

LionGlobal Singapore Balanced Fund

Semi-Annual Report
For the half year ended 30 June 2010

Managers

Lion Global Investors Limited
One George Street #08-01
Singapore 049145

Directors of Lion Global Investors Limited

Ng Keng Hooi (Chairman)
David Philbrick Conner (Deputy Chairman)
Daniel Chan Choong Seng (CEO)
Soon Tit Koon
Ching Wei Hong
Cheong Jin Keat
Yoon Mun Thim

Trustee/Custodian/ Registrar

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
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Independent Auditor

PricewaterhouseCoopers LLP
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LIONGLOBAL SINGAPORE BALANCED FUND

PERFORMANCE OF THE FUND

For the half year ended 30 June 2010

Returns for the Fund are calculated up to 30 June 2010 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	-0.5	-0.5
6 months	-0.4	-0.3
1 year	16.8	12.1
3 years	-9.1	-4.0
5 years	39.6	25.1
10 years	78.0	41.6
Since Inception (22 September 1995)	118.8	62.1

Returns for the Fund are calculated up to 30 June 2010 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	-0.3	-0.4
6 months	0.2	0.3
1 year	21.2	16.2
3 years	-0.4	5.1
5 years	68.5	51.2
Since Inception (2 August 2004)	91.6	68.7

Source: Morningstar/CPF Board/Lion Global Investors Ltd

FUND AND MARKET REVIEW

The Fund had an average allocation of about 55% in equities, and 39% in bonds with an average cash level of 6%. Equity exposure remained stable during the period under review. The portfolio's holdings in REITs and high dividend yield stocks helped mitigate losses amid volatility in stock markets in the second quarter. As a result, the Fund fell by 0.4%, in line with the benchmark, for the half year ended 30 June 2010.

The portfolio underperformed in consumer staples, financial and telecom sectors due to the lack of earnings catalysts, as well as a near term oversupply situation for crude palm oil inventory. Most of the portfolio's underperformance in the financial sector was attributed to real estate stocks like Capitaland and Wing Tai as well as UOB. The market sold down developers due to fears of further policy measures, however, we believe stocks are currently supported by attractive valuations. We continue to hold our positions in the real estate sector.

Consumer discretionary and industrials sectors, led by the cyclical recovery, outperformed the market and saw positive returns year-to-date. However, the portfolio underperformed in the industrial sector due to an underweight in oil & gas related stocks. In addition to existing positions in Singapore Airlines, Neptune Orient Lines and Tiger Airways, the portfolio added Singapore Press Holdings and Genting Singapore amid strong economic growth and tourist arrivals.

Among the stocks held, Raffles Medical performed particularly well amid a re-rating in the healthcare sector after Khazanah and Fortis' bidding war for Parkway Holdings. Stocks like Noble Group and Straits Asia Resources underperformed due to risk aversion and fears after signs emerged of economies slowing down in the G7 countries.

The bonds portion of the portfolio generated positive total returns and the weighted average yield of the bond portfolio at the end of the reporting period was about 2.7%.

STRATEGY AND OUTLOOK

Concerns about pace of the recovery for the global markets, especially the US and China have started to emerge as corporate earnings momentum appears to have peaked.

After the first quarter results season, while earnings per share forecast revision momentum remained positive with upgrades seen in the cyclical sectors, i.e. transportation, commodities as well as offshore and marine, we expect the second quarter earnings results to be in line with market expectations. The earnings upgrade momentum is likely to slow, in our view, as corporate earnings begin to peak amid expectations of slowing economic growth in the second half of the year.

Domestic consumption and tourism-related stocks are likely to continue to outperform, benefitting from low interest rates and resilient employment growth. Singapore's strong tourist arrival figures in recent months, boosted by the opening of the two integrated resorts, will likely underpin the health of the consumer services sector. Tourist arrivals rose to 946,000 in May, up 30% year-on-year. At the same time, hotel occupancy rate rose to 85%, up 17.1% year-on-year. We continue to like Singapore Airlines and Singapore Airport Terminal Services. Hotel operators such as CDL Hospitality Trust will also be a beneficiary of higher hotel occupancy and rates.

In view of the improving domestic economic outlook, Singapore banks' earnings growth are forecast to rise 20% in 2010 led by rising loan volumes, better fee income and falling credit costs. Amongst the Singapore banks, DBS has the most leverage to higher interest rates over the medium term due to its higher exposure to the inter-bank market. We continue to favor REITs exposed to tourism, office and suburban retail mall segments. The commodity-related and oil & gas stocks have experienced a substantial correction and we are beginning to find pockets of value in these sectors for the longer term.

Interest rates are likely to remain low but may be pressured higher if credit risk premium increases. We prefer corporate bonds for the yield pick-up, especially in the 2 to 5 years tenor where there is still decent pickup in yield over Singapore Government Securities and where there is less price risk should interest rates move up.

DISCLOSURES ON THE FUND ¹

For the half year ended 30 June 2010

1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2010

	Fair Value \$	Percentage of total net assets attributable to unitholders %
<i>a) By Asset Class</i>		
Equities	82,078,803	54.8
Debt Securities (including accrued interest on debt securities)	63,230,239	42.2
Financial Derivatives at fair value	9,853	*
Cash and cash equivalents	4,461,468	3.0
Net assets attributable to unitholders	149,780,363	100.0
<i>b) By Credit Rating of Debt Securities</i>		
Aaa	1,551,660	1.0
Aa2	3,040,700	1.9
A1	2,557,350	1.6
A2	2,764,602	1.9
A3	7,172,258	4.8
Baa2	1,797,668	1.2
Unrated (Singapore - incorporated debt securities)	43,923,225	29.5
Accrued interest on debt securities	422,776	0.3
	63,230,239	42.2
<i>c) By Derivative Type</i>		
Forward foreign exchange contracts	9,853	*

* denotes amount less than 0.1%

¹ As required by the Code on Collective Investment Schemes.

2. TOP 10 HOLDINGS

As at 30 June 2010

	Fair Value \$	Percentage of total net assets attributable to unitholders %
Singapore Telecommunications Limited	7,329,449	4.9
DBS Group Holdings Limited	7,308,100	4.9
United Overseas Bank Limited	7,023,120	4.7
Oversea-Chinese Banking Corporation	5,137,744	3.4
United Overseas Land Limited 3.34% due 15/05/2012	5,108,411	3.4
Keppel Corporation Limited	4,114,000	2.7
Singapore Airlines Limited	3,794,940	2.5
Frasers Centrepoint Trust	3,557,820	2.4
CapitaLand Limited	3,351,748	2.2
Wilmar International Limited	3,260,050	2.2

As at 30 June 2009

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
DBS Group Holdings Limited	7,810,140	6.5
Singapore Telecommunications Limited	7,208,501	6.0
United Overseas Bank Limited	5,829,062	4.8
United Overseas Land Limited 3.34% due 15/05/2012	4,764,400	4.0
Ascott Capital Private Limited Series MTN 3.085% due 27/04/2010	3,986,760	3.3
Oversea-Chinese Banking Corporation	3,727,930	3.1
CapitaMall Trust	3,039,791	2.5
City Developments Limited Series MTN 3.38% due 25/04/2012	2,896,620	2.4
DBS Capital Funding Corporation Preference Shares	2,830,230	2.3
CapitaLand Limited	2,810,325	2.3

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

Nil

4. BORROWINGS

Nil

5. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the period 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.

6. OTHER MATERIAL INFORMATION

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

7. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

STATEMENT OF TOTAL RETURN

For the half year ended 30 June 2010 (Unaudited)

	For the half year ended 30 June 2010	For the half year ended 30 June 2009
Note	\$	\$
Income		
Dividends	1,510,654	1,586,658
Interest	4,500	1,052
	1,515,154	1,587,710
Less: Expenses		
Audit fee	6,103	8,864
Custodian fees	14,800	11,336
Management fee	921,317	671,905
Professional fees	7,568	15,225
Registration fee	11,866	17,883
Trustee fee	36,853	26,876
Valuation and administration fees	26,789	19,967
Miscellaneous expenses	81,646	63,462
	1,106,942	835,518
Net income	408,212	752,192
Net gains or losses on investments		
Net realised gains/(losses) on investments	3,398,061	(496,296)
Net realised gains on financial derivatives	15,607	4,936
Net change in fair value of investments	(4,339,269)	15,961,596
Net unrealised gains on financial derivatives	9,853	18,310
Net foreign exchange (losses)/gains	(12,634)	13,323
	(928,382)	15,501,869
Total (deficit)/return for the period before income tax	(520,170)	16,254,061
Less: Income tax	3 (52,173)	(40,881)
Total (deficit)/return for the period after income tax before distribution	(572,343)	16,213,180
Less: Distribution	4 -	-
Total (deficit)/return for the period	(572,343)	16,213,180

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

LIONGLOBAL SINGAPORE BALANCED FUND

BALANCE SHEET

As at 30 June 2010 (Unaudited)

		As at 30 June 2010	As at 31 December 2009
	Note	\$	\$
ASSETS			
Portfolio of investments		145,309,042	133,287,838
Receivables	5	920,699	778,324
Due from broker		2,544,974	-
Financial derivatives at fair value	6	9,853	-
Fixed deposits	7	1,500,772	13,208,595
Cash and bank balances	8	2,041,019	1,006,059
Total assets		<u>152,326,359</u>	<u>148,280,816</u>
LIABILITIES			
Payables	9	1,285,720	854,951
Due to broker		1,260,276	-
Net assets attributable to unitholders	10	149,780,363	147,425,865
Total liabilities		<u>152,326,359</u>	<u>148,280,816</u>

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

PORTFOLIO STATEMENT

As at 30 June 2010 (Unaudited)

	Holdings at 30 June 2010	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
By Industry (Primary)			
QUOTED			
EQUITIES			
FINANCIAL			
DBS Group Holdings Limited	535,000	7,308,100	4.9
United Overseas Bank Limited Oversea-Chinese Banking Corporation*	360,160	7,023,120	4.7
Frasers Centrepoint Trust	581,851	5,137,744	3.4
CapitaLand Limited	2,758,000	3,557,820	2.4
City Developments Limited	931,041	3,351,748	2.2
CapitaMall Trust	200,000	2,208,000	1.5
Singapore Exchange Limited	1,186,900	2,183,896	1.5
Ascendas Real Estate Investment Trust	291,000	2,147,580	1.4
Cache Logistics Trust	860,000	1,565,200	1.0
CDL Hospitality Trusts	1,583,000	1,551,340	1.0
Keppel Land Limited	822,000	1,422,060	1.0
Wing Tai Holdings Limited	221,000	859,690	0.6
Ascendas India Trust	455,000	714,350	0.5
	694,000	652,360	0.4
		<u>39,683,008</u>	<u>26.5</u>

** ultimate holding company of the Managers*

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

LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 30 June 2010	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
CONSUMER, CYCLICAL			
Singapore Airlines Limited	261,000	3,794,940	2.5
Jardine Cycle & Carriage Limited	68,000	2,033,200	1.4
Genting Singapore Public Company Limited	1,593,000	1,863,810	1.2
Tiger Airways Holdings Limited	614,000	1,111,340	0.7
China Hongxing Sports Limited	3,405,000	391,575	0.3
		<u>9,194,865</u>	<u>6.1</u>
COMMUNICATIONS			
Singapore Telecommunications Limited	2,418,960	7,329,449	4.9
Singapore Press Holdings Limited	486,000	1,837,080	1.2
		<u>9,166,529</u>	<u>6.1</u>
INDUSTRIAL			
Noble Group Limited	1,654,181	2,812,108	1.9
Singapore Technologies Engineering Limited	560,000	1,842,400	1.2
Singapore Airport Terminal Services Limited	570,540	1,523,342	1.0
Sembcorp Marine Limited	340,000	1,309,000	0.9
Neptune Orient Lines Limited	565,000	1,130,000	0.7
Ezion Holdings Limited	622,000	388,750	0.3
		<u>9,005,600</u>	<u>6.0</u>
DIVERSIFIED			
Keppel Corporation Limited	484,000	4,114,000	2.7
Jardine Matheson Holdings Limited	56,000	2,747,301	1.9
		<u>6,861,301</u>	<u>4.6</u>

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LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 30 June 2010	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
CONSUMER, NON-CYCLICAL			
Wilmar International Limited	565,000	3,260,050	2.2
Golden Agri-Resources Limited	2,435,000	1,278,375	0.9
Raffles Medical Group Limited	470,000	799,000	0.5
		<u>5,337,425</u>	<u>3.6</u>
ENERGY			
Straits Asia Resources Limited	882,000	1,764,000	1.2
Ezra Holdings Private Limited	195,000	352,950	0.2
		<u>2,116,950</u>	<u>1.4</u>
TECHNOLOGY			
CSE Global Limited	815,000	713,125	0.5
UNQUOTED			
EQUITIES			
NIL			
TOTAL EQUITIES		<u>82,078,803</u>	<u>54.8</u>

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LIONGLOBAL SINGAPORE BALANCED FUND

	Nominal amounts at 30 June 2010	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
QUOTED			
DEBT SECURITIES			
FINANCIAL			
United Overseas Land Limited 3.34% due 15/05/2012	5,000,000	5,108,411	3.4
DBS Capital Funding Corporation Preference Shares	30,000	3,171,480	2.1
City Developments Limited Series MTN 3.38% due 25/04/2012	3,000,000	3,077,804	2.1
CapitaMall Trust Convertible 1% due 02/07/2013	2,500,000	2,589,208	1.7
United Overseas Bank Limited Class E 5.05% Non-Cumulative Preference Shares	20,000	2,092,000	1.4
F&N Treasury Private Limited MTN 3.405% due 11/06/2012	2,000,000	2,059,395	1.4
Frasers Centrepoint Limited MTN 4.045% due 14/03/2011	2,000,000	2,035,091	1.4
General Electric Capital Corporation EMTN 3.03% due 11/02/2013	2,000,000	2,022,640	1.3
Keppel Land Limited Convertible 2.5% due 23/06/2013	1,600,000	1,608,987	1.1
Temasek Financial I Limited 3.785% due 05/03/2025	1,500,000	1,551,660	1.0
United Overseas Bank Limited 4.95% due 30/09/2016	1,500,000	1,549,350	1.0
City Developments Limited DMTN 3.85% due 12/10/2011	1,500,000	1,542,039	1.0
Ascendas Real Estate Investment Trust MTN 4.75% due 29/04/2011	1,500,000	1,531,931	1.0
Midpoint Properties Series MTN 3.75% due 04/07/2011	1,500,000	1,511,960	1.0

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LIONGLOBAL SINGAPORE BALANCED FUND

	Nominal amounts at 30 June 2010	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
HK Land Treasury SG 3.01% due 04/10/2010	1,500,000	1,506,413	1.0
Mapletree Treasury Services MTN 4.6% due 20/08/2013	1,000,000	1,059,611	0.7
Queensley Holdings Limited 4.62% due 07/12/2012	1,000,000	1,014,000	0.7
Keppel Land Limited MTN 2.77% due 04/02/2013	1,000,000	1,011,270	0.7
City Developments Limited MTN 3.15% due 16/09/2010	1,000,000	1,004,167	0.7
Kookmin Bank Series GMTN 2.05% due 18/10/2010	1,000,000	1,001,340	0.7
Standard Chartered Bank EMTN 2.22% due 05/07/2013	1,000,000	999,500	0.7
CapitaLand Limited Series 2.95% due 20/06/2022	1,000,000	886,139	0.6
Midpoint Properties Series MTN 5.1% due 21/05/2014	750,000	790,979	0.5
Morgan Stanley EMTN 3.585% due 23/10/2012	750,000	765,142	0.5
CapitaCommercial Trust Convertible 2% due 06/05/2013	500,000	534,460	0.4
Suntec Real Estate Investment Trust Convertible 3.25% due 20/03/2013	500,000	515,725	0.3
Export-Import Bank of Korea EMTN 2.8% due 04/05/2012	500,000	506,090	0.3
DBS Bank Limited Singapore MTN Var due 15/07/2021	500,000	501,910	0.3
Kim Eng Holdings Limited Series MTN 2.3% due 28/01/2011	500,000	501,235	0.3
Treasure Source Series Real Estate Investment Trust Convertible 2% due 23/05/2011	1,600,000	311,593	0.2
Ascendas Real Estate Investment Trust Series MTN 5% due 22/07/2013	250,000	265,737	0.2

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LIONGLOBAL SINGAPORE BALANCED FUND

	Nominal amounts at 30 June 2010	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
HK Land Treasury SG 3.65% due 05/10/2015	250,000	257,437	0.2
Ascendas India Trust MTN 5.255% due 09/11/2012	250,000	256,992	0.2
Sengkang Mall Limited Series A 4.88% due 20/11/2012	250,000	253,834	0.2
DBS Group Holdings Limited 6% Non-Cumulative Preference Shares	1,400	144,928	0.1
		<u>45,540,458</u>	<u>30.4</u>
CONSUMER, CYCLICAL			
Singapore Airlines 4.15% due 19/12/2011	2,000,000	2,081,561	1.4
Cathay Pacific Airways Limited MTN 3.82% due 09/11/2011	1,500,000	1,532,299	1.0
Hotel Properties Limited Series MTN 3.3% due 07/03/2011	1,000,000	1,007,179	0.7
		<u>4,621,039</u>	<u>3.1</u>
INDUSTRIAL			
Sembcorp Financial Services MTN 5% due 21/04/2014	1,000,000	1,089,919	0.7
Sembcorp Financial Services Series MTN 3.7325% due 09/04/2020	1,000,000	1,010,042	0.7
PB Issuer Limited Series PB Convertible 3.3% due 01/02/2013	400,000	558,049	0.4
Singapore Post Limited 3.5% due 30/03/2020	500,000	521,485	0.3
Singapore Post Limited 3.13% due 11/04/2013	250,000	260,108	0.2
		<u>3,439,603</u>	<u>2.3</u>
UTILITIES			
SP PowerAssets Limited EMTN 3.385% due 27/04/2015	1,750,000	1,831,774	1.2
Singapore Power 4.05% due 04/05/2013	940,000	999,629	0.7
		<u>2,831,403</u>	<u>1.9</u>

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

LIONGLOBAL SINGAPORE BALANCED FUND

	Nominal amounts at 30 June 2010	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
SOVEREIGN			
Majlis Ugama Islam 2.9% due 16/11/2014	1,500,000	1,544,250	1.0
Central American Bank 2.64% due 06/07/2010	1,000,000	999,960	0.7
		<u>2,544,210</u>	<u>1.7</u>
COMMUNICATIONS			
Singapore Press Holdings Limited MTN 2.81% due 02/03/2015	1,000,000	1,018,660	0.7
Singtel Group Treasury 3.4875% due 08/04/2020	1,000,000	1,018,060	0.6
		<u>2,036,720</u>	<u>1.3</u>
CONSUMER, NON CYCLICAL			
Petra Foods Limited EMTN 4.435% due 11/01/2012	1,250,000	1,223,165	0.8
IOI Resources (L) Berhad Series IOI 0% due 15/01/2013	400,000	570,865	0.4
		<u>1,794,030</u>	<u>1.2</u>
Accrued interest receivable on debt securities		<u>422,776</u>	<u>0.3</u>
TOTAL DEBT SECURITIES		<u>63,230,239</u>	<u>42.2</u>
UNQUOTED			
NIL			
Portfolio of investments		145,309,042	97.0
Other net assets		<u>4,471,321</u>	<u>3.0</u>
Net assets attributable to unitholders		<u>149,780,363</u>	<u>100.0</u>

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

Percentage of total net assets
attributable to unitholders at
30 June 2010 31 December 2009

	%	%
By Industry (Summary)		
Financial	56.9	57.5
Consumer, Cyclical	9.2	7.0
Industrial	8.3	7.6
Communications	7.4	5.1
Consumer, Non-Cyclical	4.8	5.8
Diversified	4.6	2.7
Utilities	1.9	1.5
Sovereign	1.7	1.0
Energy	1.4	1.1
Technology	0.5	0.9
	96.7	90.2
Accrued interest receivable on debt securities	0.3	0.2
	97.0	90.4
Portfolio of investments	97.0	90.4
Other net assets	3.0	9.6
Net assets attributable to unitholders	100.0	100.0

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

LIONGLOBAL SINGAPORE BALANCED FUND

	Fair value at 30 June 2010 \$	Percentage of total net assets attributable to unitholders at	
		30 June 2010 %	31 December 2009 %
By Geography (Secondary)			
Singapore	127,903,954	85.2	84.7
Hong Kong	9,413,607	6.4	2.0
United States of America	2,787,782	1.8	1.8
South Korea	1,507,430	1.0	1.0
Great Britain	1,311,093	0.9	-
Supranational	999,960	0.7	0.7
Malaysia	570,865	0.4	-
China	391,575	0.3	-
	<u>144,886,266</u>	<u>96.7</u>	<u>90.2</u>
Accrued interest receivable on debt securities	<u>422,776</u>	<u>0.3</u>	<u>0.2</u>
Portfolio of investments	145,309,042	97.0	90.4
Other net assets	<u>4,471,321</u>	<u>3.0</u>	<u>9.6</u>
Net assets attributable to unitholders	<u>149,780,363</u>	<u>100.0</u>	<u>100.0</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2010 (Unaudited)

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 period/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 period 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 period/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 exempted from tax 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;
- (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.

	30 June 2010	30 June 2009
	\$	\$
Singapore income tax	<u>52,173</u>	<u>40,881</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 period ended 30 June 2010 (30 June 2009: Nil).

5. RECEIVABLES

	30 June 2010	31 December 2009
	\$	\$
Amount receivable for creation of units	694,815	590,264
Dividends receivable	225,872	187,776
Interest receivable from a bank which is the ultimate holding company of the Managers	12	34
Interest receivable from a bank which is a non-related company	-	250
	<u>920,699</u>	<u>778,324</u>

6. FINANCIAL DERIVATIVES AT FAIR VALUE

Financial derivative contracts comprise forward foreign exchange contracts due for settlement within 1 year (31 December 2009: Nil) 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.

30 June 2010

	Contract or underlying principal amount	Fair Value	
		Asset	Liability
	\$	\$	\$
Forward foreign exchange contracts	<u>1,412,313</u>	<u>9,853</u>	<u>-</u>

As at 31 December 2009, there was no commitment under financial derivative contract.

7. FIXED DEPOSITS

	30 June 2010	31 December 2009
	\$	\$
Fixed deposit placed with a bank which is the ultimate holding company of the Managers	1,500,772	3,205,282
Fixed deposit placed with a bank which is a non-related company	<u>-</u>	<u>10,003,313</u>
	<u>1,500,772</u>	<u>13,208,595</u>

Fixed deposits have an average maturity of 2 days (31 December 2009: 8 days) from the end of the financial period/year with the following weighted average effective interest rate:

	30 June 2010	31 December 2009
	%	%
Singapore Dollar	<u>0.14</u>	<u>0.11</u>

8. CASH AND BANK BALANCES

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

9. PAYABLES

	30 June 2010	31 December 2009
	\$	\$
Amount payable for cancellation of units	1,094,878	661,684
Amount due to Managers	155,915	154,975
Amount due to Trustee	12,613	11,536
Amount due to Custodian	2,055	2,123
Amount due to Registrar	7,480	8,934
Other payables	<u>12,779</u>	<u>15,699</u>
	<u>1,285,720</u>	<u>854,951</u>

10. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	30 June 2010	31 December 2009
	\$	\$
At beginning of financial period/year	147,425,865	105,656,241
Operations		
Change in net assets attributable to unitholders resulting from operations	(572,343)	37,444,408
Unitholders' contributions/(withdrawals)		
Creation of units	26,523,836	43,306,228
Cancellation of units	(23,596,995)	(38,981,012)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	2,926,841	4,325,216
Total increase in net assets attributable to unitholders	2,354,498	41,769,624
At end of financial period/year	<u>149,780,363</u>	<u>147,425,865</u>
Units in issue (see Note 11)	<u>78,608,160</u>	<u>77,067,103</u>
Net assets attributable to unitholders per unit	<u>1.905</u>	<u>1.912</u>

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

	30 June 2010	31 December 2009
	\$	\$
Net assets attributable to unitholders per unit for issuing/redeeming units	1.910	1.917
Effect of adopting bid prices as fair value	(0.005)	(0.005)
Net assets attributable to unitholders per unit per the financial statements	<u>1.905</u>	<u>1.912</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.

11. UNITS IN ISSUE

	30 June 2010	31 December 2009
	Units	Units
Units at beginning of the period/year	77,067,103	74,969,886
Units created	13,909,543	26,192,333
Units cancelled	<u>(12,368,486)</u>	<u>(24,095,116)</u>
Units at end of the period/year	<u>78,608,160</u>	<u>77,067,103</u>
of which, units denominated in		
- USD	<u>157,636</u>	<u>164,674</u>

12. 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 volatility and foreign exchange movements.

(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 price movement of the portfolio's holdings as at period/year-end are measured against the price movement of a benchmark index (an index that best reflects the risk and returns of the Fund's equity investment as at period/year-end) to derive the beta.

As at 30 June 2010, the Fund's beta was 1.06 (31 December 2009: 1.02) which was calculated based on the daily returns over the preceding 12 months for the Fund and benchmark (31 December 2009 is based on the daily returns over the preceding 12 months for the Fund and 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 30 June 2010 and 31 December 2009. The analysis was based on the assumptions that the index components within the benchmark 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.

Fund	Benchmark	Impact of 12% (31 December 2009: 12%) movement in benchmark on net assets attributable to the unitholders	
		30 June 2010 \$	31 December 2009 \$
LionGlobal Singapore Balanced Fund	Straits Times Index	10,440,424	10,290,705

(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.

LIONGLOBAL SINGAPORE BALANCED FUND

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.

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.

30 June 2010	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
Assets				
Portfolio of investments	501,910	62,305,553	82,501,579	145,309,042
Receivables	-	-	920,699	920,699
Due from broker	-	-	2,544,974	2,544,974
Financial derivatives at fair value	-	-	9,853	9,853
Fixed deposits	-	1,500,772	-	1,500,772
Cash and bank balances	2,041,019	-	-	2,041,019
Total assets	<u>2,542,929</u>	<u>63,806,325</u>	<u>85,977,105</u>	<u>152,326,359</u>
Liabilities				
Payables	-	-	1,285,720	1,285,720
Due to broker	-	-	1,260,276	1,260,276
Net assets attributable to unitholders	-	-	149,780,363	149,780,363
Total liabilities	<u>-</u>	<u>-</u>	<u>152,326,359</u>	<u>152,326,359</u>

LIONGLOBAL SINGAPORE BALANCED FUND

31 December 2009	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
Assets				
Portfolio of investments	475,048	48,404,358	84,408,432	133,287,838
Receivables	-	-	778,324	778,324
Fixed deposits	-	13,208,595	-	13,208,595
Cash and bank balances	<u>1,006,059</u>	-	-	<u>1,006,059</u>
Total assets	<u>1,481,107</u>	<u>61,612,953</u>	<u>85,186,756</u>	<u>148,280,816</u>
Liabilities				
Payables	-	-	854,951	854,951
Net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>147,425,865</u>	<u>147,425,865</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>148,280,816</u>	<u>148,280,816</u>

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 3.05 (31 December 2009: 3.13). As of 30 June 2010, should interest rates lower or rise by 1% (31 December 2009: 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% (31 December 2009: 1%) movement in interest rates on net assets attributable to the unitholders	
	30 June 2010 \$	31 December 2009 \$
LionGlobal Singapore Balanced Fund	<u>1,900,319</u>	<u>1,515,056</u>

LIONGLOBAL SINGAPORE BALANCED FUND

(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.

The tables below summarise the on balance sheet exposure to currency risks for the Fund.

30 June 2010	USD	HKD	MYR	SGD	Total
	\$	\$	\$	\$	\$
Assets					
Portfolio of investments	3,883,894	312,198	-	141,112,950	145,309,042
Receivables	44,379	-	-	876,320	920,699
Due from broker	-	-	-	2,544,974	2,544,974
Fixed deposits	-	-	-	1,500,772	1,500,772
Cash and bank balances	2,319	68	70	2,038,562	2,041,019
Total assets	3,930,592	312,266	70	148,073,578	152,316,506
Liabilities					
Payables	852	-	-	1,284,868	1,285,720
Due to broker	-	-	-	1,260,276	1,260,276
Net assets attributable to unitholders	-	-	-	149,780,363	149,780,363
Total liabilities	852	-	-	152,325,507	152,326,359
Net financial assets/ (liabilities)	3,929,740	312,266	70	(4,251,929)	(9,853)
Fair value of currency forwards and financial derivatives	(1,115,453)	(287,007)	-	1,412,313	9,853
Currency exposure	2,814,287	25,259	70	(2,839,616)	

LIONGLOBAL SINGAPORE BALANCED FUND

31 December 2009	USD	MYR	SGD	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments	-	-	133,287,838	133,287,838
Receivables	1,277	-	777,047	778,324
Fixed deposits	-	-	13,208,595	13,208,595
Cash and bank balances	16,576	67	989,416	1,006,059
Total assets	<u>17,853</u>	<u>67</u>	<u>148,262,896</u>	<u>148,280,816</u>
Liabilities				
Payables	4,118	-	850,833	854,951
Net assets attributable to unitholders	-	-	147,425,865	147,425,865
Total liabilities	<u>4,118</u>	<u>-</u>	<u>148,276,698</u>	<u>148,280,816</u>
Net financial assets/ (liabilities)	13,735	67	(13,802)	-
Fair value of currency forwards and financial derivatives	-	-	-	-
Currency exposure	<u>13,735</u>	<u>67</u>	<u>(13,802)</u>	

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 30 June 2010 and 31 December 2009, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and consequently no sensitivity analysis on foreign currency risk has been presented.

(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.

30 June 2010	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	1,285,720	-	-	-
Due to broker	1,260,276	-	-	-
Net assets attributable to unitholders*	149,780,363	-	-	-
31 December 2009	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	854,951	-	-	-
Net assets attributable to unitholders*	147,425,865	-	-	-

* 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.

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.

	30 June 2010	31 December 2009
	%	%
Aaa	1.0	-
Aa2	1.9	2.7
Aa3	-	3.6
A1	1.6	-
A2	1.9	1.5
A3	4.8	1.0
Baa2	1.2	0.9
Unrated (Singapore - incorporated debt securities)	29.5	23.5
Accrued interest receivable on debt securities	0.3	0.2
Total debt securities	<u>42.2</u>	<u>33.4</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.

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 30 June 2010 and 31 December 2009.

30 June 2010	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	AA-	S&P
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
Oversea-Chinese Banking Corporation Limited	A+	S&P

Group credit ratings are presented for unrated subsidiaries.

31 December 2009	Credit Rating ##	Source of Credit Rating
<u>Custodian</u>		
HSBC Institutional Trust Services (Singapore) Limited	AA-	S&P
 <u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
Oversea-Chinese Banking Corporation Limited	A+	S&P

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

Group credit ratings are presented for unrated 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.

13. 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 period between the Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	30 June 2010	30 June 2009
	\$	\$
Brokerage on purchases and sales of investments charged by the ultimate holding company of the Managers	1,364	-
Interest income earned from a bank which is the ultimate holding company of the Managers	909	1,021
Interest income earned from a bank which is a related company of the Trustee	1	7
Interest expenses incurred with a bank which is a related company of the Trustee	-	123
Transaction fees charged by the Trustee	8,378	1,336
Registration fee charged by a related company of the Trustee	11,866	17,883
Valuation and administration fees charged by the Trustee	26,789	19,967
Custodian fees charged by a related company of the Trustee	14,800	11,336
Bank service fees charged by a bank which is a related company of the Trustee	<u>3,229</u>	<u>3,064</u>

14. FINANCIAL RATIOS

	30 June 2010	30 June 2009
	%	%
Expense ratio ¹	1.51	1.52
Portfolio turnover ratio ²	<u>23</u>	<u>16</u>

15. COMPARATIVES

Certain comparative information in the financial statements for the financial period ended 30 June 2009 has been restated from the previous financial period, to be consistent with the current financial period presentation.

¹ 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.

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

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