

# LionGlobal Singapore Balanced Fund

## Annual Report

For the financial year ended 31 December 2012

**Managers**

Lion Global Investors Limited  
65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513

**Directors of Lion Global Investors Limited**

Mr Ching Wei Hong (Chairman)  
Mr Christopher Brian Wei (Deputy Chairman)  
Mr Gerard Lee How Cheng (CEO)  
Mr Cheong Jin Keat  
Mr Yoon Mun Thim  
Mr Norman Ip Ka Cheung  
Mr Tan Siew Peng  
Mr George Lee Lap Wah

**Trustee/Registrar**

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay  
#10-02 HSBC Building  
Singapore 049320

**Custodian**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

**Independent Auditor**

PricewaterhouseCoopers LLP  
8 Cross Street #17-00  
PWC Building  
Singapore 048424

## LIONGLOBAL SINGAPORE BALANCED FUND

### PERFORMANCE OF THE FUND

For the year ended 31 December 2012

Cumulative returns for the Fund are calculated up to 31 December 2012 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal Singapore Balanced Fund - SGD Class	Benchmark Returns (%) (50% STI + 50% CPF Ordinary Rate)
3 months	2.0	2.1
6 months	6.3	5.6
1 year	10.9	11.0
3 years*	2.3	3.0
5 years*	0.2	1.1
10 years*	7.9	6.2
Since Inception* (22 Sep 1995)	5.1	3.4

Cumulative returns for the Fund are calculated up to 31 December 2012 in USD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal Singapore Balanced Fund - USD Class	Benchmark Returns (%) (50% STI + 50% CPF Ordinary Rate)
3 months	2.4	2.5
6 months	10.3	9.5
1 year	17.7	17.9
3 years*	7.2	7.9
5 years*	3.5	4.4
Since Inception* (02 Aug 2004)	10.7	9.3

Source: Morningstar/Lion Global Investors Ltd

\* Returns of more than 1 year are annualized.

## FUND AND MARKET REVIEW

For the year ended 31 December 2012, the Fund gained 10.9%, marginally underperforming the benchmark 50% Straits Times Index + 50% CPF Ordinary Rate which returned 11.0%, in Singapore Dollar terms.

In the year under review, the Singapore market was buoyed by a number of IPOs, including IHH HealthCare, Bumitama Agri and Far East Hospitality Trust. The market also witnessed corporate activity, with the takeover of Fraser and Neave (F&N) being the most noteworthy.

The Fund benefitted from a rally in Singapore interest rates during the first half of the year as the Manager extended duration through purchases of longer-dated Singapore Government Securities. The duration was subsequently shortened during the second half of the year to protect the Fund from potentially rising rates. The Fund's underweight in F&N and Global Logistics Properties detracted from performance, as F&N traded higher on takeover speculation and the share price of Global Logistics Properties benefitted from announcements made regarding expansion plans in Japan and Brazil.

## STRATEGY AND OUTLOOK

2013 is expected to be another year with sub-par GDP growth, with inflationary trends continuing to be an area of focus for policy makers. Earnings growth is likely to be tepid given the uncertain operating environment. Valuations however, are not expensive on an historical basis, trading in-line with the longer-term average. The Manager favours a barbell strategy of investing in cyclicals, both in companies that have been underperforming relative to the market, as well as companies with regional / global exposure. The Manager is also positive on defensive high dividend-yielding stocks, as well as sectors such as the offshore and marine sector, healthcare, and tourism-related sectors.

# LIONGLOBAL SINGAPORE BALANCED FUND

## DISCLOSURES ON THE FUND <sup>1</sup>

For the financial year ended 31 December 2012

### 1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2012

	Fair Value \$	Percentage of total net assets attributable to unitholders %
a) <u>By Asset Class</u>		
Equities	62,906,714	53.4
Debt Securities (including accrued interest on debt securities)	55,103,225	46.8
Financial Derivatives at fair value	5,598	*
Cash and cash equivalents	(229,221)	(0.2)
<b>Net assets attributable to unitholders</b>	<b>117,786,316</b>	<b>100.0</b>
b) <u>By Credit Rating of Debt Securities</u>		
Aaa	1,696,732	1.4
Aa2	1,517,405	1.3
Aa3	1,703,789	1.4
A1	2,409,165	2.1
A2	257,758	0.2
A3	8,613,996	7.3
Baa1	2,271,752	1.9
Baa2	253,931	0.2
Unrated (primarily corporate debts issued by Singapore companies)	35,921,090	30.6
Accrued interest on debt securities	457,607	0.4
	55,103,225	46.8
c) <u>By Derivative Type</u>		
Forwards Foreign Exchange Contracts	5,598	*

The net realised and unrealised gains at the end of the year were SGD 32,983 and SGD 5,598 respectively.

\* denotes amount less than 0.1%

<sup>1</sup> As required by the Code on Collective Investment Schemes

# LIONGLOBAL SINGAPORE BALANCED FUND

## 2. TOP 10 HOLDINGS

As at 31 December 2012

	Fair Value \$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	6,797,119	5.8
United Overseas Bank Limited	6,030,441	5.1
Singapore Telecommunications Limited	5,227,068	4.4
Oversea-Chinese Banking Corporation	5,103,317	4.3
Keppel Corporation Limited	4,320,169	3.7
Jardine Matheson Holdings Limited	4,180,462	3.5
CapitaLand Limited	3,862,952	3.3
DBS Capital Funding II Var Perpetual due 15/06/2018	3,740,553	3.2
United Overseas Bank Limited Class E 5.05% Non-Cumulative Preference Shares	2,454,240	2.1
PSA Corporation Limited 2.83% due 06/07/2015	2,070,018	1.8

As at 31 December 2011

	Fair Value \$	Percentage of total net assets attributable to unitholders %
Keppel Corporation Limited	5,264,730	4.4
United Overseas Land Limited 3.34% due 15/05/2012	5,022,534	4.2
Oversea-Chinese Banking Corporation	4,756,670	4.0
Singapore Telecommunications Limited	4,746,116	4.0
DBS Group Holdings Limited	4,470,313	3.8
Wilmar International Limited	4,420,000	3.7
United Overseas Bank Limited	4,251,382	3.6
Jardine Matheson Holdings Limited	4,074,427	3.4
DBS Capital Funding II Var Perpetual due 15/06/2018	3,260,680	2.7
Genting Singapore Public Company Limited	3,127,210	2.6

### 3. GLOBAL EXPOSURE

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

### 4. COLLATERAL

Nil

### 5. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

Nil

### 6. INVESTMENT IN OTHER UNIT TRUSTS, MUTUAL FUNDS AND COLLECTIVE INVESTMENT SCHEMES

Nil

### 7. BORROWINGS

Nil

### 8. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the year were utilised on research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation analyses and computer hardware and software used for and in support of the investment process of fund managers. Goods and services received were for the benefit of the scheme and there was no churning of trades. These brokers also execute trades for other funds managed by the managers. The trades are conducted on best available terms and in accordance with best practices.

### 9. OTHER MATERIAL INFORMATION

There is no other material information that will adversely impact the valuation of the Fund.

### 10. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

## REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and to hold the assets of LionGlobal Singapore Balanced Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Managers for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Managers have, in all material respects, managed the Fund during the period covered by these financial statements, set out on pages 10 to 40 comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee  
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatory

27 March 2013

## STATEMENT BY THE MANAGERS

In the opinion of the directors of Lion Global Investors Limited, the accompanying financial statements set out on pages 10 to 40, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of LionGlobal Singapore Balanced Fund (the "Fund") as at 31 December 2012 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of  
LION GLOBAL INVESTORS LIMITED

GERARD LEE HOW CHENG  
CEO

27 March 2013

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL SINGAPORE BALANCED FUND

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

We have audited the accompanying financial statements of LionGlobal Singapore Balanced Fund (the "Fund") set out on pages 10 to 40, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2012, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Manager's Responsibility for the Financial Statements**

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2012 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants

Singapore, 27 March 2013

# LIONGLOBAL SINGAPORE BALANCED FUND

## STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2012

	Note	2012 \$	2011 \$
<b>Income</b>			
Dividends		2,407,602	3,001,687
Interest on cash and bank balances		-	1,801
Other income		-	609
		<u>2,407,602</u>	<u>3,004,097</u>
<b>Less: Expenses</b>			
Audit fee		16,342	13,260
Custodian fees		25,171	31,029
Management fee		1,513,759	1,790,768
Professional fees		19,857	28,113
Registration fee		25,035	26,783
Trustee fee		60,550	71,631
Valuation and administration fees		44,396	52,136
Miscellaneous expenses		(2,214)	64,304
		<u>1,702,896</u>	<u>2,078,024</u>
<b>Net income</b>		<u>704,706</u>	<u>926,073</u>
<b>Net gains or losses on investments</b>			
Net realised gains/(losses) on investments		2,249,441	(1,640,758)
Net realised gains on financial derivatives		32,983	14,653
Net change in fair value of investments		9,580,746	(16,204,037)
Net unrealised gains on financial derivatives		5,598	4,839
Net foreign exchange gains/(losses)		4,579	(22,784)
		<u>11,873,347</u>	<u>(17,848,087)</u>
<b>Total return/(deficit) for the year before income tax</b>		12,578,053	(16,922,014)
<b>Less: Income tax</b>	3	<u>(43,808)</u>	<u>(28,667)</u>
<b>Total return/(deficit) for the year after income tax before distribution</b>		12,534,245	(16,950,681)
<b>Less: Distribution</b>	4	-	-
<b>Total return/(deficit) for the year</b>		<u>12,534,245</u>	<u>(16,950,681)</u>

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

## LIONGLOBAL SINGAPORE BALANCED FUND

### BALANCE SHEET

As at 31 December 2012

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
Portfolio of investments		118,009,939	115,400,544
Receivables	5	220,805	247,086
Financial derivatives at fair value	6	6,068	4,839
Cash and bank balances	7	170,187	4,141,016
<b>Total assets</b>		<u>118,406,999</u>	<u>119,793,485</u>
<b>LIABILITIES</b>			
Payables	8	620,213	691,891
Financial derivatives at fair value	6	470	-
Net assets attributable to unitholders	9	117,786,316	119,101,594
<b>Total liabilities</b>		<u>118,406,999</u>	<u>119,793,485</u>

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

# LIONGLOBAL SINGAPORE BALANCED FUND

## PORTFOLIO STATEMENT

As at 31 December 2012

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
<b>By Industry (Primary)</b>			
<b>QUOTED</b>			
<b>EQUITIES</b>			
<b>FINANCIAL</b>			
DBS Group Holdings Limited	458,645	6,797,119	5.8
United Overseas Bank Limited	304,414	6,030,441	5.1
Oversea-Chinese Banking Corporation <sup>#</sup>	524,493	5,103,317	4.3
CapitaLand Limited	1,044,041	3,862,952	3.3
Singapore Exchange Limited	295,000	2,065,000	1.7
Capitamall Trust Real Estate Investment Trust	864,000	1,840,320	1.6
Jardine Strategic Holdings Limited	29,500	1,279,576	1.1
City Developments Limited	90,000	1,156,500	1.0
Capitamalls Asia Limited	560,000	1,083,600	0.9
Capitacommercial Trust	522,000	876,960	0.7
Far East Hospitality Trust	681,000	681,000	0.6
Hongkong Land Holdings Limited	66,000	562,721	0.5
Perennial China Retail Trust	666,000	376,290	0.3
Mapletree Industrial Trust	260,000	352,300	0.3
Frasers Centrepoint Trust	172,000	342,280	0.3
Global Logistic Properties Limited	111,000	308,580	0.3
		<u>32,718,956</u>	<u>27.8</u>

<sup>#</sup> ultimate holding company of the Managers

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
<b>INDUSTRIAL</b>			
Keppel Corporation Limited	393,100	4,320,169	3.7
Jardine Matheson Holdings Limited	55,200	4,180,462	3.5
Sembcorp Marine Limited	333,000	1,531,800	1.3
ComfortDelGro Corporation Limited	816,000	1,448,400	1.2
Noble Group Limited	1,057,181	1,221,044	1.1
Singapore Airlines Limited	102,000	1,095,480	0.9
Sats Limited	360,000	1,036,800	0.9
Tat Hong Holdings Limited	637,000	863,135	0.7
Sembcorp Industries	127,000	666,750	0.6
Singapore Technologies Engineering Limited	158,000	601,980	0.5
Ezion Holdings Limited	270,000	454,950	0.4
		<u>17,420,970</u>	<u>14.8</u>
<b>COMMUNICATIONS</b>			
Singapore Telecommunications Limited	1,583,960	<u>5,227,068</u>	<u>4.4</u>
<b>CONSUMER, NON-CYCLICAL</b>			
Golden Agri-Resources Limited	2,879,000	1,856,955	1.6
Wilmar International Limited	356,000	1,185,480	1.0
Raffles Medical Group Limited	366,000	958,920	0.8
Olam International Limited	377,681	585,405	0.5
Parkway Life Real Estate Investment Trust	196,000	417,480	0.4
Olam International Limited Rights	118,214	7,220	*
		<u>5,011,460</u>	<u>4.3</u>

\* denotes less than 0.1%

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
<b>CONSUMER, CYCLICAL</b>			
Genting Singapore Public Company Limited	903,000	1,246,140	1.0
Jardine Cycle & Carriage Limited	19,000	913,900	0.8
		<u>2,160,040</u>	<u>1.8</u>
<b>ENERGY</b>			
Ezra Holdings Private Limited	323,000	<u>368,220</u>	<u>0.3</u>
<b>UNQUOTED</b>			
<b>BASIC MATERIALS</b>			
FerroChina Limited	532,000	<u>-</u>	<u>-</u>
<b>CONSUMER, CYCLICAL</b>			
Peace Mark Holdings	91,200	<u>-</u>	<u>-</u>
<b>TOTAL EQUITIES</b>		<u>62,906,714</u>	<u>53.4</u>

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

# LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
<b>QUOTED</b>			
<b>DEBT SECURITIES</b>			
<b>FINANCIAL</b>			
DBS Capital Funding II Var Perpetual due 15/06/2018	3,500,000	3,740,553	3.2
United Overseas Bank Limited Class E 5.05% Non-Cumulative Preference Shares	24,000	2,454,240	2.1
Temasek Financial I Limited 3.785% due 05/03/2025	1,500,000	1,696,732	1.4
Keppel Land Limited Convertible 2.5% due 23/06/2013	1,600,000	1,608,000	1.4
Majlis Ugama Islam 2.9% due 16/11/2014	1,500,000	1,547,544	1.3
VTB Capital SA 4% due 20/07/2015	1,500,000	1,507,245	1.3
Street Square Private Limited 3.02% due 05/05/2014	1,500,000	1,504,774	1.3
Mapletree Treasury Services MTN 4.6% due 20/08/2013	1,000,000	1,016,650	0.9
Malayan Banking Berhad EMTN Var due 28/04/2021	1,000,000	1,016,230	0.9
DBS Bank Limited Series MTN Var due 14/02/2023	1,000,000	1,009,530	0.9
CapitaLand Limited Convertible 2.1% due 15/11/2016	1,000,000	1,006,870	0.9
Overseas Union Enterprise Limited Series MTN 4.25% due 30/10/2019	1,000,000	1,004,070	0.9
Standard Chartered Bank EMTN 2.22% due 05/07/2013	1,000,000	1,001,790	0.9

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
Keppel Land Limited MTN 2.77% due 04/02/2013	1,000,000	1,000,556	0.9
CDLHT MTN Private Limited Series MTN 2.355% due 19/08/2013	1,000,000	1,000,354	0.9
CapitaLand Limited Series 2.95% due 20/06/2022	1,000,000	989,500	0.8
Midpoint Properties Series MTN 5.1% due 21/05/2014	750,000	779,478	0.7
Citydev Nahdah PTE Limited 3.565% due 15/12/2013	750,000	759,189	0.7
Joynote Limited 3.408% due 20/07/2018	750,000	754,718	0.6
FCT MTN Private Limited MTN 2.8% due 24/01/2014	750,000	754,645	0.6
Savu Investment Limited MTN 3.83% due 17/01/2014	750,000	752,365	0.6
Cosco Finance Company Limited 4% due 03/12/2022	500,000	626,397	0.5
CIMB Bank Series EMTN 2.375% due 26/07/2017	500,000	617,749	0.5
Amber Circle Funding Limited 3.25% due 04/12/2022	500,000	617,010	0.5
Land Transport Authority 3.275% due 29/10/2025	500,000	547,693	0.5
Mapletree Treasury Services Series MTN 4.45% due 07/03/2018	500,000	534,856	0.5
CapitaLand Limited Convertible 2.875% due 03/09/2016	500,000	534,375	0.5
DBS Bank Limited Singapore MTN Var due 15/07/2021	500,000	523,047	0.5

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
DBS Bank Limited Singapore 4.7% Perpetual	500,000	520,241	0.4
Bank of East Asia Limited Series EMTN Var due 13/09/2022	500,000	518,700	0.4
CapitaMalls Asia Treasury EMTN 3.95% due 24/08/2017	500,000	518,675	0.4
NTUC Income Insurance Var due 23/08/2027	500,000	512,758	0.4
Overseas Union Enterprise Limited Series MTN 4.3% due 15/04/2014	500,000	508,943	0.4
Wing Tai Holdings Limited Series MTN 4.5% due 26/09/2022	500,000	504,323	0.4
Starhill Global Real Estate Investment Trust 3.405% due 13/07/2015	500,000	504,209	0.4
City Developments Limited Series MTN 2.78% due 21/09/2018	500,000	498,431	0.4
Fair Vantage Limited Series Real Estate Investment Trust Convertible 1% due 03/06/2013	2,000,000	392,334	0.3
Keppel Land Limited Convertible 1.875% due 29/11/2015	400,000	391,792	0.3
Wing Lung Bank Limited EMTN 3.5% due 07/11/2022	300,000	365,783	0.3
United Overseas Bank Var due 03/09/2019	250,000	257,931	0.2
HK Land Treasury SG 3.65% due 05/10/2015	250,000	257,758	0.2
City Developments Limited Series MTN 3.82% due 13/11/2014	250,000	257,555	0.2
Dah Sing Bank Limited Series EMTN 4.875% due 09/02/2022	250,000	257,500	0.2

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
Mapletree Industrial Trust MTN 3.75% due 08/03/2019	250,000	255,841	0.2
United Overseas Bank Limited EMTN Var due 01/04/2021	250,000	254,615	0.2
Mapletree Commercial Trust EMTN 3.6% due 24/08/2020	250,000	253,931	0.2
Ascendas Real Estate Investment Trust Series MTN 5% due 22/07/2013	250,000	253,899	0.2
DBS Bank Limited Singapore Series MTN Var due 21/02/2022	250,000	253,260	0.2
Ascendas Real Estate Investment TR Series MTN 4% due 03/02/2022	250,000	253,108	0.2
BOC Aviation Private Limited Series MTN 3% due 06/08/2013	250,000	250,183	0.2
		<u>38,947,930</u>	<u>33.0</u>

### INDUSTRIAL

PSA Corporation Limited 2.83% due 06/07/2015	2,000,000	2,070,018	1.8
Sembcorp Financial Services Series MTN 3.7325% due 09/04/2020	1,000,000	1,054,931	0.9
Sembcorp Financial Services MTN 5% due 21/04/2014	1,000,000	1,041,874	0.9
United Engineers Limited Series MTN 4.2% due 26/01/2017	1,000,000	1,038,135	0.9
Ezion Holdings Limited Series MTN 5.25% due 22/05/2015	750,000	755,428	0.6
F&N Treasury Private Limited MTN 5.5% due 18/03/2016	500,000	546,361	0.5

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
Singapore Post Limited 3.5% due 30/03/2020	500,000	543,137	0.5
Singapore Bus Services MTN 1.95% due 26/10/2015	500,000	504,346	0.4
Keppel Corporation Limited Series MTN 3.1% due 12/10/2020	500,000	502,625	0.4
Goodpack Limited MTN 4% due 19/07/2013	500,000	502,067	0.4
Goodpack Limited Series MTN 4.5% due 18/10/2019	500,000	501,893	0.4
Ezra Holdings Limited 5% due 07/09/2015	500,000	498,365	0.4
Singapore Airlines MTN 3.22% due 09/07/2020	250,000	254,466	0.2
		<u>9,813,646</u>	<u>8.3</u>
<b>UTILITIES</b>			
SP PowerAssets Limited EMTN 3.385% due 27/04/2015	1,750,000	1,840,072	1.6
Singapore Power 4.05% due 04/05/2013	340,000	343,198	0.3
		<u>2,183,270</u>	<u>1.9</u>
<b>COMMUNICATIONS</b>			
Singtel Group Treasury 3.4875% due 08/04/2020	1,000,000	1,086,779	0.9
SK Telecom Company Limited 2.125% due 01/05/2018	500,000	615,508	0.5
		<u>1,702,287</u>	<u>1.4</u>

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
<b>CONSUMER, CYCLICAL</b>			
Singapore Press Holdings Limited MTN 2.81% due 02/03/2015	1,000,000	1,023,923	0.9
<b>TECHNOLOGY</b>			
Competition Team Technology 2.125% due 13/12/2017	350,000	422,694	0.4
WBL Corporation Limited MTN 3.173% due 29/07/2013	250,000	250,405	0.2
		673,099	0.6
<b>ENERGY</b>			
COSL Finance BVI Limited 3.25% due 06/09/2022	250,000	301,463	0.3
Accrued interest receivable on debt securities		457,607	0.4
<b>TOTAL DEBT SECURITIES</b>		55,103,225	46.8
<b>UNQUOTED</b>			
NIL			
<b>Portfolio of investments</b>		118,009,939	100.2
<b>Other net liabilities</b>		(223,623)	(0.2)
<b>Net assets attributable to unitholders</b>		117,786,316	100.0

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Percentage of total net assets attributable to unitholders at	
	31 December 2012	31 December 2011
	%	%
<b>By Industry (Summary)</b>		
Financial	60.8	55.9
Industrial	23.1	17.9
Communications	5.8	4.9
Consumer, Non-cyclical	4.3	9.3
Consumer, Cyclical	2.7	5.0
Utilities	1.9	2.4
Technology	0.6	0.7
Energy	0.6	-
Sovereign	-	0.5
	<u>99.8</u>	<u>96.6</u>
Accrued interest receivable on debt securities	0.4	0.3
	<u>100.2</u>	<u>96.9</u>
<b>Portfolio of investments</b>	100.2	96.9
<b>Other net liabilities</b>	(0.2)	3.1
<b>Net assets attributable to unitholders</b>	<u>100.0</u>	<u>100.0</u>

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

## LIONGLOBAL SINGAPORE BALANCED FUND

	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2012 %	31 December 2011 %
<b>By Geography (Secondary)</b>			
Singapore	102,256,694	86.9	86.5
Hong Kong	8,569,552	7.2	4.7
Malaysia	1,633,979	1.4	0.8
China	1,544,870	1.3	-
Russia	1,507,245	1.3	0.6
Great Britain	1,001,790	0.9	0.9
South Korea	615,508	0.5	0.4
Taiwan	422,694	0.3	-
United States of America	-	-	2.3
India	-	-	0.4
	<u>117,552,332</u>	<u>99.8</u>	<u>96.6</u>
Accrued interest receivable on debt securities	457,607	0.4	0.3
	<u>118,009,939</u>	<u>100.2</u>	<u>96.9</u>
<b>Portfolio of investments</b>			
<b>Other net (liabilities)/assets</b>	(223,623)	(0.2)	3.1
	<u>117,786,316</u>	<u>100.0</u>	<u>100.0</u>
<b>Net assets attributable to unitholders</b>			

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

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2012*

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

### 1. GENERAL

LionGlobal Singapore Balanced Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 15 September 1995 together with its Supplemental Deeds thereon (hereafter referred to as “Trust Deed”) between Lion Global Investors Limited (the “Managers”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Fund is a unit trust under the Central Provident Fund Investment Scheme.

### 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 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” issued by the Institute of Certified Public Accountants of Singapore (“ICPAS”).

(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) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Managers and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(d) Distribution

The Managers have the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund.

(e) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases 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 change in the fair value of investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price net of transaction costs, and are taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for the investments held by the Fund is the current market quoted bid price. Accrued interest is included within the fair value of fixed income instruments.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method.

(h) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars and United States dollars. The primary activity of the Fund is to invest in securities and bonds (including real estate investment trusts) in Singapore with limited investments in countries outside Singapore.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Managers consider the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the fair value net gain or loss.

### 3. INCOME TAX

The Fund was granted the status of a Designated Unit Trust and included under the Central Provident Fund Investment Scheme and, therefore, the following income is not taxable in accordance with Section 35(12) and (12A) of the Income Tax Act (Cap. 134):

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;

## LIONGLOBAL SINGAPORE BALANCED FUND

- (d) gains or profits derived from foreign exchange transactions, transactions in futures 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; and
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

	<b>2012</b>	<b>2011</b>
	\$	\$
Singapore income tax	<u>43,808</u>	<u>28,667</u>

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

#### 4. DISTRIBUTION

The Managers do not propose any distribution to unitholders for the financial year ended 31 December 2012 (2011: Nil).

#### 5. RECEIVABLES

	<b>2012</b>	<b>2011</b>
	\$	\$
Amount receivable for creation of units	101,707	142,641
Dividends receivable	118,825	104,445
Other receivable	273	-
	<u>220,805</u>	<u>247,086</u>

## LIONGLOBAL SINGAPORE BALANCED FUND

### 6. FINANCIAL DERIVATIVES AT FAIR VALUE

Financial derivative contracts comprise forward foreign exchange contracts due for settlement within 2 months (2011: 2 months) from balance sheet date. The contract or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the balance sheet date are analysed below.

#### 31 December 2012

	Contract or underlying principal amount \$	Fair Value	
		Asset \$	Liability \$
Forward foreign exchange contracts	4,132,361	6,068	470

#### 31 December 2011

	Contract or underlying principal amount \$	Fair Value	
		Asset \$	Liability \$
Forward foreign exchange contracts	555,696	4,839	-

### 7. CASH AND BANK BALANCES

The cash and bank balances are placed with a financial institution related to the Trustee.

## LIONGLOBAL SINGAPORE BALANCED FUND

### 8. PAYABLES

	2012	2011
	\$	\$
Amount payable for cancellation of units	445,515	531,468
Amount due to the Managers	125,571	124,651
Amount due to the Trustee	9,278	9,070
Amount due to the Custodian	2,888	2,630
Amount due to the Registrar	7,562	7,480
Other payables	29,399	16,592
	<u>620,213</u>	<u>691,891</u>

### 9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2012	2011
	\$	\$
<b>At beginning of financial year</b>	119,101,594	156,397,036
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	12,534,245	(16,950,681)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	8,741,588	22,670,499
Cancellation of units	(22,591,111)	(43,015,260)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(13,849,523)	(20,344,761)
Total decrease in net assets attributable to unitholders	(1,315,278)	(37,295,442)
<b>At end of financial year</b>	<u>117,786,316</u>	<u>119,101,594</u>
<b>Units in issue (see Note 10)</b>	<u>57,410,603</u>	<u>64,392,459</u>
<b>Net assets attributable to unitholders per unit</b>	<u>2.051</u>	<u>1.850</u>

## LIONGLOBAL SINGAPORE BALANCED FUND

Reconciliation of net assets attributable to unitholders per unit for issuing/redeeming units at financial year-end and the net assets attributable to unitholders per unit per the financial statements:

	<b>2012</b>	<b>2011</b>
	\$	\$
Net assets attributable to unitholders per unit for issuing/redeeming units	2.055	1.853
Effect of adopting bid prices as fair value	(0.004)	(0.003)
Net assets attributable to unitholders per unit per the financial statements	<u>2.051</u>	<u>1.850</u>

Quoted investments have been valued at the current bid prices in accordance with the recommendations of Statement of Recommended Accounting Practice 7. For the purpose of the net assets attributable to unitholders per unit calculation for the issuance and redemption of units, quoted investments are stated at the last available transacted price, in accordance with the Code on Collective Investment Schemes.

### 10. UNITS IN ISSUE

	<b>2012</b>	<b>2011</b>
	Units	Units
Units at beginning of the year	64,392,459	74,859,779
Units created	4,422,148	11,100,742
Units cancelled	<u>(11,404,004)</u>	<u>(21,568,062)</u>
Units at end of the year	<u>57,410,603</u>	<u>64,392,459</u>
of which, units denominated in		
- USD	<u>127,242</u>	<u>150,475</u>

## 11. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of market 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, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of equity investments, fixed interest 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 Managers to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss to the value of financial investments because of changes in market conditions like interest and currency rate movements and volatility in security prices. External factors such as changes in economic environment, consumption patterns and investor's expectation contribute to market risk which may have a significant impact on the asset's value.

The Fund's investments are substantially dependent on changes in market prices. The Managers monitor the Fund's investments closely so as to assess changes in fundamentals and valuation. Although the Managers make reasonable efforts in the choice of investments, events beyond reasonable control of the Managers could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies/ industries.

The Fund's market risk is affected by three main components: changes in actual market prices, interest rate volatilities and foreign exchange movements.

## LIONGLOBAL SINGAPORE BALANCED FUND

(i) Price risk

The Fund's sensitivity to the market is measured using its beta, a ratio that describes how the expected return of a portfolio is correlated to the return of the financial market as a whole. The daily Fund price movements are measured against the daily price movements of the benchmark to derive the beta.

As at 31 December 2012, the Fund's beta was 1.02 (2011: 1.03) which is calculated based on the daily returns over the preceding 12 months for the Fund and its benchmark (2011: based on the daily returns over the preceding 12 months for the Fund and its benchmark).

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to the unitholders as at 31 December 2012 and 2011. The analysis was based on the assumptions that the index components within the benchmark index increased/decreased by a reasonable possible shift, with all variables held constant and that the fair value of the Fund's investments moved according to the beta.

		<b>Impact of 12% (2011: 12%) movement in benchmark on net assets attributable to the unitholders</b>	
<b>Fund</b>	<b>Benchmark</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
LionGlobal Singapore Balanced Fund	Straits Times Index	<u>7,699,782</u>	<u>7,279,849</u>

(ii) 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.

It affects the value of fixed income securities more directly than equities. As interest rates rise, prices of fixed income securities may fall and vice versa. The rationale is that as interest rates increase, the opportunity cost of holding a fixed income security increases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate. The Managers will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk.

## LIONGLOBAL SINGAPORE BALANCED FUND

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and liabilities at fair value, categorised by the interest rate types.

As at 31 December 2012	Variable rates	Fixed rates	Non-interest bearing	Total
	\$	\$	\$	\$
<b>Assets</b>				
Portfolio of investments	8,086,624	46,558,994	63,364,321	118,009,939
Receivables	-	-	220,805	220,805
Financial derivatives at fair value	-	-	6,068	6,068
Cash and bank balances	170,187	-	-	170,187
<b>Total assets</b>	<b>8,256,811</b>	<b>46,558,994</b>	<b>63,591,194</b>	<b>118,406,999</b>

<b>Liabilities</b>				
Payables	-	-	620,213	620,213
Financial derivatives at fair value	-	-	470	470
Net assets attributable to unitholders	-	-	117,786,316	117,786,316
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>118,406,999</b>	<b>118,406,999</b>

As at 31 December 2011	Variable rates	Fixed rates	Non-interest bearing	Total
	\$	\$	\$	\$
<b>Assets</b>				
Portfolio of investments	5,044,325	51,057,185	59,299,034	115,400,544
Receivables	-	-	247,086	247,086
Financial derivatives at fair value	-	-	4,839	4,839
Cash and bank balances	4,141,016	-	-	4,141,016
<b>Total assets</b>	<b>9,185,341</b>	<b>51,057,185</b>	<b>59,550,959</b>	<b>119,793,485</b>

<b>Liabilities</b>				
Payables	-	-	691,891	691,891
Net assets attributable to unitholders	-	-	119,101,594	119,101,594
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>119,793,485</b>	<b>119,793,485</b>

## LIONGLOBAL SINGAPORE BALANCED FUND

The duration, a measure of the sensitivity of the price of a fixed income security to a change in interest for the 12 month period is 3.90 (2011: 2.87). As of 31 December 2012, should interest rates lower or rise by 1% (2011: 1%), with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders would be as follows:

Fund	Impact of 1% (2011: 1%) movement in interest rates on net assets attributable to the unitholders	
	2012 \$	2011 \$
LionGlobal Singapore Balanced Fund	<u>1,815,801</u>	<u>1,465,341</u>

(iii) Currency risk

The Fund has monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

## LIONGLOBAL SINGAPORE BALANCED FUND

The tables below summarise the Fund's exposure to key currencies at the end of the financial year. Monetary and non-monetary items have been taken into the account for the analysis.

As at 31 December 2012	USD \$	HKD \$	MYR \$	SGD \$	Total \$
<b>Assets</b>					
Portfolio of investments	9,613,965	392,579	-	108,003,395	118,009,939
Receivables	252	-	-	220,553	220,805
Cash and bank balances	1,071	1,108	65	167,943	170,187
<b>Total assets</b>	<b>9,615,288</b>	<b>393,687</b>	<b>65</b>	<b>108,391,891</b>	<b>118,400,931</b>
<b>Liabilities</b>					
Payables	330	-	-	619,883	620,213
Net assets attributable to unitholders	-	-	-	117,786,316	117,786,316
<b>Total liabilities</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>118,406,199</b>	<b>118,406,529</b>
<b>Net financial assets/ (liabilities)</b>	<b>9,614,958</b>	<b>393,687</b>	<b>65</b>	<b>(10,014,308)</b>	<b>(5,598)</b>
<b>Fair value of currency forwards and financial derivatives</b>	<b>(3,480,475)</b>	<b>(393,930)</b>	<b>-</b>	<b>3,880,003</b>	<b>5,598</b>
<b>Currency exposure</b>	<b>6,134,483</b>	<b>(243)</b>	<b>65</b>	<b>(6,134,305)</b>	

## LIONGLOBAL SINGAPORE BALANCED FUND

As at 31 December 2011	USD \$	HKD \$	MYR \$	SGD \$	Total \$
<b>Assets</b>					
Portfolio of investments	5,602,685	595,006	-	109,202,853	115,400,544
Receivables	342	-	-	246,744	247,086
Cash and bank balances	8,396	5,983	67	4,126,570	4,141,016
<b>Total assets</b>	<b>5,611,423</b>	<b>600,989</b>	<b>67</b>	<b>113,576,167</b>	<b>119,788,646</b>
<b>Liabilities</b>					
Payables	227	-	-	691,664	691,891
Net assets attributable to unitholders	-	-	-	119,101,594	119,101,594
<b>Total liabilities</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>119,793,258</b>	<b>119,793,485</b>
<b>Net financial assets/ (liabilities)</b>	<b>5,611,196</b>	<b>600,989</b>	<b>67</b>	<b>(6,217,091)</b>	<b>(4,839)</b>
<b>Fair value of currency spot and financial derivatives</b>	<b>-</b>	<b>(550,857)</b>	<b>-</b>	<b>555,696</b>	<b>4,839</b>
<b>Currency exposure</b>	<b>5,611,196</b>	<b>50,132</b>	<b>67</b>	<b>(5,661,395)</b>	

Equity/Mutual fund investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Fund's net asset value has been included in the above other price risk sensitivity analysis.

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Fund.

As of 31 December 2012 and 2011, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and hence no sensitivity analysis on foreign currency risk has been presented.

## LIONGLOBAL SINGAPORE BALANCED FUND

### (b) Liquidity risk

The Fund is exposed to daily redemption of units in the Fund. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>As at 31 December 2012</b>	<b>Less than 3 months \$</b>	<b>3 months- 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Payables	620,213	-	-	-
Financial derivatives at fair value	470	-	-	-
Net assets attributable to unitholders*	117,786,316	-	-	-

<b>As at 31 December 2011</b>	<b>Less than 3 months \$</b>	<b>3 months- 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Payables	691,891	-	-	-
Net assets attributable to unitholders*	119,101,594	-	-	-

\* Net assets attributable to unitholders are repayable on demand.

### (c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

## LIONGLOBAL SINGAPORE BALANCED FUND

The Fund invests mostly in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings.

	<b>2012</b>	<b>2011</b>
	%	%
Aaa	1.4	2.2
Aa2	1.3	2.8
Aa3	1.4	-
A1	2.1	1.8
A2	0.2	0.8
A3	7.3	4.8
Baa1	1.9	0.8
Baa2	0.2	-
Unrated (primarily corporate debts issued by Singapore companies)	30.6	33.9
Accrued interest receivable on debt securities	0.4	0.3
<b>Total debt securities</b>	<u>46.8</u>	<u>47.4</u>

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents and assets held with financial institutions.

The Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Managers minimise the Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit-ratings assigned by international credit rating agencies.

## LIONGLOBAL SINGAPORE BALANCED FUND

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 31 December 2012 and 2011.

<b>As at 31 December 2012</b>	<b>Credit rating<sup>##</sup></b>	<b>Source of credit rating</b>
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	A+	S&P
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	A+	S&P
<b>31 December 2011</b>	<b>Credit rating<sup>##</sup></b>	<b>Source of credit rating</b>
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	A+	S&P
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	A+	S&P

The credit ratings are based on the Long-Term Issuer Ratings published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

<sup>##</sup> *Group credit ratings are presented for subsidiaries.*

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

12. RELATED PARTY TRANSACTIONS

In addition to the 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:

	2012	2011
	\$	\$
Brokerage on purchases and sales of investments charged by the ultimate holding company of the Managers	14,593	3,145
Interest income earned from a bank which is the ultimate holding company of the Managers	-	1,609
Interest income earned from a bank which is a related company of the Trustee	-	10
Interest expenses incurred with a bank which is a related company of the Trustee	93	340
Transaction fees charged by the Trustee	16,495	12,542
Registration fee charged by a related company of the Trustee	25,035	26,783
Valuation and administration fees charged by the Trustee	44,396	52,136
Custodian fees charged by a related company of the Trustee	25,171	31,029
Bank service fees charged by a bank which is a related company of the Trustee	8,463	7,935

**13. FINANCIAL RATIOS**

	<b>2012</b>	<b>2011</b>
	%	%
Expense ratio <sup>1</sup>	1.41	1.45
Portfolio turnover ratio <sup>2</sup>	<u>51</u>	<u>33</u>

<sup>1</sup> The expense ratio does not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes.

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