

LionGlobal Singapore Balanced Fund

Semi-Annual Report
For the half-year ended 30 June 2011

Managers

Lion Global Investors Limited
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OCBC Centre
Singapore 049513

Directors of Lion Global Investors Limited

Mr David Philbrick Conner (Chairman)
Mr Christopher Brian Wei (Deputy Chairman)
Mr Gerard Lee How Cheng (CEO)
Mr Soon Tit Koon
Mr Ching Wei Hong
Mr Cheong Jin Keat
Mr Yoon Mun Thim
Mr Norman Ip Ka Cheung

Trustee/Custodian/Registrar

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

Independent Auditor

PricewaterhouseCoopers LLP
8 Cross Street #17-00
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LIONGLOBAL SINGAPORE BALANCED FUND

PERFORMANCE OF THE FUND

For the half-year ended 30 June 2011

Cumulative returns for the Fund are calculated up to 30 June 2011 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	0.3	0.6
6 months	-1.0	-0.4
1 year	8.5	6.3
3 years	11.7	9.7
5 years	38.4	25.0
10 years	98.5	60.8
Since Inception (22 September 1995)	137.3	72.4

Cumulative returns for the Fund are calculated up to 30 June 2011 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	3.0	3.2
6 months	3.3	3.9
1 year	23.3	20.9
3 years	23.6	21.4
5 years	78.1	61.0
Since Inception (2 August 2004)	136.3	104.0

Source: Morningstar/CPF Board/Lion Global Investors Ltd

FUND AND MARKET REVIEW

For the half-year ended 30 June 2011, the Fund fell 1.0%, underperforming the benchmark which fell 0.4%, in Singapore dollar terms.

MSCI Singapore fell 2.8% in the first half of 2011, broadly in-line with the MSCI Asia ex-Japan index which fell 2.6%. Equity markets were spooked by the Greece debt crisis, weak macro-economic data in the U.S., and continued tightening stance of the Chinese government. As a result, the more cyclical industrials sector, which had outperformed in the first quarter, underperformed the more defensive sectors like telecommunications in the second quarter. The market was also concerned by the suspension of some Chinese companies in the region for accounting irregularities, for example, China Hongxing and China Gaoxian.

On the positive note, both Singapore Telecom and Singapore Airlines announced special dividends with their recent quarterly results, which provided investors with more good news generally as otherwise mixed outlook.

For fixed income, SGD interest rate markets performed positively in terms of total returns for the first half of 2011. Singapore Government Securities ("SGS") yields fell between 8 - 43bps, with the 5-year part of the curve outperforming. SGD swap rates also came off between 30 - 39bps. This is very much in-line with US Treasuries where yields have generally dropped during the period under review. Still, both Singapore Government Bonds and SGD swap rates outperformed US Treasuries and USD swap rates respectively. Financial assets were driven by different factors over this period. Both fixed income and equity markets sold-off in the early months of the year as inflation and monetary tightening were the focus.

STRATEGY AND OUTLOOK

We expect Singapore to have a relatively good second half of the year vis-à-vis the rest of Asia ex-Japan given supportive valuations, 2012 price-to-earnings ratio 12.6x vs 5-year average of 14.0x, and a strong SGD which may attract investors looking for safe havens. In addition, the government-linked companies have shown that they are willing to pay back cash to shareholders if there is no other investment alternative, just as Singapore Telecom and Singapore Airlines did.

Nevertheless, stock picking will be crucial to outperformance as the market has been volatile in the first six months and we expect that to continue in the second half of 2011. News flow on the global economy continues to be mixed and the crisis in Greece adds more noise. Sector wise, we remain underweighted in the residential property sector as we believe there are still further policy risks. We prefer investing in the banks, the oil & gas stocks and other mid-capitalization stocks to generate excess returns. In particular, the oil & gas sector remains buoyant with numerous contracts secured in the recent quarter by the likes of Keppel Corp and STX OSV. We expect further upside from here as we have yet to see major contracts handed out by Petrobras, which is in the process of developing one of the biggest and newest deepwater offshore oil fields.

In the fixed income space, we are slightly cautious on the inflation front as there is some anecdotal evidence of dry weather to be expected in the second half of the year. Food prices may surprise on the upside. Real yields in SGD remain negative and unattractive, with 20-year SGS yields at less than 3%. However, the mixed outlook and strong SGD are likely to support the local bond market. SGD is expected to appreciate over time but we do think USD dollar may strengthen sporadically given that market is positioned short on USD against SGD, so reversals can occur on any concerns over risk in the global economy. We still prefer corporate bonds for the yield carry over SGS but short-dated swap spreads have narrowed, especially for the less than 3-year sector. We are likely to be closer to neutral duration in the near-term.

DISCLOSURES ON THE FUND ¹

For the half year ended 30 June 2011

1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2011

	Fair Value \$	Percentage of total net assets attributable to unitholders %
<i>a) By Asset Class</i>		
Equities	88,767,820	58.6
Debt Securities (including accrued interest on debt securities)	59,147,811	39.0
Cash and cash equivalents	3,610,898	2.4
Net assets attributable to unitholders	151,526,529	100.0
<i>b) By Credit Rating of Debt Securities</i>		
Aaa	2,105,956	1.4
Aa2	3,065,835	2.0
A1	3,565,722	2.3
A2	1,021,178	0.7
A3	5,836,530	3.9
Baa1	1,025,654	0.7
Unrated (primarily corporate debts issued by Singapore companies)	42,108,924	27.7
Accrued interest on debt securities	418,012	0.3
	59,147,811	39.0
<i>c) By Derivative Type</i>		
Not Applicable		

¹ As required by the Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 30 June 2011

	Fair Value \$	Percentage of total net assets attributable to unitholders %
Singapore Telecommunications Limited	7,761,474	5.1
DBS Group Holdings Limited	7,462,644	4.9
United Overseas Bank Limited	7,032,083	4.6
Jardine Matheson Holdings Limited	6,353,567	4.2
Oversea-Chinese Banking Corporation	6,241,060	4.1
United Overseas Land Limited 3.34% due 15/05/2012	5,061,778	3.3
Noble Group Limited	4,111,747	2.7
Keppel Corporation Limited	3,905,286	2.6
Sembcorp Marine Limited	3,858,400	2.5
Genting Singapore Public Company Limited	3,832,980	2.5

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

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 2011 (Unaudited)

	Note	For the half year ended 30 June 2011 \$	For the half year ended 30 June 2010 \$
Income			
Dividends		1,541,816	1,510,654
Interest		1,797	4,500
Other income		609	-
		<u>1,544,222</u>	<u>1,515,154</u>
Less: Expenses			
Audit fee		6,741	6,103
Custodian fees		16,779	14,800
Management fee		965,263	921,317
Professional fees		7,825	7,568
Registration fee		13,372	11,866
Trustee fee		38,611	36,853
Valuation and administration fees		28,019	26,789
Miscellaneous expenses		52,786	81,646
		<u>1,129,396</u>	<u>1,106,942</u>
Net income		<u>414,826</u>	<u>408,212</u>
Net gains or losses on investments			
Net realised gains on investments		2,760,779	3,398,061
Net realised gains on financial derivatives		18,250	15,607
Net change in fair value of investments		(4,834,454)	(4,339,269)
Net unrealised gains on financial derivatives		-	9,853
Net foreign exchange losses		(47,335)	(12,634)
		<u>(2,102,760)</u>	<u>(928,382)</u>
Total deficit for the period before income tax		(1,687,934)	(520,170)
Less: Income tax	3	(14,087)	(52,173)
Total deficit for the period after income tax before distribution		(1,702,021)	(572,343)
Less: Distribution	4	-	-
Total deficit for the period		<u>(1,702,021)</u>	<u>(572,343)</u>

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

LIONGLOBAL SINGAPORE BALANCED FUND

BALANCE SHEET

As at 30 June 2011 (Unaudited)

		As at 30 June 2011	As at 31 December 2010
	Note	\$	\$
ASSETS			
Portfolio of investments		147,915,631	152,094,264
Receivables	5	465,240	734,463
Due from broker		102,177	-
Financial derivatives at fair value	6	-	96,281
Fixed deposits	7	-	2,500,151
Cash and bank balances	8	3,875,301	1,723,211
Total assets		<u>152,358,349</u>	<u>157,148,370</u>
LIABILITIES			
Payables	9	831,820	751,334
Net assets attributable to unitholders	10	151,526,529	156,397,036
Total liabilities		<u>152,358,349</u>	<u>157,148,370</u>

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

PORTFOLIO STATEMENT

As at 30 June 2011 (Unaudited)

	Holdings at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
By Industry (Primary)			
QUOTED			
EQUITIES			
FINANCIAL			
DBS Group Holdings Limited	509,048	7,462,644	4.9
United Overseas Bank Limited	358,414	7,032,083	4.6
Oversea-Chinese Banking Corporation*	667,493	6,241,060	4.1
CapitaLand Limited	929,041	2,694,218	1.8
Frasers Centrepoint Trust	1,582,000	2,404,640	1.6
Singapore Exchange Limited	314,000	2,364,420	1.6
City Developments Limited	156,000	1,616,160	1.1
Perennial China Retail Trust	2,228,000	1,370,220	0.9
Global Logistic Properties Limited	528,000	1,082,400	0.7
CDL Hospitality Trusts	436,000	889,440	0.6
Keppel Land Limited	221,000	797,810	0.5
Yanlord Land Group Limited	585,000	702,000	0.5
		<u>34,657,095</u>	<u>22.9</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 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
INDUSTRIAL			
Noble Group Limited	2,087,181	4,111,747	2.7
Sembcorp Marine Limited	728,000	3,858,400	2.5
Cosco Corporation (Singapore) Limited	1,183,000	2,295,020	1.5
Sembcorp Industries	451,000	2,250,490	1.5
STX OSV Holdings Limited	733,000	1,011,540	0.7
Ezion Holdings Limited	1,339,000	923,910	0.6
ComfortDelGro Corporation Limited	597,000	865,650	0.6
Yangzijiang Shipbuilding Holdings Limited	459,000	670,140	0.4
Tat Hong Holdings Limited	794,000	627,260	0.4
		<u>16,614,157</u>	<u>10.9</u>
DIVERSIFIED			
Jardine Matheson Holdings Limited	90,800	6,353,567	4.2
Keppel Corporation Limited	353,100	3,905,286	2.6
		<u>10,258,853</u>	<u>6.8</u>
CONSUMER, CYCLICAL			
Genting Singapore Public Company Limited	1,986,000	3,832,980	2.5
Singapore Airlines Limited	181,000	2,566,580	1.7
Overseas Union Enterprise Limited	564,000	1,607,400	1.1
Tiger Airways Holdings Limited	512,000	609,280	0.4
Peace Mark Holdings	91,200	-	-
		<u>8,616,240</u>	<u>5.7</u>
COMMUNICATIONS			
Singapore Telecommunications Limited	2,463,960	7,761,474	5.1

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LIONGLOBAL SINGAPORE BALANCED FUND

	Holdings at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
CONSUMER, NON-CYCLICAL			
Wilmar International Limited	671,000	3,630,110	2.4
Golden Agri-Resources Limited	2,640,000	1,795,200	1.2
Olam International Limited	590,681	1,600,745	1.1
		<u>7,026,055</u>	<u>4.7</u>
ENERGY			
Ezra Holdings Limited	1,315,400	1,959,946	1.3
Straits Asia Resources Limited	300,000	894,000	0.6
		<u>2,853,946</u>	<u>1.9</u>
TECHNOLOGY			
CSE Global Limited	784,000	980,000	0.6
UNQUOTED			
BASIC MATERIALS			
FerroChina Limited	532,000	-	-
TOTAL EQUITIES		<u>88,767,820</u>	<u>58.6</u>

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LIONGLOBAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
QUOTED			
DEBT SECURITIES			
FINANCIAL			
United Overseas Land Limited 3.34% due 15/05/2012	5,000,000	5,061,778	3.3
DBS Capital Funding Corporation Preference Shares	30,000	3,270,930	2.2
City Developments Limited Series MTN 3.38% due 25/04/2012	3,000,000	3,040,671	2.0
United Overseas Bank Limited Class E 5.05% Non-Cumulative Preference Shares	24,000	2,565,600	1.7
General Electric Capital Corporation EMTN 3.03% due 11/02/2013	2,000,000	2,033,780	1.3
Keppel Land Limited Convertible 2.5% due 23/06/2013	1,600,000	1,600,352	1.0
Temasek Financial I Limited 3.785% due 05/03/2025	1,500,000	1,576,042	1.0
United Overseas Bank Limited 4.95% due 30/09/2016	1,500,000	1,523,543	1.0
City Developments Limited DMTN 3.85% due 12/10/2011	1,500,000	1,510,271	1.0
Midpoint Properties Series MTN 3.75% due 04/07/2011	1,500,000	1,500,047	1.0
Mapletree Treasury Services MTN 4.6% due 20/08/2013	1,000,000	1,059,279	0.7
Keppel Land Limited MTN 2.77% due 04/02/2013	1,000,000	1,014,785	0.7
Standard Chartered Bank EMTN 2.22% due 05/07/2013	1,000,000	1,012,010	0.7

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LIONGLOBAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
CDLHT MTN Private Limited Series MTN 2.355% due 19/08/2013	1,000,000	1,005,910	0.7
Street Square Private Limited 3.02% due 05/05/2014	1,000,000	1,003,054	0.7
Malayan Banking Berhad EMTN Var due 28/04/2021	1,000,000	998,350	0.7
CapitaLand Limited Series 2.95% due 20/06/2022	1,000,000	947,170	0.6
Midpoint Properties Series MTN 5.1% due 21/05/2014	750,000	796,878	0.5
Overseas Union Enterprise Limited 3.36% due 27/09/2013	750,000	767,850	0.5
VTB Capital 4.2% due 11/08/2012	750,000	760,642	0.5
Morgan Stanley EMTN 3.585% due 23/10/2012	750,000	760,320	0.5
FCT MTN Private Limited MTN 2.8% due 24/01/2014	750,000	757,187	0.5
CapitaCommercial Trust Convertible 2% due 06/05/2013	500,000	545,000	0.4
Suntec Real Estate Investment Trust Convertible 3.25% due 20/03/2013	500,000	532,500	0.3
DBS Bank Limited Singapore MTN Var due 15/07/2021	500,000	524,709	0.3
CapitaMalls Asia Treasury EMTN 3.95% due 24/08/2017	500,000	515,830	0.3
Overseas Union Enterprise Limited Series MTN 4.3% due 15/04/2014	500,000	511,580	0.3
Export-Import Bank of Korea EMTN 2.8% due 04/05/2012	500,000	505,460	0.3

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LIONGLOBAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
Starhill Global Real Estate Investment Trust 3.405% due 13/07/2015	500,000	504,034	0.3
Ascendas Real Estate Investment Trust Series MTN 5% due 22/07/2013	250,000	265,012	0.2
City Developments Limited Series MTN 3.82% due 13/11/2014	250,000	261,872	0.2
HK Land Treasury SG 3.65% due 05/10/2015	250,000	260,858	0.2
Ascendas India Trust MTN 5.255% due 09/11/2012	250,000	257,513	0.2
Ascendas India Trust MTN 5.255% due 09/11/2012	250,000	257,513	0.2
Sengkang Mall Limited Series A 4.88% due 20/11/2012	250,000	257,500	0.2
Kim Eng Holdings Limited Series MTN 2.2% due 21/10/2011	250,000	250,086	0.2
		<u>40,015,916</u>	<u>26.4</u>

INDUSTRIAL

F&N Treasury Private Limited MTN 3.405% due 11/06/2012	2,000,000	2,032,999	1.3
Singapore Airlines 4.15% due 19/12/2011	2,000,000	2,030,483	1.3
Cathay Pacific Airways Limited MTN 3.82% due 09/11/2011	1,500,000	1,510,921	1.0
Sembcorp Financial Services MTN 5% due 21/04/2014	1,000,000	1,084,960	0.7
Sembcorp Financial Services Series MTN 3.7325% due 09/04/2020	1,000,000	1,025,947	0.7

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LIONGLOBAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
Singapore Post Limited 3.5% due 30/03/2020	500,000	515,029	0.3
Goodpack Limited MTN 4% due 19/07/2013	500,000	508,133	0.3
Singapore Bus Services MTN 1.95% due 26/10/2015	500,000	497,495	0.3
Singapore Post Limited 3.13% due 11/04/2013	250,000	259,431	0.2
Keppel Corporation Limited Series MTN 3.1% due 12/10/2020	250,000	247,709	0.2
		<u>9,713,107</u>	<u>6.3</u>
UTILITIES			
SP PowerAssets Limited EMTN 3.385% due 27/04/2015	1,750,000	1,851,126	1.2
Singapore Power 4.05% due 04/05/2013	940,000	989,600	0.7
		<u>2,840,726</u>	<u>1.9</u>
SOVEREIGN			
Majlis Ugama Islam 2.9% due 16/11/2014	1,500,000	1,573,650	1.0
Government of Singapore 3.125% due 01/09/2022	500,000	529,914	0.4
Land Transport Authority 3.275% due 29/10/2025	500,000	494,648	0.3
		<u>2,598,212</u>	<u>1.7</u>
CONSUMER, NON CYCLICAL			
Petra Foods Limited EMTN 4.435% due 11/01/2012	1,250,000	1,245,517	0.8

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LIONGLOBAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
COMMUNICATIONS			
Singtel Group Treasury 3.4875% due 08/04/2020	1,000,000	<u>1,032,055</u>	<u>0.7</u>
CONSUMER, CYCLICAL			
Singapore Press Holdings Limited MTN 2.81% due 02/03/2015	1,000,000	<u>1,031,695</u>	<u>0.7</u>
TECHNOLOGY			
WBL Corporation Limited MTN 3.173% due 29/07/2013	250,000	<u>252,571</u>	<u>0.2</u>
Accrued interest receivable on debt securities		<u>418,012</u>	<u>0.3</u>
TOTAL DEBT SECURITIES		<u>59,147,811</u>	<u>39.0</u>
UNQUOTED			
NIL			
Portfolio of investments		147,915,631	97.6
Other net assets		<u>3,610,898</u>	<u>2.4</u>
Net assets attributable to unitholders		<u>151,526,529</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 2011 %	31 December 2010 %
By Industry (Summary)		
Financial	49.3	46.9
Industrial	17.2	16.8
Diversified	6.8	8.1
Consumer, Cyclical	6.4	8.4
Communications	5.8	3.5
Consumer, Non-Cyclical	5.5	7.3
Energy	1.9	1.7
Utilities	1.9	1.8
Sovereign	1.7	1.3
Technology	0.8	1.1
	<hr/>	<hr/>
	97.3	96.9
Accrued interest receivable on debt securities	0.3	0.3
	<hr/>	<hr/>
Portfolio of investments	97.6	97.2
Other net assets	2.4	2.8
	<hr/>	<hr/>
Net assets attributable to unitholders	100.0	100.0
	<hr/>	<hr/>

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

PORTFOLIO STATEMENT

As at 30 June 2011 (Unaudited)

	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at	
		30 June 2011 %	31 December 2010 %
By Geography (Secondary)			
Singapore	132,786,684	87.5	88.3
Hong Kong	8,125,346	5.4	4.7
United States of America	2,794,100	1.8	1.8
Great Britain	1,012,010	0.7	0.6
Malaysia	998,350	0.7	0.3
Russia	760,642	0.5	0.5
India	515,027	0.4	0.4
South Korea	505,460	0.3	0.3
	<u>147,497,619</u>	<u>97.3</u>	<u>96.9</u>
Accrued interest receivable on debt securities	<u>418,012</u>	<u>0.3</u>	<u>0.3</u>
Portfolio of investments	<u>147,915,631</u>	<u>97.6</u>	<u>97.2</u>
Other net assets	<u>3,610,898</u>	<u>2.4</u>	<u>2.8</u>
Net assets attributable to unitholders	<u>151,526,529</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 2011 (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 2011	30 June 2010
	\$	\$
Singapore income tax	<u>14,087</u>	<u>52,173</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 2011 (30 June 2010: Nil).

5. RECEIVABLES

	30 June 2011	31 December 2010
	\$	\$
Amount receivable for creation of units	400,560	597,620
Dividends receivable	64,680	115,648
Interest receivable from a bank which is the ultimate holding company of the Managers	-	16
Other receivable	-	21,179
	<u>465,240</u>	<u>734,463</u>

6. FINANCIAL DERIVATIVES AT FAIR VALUE

Financial derivative contracts comprise forward foreign exchange contracts due for settlement within 1 year 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 2010

	Contract or underlying principal amount	Fair Value	
		Asset	Liability
	\$	\$	\$
Forward foreign exchange contracts	<u>1,120,800</u>	<u>96,281</u>	<u>-</u>

As at 30 June 2011, there are no commitment under financial derivative contract.

7. FIXED DEPOSITS

	30 June 2011	31 December 2010
	\$	\$
Fixed deposit placed with a bank which is the ultimate holding company of the Managers	-	2,500,151

Fixed deposits have an average maturity of Nil days (31 December 2010: 5 days) from the end of the financial period/year with the following weighted average effective interest rate:

	30 June 2011	31 December 2010
	%	%
Singapore Dollar	-	0.12

8. CASH AND BANK BALANCES

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

9. PAYABLES

	30 June 2011	31 December 2010
	\$	\$
Amount payable for cancellation of units	648,428	546,810
Amount due to the Managers	161,217	166,585
Amount due to the Trustee	10,970	11,524
Amount due to the Custodian	2,630	2,123
Amount due to the Registrar	7,480	7,562
Other payables	1,095	16,730
	<u>831,820</u>	<u>751,334</u>

10. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	30 June 2011 \$	31 December 2010 \$
At beginning of financial period/year	156,397,036	147,425,865
Operations		
Change in net assets attributable to unitholders resulting from operations	(1,702,021)	13,328,885
Unitholders' contributions/(withdrawals)		
Creation of units	17,521,267	46,647,494
Cancellation of units	(20,689,753)	(51,005,208)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(3,168,486)	(4,357,714)
Total (decrease)/increase in net assets attributable to unitholders	(4,870,507)	8,971,171
At end of financial period/year	<u>151,526,529</u>	<u>156,397,036</u>
Units in issue (see Note 11)	<u>73,309,772</u>	<u>74,859,779</u>
Net assets attributable to unitholders per unit	<u>2.066</u>	<u>2.089</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 2011	31 December 2010
	\$	\$
Net assets attributable to unitholders per unit for issuing/redeeming units	2.072	2.092
Effect of adopting bid prices as fair value	(0.006)	(0.003)
Net assets attributable to unitholders per unit per the financial statements	<u>2.066</u>	<u>2.089</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 2011	31 December 2010
	Units	Units
Units at beginning of the period/year	74,859,779	77,067,103
Units created	8,459,841	23,804,042
Units cancelled	<u>(10,009,848)</u>	<u>(26,011,366)</u>
Units at end of the period/year	<u>73,309,772</u>	<u>74,859,779</u>
of which, units denominated in		
- USD	<u>149,355</u>	<u>120,181</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 volatilities 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 Fund price movements are measured against the daily price movements of the benchmark to derive the beta.

As at 30 June 2011, the Fund's beta was 1.06 (31 December 2010: 1.04) which is calculated based on the daily returns over the preceding 12 months for the Fund and its benchmark (31 December 2010: 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 30 June 2011 and 31 December 2010. 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.

Fund	Benchmark	Impact of 12% (2010: 12%) movement in benchmark on net assets attributable to the unitholders	
		30 June 2011 \$	31 December 2010 \$
LionGlobal Singapore Balanced Fund	Straits Times Index	11,291,267	11,163,674

(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.

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 30 June 2011	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
Assets				
Portfolio of investments	1,523,059	57,206,740	89,185,832	147,915,631
Receivables	-	-	465,240	465,240
Due from broker	-	-	102,177	102,177
Cash and bank balances	3,875,301	-	-	3,875,301
Total assets	5,398,360	57,206,740	89,753,249	152,358,349
Liabilities				
Payables	-	-	831,820	831,820
Net assets attributable to unitholders	-	-	151,526,529	151,526,529
Total liabilities	-	-	152,358,349	152,358,349

LIONGLOBAL SINGAPORE BALANCED FUND

31 December 2010	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
Assets				
Portfolio of investments	515,511	61,681,453	89,897,300	152,094,264
Receivables	-	-	734,463	734,463
Financial derivatives at fair value	-	-	96,281	96,281
Fixed deposits	-	2,500,151	-	2,500,151
Cash and bank balances	1,723,211	-	-	1,723,211
Total assets	2,238,722	64,181,604	90,728,044	157,148,370
Liabilities				
Payables	-	-	751,334	751,334
Net assets attributable to unitholders	-	-	156,397,036	156,397,036
Total liabilities	-	-	157,148,370	157,148,370

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 2010: 2.84). As of 30 June 2011, should interest rates lower or rise by 1% (31 December 2010: 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% (2010: 1%) movement in interest rates on net assets attributable to the unitholders	
	30 June 2011 \$	31 December 2010 \$
LionGlobal Singapore Balanced Fund	1,744,806	1,751,753

(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 Fund's exposure to key currencies at the end of the financial period/year. Monetary and non-monetary items have been taken into the account for the analysis.

As at 30 June 2011	USD \$	HKD \$	MYR \$	SGD \$	Total \$
Assets					
Portfolio of investments	6,353,567	-	-	141,562,064	147,915,631
Receivables	1,250	-	-	463,990	465,240
Due from broker	-	-	-	102,177	102,177
Cash and bank balances	15,838	571	66	3,858,826	3,875,301
Total assets	6,370,655	571	66	145,987,057	152,358,349
Liabilities					
Payables	104	-	-	831,716	831,820
Net assets attributable to unitholders	-	-	-	151,526,529	151,526,529
Total liabilities	104	-	-	152,358,245	152,358,349
Net financial assets/ (liabilities)	6,370,551	571	66	(6,371,188)	-
Fair value of currency forwards and financial derivatives	-	-	-	-	-
Currency exposure	6,370,551	571	66	(6,371,188)	-

LIONGLOBAL SINGAPORE BALANCED FUND

31 December 2010	USD \$	HKD \$	MYR \$	SGD \$	Total \$
Assets					
Portfolio of investments	6,167,595	-	-	145,926,669	152,094,264
Receivables	347	-	-	734,116	734,463
Fixed deposits	-	-	-	2,500,151	2,500,151
Cash and bank balances	1,541	597	68	1,721,005	1,723,211
Total assets	6,169,483	597	68	150,881,941	157,052,089
Liabilities					
Payables	77	-	-	751,257	751,334
Net assets attributable to unitholders	-	-	-	156,397,036	156,397,036
Total liabilities	77	-	-	157,148,293	157,148,370
Net financial assets/ (liabilities)	6,169,406	597	68	(6,266,352)	(96,281)
Fair value of currency forwards and financial derivatives	(1,024,519)	-	-	1,120,800	96,281
Currency exposure	5,144,887	597	68	(5,145,552)	

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 2011 and 31 December 2010, 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.

As at 30 June 2011	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	831,820	-	-	-
Net assets attributable to unitholders*	151,526,529	-	-	-
31 December 2010	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	751,334	-	-	-
Net assets attributable to unitholders*	156,397,036	-	-	-

* 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 2011	31 December 2010
	%	%
Aaa	1.4	0.9
Aa2	2.0	1.9
A1	2.3	2.3
A2	0.7	0.7
A3	3.9	3.5
Baa1	0.7	1.6
Unrated (primarily corporate debts issued by Singapore companies)	27.7	28.9
Accrued interest receivable on debt securities	0.3	0.3
Total debt securities	39.0	40.1

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 2011 and 31 December 2010.

As at 30 June 2011	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
31 December 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

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

^{##} *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.

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 2011	30 June 2010
	\$	\$
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	1,609	909
Interest income earned from a bank which is a related company of the Trustee	6	1
Transaction fees charged by the Trustee	2,893	8,378
Registration fee charged by a related company of the Trustee	13,372	11,866
Valuation and administration fees charged by the Trustee	28,019	26,789
Custodian fees charged by a related company of the Trustee	16,779	14,800
Bank service fees charged by a bank which is a related company of the Trustee	3,784	3,229

14. FINANCIAL RATIOS

	30 June 2011	30 June 2010
	%	%
Expense ratio ¹	1.36	1.51
Portfolio turnover ratio ²	13	23

15. COMPARATIVES

Certain comparative information in the financial statements for the financial year ended 30 June 2011 has been restated from the previous financial year, to be consistent with the current financial year 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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