

SINGAPORE CONSORTIUM INVESTMENT MANAGEMENT LIMITED

(Incorporated in Singapore)

Company Registration No. 199607548K

SINGAPORE INDEX FUND

Unaudited financial statements for the half year ended 31 December 2018

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 unaudited results of the Singapore Index Fund (the Fund) for the half year ended 31 December 2018.

STATEMENT OF TOTAL RETURN

For the half year ended 31 December 2018 (Unaudited)

	31 December 2018 \$	31 December 2017 \$
Income		
Dividends	792,595	763,977
Interest on cash and bank balances	8	19
	792,603	763,996
Less: Expenses		
Audit fee	11,926	11,090
Bank charges	82	589
Custody fees	9,329	9,716
Management fees	133,065	144,789
Printing expenses	4,192	9,075
Professional fees	9,042	17,146
Registrar fees	17,754	18,169
Trustee fees	14,903	16,216
Accounting and valuation fees	6,387	6,950
Transaction cost	2,708	7,153
Miscellaneous expenses*	(78)	1,436
	209,310	242,329
Net income	583,293	521,667
Net gain or loss on value of investments		
Net (loss)/gain on investments	(2,497,307)	2,449,743
Net foreign exchange (loss)/gain	(2,707)	354
	(2,500,014)	2,450,097
Total (deficit)/return for the period before income tax	(1,916,721)	2,971,764
Less: Income tax	(8,502)	(10,056)
Total (deficit)/return for the period	(1,925,223)	2,961,708

* Miscellaneous expenses includes GST rebate

STATEMENT OF FINANCIAL POSITION*As at 31 December 2018 (Unaudited)*

	31 December 2018	30 June 2018
	\$	\$
Assets		
Portfolio of investments	38,282,630	40,800,592
Receivables	77,496	9,727
Cash and bank balances	23,427	117,138
Total Assets	38,383,553	40,927,457
Liabilities		
Payables	133,619	166,997
Total Liabilities	133,619	166,997
Equity		
Net assets attributable to unitholders	38,249,934	40,760,460

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the half year ended 31 December 2018 (Unaudited)*

	31 December 2018 \$	30 June 2018 \$
Net assets attributable to unitholders at the beginning of the financial period/year	40,760,460	42,608,484
Operations		
Change in net assets attributable to unitholders resulting from operations	(1,925,223)	1,815,081
Unitholders' contributions/(withdrawals)		
Creation of units	-	24,405
Cancellation of units	(585,303)	(3,687,510)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(585,303)	(3,663,105)
Total decrease in net assets attributable to unitholders	(2,510,526)	(1,848,024)
Net assets attributable to unitholders at the end of the financial period/year	38,249,934	40,760,460

STATEMENT OF PORTFOLIO
As at 31 December 2018 (Unaudited)

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of net assets attributable to unitholders at 31 December 2018 %
By Industry - (Primary)*			
Quoted Equities			
Consumer Discretionary			
Genting Singapore Limited	793,600	773,760	2.02
Jardine Cycle & Carriage Limited	13,766	486,628	1.27
Singapore Press Holdings Limited	222,400	522,640	1.37
Total		1,783,028	4.66
Consumer Staples			
Dairy Farm International Holdings Limited	41,900	516,843	1.35
Golden Agri-Resources Limited	889,032	217,813	0.57
Thai Beverages PCL	1,367,400	834,114	2.18
Wilmar International Limited	271,100	845,832	2.21
Total		2,414,602	6.31
Financials			
DBS Group Holdings Limited	248,967	5,898,028	15.42
Oversea-Chinese Banking Corporation	462,694	5,209,934	13.62
Singapore Exchange Limited	114,600	819,390	2.15
United Overseas Bank Limited	178,757	4,392,059	11.48
Total		16,319,411	42.67
Industrials			
ComfortDelgro Corporation Limited	286,000	614,900	1.61
Hutchison Port Holdings Trust	704,900	235,391	0.62
Jardine Matheson Holdings Limited	29,346	2,783,102	7.28
Jardine Strategic Holdings Limited	25,300	1,265,904	3.31
Keppel Corporation Limited	195,650	1,156,291	3.02
SATS Limited	88,400	411,944	1.08
Sembcorp Industries Limited	126,740	321,920	0.84
Singapore Airlines Limited	71,040	669,197	1.75
Singapore Technologies Engineering	212,600	741,974	1.94
Venture Corporation Limited	36,200	504,990	1.32
Yangzijiang Shipbuilding Holdings Limited	294,900	368,625	0.96
Total		9,074,238	23.73

* 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 31 December 2018 (Unaudited)

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of net assets attributable to unitholders at 31 December 2018 %
By Industry - (Primary)* (continued)			
Quoted Equities			
Real Estate			
Ascendas Real Estate Investment Trust	352,200	905,154	2.37
CapitaLand Commercial Trust	340,100	595,175	1.56
CapitaLand Limited	347,400	1,080,414	2.82
CapitaLand Mall Trust	321,750	727,155	1.90
City Developments Limited	65,380	530,886	1.39
Hongkong Land Holdings Limited	162,300	1,393,654	3.64
UOL Group Limited	68,600	424,634	1.11
Total		5,657,072	14.79
Telecommunications			
Singapore Telecommunications Limited	1,035,590	3,034,279	7.93
Total		3,034,279	7.93
Portfolio of investments		38,282,630	100.09
Other net liabilities		(32,696)	(0.09)
Net assets attributable to unitholders		38,249,934	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 31 December 2018 (Unaudited)

	Percentage of net assets attributable to unitholders at 31 December 2018 %	Percentage of net assets attributable to unitholders at 30 June 2018 %
By Industry (Primary)* (Summary)		
Quoted Equities		
Consumer Discretionary	4.66	5.03
Consumer Staples	6.31	5.24
Financials	42.67	43.86
Industrials	23.73	22.69
Real Estate	14.79	15.03
Telecommunications	7.93	8.25
Portfolio of investments	100.09	100.10
Other net liabilities	(0.09)	(0.10)
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 31 December 2018 (Unaudited)

	Fair value at 31 December 2018 \$	Percentage of net assets attributable to unitholders at 31 December 2018 %	Percentage of net assets attributable to unitholders at 30 June 2018 %
By Geography - Secondary*			
Quoted Equities			
China	368,625	0.97	0.67
Hong Kong	5,959,503	15.58	12.74
Singapore	31,120,388	81.36	84.22
Thailand	834,114	2.18	2.47
Portfolio of investments	38,282,630	100.09	100.10
Other net liabilities	(32,696)	(0.09)	(0.10)
Net assets attributable to unitholders	38,249,934	100.00	100.00

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

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Semi Annual Report To Unitholders For The Half Year Ended 31 December 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 ¹	-5.66	-4.75	-7.44	4.78	1.87	7.99	3.90
Benchmark ²	-5.49	-4.29	-6.45	5.84	2.91	9.27	3.44

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

For the six months ended 31 December 2018:

The second half of 2018 saw significantly increased volatility across the various global equity markets. The trade dispute between the United States (US) and China was the main event dominating the headlines, with a series of tariffs and counter-tariffs between the two countries hitting some US\$360 billion worth of goods in total. On the economic front, China continued its gradual decline as it reported a GDP growth of 6.6% for 2018, a decline of 0.2% from 2017. Similarly, European growth also slowed, hit by weaker private consumption and industrial production while political uncertainty weighed on already poor market sentiment. These data points only added to growing investor concerns over slowing momentum in global economic growth amidst tighter financial conditions in developed economies.

The Straits Times Index (STI) declined 6.1% during this period, dragged down by the ongoing US-China trade war and global growth concerns. The top performing counters were Yangzijiang Shipbuilding Holdings Ltd., Jardine Cycle & Carriage Ltd., and Jardine Matheson Holdings Ltd., which returned 38.1%, 11.1% and 10.3% respectively. The worst performing counters were City Developments Ltd., Venture Corporation Ltd., and Genting Singapore Ltd., which returned -25.7%, -21.8% and -20.1% respectively.

The Singapore economy was estimated to have grown by 1.3% in the last 6 months of 2018 based on the Ministry of Trade and Industry (MTI) advance estimates of GDP growth. This was largely driven by the services sector which expanded by 2.2%, due to continued growth in the finance & insurance, business services and information & communications sub-sectors. The construction sector saw a rebound, as it expanded by 1.1%, while the manufacturing sector contracted due to a poor fourth quarter performance, which shrank by 1.5%.

There was one change in the index in the first half of FY2019. StarHub Ltd. was removed from the STI following a period of underperformance as it saw a 38.6% decline in share price in the whole of 2018. The vacated slot was replaced by Dairy Farm International Holdings, a retailing company in Asia that operates supermarkets, hypermarkets, convenience stores, as well as health and beauty stores, with familiar brands such as Cold Storage and Guardian Pharmacy. Dairy Farm is also a subsidiary of Jardine Strategic Holdings, further adding to the Jardine presence in the STI.

Market Outlook

The International Monetary Fund (IMF) revised global growth for 2019 and 2020 to 3.5% and 3.6%, or a downward revision of 0.2% and 0.1% respectively, citing weakening financial market sentiment, trade policy uncertainty, and concerns about China's outlook, in the latest World Economic Outlook report released in January 2019. This is also the second downward revision to global GDP growth in the past 6 months, following one earlier in October 2018. In addition to trade war concerns and a slowing Chinese economy, there are now added worries over geopolitical tensions and slowdown in growth momentum in Europe.

The ongoing trade dispute remains a key risk factor to the global growth story. As an export-driven economy, Singapore is vulnerable to a slowdown in international trade flows. As 2018 comes to a close, emerging economic data also points to a continued slowdown in the Chinese economy. The Chinese government has responded by loosening monetary policy and stepping up fiscal spending. With domestic consumption remaining strong, these moves will provide support to the Chinese economy. As China remains Singapore's largest trading partner and key investment destination, Singapore's economy and financial markets depend heavily on the performance of the Chinese economy.

The Monetary Authority of Singapore (MAS) forecasts Singapore's GDP to grow by 1.5–3.5% in 2019. Going forward, a slowdown in the manufacturing sector is expected, as the maturation of the global technological cycle weighs on electronics production while also negatively impacting wholesale trade, as well as transportation and storage. Additionally, an escalation of the US-China trade conflict can be expected to negatively impact manufacturing and trade-related services. MAS projects that the main drivers of growth will shift from trade-related sectors to modern services amidst strong demand for IT solutions, while continued economic growth in our regional neighbours will continue to drive demand for financial services. Domestically, a sustained improvement in the labour market should boost domestic-oriented industries, including F&B and retail trade services.

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B) Investments at fair value and as a percentage of net asset value (NAV) as at 31 December 2018 under review classified by

i) Country

	Fair Value \$	Percentage of net assets attributable to unitholders %
Quoted Equities		
China	368,625	0.97
Hong Kong	5,959,503	15.58
Singapore	31,120,388	81.36
Thailand	834,114	2.18
	<u>38,282,630</u>	<u>100.09</u>
Portfolio of investments	38,282,630	100.09
Other net liabilities	(32,696)	(0.09)
Net assets attributable to unitholders	<u>38,249,934</u>	<u>100.00</u>

ii) Industry

	Fair Value \$	Percentage of net assets attributable to unitholders %
Quoted Equities		
Consumer Discretionary	1,783,028	4.66
Consumer Staples	2,414,602	6.31
Financials	16,319,411	42.67
Industrials	9,074,238	23.73
Real Estate	5,657,072	14.79
Telecommunications	3,034,279	7.93
	<u>38,282,630</u>	<u>100.09</u>
Portfolio of investments	38,282,630	100.09
Other net liabilities	(32,696)	(0.09)
Net assets attributable to unitholders	<u>38,249,934</u>	<u>100.00</u>

iii) Asset Class

	Fair value at 31 December 2018 \$	Percentage of net assets at 31 December 2018 %	Percentage of net assets at 31 December 2017 %
Quoted Equities	38,282,630	100.09	99.54
Other net (liabilities)/assets	(32,696)	(0.09)	0.46
Net assets attributable to unitholders	<u>38,249,934</u>	<u>100.00</u>	<u>100.00</u>

iv) Credit rating of debt securities

Not Applicable

C) Top Ten Holdings

The top ten holdings as at 31 December 2018 and 31 December 2017

10 largest holdings at 31 December 2018

	Fair Value \$	Percentage of net assets attributable to unitholders %
DBS Group Holdings Limited	5,898,028	15.42
Oversea-Chinese Banking Corporation	5,209,934	13.62
United Overseas Bank Limited	4,392,059	11.48
Singapore Telecommunications Limited	3,034,279	7.93
Jardine Matheson Holdings Limited	2,783,102	7.28
Hongkong Land Holdings Limited	1,393,654	3.64
Jardine Strategic Holdings Limited	1,265,904	3.31
Keppel Corporation Limited	1,156,291	3.02
CapitaLand Limited	1,080,414	2.82
Ascendas Real Estate Investment Trust	905,154	2.37

10 largest holdings at 31 December 2017

	Fair Value \$	Percentage of net assets attributable to unitholders %
DBS Group Holdings Limited	6,442,785	14.88
Oversea-Chinese Banking Corporation	5,847,374	13.51
United Overseas Bank Limited	4,884,178	11.28
Singapore Telecommunications Limited	3,827,718	8.84
Jardine Matheson Holdings Limited	1,806,070	4.17
Hongkong Land Holdings Limited	1,584,350	3.66
Keppel Corporation Limited	1,512,998	3.49
Global Logistic Properties Limited	1,423,825	3.29
Thai Beverages PCL	1,299,868	3.00
CapitaLand Limited	1,278,213	2.95

D) Exposure to Derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2018

Not applicable

- ii) Net gain/(loss) on derivative contracts realised during the half year ended 31 December 2018

Not applicable

- iii) Net gain/(loss) on outstanding derivative contracts marked to market as at 31 December 2018

Not applicable

E) Investments in other unit trusts, mutual funds and collective investment schemes as at 31 December 2018

	Fair value	Percentage of net assets attributable to unitholders
	\$	%
Ascendas Real Estate Investment Trust	905,154	2.37
CapitaLand Commercial Trust	595,175	1.56
CapitaLand Mall Trust	727,155	1.90

F) Amount and percentage of borrowings to NAV as at 31 December 2018

Not applicable

G) Amount of subscriptions and redemptions for the period 01 July 2018 to 31 December 2018

Total amount of subscriptions	SGD	-
Total amount of redemptions	SGD	585,303

H) Amount of related party transactions for the period 01 July 2018 to 31 December 2018

	\$
Accounting and valuation fee expense charged by a related company of the Trustee	6,387
Transaction fee expense charged by the Trustee and its related company	1,410
Custody fee expense charged by a related company of the Trustee	9,329
Registrar fee expense charged by a related company of the Trustee	16,603

I) Expense Ratios

31 December 2018	1.04%
31 December 2017	1.02%

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 31 December 2018 was based on total operating expenses of \$433,185 (2017: \$442,607) divided by the average net asset value of \$41,480,454 (2017: \$43,577,334) for the past 12 months. 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

31 December 2018	2.18%
31 December 2017	3.06%

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 \$861,037 (2017: purchases of \$1,313,578) divided by the average daily net asset value of \$39,477,268 (2017: \$42,942,813) for the period under review.

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 31 December 2018

	Cost SGD	Percentage of net assets attributable to unitholders %	Dividends received SGD	Dividend cover ratio*
DBS Group Holdings Limited	3,197,550.04	15.42	151,660	1.20
Oversea-Chinese Banking Corporation	3,246,665.88	13.62	91,869	2.68
United Overseas Bank Limited	2,331,450.02	11.48	90,579	2.04
Singapore Telecommunications Limited	3,046,509.23	7.93	182,480	1.63
Jardine Matheson Holdings Limited	2,466,018.04	7.28	16,317	3.26
Hongkong Land Holdings Limited	893,609.42	3.64	-	11.87
Jardine Strategic Holdings Limited	1,408,561.45	3.31	3,258	11.62
Keppel Corporation Limited	1,035,078.96	3.02	30,623	1.74
CapitaLand Limited	1,020,681.28	2.82	-	3.04
Ascendas Real Estate Investment Trust	834,636.59	2.37	20,067	1.06

* 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

31 December 2018
Cost / Fair Value
SGD

31 December 2017
Cost / Fair Value
SGD

Investments:

Cost	31,804,134	31,579,372
Unrealised gain on investments	6,478,496	11,520,572
Net Book Value	38,282,630	43,099,944

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 26 February 2019.

By Order of the Board

Yeo Shann Wei
Company Secretary

26 February 2019