

For the financial year ended 31 December 2018

ANNUAL REPORT
LIONGLOBAL
INVESTMENT FUNDS II
- LionGlobal Japan Growth
Fund

**THE ASIAN
ASSET SPECIALIST**
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DIRECTORY

Manager

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

Directors of Lion Global Investors Limited

Mr Khor Hock Seng (Chairman)
Mr Ching Wei Hong (Deputy Chairman)
Mr Gerard Lee How Cheng (CEO)
Mr Norman Ip Ka Cheung
Mr Tan Siew Peng
Mr Ronnie Tan Yew Chye
Ms Wee Ai Ning

Trustee

Citicorp Trustee (Singapore) Limited
5 Changi Business Park Crescent
Level 5, Singapore 486027

Custodian

Citibank NA, Singapore Branch
5 Changi Business Park Crescent
Level 5, Singapore 486027

Registrar

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

Independent Auditor

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

PERFORMANCE OF THE FUND

For the financial year ended 31 December 2018

LIONGLOBAL JAPAN GROWTH FUND

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2018 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	Benchmark* Returns (%)
	LionGlobal Japan Growth Fund - SGD Class	
3 months	-15.6	-14.9
6 months	-12.8	-12.1
1 year	-14.3	-12.3
3 years**	3.4	2.5
5 years**	5.7	5.5
10 years**	7.5	4.1
Since Inception** (3 December 1999)	0.2	-1.9

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2018 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	Benchmark* Returns (%)
	LionGlobal Japan Growth Fund - USD Class	
3 months	-15.6	-14.7
6 months	-12.9	-12.1
1 year	-16.2	-14.0
3 years**	4.7	3.9
5 years**	4.1	3.9
10 years**	8.1	4.7
Since Inception** (25 June 2004)	4.0	2.2

Source: Morningstar/Lion Global Investors Ltd.

* Benchmark:

Nikkei 225: Inception – 30 June 2002

Tokyo Stock Price Index: From 1 July 2002

TOPIX Total Return Index: From 1 March 2014

** Returns of more than 1 year are annualised.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

REVIEW

For the year ended 31 December 2018, the Fund returned -14.3% against the benchmark TOPIX Total Return Index which returned -12.3% in SGD terms.

After a strong start in January buoyed by strong global economic growth, the Japanese market was weighed down for the remainder of the year by the prospect of a global trade war and continuing weakness in economic data across major countries. The steady rate hikes by the U.S. Federal Reserve also pushed bond yields higher and pressured emerging markets' currencies.

The first salvo of the global trade war was fired in March by the U.S. with tariffs announced on steel and aluminum imports. Subsequently, despite China's willingness to reduce its trade surplus with the U.S., tariffs were levied on US\$34 billion worth of Chinese imports in July, with incremental imports targeted in the following months to include nearly half of all China imports by September 2018. In the meantime, U.S., Mexico and Canada managed to negotiate a new tripartite trade agreement and both the European Union and Japan managed to fend off additional tariffs on their automotive exports to U.S. by agreeing to start trade negotiations with the U.S.. The uncertainty generated by the trade wars took its toll as the global economy slowed, in particular China, which had a knock-on effect on many countries. In Japan, Prime Minister Abe secured his third term as Liberal Democratic Party (Japan) president while Bank of Japan (BoJ) kept monetary policy largely unchanged. Japanese corporate profit outlook had slowed sharply by the September quarter. By December 2018, despite a lull in the trade war between U.S. and China, the Japanese stock market sold off sharply together with other major stock markets as the deterioration in the global economy became more evident.

For the period, the positive contributors to performance came from multiple sectors with stocks like DA Consortium, Asahi Intecc and Nichirei. Negative contribution came mainly from our overweight in the technology and machinery sectors which performed poorly and underweight in the telecommunications and utilities sectors which did well.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

STRATEGY AND OUTLOOK

The global economy and stock markets appear to be at a crossroad. As the trade tensions between the U.S. and its major trading partners drag on, business and consumer confidence has waned. With the continuous interest rate hikes by the U.S. Federal Reserve, liquidity and credit has tightened across most countries. The twin effects have slowed the global economy to a point where a global recession is becoming a possibility. In such a scenario, Japanese companies will clearly suffer and the Japanese stock market will not be a safe haven. However, much of the current situation has been created by policy-makers, particularly in the U.S.. As such, the situation can be reversed fairly easily. Already, the U.S. Federal Reserve has taken a more neutral stance towards interest rate hikes and the normalization of its balance sheet. The trade war is at a lull and remains a drag on business sentiment, but the main protagonists appear willing to come to a settlement. The next step will be crucial. In the meantime, market valuations in Japan have reached attractive levels on a historical basis, barring a global recession. In addition, shareholders' returns continue to be enhanced by corporates. This makes the Japan stock market attractive for the longer term despite the unfavorable short term environment.

Our investment strategy is focused on bottom-up stock selection based on business fundamentals and long term earnings potential of companies. We prefer globally-competitive companies that can ride on structural growth trends and companies that can grow through value-added products and services. We like structural growth themes like factory automation where wage inflation and productivity needs drive demand for automation. The electronics sector is also gaining new momentum from new applications such as advanced driver assistance systems in cars, the expansion of cloud services, big data and the Internet of Things in many areas, as well as advancements in the use of artificial intelligence. In consumer-related areas, we like consumer brands with quality and value-added products that can benefit from rising consumerism in emerging markets. Finally, we expect conditions to remain favourable for the construction sector in light of the multiple large scale projects in the coming years.

As of 27 February 2019

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

DISCLOSURES ON THE FUND ¹

For the financial year ended 31 December 2018

LIONGLOBAL JAPAN GROWTH FUND

1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2018

	Fair Value \$	Percentage of total net assets attributable to unitholders %
a) <i>By Asset Class</i>		
Equities	192,532,504	98.8
Financial derivatives at fair value	(515,217)	(0.3)
Cash and other net assets	2,857,188	1.5
Net assets attributable to unitholders	194,874,475	100.0
b) <i>By Credit Rating of Debt Securities</i>		
Not applicable		
c) <i>By Derivative Type</i>		
Foreign exchange forward contracts	(514,096)	(0.3)
Foreign exchange spot contracts	(1,121)	*
	(515,217)	(0.3)

Total net realised and unrealised losses from financial derivatives at the end of the year were \$384,524 and \$515,217 respectively.

* denotes amount less than 0.1%

¹ As required by Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 31 December 2018

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
Sony Corporation	5,438,796	2.8
Orix Corporation	4,872,632	2.5
Murata Manufacturing Company Limited	4,533,212	2.3
Chiba Bank Limited	4,425,638	2.3
Keyence Corporation	4,357,823	2.2
ROHM Company Limited	4,198,012	2.2
Denso Corporation	3,884,239	2.0
Mitsui & Company Limited	3,519,808	1.8
Koito Manufacturing Company Limited	3,147,118	1.6
Shiseido Company Limited	3,099,443	1.6

As at 31 December 2017

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
Orix Corporation	5,747,822	2.5
Chiba Bank Limited	5,363,584	2.4
Sony Corporation	4,956,752	2.2
Keyence Corporation	4,717,509	2.1
Komatsu Limited	4,499,201	2.0
Mitsubishi Corporation	4,165,752	1.8
Nidec Corporation	4,032,511	1.8
Concordia Financial Group Limited	3,860,078	1.7
Sanwa Holdings Corporation	3,691,572	1.6
Chugai Pharmaceutical Company Limited	3,607,378	1.6

3. GLOBAL EXPOSURE

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

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

4. COLLATERAL

Nil

5. SECURITIES LENDING OR PURCHASE TRANSACTIONS

Nil

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

Nil

7. BORROWINGS

Nil

8. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

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

9. OTHER MATERIAL INFORMATION

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

10. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2018

The Trustee is under a duty to take into custody and hold the assets of the sub-fund of LionGlobal Investment Funds II, namely LionGlobal Japan Growth Fund (the “Sub-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 Sub-Fund during the financial year covered by these financial statements, set out on pages 12 to 42, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
CITICORP TRUSTEE (SINGAPORE) LIMITED

Authorised signatories

26 March 2019

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2018

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 12 to 42, 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 and portfolio holdings of the Sub-Fund of LionGlobal Investment II namely, LionGlobal Japan Growth Fund (the "Sub-Fund") as at 31 December 2018, and the financial performance and movements 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 that the Sub-Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of
LION GLOBAL INVESTORS LIMITED

GERARD LEE HOW CHENG
CEO

26 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SUB-FUND OF LIONGLOBAL INVESTMENT FUNDS II

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

Our Opinion

In our opinion, the accompanying financial statements of the sub-fund of LionGlobal Investment Funds II namely LionGlobal Japan Growth Fund (the "Sub-Fund") is properly drawn up 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, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Sub-Fund as at 31 December 2018, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Sub-Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2018;
- the Statement of Financial Position as at 31 December 2018;
- the Statement of Movement of Unitholders' Funds for the financial year ended 31 December 2018;
- the Statement of Portfolio as at 31 December 2018; and
- the notes to the financial statements, including a summary of significant accounting policies.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Sub-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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SUB-FUND OF LIONGLOBAL INVESTMENT FUNDS II

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

Other Information

The Sub-Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

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

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 Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Sub-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 Sub-Fund or to cease the Sub-Fund's operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SUB-FUND OF LIONGLOBAL INVESTMENT FUNDS II

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

Auditor's responsibilities for the Audit of the Financial Statements (continued)

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 control.
- Obtain an understanding of internal control 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 Sub-Fund's internal control.
- 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 Sub-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 auditor's 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 auditor's report. However, future events or conditions may cause the Sub-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 control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 March 2019

STATEMENT OF TOTAL RETURN
For the financial year ended 31 December 2018

	Note	2018 \$	2017 \$
Income			
Dividends		4,262,910	1,253,254
Interest on cash and bank balances		2,331	10
Other Income		-	155
		4,265,241	1,253,419
Less: Expenses			
Audit fee		24,150	33,787
Custodian fees	10	36,851	24,125
Management fee	10	3,128,037	1,279,229
Professional fees		25,874	26,206
Registration fee		26,984	28,240
Trustee fee	10	106,130	43,402
Transaction cost		531,786	223,930
Valuation and administration fees		80,195	33,970
Miscellaneous expenses		70,116	53,781
		4,030,123	1,746,670
Net income/(expenses)		235,118	(493,251)
Net gains or losses on value of investments and financial derivatives			
Net (losses)/gains on investments		(32,590,793)	17,503,503
Net (losses)/gains on foreign exchange spot contracts		(6,531)	4,314
Net (losses)/gains on foreign exchange forward contracts		(893,210)	948,284
Net foreign exchange gains		496,202	17,322
		(32,994,332)	18,473,423
Total (deficit)/return for the financial year before income tax		(32,759,214)	17,980,172
Less: Income tax	3	(636,836)	(188,330)
Total (deficit)/return for the financial year		(33,396,050)	17,791,842

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

STATEMENT OF FINANCIAL POSITION*As at 31 December 2018*

	Note	2018 \$	2017 \$
ASSETS			
Portfolio of investments		192,532,504	217,233,073
Receivables	4	486,986	1,478,462
Financial derivatives at fair value	5	86,399	447,693
Cash and bank balances	6	7,640,916	7,246,959
Total assets		200,746,805	226,406,187
LIABILITIES			
Payables	7	5,270,714	656,626
Financial derivatives at fair value	5	601,616	7,282
Total liabilities		5,872,330	663,908
EQUITY			
Net assets attributable to unitholders	8	194,874,475	225,742,279

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the financial year ended 31 December 2018*

	Note	2018 \$	2017 \$
Net assets attributable to unitholders at the beginning of the financial year		225,742,279	67,787,492
Operations			
Change in net assets attributable to unitholders resulting from operations		(33,396,050)	17,791,842
Unitholders' contributions/(withdrawals)			
Creation of units		40,130,175	192,876,319
Cancellation of units		(37,601,929)	(52,713,374)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		2,528,246	140,162,945
Total (decrease)/increase in net assets attributable to unitholders		(30,867,804)	157,954,787
Net assets attributable to unitholders at the end of the financial year	8	194,874,475	225,742,279

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

STATEMENT OF PORTFOLIO
As at 31 December 2018

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
By Industry (Primary)			
QUOTED EQUITIES			
INDUSTRIAL			
Mitsui & Company Limited	167,600	3,519,808	1.8
Mitsubishi Corporation	82,600	3,098,966	1.6
Seibu Holdings Inc.	130,100	3,093,492	1.6
ITOCHU Corporation	131,300	3,045,362	1.6
Kajima Corporation	165,500	3,038,801	1.6
Sanwa Holdings Corporation	188,400	2,923,298	1.5
Nidec Corporation	18,400	2,851,597	1.5
Recruit Holdings Company Limited	78,400	2,593,197	1.3
Komatsu Limited	87,800	2,580,164	1.3
Seino Holdings Company Limited	125,700	2,251,803	1.1
Sankyu Inc.	32,100	1,983,937	1.0
Taisei Corporation	33,700	1,969,787	1.0
SMC Corporation Japan	4,400	1,816,952	0.9
Hitachi Transport System Limited	46,200	1,790,715	0.9
Daikin Industries Limited	12,000	1,743,457	0.9
NSK Limited	147,100	1,734,238	0.9
Persol Holdings Company Limited	66,500	1,351,558	0.7
Mitsubishi Electric Corporation	87,100	1,316,316	0.7
FANUC Corporation	5,800	1,201,139	0.6
Amada Holdings Company Limited	79,900	980,694	0.5
Daifuku Company Limited	11,100	692,240	0.4
West Japan Railway Company	7,100	684,551	0.3
SECOM Company Limited	4,400	498,186	0.2
Japan Steel Works Limited	17,100	376,222	0.2
Kubota Corporation	19,100	370,515	0.2
IHI Corporation	8,900	335,014	0.2
SG Holdings Company Limited	6,600	234,826	0.1
Harmonic Drive Systems Inc.	5,500	205,664	0.1
Misumi Group Inc.	5,400	155,570	0.1
Nishimatsu Construction Company Limited	4,400	136,818	0.1
		48,574,887	24.9

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
CONSUMER, NON-CYCLICAL			
Shiseido Company Limited	36,200	3,099,443	1.6
Yakult Honsha Company Limited	30,900	2,963,505	1.5
Chugai Pharmaceutical Company Limited	36,000	2,853,336	1.5
Nichirei Corporation	72,200	2,713,266	1.4
Pigeon Corporation	43,700	2,551,580	1.3
Tsuruha Holdings Inc.	21,000	2,457,537	1.3
Asahi Intecc Company Limited	41,100	2,369,134	1.2
Seven & I Holdings Limited	38,600	2,293,599	1.2
Kao Corporation	19,900	2,015,829	1.0
Hoya Corporation	24,300	1,996,944	1.0
Asahi Group Holdings Limited	32,400	1,718,308	0.9
Unicharm Corporation	38,100	1,684,546	0.9
Nippon Shinyaku Company Limited	16,800	1,458,869	0.7
Otsuka Holdings Company Limited	25,300	1,412,169	0.7
Terumo Corporation	15,600	1,206,213	0.6
Daiichi Sankyo Company Limited	25,500	1,112,246	0.6
Olympus Corporation	25,100	1,052,391	0.5
M3 Inc.	56,400	1,032,777	0.5
EISAI Company Limited	9,100	961,152	0.5
Ono Pharmaceutical Company Limited	25,600	713,980	0.4
Shionogi & Company Limited	5,000	389,526	0.2
Sysmex Corporation	3,300	216,296	0.1
MTG Corporation Limited	3,000	196,782	0.1
		<u>38,469,428</u>	<u>19.7</u>

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
TECHNOLOGY			
Murata Manufacturing Company Limited	24,400	4,533,212	2.3
Keyence Corporation	6,300	4,357,823	2.2
ROHM Company Limited	48,000	4,198,012	2.2
Hitachi Limited	68,700	2,505,351	1.3
Fuji Film Holdings Corporation	34,900	1,851,327	1.0
Hitachi High - Technologies Corporation	37,100	1,592,398	0.8
Tokyo Electron Limited	9,900	1,539,203	0.8
SCSK Corporation	31,800	1,536,762	0.8
Net One Systems Company Limited	46,200	1,110,014	0.6
Advantest Corporation	38,500	1,073,281	0.5
Itochu Techno-Solutions Corporation	39,100	1,031,718	0.5
Disco Corporation	4,900	782,220	0.4
Comture Corporation	26,200	771,400	0.4
TDK Corporation	7,900	757,660	0.4
Iriso Electronics Company Limited	14,400	728,093	0.4
KOA Corporation	43,000	691,246	0.4
Fujitsu Limited	7,500	637,957	0.3
Nippon Chemi-Com Corporation	24,900	593,923	0.3
Omron Corporation	5,700	283,247	0.1
		30,574,847	15.7
CONSUMER, CYCLICAL			
Sony Corporation	82,200	5,438,796	2.8
Denso Corporation	63,900	3,884,239	2.0
Koito Manufacturing Company Limited	44,600	3,147,118	1.6
Panasonic Corporation	192,900	2,373,889	1.2
Suzuki Motor Corporation	33,300	2,303,007	1.2
Stanley Electric Company Limited	46,900	1,800,367	0.9

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
CONSUMER, CYCLICAL (continued)			
Oriental Land Company Limited	12,800	1,757,918	0.9
Nitori Holdings Company Limited	6,800	1,159,870	0.6
Fast Retailing Company Limited	1,600	1,120,464	0.6
Isuzu Motors Limited	56,500	1,086,900	0.6
Ryohin Keikaku Company Limited	3,100	1,022,483	0.5
Bridgestone Corporation	19,400	1,020,910	0.5
Subaru Corporation	23,200	680,189	0.4
Sekisui House Limited	19,800	398,237	0.2
NGK Spark Plug Company Limited	10,500	285,930	0.1
Don Quijote Company Limited	2,800	237,231	0.1
		27,717,548	14.2
FINANCIAL			
Orix Corporation	244,300	4,872,632	2.5
Chiba Bank Limited	580,200	4,425,638	2.3
Gunma Bank Limited	492,400	2,807,763	1.4
Tokio Marine Holdings Inc.	38,500	2,504,322	1.3
Dai-ichi Life Holdings Inc.	106,400	2,270,882	1.1
T&D Holdings Inc.	136,200	2,164,101	1.1
Daiwa Securities Group Inc.	105,000	726,043	0.4
Sumitomo Mitsui Trust Holding Inc.	11,400	569,609	0.3
Sompo Holdings Inc.	11,300	523,902	0.3
		20,864,892	10.7

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
BASIC MATERIALS			
Shin-Etsu Chemical Company Limited	28,300	3,001,032	1.5
Mitsui Chemicals Inc.	69,400	2,141,612	1.1
Sumitomo Bakelite Company Limited	43,000	2,029,934	1.0
Showa Denko K.K.	40,500	1,645,252	0.9
Asahi Kasei Corporation	82,700	1,160,951	0.6
JFE Holdings Inc.	49,700	1,084,821	0.6
Toray Industries Inc.	99,500	954,268	0.5
Nitto Denko Corporation	7,700	530,231	0.3
Nippon Steel & Sumitomo Metal Corporation	16,600	390,278	0.2
Nippon Shokubai Company Limited	3,100	269,966	0.1
		13,208,345	6.8
REAL ESTATE			
Daiwa House Industry Company Limited	52,600	2,285,785	1.2
Mitsui Fudosan Company Limited	48,700	1,479,236	0.7
Mitsubishi Estate Company Limited	45,600	979,750	0.5
Tokyu Fudosan Holdings Corporation	119,400	803,958	0.4
Sumitomo Realty & Development Company Limited	12,200	610,188	0.3
Invincible Investment Corporation REIT	591	331,861	0.2
		6,490,778	3.3
COMMUNICATIONS			
Nintendo Company Limited	5,400	1,964,576	1.0
Yahoo Japan Corporation	485,100	1,651,245	0.9
Dentsu Inc.	9,800	597,166	0.3
		4,212,987	2.2

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2018	Fair value at 31 December 2018 \$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
ENERGY			
JXTG Holdings Inc.	226,900	1,625,602	0.8
Inpex Corporation	24,700	301,235	0.2
		1,926,837	1.0
UTILITIES			
Kansai Electric Power Company Inc.	24,000	491,955	0.3
Portfolio of investments		192,532,504	98.8
Other net assets		2,341,971	1.2
Net assets attributable to unitholders		194,874,475	100.0

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

	Percentage of total net assets attributable to unitholders at	
	31 December 2018 %	31 December 2017 %
By Industry (Summary)		
Industrial	24.9	24.8
Consumer, Non-cyclical	19.7	15.5
Technology	15.7	14.5
Consumer, Cyclical	14.2	14.9
Financial	10.7	12.1
Basic Materials	6.8	7.3
Real Estate	3.3	4.6
Communications	2.2	-
Energy	1.0	1.8
Utilities	0.3	0.7
	<hr/>	<hr/>
Portfolio of investments	98.8	96.2
Other net assets	1.2	3.8
	<hr/>	<hr/>
Net assets attributable to unitholders	100.0	100.0
	<hr/>	<hr/>

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

	Fair value at 31 December 2018 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2018 %	31 December 2017 %
By Geography (Secondary)			
Japan	192,532,504	98.8	96.2
Portfolio of investments	192,532,504	98.8	96.2
Other net assets	2,341,971	1.2	3.8
Net assets attributable to unitholders	194,874,475	100.0	100.0

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

1. GENERAL

LionGlobal Investment Funds II (the “Fund”) is a Singapore domiciled umbrella fund constituted by a deed of trust dated 9 November 1999 together with its supplemental deeds thereon (hereafter referred to as “Trust Deed”) between Lion Global Investors Limited (the “Manager”) and Citicorp Trustee (Singapore) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore.

The Fund is a Singapore constituted umbrella fund currently offering units in two sub-funds, namely, the LionGlobal Japan Growth Fund and LionGlobal RMB Equity Fund. LionGlobal RMB Quality Bond Fund and LionGlobal RMB Flexi Fund had been terminated on 31 December 2018. An umbrella fund is a collection of sub-funds under a common umbrella fund structure, in this case the Fund, with each sub-fund having a separate investment objective and focus. The umbrella fund has launched only the following sub-fund as at 31 December 2018, the investment objective as follows:

The LionGlobal Japan Growth Fund aims for the long-term capital growth of assets by investing primarily in quoted or listed securities in any Recognised Stock Exchange or Over-the-counter (“OTC”) Market in Japan and this is a unit trust under the Central Provident Fund Investment Scheme.

LionGlobal Japan Growth Fund offers five classes of units, namely SGD Class, SGD-Hedged Class, USD Class, USD-Hedged Class and JPY Class. Subscriptions and redemptions of the Sub-Fund are denominated in Singapore Dollar, United States Dollar and Japanese Yen. Investors may subscribe in United State Dollar and Japanese Yen at the applicable rate of exchange from Singapore Dollar. In respect of the SGD-Hedged class and USD-Hedged class units, the Manager has the ability to hedge the units of such class in relation to the currency of the underlying investments, which is Japanese Yen, as they deem appropriate. Where hedging of this kind is undertaken, the Manager may engage, for the exclusive account of the SGD-Hedged class and USD-Hedged class units in currency forwards, currency futures, currency option transactions and currency swaps in order to preserve the value of the SGD-Hedged class and USD-Hedged class units against the currency of the underlying investments. The effects of this hedging will be reflected in the Net Asset Value of the SGD-Hedged class and USD-Hedged class, respectively, and therefore, in the performance of the relevant class. Similarly, any expenses arising from such hedging transactions will be borne by the respective class units. The management fee rates are the same for all five classes. The management fee rate is 1.4% per annum.

All the classes of units of the Sub-Fund may be subscribed by all investors.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as 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” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

(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 Manager and in accordance with the provisions of the Trust Deed.

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

(d) Investments

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

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in the fair value of investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments in equities held by the Sub-Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(f) 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, less accumulated impairment losses.

(g) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(h) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(i) Foreign currencies

(i) Functional and presentation currency

Subscriptions and redemptions of the units in the Sub-Fund is denominated in Singapore Dollar, United States Dollar, and Japanese Yen. The primary activity is to invest in quoted or listed securities in any recognised stock exchange or over-the-counter market in Japan.

The performance of the Sub-Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represent the economic effects of the underlying transactions, events and conditions. The Sub-Fund's functional and presentation currency is the Singapore Dollar.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)(i) Foreign currencies (continued)

(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 of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date 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 net gain or loss on investments.

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Sub-Fund or the counterparty.

3. INCOME TAX

The Sub-Fund is approved by the Monetary Authority of Singapore (MAS) for the Enhanced-Tier Fund ("ETF") Tax Incentive Scheme under Section 13X of the Income Tax Act and the relevant regulations. Subject to certain conditions being met on an annual basis, the Sub-Fund may enjoy Singapore corporate tax exemption on "specified income" derived from "designated investments" for the life of the Sub-Fund. The tax exemption does not apply in the year when the relevant conditions are not met. Losses from "designated investments" are correspondingly disregarded. The terms "specified income" and "designated investments" are defined in the relevant income tax regulations.

The Trustee and Manager of the Sub-Fund will ensure that the the Sub-Fund fulfills its reporting obligations under the ETF scheme.

3. INCOME TAX (continued)

	2018	2017
	\$	\$
Overseas income tax	636,836	188,330

The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

4. RECEIVABLES

	2018	2017
	\$	\$
Amount receivable for creation of units	155,473	1,255,229
Dividends receivable	211,879	152,694
Other receivable	119,634	70,539
	<u>486,986</u>	<u>1,478,462</u>

5. FINANCIAL DERIVATIVES

Financial derivatives comprise foreign exchange spot contracts and foreign exchange forward contracts due for settlement within 1 month (2017: 1 month) from the reporting date. The contracts or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the reporting date are analysed below.

As at 31 December 2018

	Contract or underlying principal amount	Fair value	
		Asset	Liability
	\$	\$	\$
Foreign exchange forward contracts	38,968,924	86,399	600,495
Foreign exchange spot contracts	767,879	-	1,121
		<u>86,399</u>	<u>601,616</u>

5. FINANCIAL DERIVATIVES (continued)
As at 31 December 2017

	Contract or underlying principal amount	Fair value	
		Asset	Liability
	\$	\$	\$
Foreign exchange forward contracts	26,693,339	447,693	7,282

6. CASH AND BANK BALANCES

The cash and bank balances are placed with a financial institution which is a related company of the Trustee.

7. PAYABLES

	2018	2017
	\$	\$
Amount payable for cancellation of units	4,994,999	338,440
Amount due to the Manager	221,086	256,863
Amount due to the Trustee	7,495	8,871
Amount due to the Custodian	593	593
Amount due to the Registrar	8,360	8,510
Other payables	38,181	43,349
	<u>5,270,714</u>	<u>656,626</u>

8. UNITS IN ISSUE

	2018	2017
	Units	Units
SGD Class		
Units at beginning of the year	37,791,950	48,257,351
Units created	13,190,697	9,112,071
Units cancelled	(12,791,670)	(19,577,472)
Units at end of the year	<u>38,190,977</u>	<u>37,791,950</u>

8. UNITS IN ISSUE (continued)

	2018	2017
	\$	\$
Net assets attributable to unitholders	38,054,527	43,751,287
Net asset value per unit	0.996	1.157

	2018	2017
	Units	Units
SGD - Hedged Class		
Units at beginning of the year	14,788,259	14,699,930
Units created	10,137,393	12,051,458
Units cancelled	(10,039,188)	(11,963,129)
Units at end of the year	14,886,464	14,788,259

	2018	2017
	\$	\$
Net assets attributable to unitholders	21,323,412	25,338,794
Net asset value per unit	1.432	1.713

	2018	2017
	Units	Units
USD Class		
Units at beginning of the year	990,265	1,099,285
Units created	140,428	366,113
Units cancelled	(324,551)	(475,133)
Units at end of the year	806,142	990,265

	2018	2017
	USD	USD
Net assets attributable to unitholders	589,333	857,811
Net assets attributable to unitholders (SGD equivalent)	803,261	1,146,378
Net asset value per unit	0.731	0.866
Net asset value per unit (SGD equivalent)	0.996	1.157

	2018	2017
	Units	Units
USD - Hedged Class		
Units at beginning of the year	219,903	532,130
Units created	2,830,259	220,786
Units cancelled	(2,742,228)	(533,013)
Units at end of the year	307,934	219,903

8. UNITS IN ISSUE (continued)

	2018	2017
	USD	USD
Net assets attributable to unitholders	413,490	360,340
Net assets attributable to unitholders (SGD equivalent)	563,587	481,559
Net asset value per unit	1.342	1.638
Net asset value per unit (SGD equivalent)	1.830	2.189
	2018	2017
	Units	Units
JPY Class		
Units at beginning of the year	76,792,607	157,091
Units created	854,591	83,658,566
Units cancelled	(452,090)	(7,023,050)
Units at end of the year	77,195,108	76,792,607
	JPY	JPY
Net assets attributable to unitholders	10,796,801,065	13,067,558,039
Net assets attributable to unitholders (SGD equivalent)	134,129,688	155,024,261
Net asset value per unit	140	170
Net asset value per unit (SGD equivalent)	1.737	2.018

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the reporting date is presented below:

	SGD Class		JPY Class	
	2018	2017	2018	2017
	\$	\$	JPY	JPY
Net assets attributable to unitholders per unit per the financial statements	0.996	1.157	140	170
Effect of movement in the net asset value between the last dealing date and the end of the reporting period	(0.004)	*	*	*
Net assets attributable to unitholders per unit for issuing/redeeming units	0.992	1.157	140	170

* Denotes amount less than \$0.001/USD0.001/JPY1

8. UNITS IN ISSUE (continued)

	SGD - Hedged Class		USD Class	
	2018	2017	2018	2017
	\$	\$	USD	USD
Net assets attributable to unitholders per unit per the financial statements	1.432	1.713	0.731	0.866
Effect of movement in the net asset value between the last dealing date and the end of the reporting period	(0.006)	*	(0.005)	*
Net assets attributable to unitholders per unit for issuing/redeeming units	1.426	1.713	0.726	0.866

	USD - Hedged Class	
	2018	2017
	USD	USD
Net assets attributable to unitholders per unit per the financial statements	1.342	1.638
Effect of movement in the net asset value between the last dealing date and the end of the reporting period	(0.008)	*
Net assets attributable to unitholders per unit for issuing/redeeming units	1.334	1.638

9. FINANCIAL RISK MANAGEMENT

The Sub-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 Sub-Fund's overall risk management programme seeks to minimise potential adverse effects on the Sub-Fund's financial performance. The Sub-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 Sub-Fund at any time as part of the overall financial risk management to reduce the Sub-Fund's risk exposures.

The Sub-Fund's assets principally consist of investment in equities. They are held in accordance with the published investment policies of the Sub-Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

* Denotes amount less than \$0.001/USD0.001/JPY1

9. FINANCIAL RISK MANAGEMENT (continued)

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

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

(i) Price risk

The Sub-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 funds' price movements are measured against the daily price movement of the benchmark to derive the beta.

As at 31 December 2018, the Sub-Fund's beta was 1.05 (2017: 0.99) which was calculated based on the daily returns over the preceding 12 months for the Sub-Fund and its benchmark (2017: based on the daily returns over the preceding 12 months for the Sub-Fund and its benchmark).

The table below summarises the impact of increases/decreases from the Sub-Fund's underlying investments in equities on the Sub-Fund's net assets attributable to the unitholders as at 31 December 2018 and 2017. 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 Sub-Fund's investments moved according to the beta.

9. FINANCIAL RISK MANAGEMENT (continued)

- (a) Market risk (continued)
- (i) Price risk (continued)

Fund	Benchmark	Impact of 5% (2017: 5%) movement in benchmark on net assets attributable to the unitholders	
		2018	2017
		\$	\$
LionGlobal Japan Growth Fund	TOPIX Total Return	10,107,956	10,753,037

- (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.

The Sub-Fund does not hold substantial financial assets or liabilities of which the values are sensitive to changes in interest rates. The Sub-Fund invests in equity securities, which may be subject to interest rate risk as any interest rate change may affect the equity risk premium through at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Sub-Fund's portfolio investments accordingly. However, the effects of changes in interest rates on the Sub-Fund's portfolio may not be quantified as the relationship between interest rates and the value of the equity securities is indirect. Hence, no separate sensitivity analysis has been presented for the Sub-Fund.

- (iii) Currency risk

The Sub-Fund has monetary financial assets/liabilities denominated in currencies other than the functional currency and the Sub-Fund may be affected favorably or unfavorably by exchange rate regulations or changes in the exchange rates between their functional currency and such other currencies. The Sub-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 Sub-Fund's exposure to key currencies at the end of the financial year. Monetary and non-monetary items have been taken into account for the analysis.

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

As at 31 December 2018	JPY \$	USD \$	SGD \$	Total \$
Assets				
Portfolio of investments	192,532,504	-	-	192,532,504
Receivables	218,436	6,465	262,085	486,986
Cash and bank balances	6,475,540	224,427	940,949	7,640,916
Total assets	199,226,480	230,892	1,203,034	200,660,406

Liabilities

Payables - 4,810,099 460,615 5,270,714

Total liabilities - 4,810,099 460,615 5,270,714

**Net financial assets/
(liabilities)**

199,226,480 (4,579,207) 742,419

**Currency forwards and
spots**

(21,387,396) 1,201,337 20,186,059

Net currency exposure

177,839,084 (3,377,870) 20,928,478

As at 31 December 2017	JPY \$	USD \$	SGD \$	Total \$
Assets				
Portfolio of investments	217,233,073	-	-	217,233,073
Receivables	804,640	12,553	661,269	1,478,462
Cash and bank balances	6,840,815	44,610	361,534	7,246,959
Total assets	224,878,528	57,163	1,022,803	225,958,494

Liabilities

Payables - 4,736 651,890 656,626

Total liabilities - 4,736 651,890 656,626

Net financial assets

224,878,528 52,427 370,913

Currency forwards

(25,066,196) 458,440 24,607,756

Net currency exposure

199,812,332 510,867 24,978,669

9. FINANCIAL RISK MANAGEMENT (continued)

- (a) Market risk (continued)
- (iii) Currency risk (continued)

Equity 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 Sub-Fund's net asset value has been included in the price risk sensitivity analysis.

The Sub-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 Sub-Fund.

As at 31 December 2018 and 2017, the Sub-Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant except for the currency presented in the table below which shows the Sub-Fund's sensitivity to exchange rate movements on significant monetary assets/liabilities denominated in foreign currencies, should those currencies increase by a reasonable possible shift with all other variables held constant. This sensitivity analysis is not presented separately should the currency decrease as it is the reversal of the impact disclosed below.

	Reasonable possible FX movement	Impact of increase in FX rates on net assets attributable to the unitholders	Reasonable possible FX movement	Impact of increase in FX rates on net assets attributable to the unitholders
	2018	2018	2017	2017
	%	\$	%	\$
LionGlobal Japan Growth Fund Currency				
- JPY	5	(734,671)	5	(871,037)

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

The Sub-Fund is exposed to daily redemption of units. They therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of.

The tables below analyse the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting 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.

As at 31 December 2018	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Derivative financial instruments				
- inflows	(30,946,039)	-	-	-
- outflows	31,547,655	-	-	-
Payables	5,270,714	-	-	-

As at 31 December 2017	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Derivative financial instruments				
- inflows	(840,300)	-	-	-
- outflows	847,582	-	-	-
Payables	656,626	-	-	-

9. FINANCIAL RISK MANAGEMENT (continued)(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.

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 Sub-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 Sub-Fund are 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 Manager minimises the Sub-Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit ratings assigned by Standard and Poor's ("S&P") or Moody's.

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The tables below summarise the credit rating of banks and custodian in which the Sub-Fund's assets are held as at 31 December 2018 and 2017.

**Credit
rating ##** **Source of
credit rating**

As at 31 December 2018

Custodian

Citibank N.A., Citigroup® Global Transaction Services, Securities & Fund Services	A+	S&P
--	----	-----

Bank

Citibank N.A.	A+	S&P
Oversea Chinese Banking Corporation Limited	AA-	S&P
State Street Bank and Trust Company	AA-	S&P
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P

**Credit
rating ##** **Source of
credit rating**

As at 31 December 2017

Custodian

Citibank N.A., Citigroup® Global Transaction Services, Securities & Fund Services	BBB+	S&P
--	------	-----

Bank

Citibank N.A.	BBB+	S&P
Standard Chartered Bank	BBB+	S&P
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P

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

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

Group credit ratings are presented for unrated subsidiaries.

9. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital management

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

(e) Fair value estimation

The Sub-Fund classify 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 tables analyse within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2018 and 2017:

As at 31 December 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of Investments				
- Quoted equities	192,532,504	-	-	192,532,504
Financial derivatives at fair value	-	86,399	-	86,399
	192,532,504	86,399	-	192,618,903
Liabilities				
Financial derivatives at fair value	-	601,616	-	601,616
	-	601,616	-	601,616

9. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation (continued)

As at 31 December 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of Investments				
- Quoted equities	217,233,073	-	-	217,233,073
Financial derivatives at fair value	-	447,693	-	447,693
	<u>217,233,073</u>	<u>447,693</u>	-	<u>217,680,766</u>
Liabilities				
Financial derivatives at fair value	-	7,282	-	7,282
	<u>-</u>	<u>7,282</u>	-	<u>7,282</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise active listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives.

Except for cash and cash balances which are classified as Level 1, the Sub-Fund's assets and liabilities not measured at fair value at 31 December 2018 and 2017 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

(f) Offsetting financial assets and financial liabilities

There are no financial assets or financial liabilities subject to offsetting, enforceable master netting arrangement and similar agreement as at 31 December 2018 and 2017.

10. RELATED PARTY TRANSACTIONS

Management fees are paid to the Manager, while trustee fee is paid to the Trustee. These fees paid or payable by the Sub-Fund shown in the Statement of Total Return and in the respective notes to the financial statements are on terms set out in the Trust Deed.

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Sub-Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	2018	2017
	\$	\$
Interest expenses incurred with a bank which is a related company of the Trustee	1,454	2,603
Transaction fees charged by a related company of the Trustee	4,997	4,723
Custodian fees charged by a related company of the Trustee	36,851	24,125
Bank service fees charged by a bank which is a related company of the Trustee	52	770

11. FINANCIAL RATIOS

	2018	2017
	%	%
Expense ratio ¹	1.56	1.63
Portfolio turnover ratio ²	<u>57</u>	<u>53</u>

¹ The expense ratios have been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratios at 31 December 2018 was based on total operating expenses divided by the average net asset value 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 Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

The following table presents the total operating expenses and average net asset values of the Sub-Fund for the financial year ended 31 December 2018 and 2017.

	2018	2017
	\$	\$
Total operating expenses	3,496,883	1,520,138
Average net asset value	<u>224,025,494</u>	<u>92,978,102</u>

² The portfolio turnover ratios are calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the weighted average daily net asset value respectively as follows:

	2018	2017
	\$	\$
Total value of purchases/sales of the underlying investments	128,701,638	49,179,285
Average daily net asset value	<u>224,025,494</u>	<u>92,978,102</u>

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