960
Miscellaneous expenses		42,120	35,282
		<u>735,197</u>	766,054
Net income		<u>1,853,121</u>	1,916,283
Net gain or loss on value of investments			
Net (loss)/gain on investments		(11,956,539)	1,443,479
Net foreign exchange loss		(46,646)	(12,285)
		<u>(12,003,185)</u>	1,431,194
Total (deficit)/return for the year before income tax		(10,150,064)	3,347,477
Less: Income tax	3	(35,616)	(33,273)
Total (deficit)/return for the year		<u>(10,185,680)</u>	3,314,204

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

STATEMENT OF FINANCIAL POSITION*As at 30 June 2016*

	Note	2016 \$	2015 \$
ASSETS			
Portfolio of investments		42,067,062	78,600,258
Receivables	5	-	21,595
Cash and bank balances	9	251,611	154,519
Total Assets		42,318,673	78,776,372
LIABILITIES			
Payables	6	182,530	215,957
Total Liabilities		182,530	215,957
EQUITY			
Net assets attributable to unitholders	7	42,136,143	78,560,415

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the financial year ended 30 June 2016*

	Note	2016 \$	2015 \$
Net assets attributable to unitholders at the beginning of the financial year		78,560,415	81,824,479
Operations			
Change in net assets attributable to unitholders resulting from operations		(10,185,680)	3,314,204
Unitholders' contributions/(withdrawals)			
Cancellation of units		(26,238,592)	(6,578,268)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(26,238,592)	(6,578,268)
Total decrease in net assets attributable to unitholders		(36,424,272)	(3,264,064)
Net assets attributable to unitholders at the end of the financial year	7	42,136,143	78,560,415

STATEMENT OF PORTFOLIO*As at 30 June 2016 (Primary)*

	Holdings at 30 June 2016	Fair value at 30 June 2016 \$	Percentage of total net assets attributable to unitholders at 30 June 2016 %
By Industry - (Primary)*			
Quoted Equities			
Consumer Discretionary			
Genting Singapore Public Limited Company	1,097,500	795,688	1.89
Jardine Cycle & Carriage Limited	20,266	739,709	1.76
Singapore Press Holdings Limited	291,200	1,150,240	2.73
Total		2,685,637	6.38
Consumer Staple			
Golden Agri-Resources Limited	1,174,132	410,946	0.97
Thai Beverages PCL	1,791,400	1,630,174	3.87
Wilmar International Limited	384,900	1,254,774	2.98
Total		3,295,894	7.82
Financials			
Ascendas Real Estate Investment Trust	400,900	994,232	2.36
Capitaland Commercial Trust	366,500	540,587	1.28
Capitaland Limited	464,100	1,424,787	3.38
Capitamall Trust Real Estate Investment Trust	485,750	1,034,648	2.46
City Developments Limited	108,080	879,771	2.09
DBS Group Holdings Limited	325,866	5,135,648	12.19
Global Logistic Properties Limited	546,700	986,794	2.34
Hongkong Land Holdings Limited	214,700	1,759,795	4.18
Oversea-Chinese Banking Corporation	594,643	5,167,448	12.26
Singapore Exchange Limited	150,600	1,147,572	2.72
United Overseas Bank Limited	219,797	4,048,661	9.61
UOL Group Limited	85,900	469,014	1.11
Total		23,588,957	55.98

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

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

STATEMENT OF PORTFOLIO*As at 30 June 2016 (Primary)*

	Holdings at 30 June 2016	Fair value at 30 June 2016 \$	Percentage of total net assets attributable to unitholders at 30 June 2016 %
By Industry - (Primary)* (continued)			
Quoted Equities			
Industrials			
ComfortDelgro Corporation Limited	372,800	1,025,200	2.43
Hutchison Port Holdings Trust	924,000	565,843	1.34
Keppel Corporation Limited	260,750	1,434,125	3.40
SATS Limited	115,200	473,472	1.13
Sembcorp Industries Limited	163,040	459,773	1.09
Sembcorp Marine Limited	152,100	235,755	0.56
SIA Engineering Company Limited	40,800	150,144	0.36
Singapore Airlines Limited	92,140	982,212	2.33
Singapore Technologies Engineering	284,700	896,805	2.13
Yangzijiang Shipbuilding Holdings Limited	379,000	339,205	0.81
Total		6,562,534	15.58
Telecommunications			
Singapore Telecommunications Limited	1,338,090	5,526,312	13.12
Starhub Limited	107,580	407,728	0.96
Total		5,934,040	14.08
Total Quoted Equities		42,067,062	99.84
Portfolio of investments		42,067,062	99.84
Other net assets		69,081	0.16
Net assets attributable to unitholders		42,136,143	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 30 June 2016 (Primary)*

	Percentage of total net assets attributable to unitholders at 30 June 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
By Industry (Primary)* (Summary)		
Quoted Equities		
Consumer Discretionary	6.38	5.45
Consumer Staple	7.82	6.27
Financials	55.98	51.98
Industrials	15.58	24.76
Telecommunications	14.08	11.56
	99.84	100.02
Quoted Derivatives		
Consumer Discretionary	-	0.03
	99.84	100.05
Portfolio of investments	0.16	(0.05)
Other net assets/(liabilities)	100.00	100.00
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 30 June 2016 (Secondary)*

	Fair value at 30 June 2016 \$	Percentage of total net assets attributable to unitholders at 30 June 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
By Geography - Secondary*			
Quoted Equities			
China	339,205	0.81	-
Hong Kong	1,759,795	4.18	15.47
Singapore	38,337,888	90.98	81.93
Thailand	1,630,174	3.87	2.62
	<u>42,067,062</u>	<u>99.84</u>	<u>100.02</u>
Quoted Derivatives			
Singapore	-	-	0.03
	<u>-</u>	<u>-</u>	<u>0.03</u>
Portfolio of investments	42,067,062	99.84	100.05
Other net assets/(liabilities)	69,081	0.16	(0.05)
Net assets attributable to unitholders	<u>42,136,143</u>	<u>100.00</u>	<u>100.00</u>

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

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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.

On 29 December 2015, the Manager was acquired by Allgrace Investment Management Private Limited.

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 (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 accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (RAP7) issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

(c) 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.

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 year in which they arise.

(e) 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.

(f) Receivables

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

(g) Payables

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

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2016***3. INCOME TAX**

	2016	2015
	\$	\$
Singapore income tax	<u>35,616</u>	<u>33,273</u>

The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. 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 2016 and 30 June 2015.

5. RECEIVABLES

	2016	2015
	\$	\$
Other receivables	-	<u>21,595</u>

6. PAYABLES

	2016	2015
	\$	\$
Amount due to Manager	97,527	136,093
Amount due to Trustee	10,345	13,734
Other accruals for operating expenses	74,658	66,130
	<u>182,530</u>	<u>215,957</u>

7. UNITS IN ISSUE

During the year ended 30 June 2016 and 2015, the number of units issued, redeemed and outstanding were as follows:

	2016	2015
Units at the beginning of the financial year	35,696,918	38,734,283
Units cancelled	(13,870,738)	(3,037,365)
Units at the end of the financial year	<u>21,826,180</u>	<u>35,696,918</u>
Net assets attributable to unitholders (\$)	42,136,143	78,560,415
Net asset value per unit (\$)	<u>1.930</u>	<u>2.200</u>

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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:

	2016	2015
	\$	\$
Net assets attributable to unitholders per financial statements	1.930	2.200
Effect for movement in the net asset value between the last dealing date and the end of the reporting period*	-	0.000#
Net assets attributable to unitholders for issuing/redeeming	<u>1.930</u>	<u>2.200</u>

* 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.

indicates an effect of less than \$0.001 per unit.

8. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial 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, 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.

(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.

(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.

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2016***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 2016	SGD	USD	Total
	\$	\$	\$
<u>ASSETS</u>			
Portfolio of investments	39,741,424	2,325,638	42,067,062
Cash and bank balances	146,926	104,685	251,611
Total Assets	39,888,350	2,430,323	42,318,673
<u>LIABILITIES</u>			
Payables	182,530	-	182,530
Total Liabilities	182,530	-	182,530
Net currency exposure		2,430,323	
As at 30 June 2015	SGD	USD	Total
	\$	\$	\$
<u>ASSETS</u>			
Portfolio of investments	66,233,587	12,366,671	78,600,258
Receivables	21,595	-	21,595
Cash and bank balances	154,519	-	154,519
Total Assets	66,409,701	12,366,671	78,776,372
<u>LIABILITIES</u>			
Payables	215,957	-	215,957
Total Liabilities	215,957	-	215,957
Net currency exposure		12,366,671	

Investments, which is the significant item in the Statement of Financial Position, is exposed to currency risk and other price risk. The other price risk sensitivity analysis includes the impact of currency risk on non-monetary investments. The Fund's net financial assets comprise significantly non-monetary investments. Hence, currency risk sensitivity analysis has not been performed on the remaining financial assets.

(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 Straits Times Index, therefore the exposure to price risk in the Fund will be substantially the same as the Straits Times Index. 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 Straits Times Index characteristics.

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

8. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

If the Straits Times Index at 30 June 2016 had increased or decreased by 20% (30 June 2015: 20%) with all other variables held constant, this would have increased or decreased respectively the net asset value and return for the year by approximately 20% (30 June 2015: 20%).

(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.

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 2015: 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.

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

8. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

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 2016 is aa- (30 June 2015: 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.

(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 2016 and 2015:

As at 30 June 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
- Quoted equities	42,067,062	-	-	42,067,062
As at 30 June 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
- Quoted equities	78,577,808	-	-	78,577,808
- Quoted derivatives	-	22,450	-	22,450
	78,577,808	22,450	-	78,600,258

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.

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

8. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation (continued)

Financial instruments that trade in markets 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.

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:

	2016	2015
	\$	\$
Bank balances	251,611	154,519

- (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.

	2016	2015
	\$	\$
Accounting and valuation fee expense charged by a related company of the Trustee	4,375	-
Transaction fee expense charged by the Trustee and its related company	7,710	11,280
Custody fee expense charged by a related company of the Trustee	29,014	36,438
Interest expense paid to a bank which is the related company of the Trustee	-	10
Registration fee expense charged by a related company of the Trustee	29,893	29,854

SINGAPORE INDEX FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

10. FINANCIAL RATIOS

	2016	2015
Expense ratio ¹	1.04%	0.91%
Turnover ratio ²	<u>13.38%</u>	<u>6.28%</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 30 June 2016 was based on total operating expenses of \$683,231 (2015: \$734,084) divided by the average net asset value of \$65,677,251 (2015: \$80,691,001) 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 purchases of \$8,789,095 (2015: purchases of \$5,065,763) divided by the average daily net asset value of \$65,677,251 (2015: \$80,691,001).

SINGAPORE INDEX FUND

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

ANNUAL REPORT TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 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	1.08	-0.44	-12.28	-1.21	0.24	3.82	3.64
Benchmark ²	1.53	0.28	-11.11	-0.10	1.35	4.46	3.00

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.

For the twelve months ended 30 June 2016, the net asset value of the Fund lost 12.3% in Singapore Dollar terms, compared with the benchmark FTSE Strait Times Index (STI), which fell 11.1% on a total return basis.

Market and Portfolio Review

FY2016 was a turbulent year for the Singapore equity market, with the STI declining from a high of 3373 in July 2015 to a low of 2787 in September 2015, before rising and falling again to a period low of 2533 in January 2016, and recovering to 2841 at the end of June 2016.

For the first half of FY2016, Singapore investor sentiment was buffeted by a slower growth outlook for Singapore, with concerns arising from weak commodity prices and the health of the Chinese economy. The start of the year saw the local market decline amidst increased volatility when Chinese regulatory authorities took steps to rein in margin and other types of leveraged trading in June 2015, and again when the Chinese engineered an unexpected, albeit limited depreciation in the Renminbi later in August 2015. A market rebound came in the first week of October 2015 when the STI gained 7.4% on the back of a short term rally in crude oil price. However, concerns over the timing of the impending US federal fund rate hike – that eventually took place in December 2015 – and a worsening rout in global commodities reversed any recovery, and continued to weigh on the performance of the equity market over the remaining period.

The second half of the financial year began with a sharp contraction in the markets, as the introduction of 'market-stabilizing' circuit breakers by the Chinese authorities in January 2016 led to a sell-off in the A-shares market, followed by a plunge in crude oil prices to the lowest levels in 8 years. In response to heightened global uncertainty and a weakened inflation outlook due to falling oil prices, major central banks stepped in with additional stimulus. The Bank of Japan (BoJ) introduced negative borrowing rates for the first time, while the European Central Bank (ECB) expanded their quantitative easing program to include purchases of corporate bonds, along with further cuts in the Eurozone's interest rates.

As crude oil and commodity prices stabilized, the local equity market recovered and was further buoyed by improving US economic data. The positive momentum however, failed to carry through to May 2016, as investors fretted over the increased likelihood of further Fed rate hikes in June 2016, the rising US Dollar strength, as well as softer Chinese economic data. Towards the end of June 2016, the unexpected Brexit triggered a knee-jerk sell off across major global equity markets. However, investors took advantage of the sell-off to snap up assets, with markets rebounding as a result. Comments by US Fed Chair Janet Yellen saw expectations for additional hikes in US interest rates significantly pushed back.

On the domestic front, Singapore reported economic growth of 2.0% in 2015, largely in line with earlier forecasts by the Ministry of Trade and Industry (“MTI”). On a year-on-year (“YoY”) basis, the economy expanded by 1.8% in 4Q2015 largely due to the growth in the public construction and whole trade segments. For the first three months of 2016, Singapore’s GDP grew by 2.1% YoY, slightly faster than the previous quarter. From the April 2016 Monetary Policy Review, the Singapore economy was projected to expand at a slower pace for 2016 as compared to expectations laid out in the October 2015 policy review. In view of the weakening growth prospects, the Monetary Authority of Singapore (“MAS”) decided to remove the modest and gradual appreciation path of the SGD Nominal Effective Exchange Rate (“S\$NEER”) policy band, in an attempt to maintain price stability and reduce pressure on both inflation and exports. For 2Q2016, the domestic economy expanded by 2.1% YoY, unchanged from 1Q2016. The manufacturing sector, which suffered from six consecutive quarters of contraction, surprised with a growth of 1.1% YoY as compared to a 0.5% decline in the previous quarter. However, growth was largely moderated due to a slowdown in private sector construction activities. The services producing industries grew 1.7% YoY, similar to the rate registered in the preceding quarter.

During the financial year, the STI underwent index reviews in September 2015 and March 2016. In September 2015, due to stricter liquidity requirement, three counters – Jardine Matheson Holdings, Jardine Strategic Holdings and Olam International, were replaced by UOL Group, Yangzijiang Shipbuilding Holdings and SATS Ltd. In the March 2016 review, Noble Group was replaced by CapitaLand Commercial Trust following Noble Group’s failure to meet the required market capitalization eligibility requirements. In terms of constituent performance over the 12-month reporting period, 5 counters advanced while 25 counters declined. The top 3 performers were Thai Beverage PCL, Jardine Cycle and Carriage and SATS Ltd, which saw gains of 18.95%, 10.27% and 8.16% respectively. The bottom 3 performers were Sembcorp Marine Limited – down 45.42%, Keppel Corp Limited – down 33.09%, and Global Logistics Properties Limited – down 28.66%. Increasing deferrals in contract deliveries, declining order books as well as major clients’ defaults kept both Sembcorp Marine Limited and Keppel Corp Limited share prices under pressure. The domestic banking sector remained under stress on the back of rising pressures on asset quality and profitability. DBS, UOB and OCBC fell by 23.83%, 20.16%, and 14.64% respectively, contributing significantly to the downward movement in the STI. Despite seeing a contraction in exposure to China and receding pressure on Chinese Yuan hedges, the outlook for the local banks remained threatened by the uncertainty surrounding the oil and gas sector.

Market Outlook

In Singapore, the MTI has narrowed its 2016 GDP forecast to 1-2%, down from 1-3% previously, on the back of weaker global growth outlook. Domestically, the softening of global economic conditions, as well as the continued sluggishness in global trade, could weigh on externally-oriented sectors such as manufacturing, finance and wholesale trade. High oil supply overhang could also threaten a further recovery in oil prices, which would hit the energy as well as the banking industries. However, growth in the infocomm, education as well as health and social services sectors are likely to remain resilient and supportive of the GDP outlook.

The global economic environment is expected to remain difficult for investors in the near term due to volatility in the financial markets as well as geopolitical conflicts and terrorism. In particular, the upcoming US Presidential Elections, the highly awaited rate hike from the US Fed, along with uncertainties from Brexit, a weak macro outlook for China and other emerging economies could impact market confidence.

SINGAPORE INDEX FUND

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

B) Investments at fair value and as a percentage of NAV as at 30 June 2016 under review classified by

i) Country	Fair Value \$	% of NAV
Quoted Equities		
China	339,205	0.81
Hong Kong	1,759,795	4.18
Singapore	38,337,888	90.98
Thailand	1,630,174	3.87
	<u>42,067,062</u>	<u>99.84</u>
Portfolio of investments	42,067,062	99.84
Other net assets	69,081	0.16
Total	<u>42,136,143</u>	<u>100.00</u>

ii) Industry	Fair Value \$	% of NAV
Quoted Equities		
Consumer Discretionary	2,685,637	6.38
Consumer Staple	3,295,894	7.82
Financials	23,588,957	55.98
Industrials	6,562,534	15.58
Telecommunications	5,934,040	14.08
	<u>42,067,062</u>	<u>99.84</u>
Portfolio of investments	42,067,062	99.84
Other net assets	69,081	0.16
Net assets attributable to unitholders	<u>42,136,143</u>	<u>100.00</u>

iii) Asset Class

	Fair value at 30 June 2016 \$	Percentage of total net assets at 30 June 2016 %	Percentage of total net assets at 30 June 2015 %
Quoted Equities	42,067,062	99.84	100.02
Quoted Derivatives	-	-	0.03
Other net assets	69,081	0.16	(0.05)
Total	<u>42,136,143</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 30 June 2016 and 30 June 2015

10 largest holdings at 30 June 2016

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
Singapore Telecommunications Limited	5,526,312	13.12
Oversea-Chinese Banking Corporation	5,167,448	12.26
DBS Group Holdings Limited	5,135,648	12.19
United Overseas Bank Limited	4,048,661	9.61
Hongkong Land Holdings Limited	1,759,795	4.18
Thai Beverages PCL	1,630,174	3.87
Keppel Corporation Limited	1,434,125	3.40
Capitaland Limited	1,424,787	3.38
Wilmar International Limited	1,254,774	2.98
Singapore Press Holdings Limited	1,150,240	2.73

10 largest holdings at 30 June 2015

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
DBS Group Holdings Limited	10,112,569	12.87
Oversea-Chinese Banking Corporation	8,796,904	11.20
Singapore Telecommunications Limited	8,450,691	10.76
United Overseas Bank Limited	7,606,110	9.68
Jardine Matheson Holdings Limited	5,127,371	6.53
Hongkong Land Holdings Limited	3,556,403	4.53
Keppel Corporation Limited	3,216,075	4.09
Jardine Strategic Holdings Limited	2,506,651	3.19
Capitaland Limited	2,436,350	3.10
Global Logistic Properties Limited	2,116,851	2.69

D) Exposure to Derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2016
Not applicable
- ii) Net gain/(loss) on derivative contracts realised during the financial year ended 30 June 2016
Not applicable
- iii) Net gain/(loss) on outstanding derivative contracts marked to market as at 30 June 2016
Not applicable

E) Investments in other unit trusts, mutual funds and collective investment schemes as at 30 June 2016

	Fair value at 30-Jun-16 \$	Percentage of total net assets attributable to unitholders at 30-Jun-16 %
Ascendas Real Estate Investment Trust	994,232	2.36
Capitaland Commercial Trust	540,587	1.28
Capitamall Trust Real Estate Investment Trust	1,034,648	2.46

F) Amount and percentage of borrowings to net asset value (NAV) as at 30 June 2016

Not applicable

G) Amount of subscriptions and redemptions for the period 01 July 2015 to 30 June 2016

Total amount of subscriptions	SGD	-
Total amount of redemptions	SGD	26,238,592

H) Amount of related party transactions for the period 01 July 2015 to 30 June 2016

Please refer to Note 9 of the Notes to the Financial Statements on page 15.

I) Expense Ratios

30 June 2016	1.04%
30 June 2015	0.91%

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 30 June 2016 was based on total operating expenses of \$683,231 (2015: \$734,084) divided by the average net asset value of \$65,677,251 (2015: \$80,691,001) 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

30 June 2016	13.38%
30 June 2015	6.28%

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 \$8,789,095 (2015: purchases of \$5,065,763) divided by the average daily net asset value of \$65,677,251 (2015: \$80,691,001).

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 30 June 2016			
	Cost SGD	Percentage of share capital owned %	Dividends received SGD	Dividend cover ratio*
Singapore Telecommunications Limited	3,927,382	0.008	362,957	1.39
Oversea-Chinese Banking Corporation	4,135,823	0.014	320,305	2.62
DBS Group Holdings Limited	4,069,755	0.013	295,420	2.94
United Overseas Bank Limited	2,778,323	0.014	305,907	2.15
Hongkong Land Holdings Limited	1,182,119	0.009	88,384	4.50
Thai Beverages PCL	1,123,597	0.007	57,946	1.73
Keppel Corporation Limited	1,379,488	0.014	135,603	2.47
Capitaland Limited	1,363,552	0.011	64,890	2.79
Wilmar International Limited	2,253,470	0.006	46,743	2.93
Singapore Press Holdings Limited	1,435,020	0.018	92,394	1.00

* 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 2016 Cost / Fair Value SGD	30 June 2015 Cost / Fair Value SGD
Investments:		
Cost	36,533,057	56,297,826
Unrealised gain on investments	5,534,005	22,302,432
Net Book Value	<u>42,067,062</u>	<u>78,600,258</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 8 September 2016.

By Order of the Board

Lim Xinhua
Company Secretary

8 September 2016