

SINGAPORE CONSORTIUM INVESTMENT MANAGEMENT LIMITED

(Incorporated in Singapore)

Company Registration No. 199607548K

SINGAPORE INDEX FUND

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

Audited financial statements for the year ended 30 June 2017

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 2017.

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2017

	Note	2017 \$	2016 \$
Income			
Dividends		1,598,401	2,588,318
Interest on cash and bank balances		15	-
		1,598,416	2,588,318
Less: Expenses			
Audit fee		22,360	25,569
Bank charges		(1,305)	1,293
Custody fees	9	19,285	29,014
Management fees	9	279,655	418,499
Printing expenses		17,456	16,986
Professional fees		23,943	72,271
Registrar fees	9	29,228	29,893
Trustee fees	9	31,321	43,211
Accounting and valuation fees	9	13,423	4,375
Transaction cost		18,028	51,966
Miscellaneous expenses*		(16,273)	42,120
		437,121	735,197
Net income		1,161,295	1,853,121
Net gain or loss on value of investments			
Net gain/(loss) on investments		5,528,871	(11,956,539)
Net foreign exchange gain/(loss)		1,304	(46,646)
		5,530,175	(12,003,185)
Total return/(deficit) for the year before income tax		6,691,470	(10,150,064)
Less: Income tax	3	(29,064)	(35,616)
Total return/(deficit) for the year		6,662,406	(10,185,680)

* Miscellaneous expenses includes GST rebate

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$	2016 \$
<u>Assets</u>			
Portfolio of investments		42,399,232	42,067,062
Receivables	5	88,737	-
Cash and bank balances	9	1,220,323	251,611
Total Assets		43,708,292	42,318,673
<u>Liabilities</u>			
Payables	6	1,099,808	182,530
Total Liabilities		1,099,808	182,530
<u>Equity</u>			
Net assets attributable to unitholders	7	42,608,484	42,136,143

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the financial year ended 30 June 2017*

	Note	2017 \$	2016 \$
Net assets attributable to unitholders at the beginning of the financial year		42,136,143	78,560,415
Operations			
Change in net assets attributable to unitholders resulting from operations		6,662,406	(10,185,680)
Unitholders' contributions/(withdrawals)			
Cancellation of units		(6,190,065)	(26,238,592)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(6,190,065)	(26,238,592)
Total increase/(decrease) in net assets attributable to unitholders		472,341	(36,424,272)
Net assets attributable to unitholders at the end of the financial year	7	42,608,484	42,136,143

STATEMENT OF PORTFOLIO
As at 30 June 2017 (Primary)

	Holdings at 30 June 2017	Fair value at 30 June 2017 \$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
By Industry - (Primary)*			
Quoted Equities			
Consumer Discretionary			
Genting Singapore Public Limited Company	893,300	969,231	2.27
Jardine Cycle & Carriage Limited	15,266	677,047	1.59
Singapore Press Holdings Limited	246,700	796,841	1.87
Total		2,443,119	5.73
Consumer Staple			
Golden Agri-Resources Limited	986,332	369,875	0.87
Thai Beverages PCL	1,516,900	1,365,210	3.20
Wilmar International Limited	300,600	1,007,010	2.37
Total		2,742,095	6.44
Financials			
DBS Group Holdings Limited	278,167	5,769,184	13.54
Oversea-Chinese Banking Corporation	506,143	5,461,283	12.82
Singapore Exchange Limited	127,100	932,913	2.19
United Overseas Bank Limited	197,757	4,572,142	10.73
Total		16,735,522	39.28
Industrials			
ComfortDelgro Corporation Limited	316,900	728,870	1.71
Hutchison Port Holdings Trust	782,100	463,038	1.09
Jardine Matheson Holdings Limited	23,400	2,068,414	4.85
Keppel Corporation Limited	221,050	1,390,405	3.26
SATS Limited	98,000	500,780	1.17
Sembcorp Industries Limited	140,440	432,555	1.01
SIA Engineering Company Limited	36,100	147,288	0.35
Singapore Airlines Limited	78,640	795,837	1.87
Singapore Technologies Engineering	235,700	867,376	2.04
Yangzijiang Shipbuilding Holdings Limited	317,800	378,182	0.89
Total		7,772,745	18.24

* 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 2017 (Primary)

	Holdings at 30 June 2017	Fair value at 30 June 2017 \$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
By Industry - (Primary)* (continued)			
Quoted Equities			
Real Estate			
Ascendas Real Estate Investment Trust	362,800	946,908	2.22
Capitaland Commercial Trust	302,600	502,316	1.18
Capitaland Limited	388,800	1,360,800	3.19
CapitaLand Mall Trust	356,650	704,384	1.65
City Developments Limited	72,680	779,856	1.83
Global Logistic Properties Limited	453,700	1,297,582	3.05
Hongkong Land Holdings Limited	180,800	1,832,158	4.30
UOL Group Limited	73,400	560,776	1.32
Total		7,984,780	18.74
Telecommunications			
Singapore Telecommunications Limited	1,151,190	4,478,129	10.51
Starhub Limited	89,280	242,842	0.57
Total		4,720,971	11.08
Portfolio of investments		42,399,232	99.51
Other net assets		209,252	0.49
Net assets attributable to unitholders		42,608,484	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 2017 (Primary)

	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
By Industry (Primary)* (Summary)		
Quoted Equities		
Consumer Discretionary	5.73	6.38
Consumer Staple	6.44	7.82
Financials	39.28	36.78
Industrials	18.24	15.58
Real Estate	18.74	19.20
Telecommunications	11.08	14.08
	<hr/>	
Portfolio of investments	99.51	99.84
Other net assets	0.49	0.16
Net assets attributable to unitholders	100.00	100.00

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

STATEMENT OF PORTFOLIO
As at 30 June 2017 (Secondary)

	Fair value at 30 June 2017 \$	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
By Geography - Secondary*			
Quoted Equities			
China	378,182	0.89	0.81
Hong Kong	3,900,572	9.15	4.18
Singapore	36,755,268	86.27	90.98
Thailand	1,365,210	3.20	3.87
Portfolio of investments	42,399,232	99.51	99.84
Other net assets	209,252	0.49	0.16
Net assets attributable to unitholders	42,608,484	100.00	100.00

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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, as modified by the revaluation of financial assets at fair value through profit or loss and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in June 2016 for the financial year beginning on or after 1 July 2016.

The Fund has adopted the following Singapore Financial Reporting Standards ("FRS") and related amendments in accordance with the recommendations of the RAP7:

(i) Consolidation and disclosure of interests in other entities

FRS 110 "*Consolidated financial statements*"
FRS 112 "*Disclosure of interests in other entities*"
Amendments to FRS 110, FRS 112 and FRS 27 "*Investment entities*"

FRS 110 and the amendments define an investment entity and introduce an exception from the consolidation requirements for investment entities.

FRS 112 and the amendments require entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some interests in other entities. Entities are also required to provide disclosure around certain "structured entities". The amendments to FRS 112 introduce new disclosure requirements related to investment entities.

(ii) Offsetting financial assets and liabilities disclosures

Amendments to FRS 32 "*Financial instruments: Presentation – Offsetting financial assets and financial liabilities*"
Amendments to FRS 107 "*Disclosures – Offsetting financial assets and financial liabilities*"

The amendments to FRS 32 provide clarification on the offsetting criteria in FRS 32 and address inconsistencies in their application.

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NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Offsetting financial assets and liabilities disclosures (continued)

The amendments to FRS 107 require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The adoption of these new or amended FRS impacted the Fund's level of disclosures in certain of the above noted areas, but did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior financial years.

(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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS

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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 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.

3. INCOME TAX

	2017	2016
	\$	\$
Singapore income tax	29,064	35,616

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;

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

3. INCOME TAX (continued)

- (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 2017 and 30 June 2016.

5. RECEIVABLES

	2017	2016
	\$	\$
Sales awaiting settlement	74,553	-
Other receivables	14,184	-
	88,737	-

6. PAYABLES

	2017	2016
	\$	\$
Amounts payable for cancellation of units	947,798	-
Amount due to Manager	74,088	97,527
Amount due to Trustee	8,298	10,345
Other accruals for operating expenses	69,624	74,658
	1,099,808	182,530

7. UNITS IN ISSUE

During the year ended 30 June 2017 and 2016, the number of units issued, redeemed and outstanding were as follows:

	2017	2016
Units at the beginning of the financial year	21,826,180	35,696,918
Units cancelled	(2,893,641)	(13,870,738)
Units at the end of the financial year	18,932,539	21,826,180
Net assets attributable to unitholders (\$)	42,608,484	42,136,143
Net asset value per unit (\$)	2.250	1.930

There is no difference between the net assets attributable to unitholders per the financial statements and the net assets attributable to unitholders for issuing/redeeming units at the reporting date.

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For the financial year ended 30 June 2017

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.

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

As at 30 June 2017	SGD	USD	Total
	\$	\$	\$
<u>Assets</u>			
Portfolio of investments	38,035,622	4,363,610	42,399,232
Receivables	14,184	74,553	88,737
Cash and bank balances	1,220,322	1	1,220,323
Total assets	39,270,128	4,438,164	43,708,292
<u>Liabilities</u>			
Payables	1,099,808	-	1,099,808
Total liabilities	1,099,808	-	1,099,808
Net currency exposure		4,438,164	

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

8. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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	

Investments, which is a 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 STI, 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 2017 had increased or decreased by 11% (30 June 2016: 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 11% (30 June 2016: 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

8. FINANCIAL RISK MANAGEMENT (continued)

(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 2016: 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 2017 is aa- (30 June 2016: 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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 2017 and 2016:

As at 30 June 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
- Quoted equities	<u>42,399,232</u>	-	-	<u>42,399,232</u>
As at 30 June 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
- Quoted equities	<u>42,067,062</u>	-	-	<u>42,067,062</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.

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:

	2017	2016
	\$	\$
Bank balances	<u>1,220,323</u>	<u>251,611</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

9. RELATED PARTY TRANSACTIONS (continued)

- (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.

	2017	2016
	\$	\$
Accounting and valuation fee expense charged by a related company of the Trustee	13,423	4,375
Transaction fee expense charged by the Trustee and its related company	8,340	7,710
Custody fee expense charged by a related company of the Trustee	19,285	29,014
Interest expense paid to a bank which is the related company of the Trustee	85	-
Registrar fee expense charged by a related company of the Trustee	29,228	29,893

10. FINANCIAL RATIOS

	2017	2016
Expense ratio ¹	0.97%	1.04%
Turnover ratio ²	7.47%	13.38%

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 2017 was based on total operating expenses of \$419,005 (2016: \$683,231) divided by the average net asset value of \$43,224,774 (2016: \$65,677,251) 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 \$3,226,857 (2016: purchases of \$8,789,095) divided by the average daily net asset value of \$43,224,774 (2016: \$65,677,251).

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ANNUAL REPORT TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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	2.56	13.14	16.58	2.12	4.56	1.33	4.23
Benchmark ²	2.79	13.80	17.82	3.27	5.76	2.26	3.68

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 2017, the net asset value of the Fund gained 16.6% in Singapore Dollar terms, compared with the Benchmark, which gained 17.8% on a total return basis.

Market and Portfolio Review

The Singapore equity market performed well in FY2017. The Singapore Straits Times Index (“STI”) climbed to 3,226 points as of 30 June 2017, from a low of 2,787 points in November 2016, and 2,841 points a year ago. The Singapore’s equity market benchmark gained 13.6% year-on-year (“yoy”), largely driven by the strong momentum built-up in the fourth quarter of 2016 following Donald Trump’s victory in the US presidential election and the Republicans retaining a majority in both chambers of the US Congress.

For the first half of FY2017, the market started off by recovering quicker-than-expected from UK’s shock decision to exit the European Union but remained range bound over the next few months as investors stayed relatively risk-off given the uncertainty surrounding: (1) Brexit’s impact; (2) upcoming US presidential election and; (3) pending US rate hikes. Also, risk appetite was somewhat contained by a couple of local defaults in the offshore marine sector as a recovery in oil prices failed to be timely enough or significant enough for the sector. Trump’s surprising presidential election victory in November, together with the Republicans retaining control of both chambers of the US Congress, led to expectations of increased fiscal stimulus and consequently, higher inflation. Coupled with potentially stronger growth for the US economy and a resilient job market, the Federal Reserve raised short-term interest rates by 0.25 percentage points at the December Fed meeting. The STI finally joined the global equity markets in a post-US election rally to 2,960 in mid-December before correcting to close at 2,881.

For the second half of FY2017, the Singapore equities market remained resilient as the STI appreciated 12.0% over the six-month period. The equities market was driven by a multitude of positive catalysts, such as faster economic growth in Singapore and local corporate earnings, a pick-up in global growth outlook, as well as the US Federal Reserve continuing to go slow on interest rate normalization.

During the financial year, the STI underwent one index change in September 2016. In the review, Sembcorp Marine Ltd's spot in the index was replaced by Jardine Matheson Holdings. In terms of constituent performance over the 12-month reporting period, 21 counters advanced while 9 declined. The top 3 performers were Global Logistic Properties Ltd, Genting Singapore PLC and UOL Group Ltd, which saw gains of 58.4%, 49.7% and 39.9% respectively. The bottom 3 performers were Starhub Ltd – down 28.2%, Singapore Press Holdings Ltd – down 18.2% and ComfortDelGro Corp Ltd – down 16.4%. The entrance of a fourth telecommunications operator (“telco”) from Australia, TPG, has kept the local telco stock prices of Starhub Ltd and Singtel under pressure. Notably, the domestic banking sector outperformed this year, as compared to the previous year. This was largely driven by the prospects of higher interest rates and improvements in asset quality & earnings. DBS, UOB and OCBC's share price increased 31.6%, 25.5% and 24.2% respectively, contributing significantly to the STI overall performance. The STI grew 13.6% on a 12-month gross return basis, with 14 out of 30 of its constituents outperforming the STI.

On the domestic front, the Singapore economy grew by 2.0% in 2016, in line with its GDP growth forecasts by the Ministry of Trade and Industry (“MTI”). On a yoy basis, the economy expanded 2.9% in 4Q2016 largely due to growth in the manufacturing sector and transportation & storage sector which improved 11.5% (3Q2016: 1.8%) and 5.4% (3Q2016: 0.7%) respectively. For the first three months of 2017, Singapore's GDP grew by 2.7% yoy, slightly lower than the previous quarter. The manufacturing sector slowed but continued to post healthy figures, expanding at 8.0% yoy. The sector's growth was primarily driven by the electronics and precision engineering clusters, which expanded on the back of robust global demand for semiconductors and semiconductor manufacturing equipment. The construction sector, along with accommodation & food services sector, dragged down the quarter's performance, contracting 1.4% yoy and 1.9% yoy respectively.

Market Outlook

In Singapore, the MTI remained cautious but was slightly more optimistic on their outlook as they improved their GDP growth forecast for 2017 to 1 to 3 percent, with growth likely to come in higher than the 2 percent achieved in 2016, barring the occurrence of any material downside risks. The MTI expects the US economy to grow at a faster pace in 2017, supported primarily by domestic demand on the back of resilient labour and housing market conditions. On the other hand, the MTI expects only modest growth in the Eurozone given that consumption growth might be constrained to a certain extent by rising energy prices which negatively impact consumers' real disposable income. For Asia, the MTI expects China's GDP to slow marginally with the slowdown in heavy industries depressing investments for the rest of 2017. Growth among key ASEAN economies is expected to improve in 2017, driven by resilient domestic demand and recovery in merchandise exports. Singapore's economy is likely to be supported by the manufacturing and transportation & storage sectors, driven by sustained growth in the electronics and precision engineering clusters and projected improvement in global trade flows.

However, consumer sentiments could remain cautious as labour market conditions remained sluggish and may weigh on the food services and retail trade segments. Additionally, there remain concerns over the rise of anti-globalisation sentiments, as well as political risks and economic uncertainties in Europe and in US. Geopolitical tension arising from the ongoing hardline rhetoric between US and North Korea is likely to keep financial markets on edge and worried about the possible breakout of military conflict. China's economy could also face further monetary tightening in an effort by the government to contain leverage and risks in the financial system. This may lead to a greater decline in investment spending which could negatively hit China's growth and in turn, potentially act as a drag on Singapore's GDP 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 2017 under review classified by

i) Country	Fair Value \$	% of NAV
Quoted Equities		
China	378,182	0.89
Hong Kong	3,900,572	9.15
Singapore	36,755,268	86.27
Thailand	1,365,210	3.20
	<u>42,399,232</u>	<u>99.51</u>
Portfolio of investments	42,399,232	99.51
Other net assets	209,252	0.49
Net assets attributable to unitholders	42,608,484	100.00

ii) Industry	Fair Value \$	% of NAV
Quoted Equities		
Consumer Discretionary	2,443,119	5.73
Consumer Staple	2,742,095	6.44
Financials	16,735,522	39.28
Industrials	7,772,745	18.24
Real Estate	7,984,780	18.74
Telecommunications	4,720,971	11.08
	<u>42,399,232</u>	<u>99.51</u>
Portfolio of investments	42,399,232	99.51
Other net assets	209,252	0.49
Net assets attributable to unitholders	42,608,484	100.00

iii) Asset Class

	Fair value at 30 June 2017 \$	Percentage of total net assets at 30 June 2017 %	Percentage of total net assets at 30 June 2016 %
Quoted Equities	42,399,232	99.51	99.84
Other net assets	209,252	0.49	0.16
Total	42,608,484	100.00	100.00

iv) Credit rating of debt securities

Not Applicable

C) Top Ten Holdings

The top ten holdings as at 30 June 2017 and 30 June 2016

10 largest holdings at 30 June 2017

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	5,769,184	13.54
Oversea-Chinese Banking Corporation	5,461,283	12.82
United Overseas Bank Limited	4,572,142	10.73
Singapore Telecommunications Limited	4,478,129	10.51
Jardine Matheson Holdings Limited	2,068,414	4.85
Hongkong Land Holdings Limited	1,832,158	4.30
Keppel Corporation Limited	1,390,405	3.26
Thai Beverages PCL	1,365,210	3.20
Capitaland Limited	1,360,800	3.19
Global Logistic Properties Limited	1,297,582	3.05

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

D) Exposure to Derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2017

Not applicable

- ii) Net gain/(loss) on derivative contracts realised during the financial year ended 30 June 2017

Not applicable

- iii) Net gain/(loss) on outstanding derivative contracts marked to market as at 30 June 2017

Not applicable

E) Investments in other unit trusts, mutual funds and collective investment schemes as at 30 June 2017

	Fair value at 30 June 2017 \$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Ascendas Real Estate Investment Trust	946,908	2.22
Capitaland Commercial Trust	502,316	1.18
Capitaland Mall Trust	704,384	1.65

F) Amount and percentage of borrowings to net asset value (NAV) as at 30 June 2017

Not applicable

G) Amount of subscriptions and redemptions for the period 01 July 2016 to 30 June 2017

Total amount of subscriptions	SGD	-
Total amount of redemptions	SGD	6,190,065

H) Amount of related party transactions for the period 01 July 2016 to 30 June 2017

Please refer to Note 9 of the Notes to the Financial Statements on page 16.

I) Expense Ratios

30 June 2017	0.97%
30 June 2016	1.04%

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 2017 was based on total operating expenses of \$419,005 (2016: \$683,231) divided by the average net asset value of \$43,224,774 (2016: \$65,677,251) 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 2017	7.47%
30 June 2016	13.38%

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 \$3,226,857 (2016: purchases of \$8,789,095) divided by the average daily net asset value of \$43,224,774 (2016: \$65,677,251).

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 2017			
	Cost \$	Percentage of share capital owned %	Dividends received \$	Dividend cover ratio*
DBS Group Holdings Limited	3,572,573	0.011	185,860	2.75
Oversea-Chinese Banking Corporation	3,520,294	0.012	203,847	2.30
United Overseas Bank Limited	2,579,259	0.012	146,809	2.64
Singapore Telecommunications Limited	3,386,582	0.007	229,018	1.35
Jardine Matheson Holdings Limited	1,958,312	0.003	37,847	2.34
Hongkong Land Holdings Limited	995,469	0.008	53,392	7.49
Keppel Corporation Limited	1,169,457	0.012	48,814	2.16
Thai Beverages PCL	951,426	0.006	48,155	1.26
Capitaland Limited	1,142,317	0.009	41,460	2.81
Global Logistic Properties Limited	999,955	0.010	32,802	3.93

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

SUMMARY OF INVESTMENT PORTFOLIO

	30 June 2017 Cost / Fair Value \$	30 June 2016 Cost / Fair Value \$
Investments:		
Cost	32,633,540	36,533,057
Unrealised gain on investments	9,765,692	5,534,005
Net Book Value	<u>42,399,232</u>	<u>42,067,062</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 13 September 2017.

By Order of the Board

Yeo Shann Wei
Company Secretary

13 September 2017