

SINGAPORE CONSORTIUM INVESTMENT MANAGEMENT LIMITED

(Incorporated in Singapore)

Company Registration No. 199607548K

SINGAPORE INDEX FUND

Audited financial statements for the year ended 30 June 2014

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 2014.

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2014

	Note	2014 \$	2013 \$
Income			
Dividends		2,772,083	2,619,733
Less: Expenses			
Audit fee		(25,500)	(23,999)
Bank charges		(303)	(50)
Custody fees	9	(37,301)	(39,834)
Management fees	9	(522,378)	(549,897)
Printing expenses		(12,811)	(12,001)
Professional fees		(36,509)	(38,007)
Registrar fees	9	(31,441)	(33,857)
Trustee fees	9	(51,789)	(53,992)
Transaction cost		(24,249)	(47,897)
Miscellaneous expenses		(52,969)	(28,215)
		(795,250)	(827,749)
Net income		1,976,833	1,791,984
Net gains or losses on value of investments			
Net gain on investments		2,648,425	7,565,056
Net foreign exchange loss		(6,208)	(4,536)
		2,642,217	7,560,520
Total return for the year before income tax		4,619,050	9,352,504
Less: Income tax	3	(19,337)	(16,428)
Total return for the year		4,599,713	9,336,076

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Portfolio of investments		81,691,722	84,902,306
Receivables	5	11,474	27,441
Cash and bank balances	9	460,142	370,462
Total Assets		82,163,338	85,300,209
LIABILITIES			
Payables	6	338,859	230,320
Purchases awaiting settlement		-	93,269
Total Liabilities		338,859	323,589
EQUITY			
Net assets attributable to unitholders	7	81,824,479	84,976,620

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2014

	Note	2014 \$	2013 \$
Net assets attributable to unitholders at the beginning of the financial year		84,976,620	82,692,473
Operations			
Change in net assets attributable to unitholders resulting from operations		4,599,713	9,336,076
Unitholders' contributions/(withdrawals)			
Creation of units		-	44,116
Cancellation of units		(7,751,854)	(7,096,045)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(7,751,854)	(7,051,929)
Total (decrease)/increase in net assets attributable to unitholders		(3,152,141)	2,284,147
Net assets attributable to unitholders at the end of the financial year	7	81,824,479	84,976,620

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

STATEMENT OF PORTFOLIO

As at 30 June 2014 (Primary)

	Holdings at 30 June 2014	Fair value at 30 June 2014 \$	Percentage of total net assets attributable to unitholders at 30 June 2014 %
By Industry (Primary)* Quoted Equities			
CONSUMER DISCRETIONARY			
GENTING SINGAPORE PUBLIC LIMITED COMPANY	1,805,000	2,400,650	2.93
JARDINE CYCLE & CARRIAGE LIMITED	29,266	1,295,313	1.58
SINGAPORE PRESS HOLDINGS LIMITED	472,000	1,968,240	2.41
TOTAL		5,664,203	6.92
CONSUMER STAPLE			
GOLDEN AGRI-RESOURCES LIMITED	1,905,632	1,057,626	1.29
OLAM INTERNATIONAL LIMITED	141,850	365,973	0.45
THAI BEVERAGES PCL	2,907,000	1,802,340	2.20
WILMAR INTERNATIONAL LIMITED	623,000	1,987,370	2.43
TOTAL		5,213,309	6.37
FINANCIALS			
ASCENDAS REAL ESTATE INVESTMENT TRUST	580,000	1,334,000	1.63
CAPITALAND LIMITED	756,000	2,419,200	2.96
CAPITAMALL TRUST REAL ESTATE INVESTMENT TRUST	769,650	1,520,058	1.86
CITY DEVELOPMENTS LIMITED	175,000	1,790,250	2.19
DBS GROUP HOLDINGS LIMITED	519,466	8,701,056	10.63
GLOBAL LOGISTIC PROPERTIES LIMITED	889,000	2,400,300	2.93
HONGKONG LAND HOLDINGS LIMITED	348,000	2,893,674	3.54
OVERSEA-CHINESE BANKING CORPORATION	808,721	7,723,286	9.44
SINGAPORE EXCHANGE LIMITED	243,500	1,692,325	2.07
UNITED OVERSEAS BANK LIMITED	353,097	7,951,744	9.72
TOTAL		38,425,893	46.97
INDUSTRIALS			
COMFORTDELGRO CORPORATION LIMITED	595,000	1,487,500	1.82
HUTCHISON PORT HOLDINGS TRUST	1,499,000	1,345,484	1.64
JARDINE MATHESON HOLDINGS LIMITED	71,100	5,257,050	6.42
JARDINE STRATEGIC HOLDINGS LIMITED	66,500	2,962,097	3.62
KEPPEL CORPORATION LIMITED	425,650	4,592,764	5.61
NOBLE GROUP LIMITED	1,137,350	1,558,169	1.90
SEMCORP INDUSTRIES LIMITED	263,840	1,416,820	1.73
SEMCORP MARINE LIMITED	246,000	1,008,600	1.23
SIA ENGINEERING COMPANY LIMITED	66,000	333,300	0.41
SINGAPORE AIRLINES LIMITED	149,540	1,550,730	1.90
SINGAPORE TECHNOLOGIES ENGINEERING	460,500	1,749,900	2.14
TOTAL		23,262,414	28.42

*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 2014 (Primary)

	Holdings at 30 June 2014	Fair value at 30 June 2014 \$	Percentage of total net assets attributable to unitholders at 30 June 2014 %
By Industry (Primary)* (continued)			
Quoted Equities			
TELECOMMUNICATION SERVICES			
SINGAPORE TELECOMMUNICATIONS LIMITED	2,184,090	8,408,747	10.28
STARHUB LIMITED	171,980	717,156	0.88
TOTAL		9,125,903	11.16
Portfolio of investments		81,691,722	99.84
Other net assets		132,757	0.16
Net assets attributable to unitholders		81,824,479	100.00

*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 2014 (Primary)

	Percentage of total net assets attributable to unitholders at 30 June 2014 %	Percentage of total net assets attributable to unitholders at 30 June 2013 %
By Industry (Primary)* (Summary)		
Quoted Equities		
Consumer Discretionary	6.92	7.09
Consumer Staple	6.37	6.86
Financials [#]	46.97	46.09
Industrials	28.42	28.37
Telecommunication Services	11.16	11.50
Portfolio of investments	99.84	99.91
Other net assets	0.16	0.09
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).

[#]For the financial year ended 30 June 2013, Capitaland Limited, City Developments Limited and Hongkong Land Holdings Limited have been reclassified from "Real Estate" to "Financials" and CapitaMall Trust Real Estate Investment Trust from "Real Estate Investment Trust" to "Financials" in the Statement of Portfolio. The reclassification standardises the grouping of these investments for better comparative purposes.

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

STATEMENT OF PORTFOLIO
As at 30 June 2014 (Secondary)

	Fair value at 30 June 2014 \$	Percentage of total net assets attributable to unitholders at 30 June 2014 %	Percentage of total net assets attributable to unitholders at 30 June 2013 %
By Geography (Secondary)[#]			
Hong Kong	12,670,990	15.49	15.77
Singapore	67,218,392	82.15	81.97
Thailand	1,802,340	2.20	2.17
Portfolio of investments	81,691,722	99.84	99.91
Other net assets	132,757	0.16	0.09
Net assets attributable to unitholders	81,824,479	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 2014

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 (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 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 Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP7") issued by the Institute of Singapore Chartered Accountants.

On 1 July 2013, the Fund adopted FRS 113 'Fair value measurement' which is effective for annual periods beginning on or after 1 January 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Fund changed its valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Fund's prospectus for the calculation of its per share trading value for subscriptions and redemptions. In the prior year, the Fund utilised bid and ask prices for its listed financial assets and liabilities in accordance with FRS 39. The change in valuation inputs is considered to be a change in estimate in accordance with FRS 8 and is applied prospectively.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 gains and losses 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.

(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. Prior to 1 July 2013, the quoted market price used for investments held by the Fund was the current bid price. On adoption of FRS 113 'Fair value measurement', the Fund changed its fair valuation input to utilise 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 gains and losses 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. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items classified as financial assets at fair value through profit and loss are reported as part of the fair value gains or losses in the Statement of Total Return.

(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", "Receivables" and "Sales awaiting settlement". Receivables are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method less impairment.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Payables

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

3. INCOME TAX

	2014	2013
	\$	\$
Singapore income tax	<u>19,337</u>	<u>16,428</u>

The Fund was granted the status of Designated Unit Trust ("DUT") in Singapore and, therefore, the following income is not taxable in accordance with Section 35(12) and (12A) of the Income Tax Act (Cap 134) including:

- (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 Income Tax Act); and
- (iii) dividends 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 2014 and 30 June 2013.

5. RECEIVABLES

	2014	2013
	\$	\$
Dividends receivable	<u>11,474</u>	<u>27,441</u>

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6. PAYABLES	2014	2013
	\$	\$
Amounts payable for cancellation of units	106,254	-
Amount due to Manager	138,363	150,501
Amount due to Trustee	13,737	14,707
Other accruals for operating expenses	80,505	65,112
	<u>338,859</u>	<u>230,320</u>

7. UNITS IN ISSUE

During the year ended 30 June 2014 and 2013, the number of units issued, redeemed and outstanding were as follows:

	2014	2013
Units at the beginning of the financial year	42,492,280	46,026,910
Units created	-	21,620
Units cancelled	(3,757,997)	(3,556,250)
Units at the end of the financial year	<u>38,734,283</u>	<u>42,492,280</u>
Net assets attributable to unitholders (\$)	81,824,479	84,976,620
Net asset value per unit (\$)	<u>2.112</u>	<u>2.000</u>

For subscriptions and redemptions and for various fee calculations as well as for reporting purpose, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit.

Prior to 1 July 2013, for reporting purpose the investments were valued at the relevant bid market prices as at the reporting date.

The effect of bid market prices in the net assets attributable to unitholders per unit is as follows:

	2014	2013
	\$	\$
Net assets attributable to unitholders per financial statements	2.112	2.000
Effect of adopting bid prices at fair value	-	0.003
Effect for movement in the net asset value between the last dealing date and the end of the reporting period*	0.001	(0.001)
Net assets attributable to unitholders for issuing/redeeming	<u>2.113</u>	<u>2.002</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.

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For the financial year ended 30 June 2014

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. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of 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. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

(i) Foreign exchange risk

The Fund has monetary financial assets/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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

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 2014	SGD \$	USD \$	Total \$
<u>ASSETS</u>			
Portfolio of investments	69,233,417	12,458,305	81,691,722
Receivables	11,474	-	11,474
Cash and bank balances	460,142	-	460,142
Total Assets	69,705,033	12,458,305	82,163,338

LIABILITIES

Payables	338,859	-	338,859
Total Liabilities	338,859	-	338,859

Net currency exposure 12,458,305

As at 30 June 2013

	SGD \$	USD \$	Total \$
<u>ASSETS</u>			
Portfolio of investments	71,152,991	13,749,315	84,902,306
Receivables	-	27,441	27,441
Cash and bank balances	370,335	127	370,462
Total Assets	71,523,326	13,776,883	85,300,209

LIABILITIES

Payables	230,320	-	230,320
Purchases awaiting settlement	93,269	-	93,269
Total Liabilities	323,589	-	323,589

Net currency exposure 13,776,883

Investments, which is the significant item in the Statement of Financial Position, is exposed to currency risk and other price risk. 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.

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NOTES TO THE FINANCIAL STATEMENTS

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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 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.

If the Straits Times Index at 30 June 2014 had increased or decreased by 20% (30 June 2013: 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 \$16,338,344 (30 June 2013: \$16,980,461).

(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.

The Fund's financial assets and liabilities are largely non-interest bearing. Hence, the Fund is not subjected to significant risk due to fluctuations in the prevailing levels of market interest rates.

(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 investments 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 2013: less than 1 year). The units are redeemable on demand at the holder's option subject to terms and conditions for redemption.

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8. FINANCIAL RISK MANAGEMENT (continued)

(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 Moody's at 30 June 2014 is B (30 June 2013: B). 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 fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. Prior to 1 July 2013, the quoted market price used for financial assets held by the Fund was the bid price on reporting date; the appropriate quoted market price for financial liabilities was the asking price on reporting date. On 1 July 2013, the Fund adopted FRS 113, 'Fair value measurement' and changed its valuation basis for financial assets and liabilities, based on quoted prices in an active market, to last traded market prices.

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).

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8. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation (continued)

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 2014 and 2013:

As at 30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss				
- Quoted equities	<u>81,691,722</u>	-	-	<u>81,691,722</u>
As at 30 June 2013	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss				
- Quoted equities	<u>84,902,306</u>	-	-	<u>84,902,306</u>

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 assets and liabilities not measured at fair value at 30 June 2014 and 2013 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position 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.

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9. RELATED PARTY TRANSACTIONS (continued)

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

	2014 \$	2013 \$
Bank balances	460,142	370,462

- (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.

	2014 \$	2013 \$
Brokerage expense on purchases and sales of investments charged by related companies of shareholders of the Manager	5,951	15,313
Transaction fee expense charged by the Trustee and its related company	7,140	4,680
Custody fee expense charged by a related company of the Trustee	37,301	39,834
Registration fee expense charged by a related company of the Trustee	31,441	33,857

10. FINANCIAL RATIOS

	2014	2013
Expense ratio ¹	0.92%	0.88%
Turnover ratio ²	5.11%	13.11%

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 2014 was based on total operating expenses of \$771,001 (2013: \$779,852) divided by the average net asset value of \$83,530,074 (2013: \$88,147,943) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$4,267,301 (2013: purchases of \$11,554,663) divided by the average daily net asset value of \$83,530,074 (2013: \$88,147,943).

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 2014

11. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Consortium Investment Management Limited on 15 September 2014.

SINGAPORE INDEX FUND

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

ANNUAL REPORT TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % 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	3.11	3.90	5.53	3.47	8.85	8.40	4.60
Benchmark	3.40	4.43	6.65	4.57	10.16	8.16	3.75

Source: Lipper, a Thomson Reuters Company.

Note: The performance returns of the Fund are in Singapore dollars based on a bid-to-bid basis 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 year ended 30 June 2014, the net asset value of the Fund **rose 5.5 per cent** in Singapore dollar terms, compared with the benchmark Straits Times Index (STI), which rose 6.7 per cent during the same period.

Market and Portfolio Review

The first half of the financial year proved more challenging than the second half for the Singapore stock market as concerns over the strength of the global recovery weighed on investor sentiment. China released a series of weaker-than-expected economic data, which cast doubts over its ability to achieve its high single-digit growth target. Reductions in US corporate earnings expectations and uncertainty over the US Federal Reserve's (Fed's) tapering of its quantitative easing programme had a similar knock-on effect on the developed markets. Fortunately, the second half saw a slight revival following comments by new Fed Chairman, Janet Yellen, which showed support for 'lower for longer' interest rates. In addition, economic data from both the US and China also started to show positive improvements during the same period.

On the domestic front, Singapore reported a better-than-expected 2013 GDP growth of 4.1 per cent, which exceeded upper-range estimates by the Ministry of Trade and Industry (MTI) and a decent 1Q14 GDP reading of 4.9 per cent. This came on the back of a recovery in manufacturing and a pickup in export demand for semiconductors, pharmaceuticals, petrochemicals and transport engineering sectors. The purchasing managers' index (PMI) reading also remained above 50 for the first six months of 2014, which showed that activity in the manufacturing sector in Singapore continued to be in an expansionary mode. This combination of better global and domestic economic data boosted local investor optimism, and enabled the STI to end the financial year on a positive note.

During the financial year, the STI underwent no changes at the two regular semi-annual index reviews in September 2013 and March 2014. However, a successful privatization bid by **Capitaland** for

CapitaMalls Asia (CMA) in April led to an index change on 4 June 2014 where CMA was subsequently delisted and replaced by **Ascendas REIT**.

Other notable corporate actions included Temasek Holdings' offer to buy all the outstanding shares in **Olam International** that it and its concert parties did not already own. By the close of the offer in May 2014, Temasek and its concert parties amassed a stake of slightly over 80 per cent in the commodities giant. As Temasek intended to maintain Olam's listing status – and free-float shares stayed above the minimum 10 per cent requirement – Olam remained in the STI as a constituent.

As a result of Temasek's offer, **Olam** became the top performer for the STI during the Fund's financial year with its share price increasing by more than 57 per cent. **Noble Group** was the second best performer in the index with a 41 per cent gain after investors cheered its plans to sell a 51 per cent stake in its agriculture unit to China's largest grain trader, COFCO, for US\$1.5b. Rounding off the top three performers was **ComfortDelgro**, which posted a 36 per cent increase in its share price following the Land Transport Authority's plan to introduce a government contract model to regulate and improve Singapore bus services. Overall, 17 of the 30 STI constituents ended the financial year in positive territory.

On the other end of the spectrum, the worst three performers for the Fund's financial year were **ST Engineering**, **Sembcorp Marine**, and **OCBC**, which declined by 7 per cent, 5 per cent and 5 per cent, respectively. In terms of sector performance, **consumer staples** – buoyed by **Olam** and **Noble** – fared the best with average gains of 15 per cent while the **industrials** sector, which included companies like **Keppel Corp** and **Sembcorp Industries**, was next with average gains of 6.9%. The **telecommunications services** sector showed the smallest average gain as the only two constituents in the index, **SingTel** and **StarHub**, had mixed results with a 2 per cent gain and a 0.2 per cent decline, respectively.

Market Outlook

The MTI has maintained its 2014 GDP forecast of 2 to 4 percent, predicated on a modest global recovery. Externally-oriented sectors such as manufacturing and wholesale trade are expected to be the supportive growth pillars while domestically-oriented sectors such as business services are likely to stay stable. The potential downside risk remains the continued tightness in the labour market, especially with restrictions on foreign labour and rising unit labour costs, and this is likely to be a drag on growth in labour-intensive sectors. Abroad, attention will still be on the pace of US monetary policy normalization and policy moves by the Chinese government to rein in credit growth.

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 2014 under review classified by**

i) Country	Fair Value \$	% of NAV
Hong Kong	12,670,990	15.49
Singapore	67,218,392	82.15
Thailand	1,802,340	2.20
Portfolio of investments	81,691,722	99.84
Other net assets	132,757	0.16
Total	81,824,479	100.00

ii) Industry	Fair Value \$	% of NAV
Consumer Discretionary	5,664,203	6.92
Consumer Staple	5,213,309	6.37
Financials	38,425,893	46.97
Industrials	23,262,414	28.42
Telecommunication Services	9,125,903	11.16
Portfolio of investments	81,691,722	99.84
Other net assets	132,757	0.16
Total	81,824,479	100.00

iii) Asset Class	Fair value at 30 June 2014 \$	Percentage of total net assets at 30 June 2014 %	Percentage of total net assets at 30 June 2013 %
Equities	81,691,722	99.84	99.91
Cash Equivalents	132,757	0.16	0.09
Total	81,824,479	100.00	100.00

iv) Credit rating of debt securities

Not applicable

C) Top Ten Holdings

The top ten holdings as at 30 June 2014 and 30 June 2013

10 largest holdings at 30 June 2014

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	8,701,056	10.63
Singapore Telecommunications Limited	8,408,747	10.28
United Overseas Bank Limited	7,951,744	9.72
Oversea-Chinese Banking Corporation	7,723,286	9.44
Jardine Matheson Holdings Limited	5,257,050	6.42
Keppel Corporation Limited	4,592,764	5.61
Jardine Strategic Holdings Limited	2,962,097	3.62
Hongkong Land Holdings Limited	2,893,674	3.54
Capitaland Limited	2,419,200	2.96
Genting Singapore Public Limited Company	2,400,650	2.93

10 largest holdings at 30 June 2013

	Fair Value \$	Percentage of total net assets attributable to unitholders %
Singapore Telecommunications Limited	8,772,418	10.32
Oversea-Chinese Banking Corporation	8,638,563	10.17
DBS Group Holdings Limited	8,485,723	9.99
United Overseas Bank Limited	7,409,706	8.72
Jardine Matheson Holdings Limited	5,697,784	6.71
Keppel Corporation Limited	4,738,760	5.58
Jardine Strategic Holdings Limited	3,291,809	3.87
Hongkong Land Holdings Limited	3,257,946	3.83
Global Logistic Properties Limited	2,607,150	3.07
Genting Singapore Public Limited Company	2,563,440	3.02

D) Exposure to Derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2014

Not applicable

- ii) Net gains/(losses) on derivative contracts realised during the financial year ended 30 June 2014

Not applicable

- iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 30 June 2014

Not applicable

E) Investments in other unit trusts, mutual funds and collective investment schemes as at 30 June 2014

	Fair value at 30 June 2014 \$	Percentage of total net assets attributable to unitholders at 30 June 2014 %
Ascendas Real Estate Investment Trust	1,334,000	1.63
CapitaMall Trust Real Estate Investment Trust	1,520,058	1.86

F) Amount and percentage of borrowings to net asset value (NAV) as at 30 June 2014

Not applicable

G) Amount of subscriptions and redemptions for the period 01 July 2013 to 30 June 2014

Total amount of subscriptions	SGD	-
Total amount of redemptions	SGD	7,751,854

H) Amount and terms of related party transactions for the period 01 July 2013 to 30 June 2014

	\$
Brokerage expense on purchases and sales of investments charged by related companies of shareholders of the Manager	5,951
Transaction fee expense charged by the Trustee and its related company	7,140
Custody fee expense charged by a related company of the Trustee	37,301
Registrar fee expense charged by a related company of the Trustee	31,441

I) Expense ratios

30 June 2014	0.92%
30 June 2013	0.88%

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 2014 was based on total operating expenses of \$771,001 (2013: \$779,852) divided by the average net asset value of \$83,530,074 (2013: \$88,147,943) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

J) Turnover ratios

30 June 2014	5.11%
30 June 2013	13.11%

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 \$4,267,301 (2013: purchases of \$11,554,663) divided by the average daily net asset value of \$83,530,074 (2013: \$88,147,943).

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

Not applicable

DETAILS OF TOP 10 HOLDINGS

As at 30 June 2014				
	Cost SGD	Percentage of share capital owned %	Dividends received SGD	Dividend cover ratio
DBS Group Holdings Limited	6,030,783	0.021	309,130	0.37
Singapore Telecommunications Limited	6,121,145	0.014	389,375	0.78
United Overseas Bank Limited	4,107,363	0.022	269,373	0.40
Oversea-Chinese Banking Corporation	5,197,757	0.023	284,825	0.42
Jardine Matheson Holdings Limited	2,902,173	0.010	131,069	0.43
Keppel Corporation Limited	2,086,912	0.023	175,360	0.39
Jardine Strategic Holdings Limited	695,907	0.006	22,560	0.12
Hongkong Land Holdings Limited	1,716,427	0.015	83,838	0.48
Capitaland Limited	2,222,737	0.018	60,800	0.42
Genting Singapore Public Limited Company	2,001,298	0.015	18,210	0.18

SUMMARY OF INVESTMENT PORTFOLIO

	30 June 2014 Cost / Fair Value SGD	30 June 2013 Cost / Fair Value SGD
Quoted Investments:		
Cost	57,903,721	62,073,546
Unrealised gain on investments	23,788,001	22,828,760
Net Book Value	<u>81,691,722</u>	<u>84,902,306</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 80 Raffles Place, UOB Plaza 2, #03-00, Singapore 048624.

These financial statements have been approved by the Board of Directors of Singapore Consortium Investment Management Limited pursuant to a resolution of the Board passed on 15 September 2014.

By Order of the Board

Theresa Sim Kwee Soik
Company Secretary

15 September 2014