

# 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 2018

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 2018.

#### STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Income</b>			
Dividends		1,698,356	1,598,401
Interest on cash and bank balances		34	15
		<b>1,698,390</b>	<b>1,598,416</b>
<b>Less: Expenses</b>			
Audit fee		21,999	22,360
Bank charges		191	(1,305)
Custody fees	9	19,336	19,285
Management fees	9	289,134	279,655
Printing expenses		17,341	17,456
Professional fees		35,439	23,943
Registrar fees	9	31,178	29,228
Trustee fees	9	32,383	31,321
Accounting and valuation fees	9	13,878	13,423
Transaction cost		12,261	18,028
Miscellaneous expenses*		880	(16,273)
		<b>474,020</b>	<b>437,121</b>
<b>Net income</b>		<b>1,224,370</b>	<b>1,161,295</b>
<b>Net gain or loss on value of investments</b>			
Net gain on investments		624,129	5,528,871
Net foreign exchange (loss)/gain		(8,237)	1,304
		<b>615,892</b>	<b>5,530,175</b>
<b>Total return for the year before income tax</b>		<b>1,840,262</b>	<b>6,691,470</b>
Less: Income tax	3	(25,181)	(29,064)
<b>Total return for the year</b>		<b>1,815,081</b>	<b>6,662,406</b>

\* Miscellaneous expenses includes GST rebate

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

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

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	Note	2018 \$	2017 \$
<b>Assets</b>			
Portfolio of investments		<b>40,800,592</b>	42,399,232
Receivables	5	<b>9,727</b>	88,737
Cash and bank balances	9	<b>117,138</b>	1,220,323
<b>Total Assets</b>		<b>40,927,457</b>	43,708,292
<b>Liabilities</b>			
Payables	6	<b>166,997</b>	1,099,808
<b>Total Liabilities</b>		<b>166,997</b>	1,099,808
<b>Equity</b>			
Net assets attributable to unitholders	7	<b>40,760,460</b>	42,608,484

**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2018*

	Note	2018 \$	2017 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>42,608,484</b>	42,136,143
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		1,815,081	6,662,406
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		24,405	-
Cancellation of units		(3,687,510)	(6,190,065)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(3,663,105)	(6,190,065)
Total (decrease)/increase in net assets attributable to unitholders		(1,848,024)	472,341
<b>Net assets attributable to unitholders at the end of the financial year</b>	7	<b>40,760,460</b>	42,608,484

**STATEMENT OF PORTFOLIO**  
As at 30 June 2018 (Primary)

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>By Industry - (Primary)*</b>			
<b>Quoted Equities</b>			
<b>Consumer Discretionary</b>			
Genting Singapore Limited	825,900	1,007,598	2.47
Jardine Cycle & Carriage Limited	14,166	450,762	1.11
Singapore Press Holdings Limited	227,800	592,280	1.45
<b>Total</b>		<b>2,050,640</b>	<b>5.03</b>
<b>Consumer Staples</b>			
Golden Agri-Resources Limited	910,732	277,773	0.68
Thai Beverages PCL	1,400,700	1,008,504	2.47
Wilmar International Limited	277,700	849,762	2.09
<b>Total</b>		<b>2,136,039</b>	<b>5.24</b>
<b>Financials</b>			
DBS Group Holdings Limited	255,267	6,792,655	16.66
Oversea-Chinese Banking Corporation	463,443	5,394,477	13.23
Singapore Exchange Limited	117,500	842,475	2.08
United Overseas Bank Limited	181,157	4,847,761	11.89
<b>Total</b>		<b>17,877,368</b>	<b>43.86</b>
<b>Industrials</b>			
ComfortDelgro Corporation Limited	292,700	687,845	1.69
Hutchison Port Holdings Trust	722,200	275,722	0.68
Jardine Matheson Holdings Limited	28,146	2,421,593	5.94
Jardine Strategic Holdings Limited	23,600	1,173,875	2.88
Keppel Corporation Limited	204,150	1,459,673	3.58
SATS Limited	90,800	454,000	1.11
Sembcorp Industries Limited	129,640	356,510	0.87
Singapore Airlines Limited	72,640	776,522	1.91
Singapore Technologies Engineering	217,600	715,904	1.76
Venture Corporation Limited	36,600	652,944	1.60
Yangzijiang Shipbuilding Holdings Limited	303,900	275,029	0.67
<b>Total</b>		<b>9,249,617</b>	<b>22.69</b>

\* 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 2018 (Primary)

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>By Industry - (Primary)* (continued)</b>			
<b>Quoted Equities</b>			
<b>Real Estate</b>			
Ascendas Real Estate Investment Trust	335,200	884,928	2.17
CapitaLand Commercial Trust	335,800	557,428	1.37
CapitaLand Limited	359,000	1,134,440	2.78
CapitaLand Mall Trust	329,350	681,755	1.68
City Developments Limited	67,080	733,184	1.80
Hongkong Land Holdings Limited	163,900	1,597,865	3.92
UOL Group Limited	70,200	534,924	1.31
<b>Total</b>		<b>6,124,524</b>	<b>15.03</b>
<b>Telecommunications</b>			
Singapore Telecommunications Limited	1,047,290	3,225,653	7.91
Starhub Limited	82,380	136,751	0.34
<b>Total</b>		<b>3,362,404</b>	<b>8.25</b>
<b>Portfolio of investments</b>		<b>40,800,592</b>	<b>100.10</b>
<b>Other net liabilities</b>		<b>(40,132)</b>	<b>(0.10)</b>
<b>Net assets attributable to unitholders</b>		<b>40,760,460</b>	<b>100.00</b>

\* 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 2018 (Primary)*

	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>	Percentage of total net assets attributable to unitholders at 30 June 2017 %
<b>By Industry (Primary)* (Summary)</b>		
<b>Quoted Equities</b>		
Consumer Discretionary	<b>5.03</b>	5.73
Consumer Staples	<b>5.24</b>	6.44
Financials	<b>43.86</b>	39.28
Industrials	<b>22.69</b>	18.24
Real Estate	<b>15.03</b>	18.74
Telecommunications	<b>8.25</b>	11.08
<b>Portfolio of investments</b>	<b>100.10</b>	99.51
<b>Other net (liabilities)/assets</b>	<b>(0.10)</b>	0.49
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	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 2018 (Secondary)*

	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 30 June 2017 %
<b>By Geography - Secondary*</b>			
<b>Quoted Equities</b>			
China	275,029	0.67	0.89
Hong Kong	5,193,333	12.74	9.15
Singapore	34,323,726	84.22	86.27
Thailand	1,008,504	2.47	3.20
<b>Portfolio of investments</b>	<b>40,800,592</b>	<b>100.10</b>	<b>99.51</b>
<b>Other net (liabilities)/assets</b>	<b>(40,132)</b>	<b>(0.10)</b>	<b>0.49</b>
<b>Net assets attributable to unitholders</b>	<b>40,760,460</b>	<b>100.00</b>	<b>100.00</b>

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

## SINGAPORE INDEX FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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

#### 1. GENERAL

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

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

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Recognition of income

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

(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.



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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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#### 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.

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**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2018***3. INCOME TAX**

	<b>2018</b>	2017
	\$	\$
Singapore income tax	<b>25,181</b>	29,064

The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund will ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

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

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

**4. DISTRIBUTION**

The Manager has not proposed any distribution to unitholders for the financial year ended 30 June 2018 and 30 June 2017.

**5. RECEIVABLES**

	<b>2018</b>	2017
	\$	\$
Sales awaiting settlement	-	74,553
Dividends receivable	<b>9,727</b>	-
Other receivables	-	14,184
	<b>9,727</b>	88,737

**6. PAYABLES**

	<b>2018</b>	2017
	\$	\$
Amounts payable for cancellation of units	-	947,798
Amount due to Manager	<b>72,252</b>	74,088
Amount due to Trustee	<b>8,092</b>	8,298
Other accruals for operating expenses	<b>86,653</b>	69,624
	<b>166,997</b>	1,099,808

## SINGAPORE INDEX FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

#### 7. UNITS IN ISSUE

During the year ended 30 June 2018 and 2017, the number of units issued, redeemed and outstanding were as follows:

	2018	2017
Units at the beginning of the financial year	18,932,539	21,826,180
Units created	10,124	-
Units cancelled	(1,537,741)	(2,893,641)
Units at the end of the financial year	<u>17,404,922</u>	<u>18,932,539</u>
Net assets attributable to unitholders (\$)	40,760,460	42,608,484
Net asset value per unit (\$)	<u>2.3419</u>	2.2505

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:

	2018 \$	2017 \$
Net assets attributable to unitholders per unit per financial statements	2.3419	2.2505
Effect for movement in the net asset value between the last dealing date and the end of the reporting period <sup>^</sup>	0.0001	-
Net assets attributable to unitholders per unit for issuing/redeeming	<u>2.3420</u>	<u>2.2505</u>

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

#### 8. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risk (including 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2018

**8. FINANCIAL RISK MANAGEMENT (continued)**(a) Market risk (continued)(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.

<b>As at 30 June 2018</b>	<b>SGD</b>	<b>USD</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Assets</u></b>			
Portfolio of investments	35,331,537	5,469,055	<b>40,800,592</b>
Receivables	9,727	-	<b>9,727</b>
Cash and bank balances	117,137	1	<b>117,138</b>
<b>Total Assets</b>	<b>35,458,401</b>	<b>5,469,056</b>	<b>40,927,457</b>
<b><u>Liabilities</u></b>			
Payables	166,997	-	<b>166,997</b>
<b>Total Liabilities</b>	<b>166,997</b>	<b>-</b>	<b>166,997</b>
<b>Net currency exposure</b>		<b>5,469,056</b>	
<b>As at 30 June 2017</b>			
	<b>SGD</b>	<b>USD</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Assets</u></b>			
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
<b>Total Assets</b>	<b>39,270,128</b>	<b>4,438,164</b>	<b>43,708,292</b>
<b><u>Liabilities</u></b>			
Payables	1,099,808	-	1,099,808
<b>Total Liabilities</b>	<b>1,099,808</b>	<b>-</b>	<b>1,099,808</b>
<b>Net currency exposure</b>		<b>4,438,164</b>	

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.

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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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 STI, therefore the exposure to price risk in the Fund will be substantially the same as the STI. As an exchange-traded fund, the Manager manages the Fund's exposure to price risk by ensuring the key characteristics of the portfolio, such as security weight and industry weight, is closely aligned to the STI characteristics.

If the STI at 30 June 2018 had increased or decreased by 14% (30 June 2017: 11%) with all other variables held constant, this would have increased or decreased respectively the net asset value and return for the year by approximately 14% (30 June 2017: 11%).

(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 2017: 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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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2018

**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 Fitch at 30 June 2018 is AA- (30 June 2017: 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 2018 and 2017:

<b>As at 30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
- Quoted equities	<b>40,800,592</b>	-	-	<b>40,800,592</b>
<b>As at 30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
- Quoted equities	<b>42,399,232</b>	-	-	<b>42,399,232</b>

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

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 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:

	2018 \$	2017 \$
Bank balances	<b>117,138</b>	1,220,323

- (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.

	2018 \$	2017 \$
Accounting and valuation fee expense charged by a related company of the Trustee	<b>13,878</b>	13,423
Transaction fee expense charged by the Trustee and its related company	<b>4,860</b>	8,340
Custody fee expense charged by a related company of the Trustee	<b>19,336</b>	19,285
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	<b>31,178</b>	29,228

#### 10. FINANCIAL RATIOS

	2018	2017
Expense ratio <sup>1</sup>	<b>1.07%</b>	0.97%
Turnover ratio <sup>2</sup>	<b>8.32%</b>	7.47%

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 2018 was based on total operating expenses of \$461,759 (2017: \$419,005) divided by the average net asset value of \$43,235,101 (2017: \$43,224,774) 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 \$3,596,539 (2017: purchases of \$3,226,857) divided by the average daily net asset value of \$43,235,101 (2017: \$43,224,774).

## SINGAPORE INDEX FUND

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

### ANNUAL REPORT TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

#### 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 <sup>1</sup>	-3.59	-2.83	4.07	2.10	3.18	3.37	4.23
Benchmark <sup>2</sup>	-3.31	-2.25	4.85	3.17	4.25	4.49	3.73

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

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

#### Market and Portfolio Review

The Straits Times Index (“STI”) rose 1.3% for FY2018. The index started at 3,226.48 points and ended at 3,268.70 points over the course of the financial year. It was a tale of two halves, with the first an extension of the global growth story that saw global equity indices rising to new highs. The second, on the other hand, was dominated by trade tension between the United States (“US”) and other economies such as China, the European Union, Canada and Mexico. Threats and counter-threats eventually materialised as actual tariffs imposed on global trade flows between the trade partners. As concerns over a deepening trade war brewed, profit-taking led to most of the global equity markets turning lower towards the end of FY2018.

In the first half of FY2018, the STI rose 5.5%, driven by strength in the Singapore economy with GDP growth numbers exceeding expectations. Global growth continued to pick up across the advanced and emerging economies. Global employment numbers maintained their upward momentum, boosting consumer expectations and driving consumption. These factors benefited externally-orientated sectors, such as trade-related industries and electronics manufacturing. Financials put on a sterling performance, as domestic banks continued to outperform due to expectations of higher interest rates, and easing of pressure on asset quality from the oil and gas sector. Both real estate and REITs also rallied as economic conditions improved and the outlook for Singapore’s property market turned positive.

The second half of FY2018 saw the STI give up most of its first half gains to end lower by 3.9%. This decline was also accompanied by higher volatility in the index, with greater market uncertainty over the outcome of the trade conflict. Short-term Singapore reference rates, SIBOR and SOR, continued their rise alongside US interest rates as the US Federal Reserve hiked rates twice in the second half of the financial year. As a result, the financial sector continued to outperform, being the only sector with a positive return.



The Singapore economy was estimated to have grown by 3.8% in FY2018 based on the Ministry of Trade and Industry advance estimates of GDP growth. This was largely driven by the manufacturing sector that expanded by 8.6%, while the construction sector continued to contract, declining by 4.4%. The services sector also showed moderate growth, expanding by 3.4%.

There were two changes in the index in FY2018. The first was the replacement of SIA Engineering Company Limited by Jardine Strategic Holdings Limited following a quarterly review of the index. The second was the delisting of Global Logistics Properties Limited after it was taken private by Nesta Investment Holdings, a Chinese private equity consortium. The vacated slot was replaced by Venture Corporation Limited. In terms of constituent performance over the 12-month reporting period, 14 counters advanced while 16 counters declined. For FY2018, the top three performing counters were DBS Group Holdings Limited, United Overseas Bank Limited, and Keppel Corporation Limited, which gained 35.2%, 20.0% and 17.1% respectively. The bottom three performing counters were Starhub Limited, Hutchison Port Holdings Trust, and Jardine Cycle & Carriage Limited, which declined 34.9%, 31.0% and 25.8% respectively.

### **Market Outlook**

The International Monetary Fund maintained its projection for global economic growth for both 2018 and 2019 at 3.9% in the latest World Economic Outlook report released in July 2018. However, global growth appears to be less synchronized while risks to the outlook are increasing; expansion of growth in the developed economies appears to have peaked, with projections for the Euro area, Japan and the United Kingdom revised downwards.

The ongoing trade dispute remains the largest risk factor to the global growth story. As an export-driven economy, Singapore is vulnerable to a slowdown in international trade flows. Furthermore, there are worries that a trade war will add further drag to an already slowing Chinese economy. As China is Singapore's largest trading partner and key investment destination, any downside risks to Chinese economic growth will likely impact Singapore markets. On the other hand, the current accommodative monetary and fiscal policies in China, and steady household spending will help to negate a slowdown in exports.

The Monetary Authority of Singapore forecasts Singapore's GDP to grow by 2.5–3.5% in 2018. Growth in the manufacturing sector is expected to moderate, on the back of a slowdown in the global electronics and precision engineering sector. However, higher semiconductor consumption driven by greater application in smartphones, automotives and Internet of Things devices, as well as demand for advanced semiconductor manufacturing equipment by major industry players, will likely keep manufacturing growth firm. Separately, initiatives to drive digital transformation of the Singapore economy, plus tightening of the labour market resulting in higher wages and stronger discretionary spending, will keep the services sector growing at a healthy pace.

## SINGAPORE INDEX FUND

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

### B) Investments at fair value and as a percentage of net asset value ("NAV") as at 30 June 2018 under review classified by

i) Country	Fair Value \$	% of NAV
<b>Quoted Equities</b>		
China	275,029	0.67
Hong Kong	5,193,333	12.74
Singapore	34,323,726	84.22
Thailand	1,008,504	2.47
	<u>40,800,592</u>	<u>100.10</u>
<b>Portfolio of investments</b>	<b>40,800,592</b>	<b>100.10</b>
<b>Other net liabilities</b>	<b>(40,132)</b>	<b>(0.10)</b>
<b>Total</b>	<b><u>40,760,460</u></b>	<b><u>100.00</u></b>

ii) Industry	Fair Value \$	% of NAV
<b>Quoted Equities</b>		
Consumer Discretionary	2,050,640	5.03
Consumer Staples	2,136,039	5.24
Financials	17,877,368	43.86
Industrials	9,249,617	22.69
Real Estate	6,124,524	15.03
Telecommunications	3,362,404	8.25
	<u>40,800,592</u>	<u>100.10</u>
<b>Portfolio of investments</b>	<b>40,800,592</b>	<b>100.10</b>
<b>Other net liabilities</b>	<b>(40,132)</b>	<b>(0.10)</b>
<b>Net assets attributable to unitholders</b>	<b><u>40,760,460</u></b>	<b><u>100.00</u></b>

### iii) Asset Class

	Fair value at 30 June 2018 \$	Percentage of total net assets at 30 June 2018 %	Percentage of total net assets at 30 June 2017 %
Quoted Equities	40,800,592	100.10	99.51
Other net (liabilities)/assets	(40,132)	(0.10)	0.49
<b>Total</b>	<b><u>40,760,460</u></b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

### iv) Credit rating of debt securities

Not Applicable

### C) Top Ten Holdings

The top ten holdings as at 30 June 2018 and 30 June 2017

#### 10 largest holdings at 30 June 2018

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	6,792,655	16.66
Oversea-Chinese Banking Corporation	5,394,477	13.23
United Overseas Bank Limited	4,847,761	11.89
Singapore Telecommunications Limited	3,225,653	7.91
Jardine Matheson Holdings Limited	2,421,593	5.94
Hongkong Land Holdings Limited	1,597,865	3.92
Keppel Corporation Limited	1,459,673	3.58
Jardine Strategic Holdings Limited	1,173,875	2.88
CapitaLand Limited	1,134,440	2.78
Thai Beverages PCL	1,008,504	2.47

#### 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

### D) Exposure to Derivatives

i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2018

Not applicable

ii) Net gain/(loss) on derivative contracts realised during the financial year ended 30 June 2018

Not applicable

iii) Net gain/(loss) on outstanding derivative contracts marked to market as at 30 June 2018

Not applicable

**E) Investments in other unit trusts, mutual funds and collective investment schemes as at 30 June 2018**

	<b>Fair value at 30 June 2018 \$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>
Ascendas Real Estate Investment Trust	884,928	2.17
CapitaLand Commercial Trust	557,428	1.37
CapitaLand Mall Trust	681,755	1.68

**F) Amount and percentage of borrowings to NAV as at 30 June 2018**

Not applicable

**G) Amount of subscriptions and redemptions for the period 01 July 2017 to 30 June 2018**

Total amount of subscriptions	SGD	24,405
Total amount of redemptions	SGD	3,687,510

**H) Amount of related party transactions for the period 01 July 2017 to 30 June 2018**

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

**I) Expense Ratios**

Please refer to Note 10 of the Notes to the Financial Statements on page 15.

**J) Turnover ratios**

Please refer to Note 10 of the Notes to the Financial Statements on page 15.

**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 2018

	Cost \$	Percentage of share capital owned %	Dividends received \$	Dividend cover ratio*
<b>DBS Group Holdings Limited</b>	3,278,463	0.010	372,127	1.20
<b>Oversea-Chinese Banking Corporation</b>	3,223,310	0.011	177,636	2.68
<b>United Overseas Bank Limited</b>	2,362,752	0.011	186,382	2.04
<b>Singapore Telecommunications Limited</b>	3,080,928	0.006	224,978	1.63
<b>Jardine Matheson Holdings Limited</b>	2,364,669	0.004	47,978	3.26
<b>Hongkong Land Holdings Limited</b>	902,419	0.007	45,193	11.87
<b>Keppel Corporation Limited</b>	1,080,048	0.011	46,265	0.54
<b>Jardine Strategic Holdings Limited</b>	1,324,576	0.002	5,842	11.62
<b>CapitaLand Limited</b>	1,054,763	0.009	43,080	3.04
<b>Thai Beverages PCL</b>	878,544	0.006	32,738	2.05

\* 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 2018 Cost / Fair Value \$	30 June 2017 Cost / Fair Value \$
<b>Investments:</b>		
Cost	31,728,174	32,633,540
Unrealised gain on investments	9,072,418	9,765,692
Net Book Value	<u>40,800,592</u>	<u>42,399,232</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 18 September 2018.

By Order of the Board

Yeo Shann Wei  
Company Secretary

18 September 2018