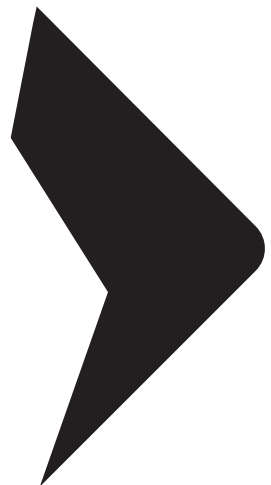


CASH FUND

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



CASH FUND

Manager

Eastspring Investments
(Singapore) Limited
10 Marina Boulevard #32-01
Marina Bay Financial Centre Tower 2
Singapore 018983
(UEN: 199407631H)

Auditors

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Directors of the Manager

Seck Wai Kwong (Chairman)
– appointed on 15 April 2019
Gwee Siew Ping
Jeroen Jelle Bart Buwalda
– appointed on 16 April 2019
Ooi Boon Peng
Xavier Bernard Maurice Meyer
Virginie M Maisonneuve
– resigned on 25 September 2019

Solicitors to the Manager

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Trustee

HSBC Institutional Trust Services
(Singapore) Limited
21 Collyer Quay #13-02
HSBC Building
Singapore 049320
(UEN. 194900022R)

Solicitors to the Trustee

Shook Lin & Bok LLP
1 Robinson Road #18-00
AIA Tower
Singapore 048542

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CASH FUND

Structure

The Cash Fund (“the Fund”) is an open-ended, standalone unit trust constituted in Singapore which is denominated in Singapore dollars. The Fund is a “money market fund” as defined in Appendix 2 of the Code on Collective Investment Schemes (“the Code”) issued by the Monetary Authority of Singapore (“MAS”), which together with Appendix 1 of the Code constitutes the money market funds investment guidelines, which may be amended from time to time (“**Money Market Funds Investment Guidelines**”).

Investment Objective

The investment objective of the Fund is to provide liquidity to investors and provide a return comparable to that of Singapore-dollar savings deposits. The Fund will predominantly hold its assets in Singapore-dollar deposits with eligible financial institutions as defined in the Money Markets Funds Investment Guidelines (“Eligible Financial Institutions”), with varying terms of maturity of not more than 366 calendar days.

Manager’s Commentary

Fund Performance

From end-December 2018 to end-December 2019 (“period under review”), the Fund posted a gain of 1.33% (bid-to-bid basis), outperforming the benchmark return of 0.16%.

Market Background¹

Over the period under review, core government bond yields fell. From a tightening bias in 2018, major central banks shifted to a decidedly more dovish stance in 2019 as economic data started pointing to weakening growth, particularly in China and Europe. Exacerbating this was escalating trade tensions as the US took a progressively hard-line stance against its major trading partners. By mid-2019, bond markets had fully priced a July rate cut from the Federal Reserve (Fed). The US central bank subsequently cut rates thrice in quick succession, reversing nearly all of 2018’s rate hikes. Central banks elsewhere followed suit. Towards the year-end, however, bond yields started trending higher as Beijing and Washington moved closer towards an initial trade deal. The Fed also dialled back further rate cut expectations. The 10-year US Treasury yield finished the year 77 bps lower.

Yields of Singapore government securities (SGS) were also lower over the period, with the 10-year yield down 30 bps to 1.74%. Shorter-term SGD rates similarly declined, with the 1-month, 3-month and 6-month SGD Swap Offer rates down 26 bps, 38 bps and 42 bps respectively (to 1.49%, 1.54% and 1.49%). Interbank rates also fell over the period, but by a lesser degree. The 1-month, 3-month and 6-month Singapore Interbank Offered Rates fell 1 bps, 12 bps and 11 bps respectively (to 1.75%, 1.77% and 1.83%).

¹ Source: Bloomberg, 31 December 2019

CASH FUND

Domestic economic data reflected the global slowdown, with electronics the key drag in industrial output, retail sales and exports. In October, the Monetary Authority of Singapore (MAS) eased policy by reducing the appreciation rate of the SGD nominal effective exchange rate (NEER) policy band. Towards the year-end, however, there appeared some green shoots of recovery. As with purchasing managers' indices (PMI) elsewhere in the global economy, Singapore's PMI made a tentative rebound, rising to 49.8 in November. The decline in manufacturing slowed, supported by signs of recovery in electronics on the back of easing trade tensions and a bottoming in the tech cycle.

Factors Affecting Performance

The Fund's portfolio yield moved lower during the period under review, in line with market rates.

Key Changes to the Portfolio

No key changes. The Fund's assets are placed out across short-term deposits with varying terms of maturity.

Outlook

The signing of the China-US Phase 1 trade deal provides a temporary reprieve, allowing the global economy to enter a phase of stable growth. There are also signs of a revival in the semiconductor sector amid the détente in trade tensions. Meanwhile, central banks are maintaining an accommodative policy stance as the growth rebound is likely to be sub-par with downside risks. In addition, global inflation remains subdued. In Singapore, growth is likely to be lacklustre. The MAS is therefore expected to keep its current SGD NEER stance unchanged.

With the Fed on hold for the foreseeable period, short-dated USD rates are expected to remain within their recent range. Similarly, we see short-end SGD rates staying largely within their recent range with limited upside risk, barring periods of tightness in market liquidity conditions.

CASH FUND

Fund Performance

(As at 31 December 2019)

Fund/Benchmark	3 months	6 months	1 year	3 years	5 years	10 years	Since inception*
	%	%	%	%	%	%	%
Cash Fund	0.3	0.7	1.3	1.0	0.9	0.5	0.7
SGD Saving Deposits Rate	0.0	0.1	0.2	0.2	0.1	0.1	0.2

Source: Eastspring Investments (Singapore) Limited

Benchmark values were calculated using rates published on the website of MAS. There are no initial sales charge and realisation charge for the Fund. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested.

There has been no dividend distribution since the inception of Cash Fund.

* The first date of valuation of Cash Fund was 23 January 2007.

Past performance is not necessarily indicative of the future performance of the Cash Fund.

CASH FUND

(As at 31 December 2019)

Exposure to Derivatives

Nil for the year ended 31 December 2019.

Global exposure

Global derivative exposure is computed using the commitment approach which is calculated as the sum of:

- a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c) The sum of the values of cash collateral received pursuant to :
 - (i) the reduction of exposure to counterparties of OTC financial derivatives; and
 - (ii) EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

Collateral

Nil for the year ended 31 December 2019.

Securities Lending or Repurchase Transactions

Nil for the year ended 31 December 2019.

Investment in other unit trusts, mutual funds and collective investment schemes

Nil for the year ended 31 December 2019.

Borrowings

Nil for the year ended 31 December 2019.

Related Party Transactions

Refer to Note 10 of the “Notes to the Financial Statements”.

Total Subscriptions and Redemptions for the period ended 31 December 2019

	SGD
Subscriptions	108,835,386
Redemptions	156,597,569

CASH FUND

(As at 31 December 2019)

Annualised Expense Ratio*

0.35% (2018: 0.35%)

**The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2019 was based on total operating expenses of S\$292,496 (2018: S\$409,952) divided by the average net asset value of S\$83,495,317 (2018: S\$116,505,233) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange 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. The average net asset value is based on the daily balances.*

Turnover Ratio^

2320.58% (2018: 641.65%)

^The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The Fund predominantly invests in term deposits. New term deposits and deposit placements as a result of rollover are taken in as purchases; matured term deposits, including the deposits that are rolled over, and early redemption of term deposits are taken in as sales. The calculation of the portfolio turnover ratio was based on the lesser of purchases or sales for the financial period of the underlying investments being purchases of S\$1,937,574,700 (2018: purchases of S\$747,560,792) divided by the weighted average daily net asset value of S\$83,495,317 (2018: S\$116,505,233).

Soft Dollar Commission

Nil for the Fund.

Any other material information that will adversely impact the valuation of the fund

Nil.

Pre-determined payouts

The Fund does not offer pre-determined payouts.

CASH FUND

(As at 31 December 2019)

Top 10 Fixed Deposit Holdings

(As at 31 December 2019)

	Market Value SGD	% of Net Assets**
United Overseas Bank Limited 1.79% 19/07/19 to 20/01/20	5,600,000.00	9.11
Overseas-Chinese Banking Corporation 1.47% 30/12/19 to 13/01/20	4,555,000.00	7.41
Overseas-Chinese Banking Corporation 1.05% 31/12/19 to 08/01/20	3,929,000.00	6.39
Overseas-Chinese Banking Corporation 1.45% 26/12/19 to 06/01/20	3,171,000.00	5.16
United Overseas Bank Limited 1.92% 24/07/19 to 23/07/20	3,110,000.00	5.06
Malayan Bank Berhad 1.93% 25/07/19 to 24/07/20	2,894,000.00	4.71
Malayan Bank Berhad 1.91% 22/07/19 to 22/04/20	2,481,000.00	4.04
Overseas-Chinese Banking Corporation 1.45% 27/12/19 to 09/01/20	2,477,000.00	4.03
Overseas-Chinese Banking Corporation 1.73% 13/08/19 to 13/02/20	2,438,000.00	3.97
Malayan Bank Berhad 1.28% 31/12/19 to 02/01/20	2,286,000.00	3.72

** Any differences in the percentage of the Net Asset figures are the result of rounding.

CASH FUND

(As at 31 December 2019)

Top 10 Fixed Deposit Holdings

(As at 31 December 2018)

	Market Value SGD	% of Net Assets**
Overseas-Chinese Banking Corporation 1.52% 26/10/18 to 28/01/19	3,673,000	3.40
United Overseas Bank Limited 1.52% 17/12/18 to 16/01/19	3,607,000	3.34
United Overseas Bank Limited 1.53% 11/10/18 to 11/01/19	3,500,000	3.24
Landesbank Baden-Württemberg 1.40% 11/12/18 to 09/01/19	3,156,000	2.92
Standard Chartered Bank 1.50% 17/10/18 to 17/01/19	2,874,000	2.66
Overseas-Chinese Banking Corporation 1.52% 27/12/18 to 25/01/19	2,779,000	2.57
Malayan Bank Berhad 1.55% 14/12/18 to 29/01/19	2,773,500	2.57
Overseas-Chinese Banking Corporation 1.56% 02/11/18 to 04/02/19	2,500,500	2.31
Landesbank Baden-Württemberg 1.85% 21/11/18 to 21/02/19	2,484,287	2.30
Malayan Bank Berhad 1.68% 10/09/18 to 11/03/19	2,456,000	2.27

** Any differences in the percentage of the Net Asset figures are the result of rounding.

CASH FUND

(As at 31 December 2019)

Fixed Deposit Holdings by Financial Institution

(As at 31 December 2019)

	Market Value SGD	% of Net Assets**
Singapore		
BNP Paribas, Singapore Branch	1,738,000	2.83
Landesbank Baden-Württemberg, Singapore Branch	18,001,000	29.29
Malayan Banking Berhad, Singapore Branch	10,861,000	17.67
Overseas-Chinese Banking Corporation	18,083,000	29.42
United Overseas Bank Limited	12,322,000	20.05

Fixed Deposit Holdings by Financial Institution

(As at 31 December 2018)

	Market Value SGD	% of Net Assets**
Singapore		
Landesbank Baden-Württemberg, Singapore Branch	22,025,464	20.37
Malayan Banking Berhad, Singapore Branch	21,172,400	19.58
Overseas-Chinese Banking Corporation	25,401,490	23.50
Standard Chartered Bank, Singapore Branch	13,836,000	12.80
United Overseas Bank Limited	25,441,020	23.53

** Any differences in the percentage of the Net Asset figures are the result of rounding.

CASH FUND

(As at 31 December 2019)

Term to Maturity

(As at 31 December 2019)

	Market Value SGD	% of Net Assets**
1 Week	14,425,000	23.47%
2 Weeks	12,961,000	21.09%
3 Weeks	8,593,000	13.98%
5 Weeks	4,000,000	6.52%
6 Weeks	3,738,000	6.08%
7 Weeks	3,991,000	6.49%
17 Weeks	4,481,000	7.29%
19 Weeks	1,212,000	1.97%
23 Weeks	1,600,000	2.60%
30 Weeks	6,004,000	9.77%
Total	<u>61,005,000</u>	<u>99.26%</u>

*** Any differences in the percentage of the Net Asset figures are the result of rounding.*

CASH FUND

(As at 31 December 2019)

Schedule of Investments

(As at 31 December 2019)

	Market Value SGD	% of Net Assets**
Country		
Singapore	61,005,000	99.26
Industry		
Banks	61,005,000	99.26
Asset Class		
Deposits	61,005,000	99.26
Other Net Assets	452,797	0.74

*** Any differences in the percentage of the Net Asset figures are the result of rounding.*

REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of Cash Fund (“the Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the year covered by these financial statements, set out on pages 19 to 33, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

Singapore
26 March 2020

STATEMENT BY THE MANAGER

In the opinion of the directors of Eastspring Investments (Singapore) Limited, the accompanying financial statements set out on pages 19 to 33, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Cash Fund ("the Fund") as at 31 December 2019, and the total return and changes in unitholders' funds for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe Cash Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the directors of
Eastspring Investments (Singapore) Limited

Ooi Boon Peng
Director

Singapore
26 March 2020

INDEPENDENT AUDITORS' REPORT

Unitholders

Cash Fund

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cash Fund ('the Fund'), which comprise the statement of financial position and statement of portfolio as at 31 December 2019, the statement of total return and statement of movements of unitholders' funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 33.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ('RAP 7') issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2019 and the financial performance and movements in unitholders' funds of the Fund for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Eastspring Investments (Singapore) Limited, the Manager of the Trust ('the Manager'), is responsible for the other information contained in the annual report. Other information is defined as all other information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease operations of the Fund, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITORS' REPORT

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

26 March 2020

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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Statement of Portfolio	22 – 23
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CASH FUND**Statement of Total Return**

For the year ended 31 December 2019

	Note	2019	2018
		S\$	S\$
Income			
Interest		1,395,597	1,579,053
Sundry income		-	82
		<hr/>	<hr/>
		1,395,597	1,579,135
Less: Expenses			
Management fees		267,425	374,811
Trustee fees		25,071	35,138
Others		-	3
		<hr/>	<hr/>
		292,496	409,952
Net income		<hr/>	<hr/>
		1,103,101	1,169,183
Total return for the year before income tax		<hr/>	<hr/>
		1,103,101	1,169,183
Less: Income tax	3	-	-
Total return for the year after income tax		<hr/>	<hr/>
		1,103,101	1,169,183

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

CASH FUND**Statement of Financial Position**

As at 31 December 2019

	Note	2019	2018
		S\$	S\$
Assets			
Portfolio of investments		61,005,000	107,876,374
Receivables	4	419,686	734,684
Cash and bank balances	5	150,901	110,002
Total assets		<u>61,575,587</u>	<u>108,721,060</u>
Liabilities			
Payables	6	117,790	604,181
Total liabilities		<u>117,790</u>	<u>604,181</u>
Equity			
Net assets attributable to unitholders	7	<u>61,457,797</u>	<u>108,116,879</u>

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

CASH FUND**Statement of Movements of
Unitholders' Funds**

For the year ended 31 December 2019

	Note	2019	2018
		S\$	S\$
Net assets attributable to unitholders at the beginning of financial year		108,116,879	111,500,200
Operations			
Changes in net assets attributable to unitholders resulting from operations		1,103,101	1,169,183
Unitholders' contributions/(withdrawals)			
Creation of units		108,835,386	161,479,070
Cancellation of units		(156,597,569)	(166,031,574)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<u>(47,762,183)</u>	<u>(4,552,504)</u>
Total decrease in net assets attributable to unitholders		<u>(46,659,082)</u>	<u>(3,383,321)</u>
Net assets attributable to unitholders at the end of financial year	7	<u>61,457,797</u>	<u>108,116,879</u>

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

CASH FUND**Statement of Portfolio**

As at 31 December 2019

	Fair value 31/12/2019 (S\$)	Percentage of total net assets attributable to unitholders	
		31/12/2019 (%)	31/12/2018 (%)
By Geography *- Primary			
Fixed deposits			
Singapore			
BNP Paribas, Singapore Branch	1,738,000	2.83	-
Landesbank Baden-Württemberg, Singapore Branch	18,001,000	29.29	20.37
Malayan Banking Berhad, Singapore Branch	10,861,000	17.67	19.58
Overseas-Chinese Banking Corporation	18,083,000	29.42	23.50
Standard Chartered Bank, Singapore Branch	-	-	12.80
United Overseas Bank Limited	12,322,000	20.05	23.53
	<u>61,005,000</u>	<u>99.26</u>	<u>99.78</u>
Portfolio of investments	61,005,000	99.26	99.78
Other net assets	452,797	0.74	0.22
Net assets attributable to unitholders	<u>61,457,797</u>	<u>100.00</u>	<u>100.00</u>

* *Geography classification is based on the place of registration/incorporation of the custodian entities.*

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

CASH FUND**Statement of Portfolio**

As at 31 December 2019

	Fair value 31/12/2019 (S\$)	Percentage of total net assets attributable to unitholders	
		31/12/2019 (%)	31/12/2018 (%)
By Industry - Secondary			
Banks	61,005,000	99.26	99.78
Other net assets	452,797	0.74	0.22
Net assets attributable to unitholders	<u>61,457,797</u>	<u>100.00</u>	<u>100.00</u>

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

These notes form an integral part of the financial statements.

1 Principal activities

Cash Fund (“the Fund”) is a unit trust constituted pursuant to the Trust Deed dated 8 January 2007 as amended by the Supplemental Deed and the Amending and Restating Deeds between Eastspring Investments (Singapore) Limited (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Deed of Trust, subsequent Supplemental Deed and Amending and Restating Deeds are governed by the laws of the Republic of Singapore.

This Fund predominantly holds its assets in Singapore-dollar deposits.

The Fund does not intend to make any distribution of income or capital.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements expressed in Singapore dollars (“S\$”), have been prepared under the historical cost basis, as modified by the revaluation of financial instruments at fair value, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

For the purposes of preparation of these financial statements, the basis used for calculating the ratio of expenses and portfolio turnover ratio are in accordance with the guidelines issued by the Investment Management Association of Singapore (“IMAS”) and the Code on Collective Investment Schemes under the Securities and Futures Act (Cap. 289).

The financial statements are prepared in Singapore dollars (S\$), which is the functional currency of the Fund.

2.2 Recognition of income

Interest income is recognised as it accrues, using the effective interest method.

2 Summary of significant accounting policies (continued)**2.3 Investments**

The investments in deposits with banks are stated at their fair value.

Investments consist of balances with and from banks which are repayable on demand, money at call and on short notice and highly liquid investments which are readily convertible to cash and which are subject to an insignificant risk of change in value.

2.4 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at exchange rates at the reporting date. All exchange differences are recognised in the Statement of Total Return.

2.5 Net assets attributable to unitholders

Net assets attributable to unitholders are classified as equity.

3 Taxation

The Fund was granted the status of a Designated Unit Trust (“DUT”) in Singapore and, therefore, the following income is not taxable in accordance with Section 35(12) and (12A) of the Income Tax Act (Cap 134) including:

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

4 Receivables

	2019	2018
	S\$	S\$
Amount receivable from the creation of units	154,820	481,478
Accrued interest receivables	246,026	240,437
GST receivable	18,840	12,769
	<u>419,686</u>	<u>734,684</u>

CASH FUND

Notes to the Financial Statements

For the year ended 31 December 2019

5 Cash and bank balances

	2019 S\$	2018 S\$
Cash at bank	150,901	110,002

6 Payables

	2019 S\$	2018 S\$
Payable to unitholders for cancellation of units	100,129	572,418
Accrued expenses	17,661	31,763
	<u>117,790</u>	<u>604,181</u>

7 Units in issue

During the year ended 31 December the number of shares issued, redeemed and outstanding were as follows:

	2019	2018
Units at beginning of the year	100,279,386	104,462,270
Units created	100,321,213	150,683,816
Units cancelled	(144,348,546)	(154,866,700)
Units at end of the year	<u>56,252,053</u>	<u>100,279,386</u>
Net assets attributable to unitholders (S\$)	<u>61,457,797</u>	<u>108,116,879</u>
Net asset value per unit (S\$)	<u>1.09</u>	<u>1.07</u>

8 Distribution to unitholders

The Manager did not propose any distribution to unitholders for the financial year ended 31 December 2019 (2018 : NIL).

9 Interest

The Fund receives interest income on bank deposits which has been included under “Interest” in the Statement of Total Return.

10 Related party transactions

In the normal course of the business of the Fund, trustee fees and management fees have been paid or are payable to the Trustee and Manager respectively as stated in the Statement of Total Return. The Fund has also carried out transactions which include bank services with the holding company of the Trustee in the normal course of business. Other than related party information shown elsewhere in the financial statements, the Fund maintains bank accounts with Hongkong and Shanghai Banking Corporation Limited, a related corporation of the Trustee amounting to S\$150,901 (2018: S\$110,002).

Transaction with related parties are at terms agreed between the parties and within the provisions of the Trust Deed.

11 Financial risk management

In the ordinary course of business, the Fund is exposed to a variety of risks as stated in the Fund’s prospectus. The Manager continually monitors the exposure of the Fund to risks and appropriate procedures are in place to manage such risks. Some of the risks relevant to the Fund’s financial instruments are detailed below.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Exposure to credit risk is monitored by the Manager on an ongoing basis. Cash is placed with financial institutions of good credit ratings by independent rating agency, Standard & Poor’s (“S&P’s”) and Fitch.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. Concentration of the Fund’s investments are disclosed in the Statement of Portfolio.

11 Financial risk management (continued)

Credit risk (continued)

The tables below summarise the credit ratings of banks in which the Fund's assets are held, expressed as a percentage of financial assets. The credit ratings are based on Long-Term Local Issuer Ratings published by the rating agency.

Singapore	Percentage of total net assets attributable to unitholders (%)	S&P's credit rating
At 31 December 2019		
BNP Paribas, Singapore Branch	2.83	A+
Landesbank Baden-Württemberg, Singapore Branch	29.29	A-
Malayan Banking Berhad, Singapore Branch	17.67	A-
Overseas-Chinese Banking Corporation	29.42	AA-
United Overseas Bank Limited	20.05	AA-

The credit rating of Landesbank Baden-Württemberg, Singapore Branch is A- is based on Long-Term Issuer Ratings published by Fitch.

At 31 December 2018		
Landesbank Baden-Württemberg, Singapore Branch	20.37	A-
Malayan Banking Berhad, Singapore Branch	19.58	A-
Overseas-Chinese Banking Corporation	23.50	AA-
Standard Chartered Bank, Singapore Branch	12.80	A
United Overseas Bank Limited	23.53	AA-

11 Financial risk management (continued)***Liquidity risk***

The Manager monitors and maintains a level of cash deemed adequate by the Manager to finance the Fund's operations and to mitigate the effects of fluctuations in cash flows.

The Fund's investment in deposits may be subject to early redemption charges on its investment in deposits particularly in the situation when the Fund faces a large redemption that may require the Fund to withdraw its deposits prematurely.

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

	Less than 3 months S\$
At 31 December 2019	
Payables	<u>117,790</u>
At 31 December 2018	
Payables	<u>604,181</u>

Market risk***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. Investments in fixed deposits are subject to the fluctuations in interest rates.

11 Financial risk management (continued)

Market risk (continued)*Interest rate risk (continued)*

The table below summarises the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities, categorised by the earlier of contractual re-pricing or maturity dates.

	Less than 1 month S\$	1 to 3 months S\$	More than 3 months S\$	Non- interest bearing S\$	Total S\$
At 31 December 2019					
Assets					
Portfolio of investments	37,979,000	9,729,000	13,297,000	-	61,005,000
Receivables	-	-	-	419,686	419,686
Cash and bank balances	150,901	-	-	-	150,901
Total assets	38,129,901	9,729,000	13,297,000	419,686	61,575,587
Liabilities					
Payables	-	-	-	117,790	117,790
Total liabilities	-	-	-	117,790	117,790
Total interest rate sensitivity gap	38,129,901	9,729,000	13,297,000	301,896	61,457,797

11 Financial risk management (continued)

*Market risk (continued)**Interest rate risk (continued)*

	Less than 1 month S\$	1 to 3 months S\$	More than 3 months S\$	Non- interest bearing S\$	Total S\$
At 31 December 2018					
Assets					
Portfolio of investments	67,206,130	36,255,044	4,415,200	-	107,876,374
Receivables	-	-	-	734,684	734,684
Cash and bank balances	110,002	-	-	-	110,002
Total assets	<u>67,316,132</u>	<u>36,255,044</u>	<u>4,415,200</u>	<u>734,684</u>	<u>108,721,060</u>
Liabilities					
Payables	-	-	-	604,181	604,181
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,181</u>	<u>604,181</u>
Total interest rate sensitivity gap	<u>67,316,132</u>	<u>36,255,044</u>	<u>4,415,200</u>	<u>130,503</u>	<u>108,116,879</u>

Interest-earning financial assets are short-term in nature and any reasonable future variations of interest rates is not expected to have a material impact on the Fund's total returns.

Foreign currency risk

The Fund's accounting books and records are maintained in Singapore dollars. The Fund invests in underlying investments which are denominated in Singapore dollars and is therefore not exposed to any significant foreign currency risks.

Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strive 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.

11 Financial risk management (continued)

Estimation of fair value

The fair values of the Fund's financial assets and liabilities approximate the carrying amounts at the reporting date.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2019 and 2018.

	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
At 31 December 2019				
Assets				
Fixed deposits	-	61,005,000	-	61,005,000
<hr/>				
At 31 December 2018				
Assets				
Fixed deposits	-	107,876,374	-	107,876,374
<hr/>				

12 Financial ratios

	2019	2018
	%	%
Expense ratio (note 1)	0.35	0.35
Turnover ratio (note 2)	2,320.58	641.65

Note 1

*The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2019 was based on total operating expenses of S\$292,496 (2018: S\$409,952) divided by the average net asset value of S\$83,495,317 (2018: S\$116,505,233) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange 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. The average net asset value is based on the daily balances.

Note 2

^The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The Fund predominantly invests in term deposits. New term deposits and deposit placements as a result of rollover are taken in as purchases; matured term deposits, including the deposits that are rolled over, and early redemption of term deposits are taken in as sales. The calculation of the portfolio turnover ratio was based on the lesser of purchases or sales for the financial period of the underlying investments being purchases of S\$1,937,574,700 (2018: purchases of S\$747,560,792) divided by the weighted average daily net asset value of S\$83,495,317 (2018: S\$116,505,233).

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Investors should note that the purchase of a unit in the Fund is not the same as placing funds on deposit with a bank or deposit-taking company. Although the Manager may seek to maintain or preserve the principal value of the Fund there can be no assurance that the Fund will be able to meet this objective. The Fund is not a guaranteed fund, in that there is no guarantee as to the amount of capital invested or return received.

Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future trends, which may be lower. Distribution payouts and its frequency are determined by the Manager, Eastspring Singapore, and can be made out of (a) income; or (b) net capital gains; or (c) capital of the Fund or a combination of (a) and/or (b) and/or (c). The payment of distributions should not be confused with the Fund’s performance, rate of return or yield. Any payment of distributions by the Fund may result in an immediate decrease in the net asset value per unit.

The preceding paragraph is only applicable if the Fund intends to pay dividends / distributions.

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