

For the financial year ended 31 December 2020

# **ANNUAL REPORT LIONGLOBAL INVESTMENT FUNDS II - LionGlobal Japan Growth Fund**

**Lion Global Investors Ltd**

65 Chulia Street #18-01

OCBC Centre, Singapore 049513

T: +65 6417 6800

F: +65 6417 6806

Co Reg No:198601745D

For more information, visit: [lionglobalinvestors.com](https://lionglobalinvestors.com)  
or email: [ContactUs@lionglobalinvestors.com](mailto:ContactUs@lionglobalinvestors.com)

© Lion Global Investors Limited. All rights reserved.

## 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 (Chief Executive Officer)  
Mr Tan Siew Peng  
Mr Ronnie Tan Yew Chye  
Ms Wee Ai Ning  
Ms Chong Chuan Neo  
Mr Leslie Teo Eng Sipp

### Trustee

#### Until 31 December 2020

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

#### From 1 January 2021

HSBC Institutional Trust Services (Singapore)  
Limited  
10 Marina Boulevard,  
Marina Bay Financial Centre, Tower 2,  
#48-01  
Singapore 018983

### Custodian

#### Until 31 December 2020

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

#### From 1 January 2021

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

### Registrar

HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard,  
Marina Bay Financial Centre, Tower 2,  
#48-01, Singapore 018983

### 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 2020

### LIONGLOBAL JAPAN GROWTH FUND

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2020 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal Japan Growth Fund (SGD Class)	Benchmark* Returns (%)
3 months	12.0	10.0
6 months	18.9	15.6
1 year	17.9	10.7
3 years**	6.5	4.4
5 years**	9.2	6.9
10 years**	8.4	6.5
Since Inception** (3 December 1999)	1.8	-0.5

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2020 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal Japan Growth Fund (USD Class)	Benchmark* Returns (%)
3 months	15.8	13.6
6 months	25.6	22.0
1 year	20.3	12.6
3 years**	6.8	4.8
5 years**	10.8	8.5
10 years**	8.1	6.1
Since Inception** (25 June 2004)	5.8	3.8

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 2020, the Fund returned 17.9% while the benchmark TOPIX Total Return Index returned 10.7% in SGD terms.

The year started on a positive note with the signing of the phase one trade deal between the US and China but the outbreak of a COVID-19 in China turned into a global pandemic and took global markets down sharply from February 2020 onwards. Lockdowns were imposed across many countries, bringing the global economy to a standstill. Major central banks re-introduced massive quantitative easing policies while governments launched unprecedented fiscal stimulus packages to support their economies, including Japan. The Bank of Japan doubled its annual purchase of Exchange Traded Funds to 12 trillion yen. Stock markets bottomed in mid-March 2020 and recovered strongly, but fluctuated along with the pandemic news for the remainder of the year. Japanese corporates recovered relatively swiftly from the initial global lockdowns in April to June 2020, with some differences between the winners and losers of the pandemic. On the political front, there was the surprise resignation of Prime Minister Abe, but the market took it well when Yoshihide Suga, Abe's chief cabinet secretary, became the next prime minister in September 2020, ensuring a smooth transition. The market rallied strongly in November 2020 after Biden won the US Presidential election and Pfizer, then Moderna and AstraZeneca all announced successful trial data for COVID-19 vaccines, bringing a positive end to a difficult year.

For the year, there was positive contribution across multiple sectors like healthcare, machinery, technology, and auto parts as growth sectors and stocks outperformed strongly amidst the pandemic.

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

As we move into 2021, COVID-19 vaccines have started to be given out, mainly in the richer, developed countries. It will take time for the majority of the population to be vaccinated, perhaps taking a large part of the year and mostly in developed countries. In the meantime, it might be a difficult first few months in winter due to the rising infections in many countries and lockdowns can be expected. Despite the renewed surge in infections, the global economy appears to have overcome the worst and has remained relatively resilient, partly because the new lockdowns are not as severe as the initial lockdowns at the start of the pandemic. Investors have also become more optimistic on the markets in view of the eventual economy recovery when the vaccines work to stop the virus spread. This optimism is well reflected in the market that has recovered its losses and rallied close to the highs last achieved in early 2018.

While the pandemic remains the main focus in 2021, other issues likely to come into view include changes in US economic and geopolitical policies under President Biden, the relationship between US and China and the impact on the rest of the world. In Japan, new Prime Minister Suga faces a trying start to his administration, trying to revive the economy amidst a renewed and larger surge in coronavirus infections. With a Lower House election due in 2021, PM Suga and the Liberal Democratic Party (LDP) may be facing one of its more difficult elections in recent years.

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 technology sector has maintained growth momentum through the pandemic, in areas such as 5G mobile telecom services, cloud computing, big data, artificial intelligence and the Internet of Things. With the pandemic, these applications have seen an acceleration of demand driven by the shift from physical to digital applications necessitated by social distancing requirements. Other growth drivers include the digitalization of services such as financial systems, and rising penetration of advanced driver assistance systems and electrification in cars. In consumer-related areas, we like healthcare and consumer brands with quality and value-added products that can benefit from rising wealth and consumerism in emerging markets in the long-term.

As of 4 February 2021.

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 <sup>1</sup>

For the financial year ended 31 December 2020

## LIONGLOBAL JAPAN GROWTH FUND

### 1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2020

	Fair Value \$	Percentage of total net assets attributable to unitholders %
a) <u>By Asset Class</u>		
Equities	281,806,606	96.5
Financial derivatives	6,208	*
Cash and other net assets	10,364,094	3.5
<b>Net assets attributable to unitholders</b>	<b>292,176,908</b>	<b>100.0</b>
b) <u>By Credit Rating of Debt Securities</u>		
Not applicable		
c) <u>By Derivative Type</u>		
Foreign exchange forward contracts	6,208	*

Total net realised losses and unrealised gains from financial derivatives at the end of the year were \$1,157,401 and \$6,208 respectively.

\* denotes amount less than 0.1%

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

## 2. TOP 10 HOLDINGS

### As at 31 December 2020

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
Sony Corporation	10,651,241	3.6
Keyence Corporation	8,092,857	2.8
Shin-Etsu Chemical Company Limited	6,627,745	2.3
Daiichi Sankyo Company Limited	6,552,475	2.2
Denso Corporation	6,281,757	2.1
Daikin Industries Limited	6,102,747	2.1
Orix Corporation	5,829,434	2.0
Murata Manufacturing Company Limited	5,583,534	1.9
M3 Inc.	5,126,039	1.8
Nintendo Company Limited	4,803,371	1.6

### As at 31 December 2019

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
Sony Corporation	8,552,968	3.1
Keyence Corporation	6,476,888	2.3
Orix Corporation	6,439,984	2.3
Asahi Intecc Company Limited	6,026,209	2.2
Denso Corporation	5,941,728	2.1
Daiichi Sankyo Company Limited	5,696,881	2.1
Murata Manufacturing Company Limited	5,225,168	1.9
Chiba Bank Limited	4,984,406	1.8
Daikin Industries Limited	4,702,655	1.7
Shin-Etsu Chemical Company Limited	4,685,506	1.7

### 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 if applicable 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 2020*

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 43, 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  
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatories

26 March 2021

### STATEMENT BY THE MANAGER

*For the financial year ended 31 December 2020*

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 12 to 43, 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 Funds, namely LionGlobal Japan Growth Fund (the "Sub-Fund") as at 31 December 2020, 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 2021

### 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 2020, 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 2020;
- the Statement of Financial Position as at 31 December 2020;
- the Statement of Movement of Unitholders' Funds for the financial year ended 31 December 2020;
- the Statement of Portfolio as at 31 December 2020; 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 2021

# STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Income</b>			
Dividends		5,067,100	4,980,063
Interest on cash and bank balances		770	1,176
		<u>5,067,870</u>	<u>4,981,239</u>
<b>Less: Expenses</b>			
Audit fee		24,750	24,750
Custodian fees	10	43,768	39,876
Management fee	10	3,587,502	3,463,924
Professional fees		32,620	30,540
Registration fee		22,255	20,264
Trustee fee	10	121,719	117,526
Transaction cost		338,618	554,530
Valuation and administration fees		51,250	90,923
Miscellaneous expenses		80,485	100,409
		<u>4,302,967</u>	<u>4,442,742</u>
<b>Net income</b>		<u>764,903</u>	<u>538,497</u>
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains on investments		44,221,949	42,758,524
Net losses on foreign exchange spot contracts		(108,585)	(147,744)
Net (losses)/gains on foreign exchange forward contracts		(1,042,608)	2,199,543
Net foreign exchange gains/(losses)		<u>385,181</u>	<u>(188,424)</u>
		<u>43,455,937</u>	<u>44,621,899</u>
<b>Total return for the financial year before income tax</b>		44,220,840	45,160,396
<b>Less: Income tax</b>	3	(760,160)	(745,346)
<b>Total return for the financial year</b>		<u>43,460,680</u>	<u>44,415,050</u>

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

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
Portfolio of investments		281,806,606	265,812,047
Receivables	4	241,099	208,663
Financial derivatives at fair value	5	70,486	48,816
Cash and bank balances	6	10,607,954	11,708,210
<b>Total assets</b>		<u>292,726,145</u>	<u>277,777,736</u>
<b>LIABILITIES</b>			
Payables	7	484,959	703,156
Financial derivatives at fair value	5	64,278	36,109
<b>Total liabilities</b>		<u>549,237</u>	<u>739,265</u>
<b>EQUITY</b>			
Net assets attributable to unitholders	8	<u>292,176,908</u>	<u>277,038,471</u>

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

# STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		277,038,471	194,874,475
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		43,460,680	44,415,050
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		17,106,204	82,317,267
Cancellation of units		(45,428,447)	(44,568,321)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(28,322,243)	37,748,946
Total increase in net assets attributable to unitholders		15,138,437	82,163,996
<b>Net assets attributable to unitholders at the end of the financial year</b>	8	292,176,908	277,038,471

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



# STATEMENT OF PORTFOLIO

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Industry (Primary)</b>			
<b>QUOTED EQUITIES</b>			
<b>INDUSTRIAL</b>			
Daikin Industries Limited	20,800	6,102,747	2.1
Mitsui & Company Limited	161,600	3,908,730	1.3
Recruit Holdings Company Limited	70,400	3,894,075	1.3
SMC Corporation Japan	4,700	3,787,398	1.3
Fuji Electric Company Limited	76,100	3,619,019	1.2
ITOCHU Corporation	91,700	3,479,324	1.2
Nidec Corporation	19,300	3,206,855	1.1
FANUC Corporation	8,800	2,856,796	1.0
Daifuku Company Limited	16,200	2,646,142	0.9
Mitsubishi Corporation	80,500	2,618,472	0.9
Sanwa Holdings Corporation	166,000	2,554,230	0.9
Mitsubishi Electric Corporation	110,000	2,192,445	0.8
SECOM Company Limited	17,700	2,156,357	0.7
Harmonic Drive Systems Inc.	15,700	1,853,011	0.6
Central Japan Railway Company	9,600	1,792,974	0.6
Misumi Group Inc.	40,100	1,737,602	0.6
Kubota Corporation	59,800	1,723,154	0.6
East Japan Railway Company	18,900	1,665,763	0.6
Sankyu Inc.	33,300	1,660,348	0.6
Taisei Corporation	33,900	1,542,718	0.5
Nagoya Railroad Company Limited	40,600	1,414,691	0.5
Keisei Electric Railway Company Limited	27,700	1,237,521	0.4
Nihon M&A Centre Inc.	13,200	1,165,924	0.4
Comsys Holdings Corporation	25,800	1,058,510	0.4
Hitachi Transport System Limited	24,300	954,975	0.3
Tokyu Corporation	57,100	936,338	0.3
Komatsu Limited	23,600	851,184	0.3

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

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>INDUSTRIAL (continued)</b>			
IHI Corporation	27,400	717,986	0.3
SG Holdings Company Limited	19,700	709,135	0.2
Kajima Corporation	40,000	707,645	0.2
Yamato Holdings Company Limited	18,800	633,178	0.2
West Japan Railway Company	8,200	566,728	0.2
Japan Steel Works Limited	11,800	464,488	0.2
NGK Insulators Limited	14,300	291,425	0.1
		66,707,888	22.8
<b>CONSUMER, NON-CYCLICAL</b>			
Daiichi Sankyo Company Limited	144,800	6,552,475	2.2
M3 Inc.	41,100	5,126,039	1.8
Olympus Corporation	155,900	4,503,279	1.5
Hoya Corporation	21,600	3,945,709	1.3
Chugai Pharmaceutical Company Limited	50,600	3,564,490	1.2
Asahi Intecc Company Limited	72,800	3,508,680	1.2
Kao Corporation	31,900	3,254,591	1.1
Terumo Corporation	58,500	3,229,104	1.1
Astellas Pharma Inc.	154,200	3,146,444	1.1
Sysmex Corporation	19,400	3,079,433	1.1
Seven & I Holdings Limited	53,900	2,524,635	0.9
FANCL Corporation	42,500	2,238,753	0.8
Shiseido Company Limited	18,200	1,662,546	0.6
Nichirei Corporation	38,800	1,439,883	0.5
PeptiDream Inc.	20,200	1,354,971	0.5
Tsuruha Holdings Inc.	7,000	1,315,441	0.4
Unicharm Corporation	18,100	1,133,476	0.4
Amvis Holdings Inc.	16,000	1,085,534	0.4

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

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
--	------------------------------------	--	--

# By Industry (Primary) (continued)

## QUOTED EQUITIES (continued)

### CONSUMER, NON-CYCLICAL (continued)

Meiji Holdings Company Limited	11,200	1,040,883	0.4
Asahi Group Holdings Limited	18,100	983,335	0.3
Suntory Beverage & Food Limited	17,000	794,308	0.3
Nippon Shinyaku Company Limited	7,100	615,311	0.2
Shionogi & Company Limited	8,200	591,501	0.2
EISAI Company Limited	5,700	537,907	0.2
Otsuka Holdings Company Limited	7,600	429,820	0.1
Yakult Honsha Company Limited	4,500	299,546	0.1
		<u>57,958,094</u>	<u>19.9</u>

### TECHNOLOGY

Keyence Corporation	10,900	8,092,857	2.8
Murata Manufacturing Company Limited	46,800	5,583,534	1.9
Tokyo Electron Limited	7,700	3,785,030	1.3
Taiyo Yuden Company Limited	49,700	3,076,099	1.1
TDK Corporation	14,900	2,964,044	1.0
Nihon Unisys Limited	54,100	2,797,860	1.0
Hitachi Limited	53,500	2,783,952	0.9
ROHM Company Limited	20,100	2,570,449	0.9
Fujitsu Limited	12,500	2,385,006	0.8
Disco Corporation	5,100	2,268,675	0.8
Ibiden Company Limited	30,200	1,861,447	0.6
Net One Systems Company Limited	38,600	1,798,606	0.6
Itochu Techno-Solutions Corporation	37,800	1,783,104	0.6
SCSK Corporation	23,600	1,782,426	0.6
Renesas Electronics Corporation	120,100	1,658,868	0.6
OMRON Corporation	12,700	1,495,681	0.5
Fuji Film Holdings Corporation	19,200	1,336,558	0.5
KOA Corporation	60,900	1,149,891	0.4

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

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>TECHNOLOGY (continued)</b>			
NEC Corporation	14,600	1,035,404	0.4
Iriso Electronics Company Limited	16,900	964,870	0.3
Yaskawa Electric Corporation	9,400	617,295	0.2
Advantest Corporation	6,000	593,715	0.2
		<u>52,385,371</u>	<u>18.0</u>
<b>CONSUMER, CYCLICAL</b>			
Sony Corporation	80,900	10,651,241	3.6
Denso Corporation	80,000	6,281,757	2.1
Koito Manufacturing Company Limited	39,900	3,585,563	1.2
Subaru Corporation	122,000	3,221,078	1.1
Nitori Holdings Company Limited	10,500	2,905,978	1.0
Suzuki Motor Corporation	40,900	2,503,688	0.9
Fast Retailing Company Limited	2,100	2,485,808	0.8
Oriental Land Company Limited	11,000	2,399,439	0.8
Stanley Electric Company Limited	50,600	2,153,722	0.7
Marui Group Company Limited	71,500	1,658,485	0.6
Yamaha Corporation	11,500	893,581	0.3
Bandai Namco Holdings Inc.	7,800	891,249	0.3
Topre Corporation	42,500	860,138	0.3
Rakuten Inc.	63,800	811,810	0.3
Sekisui House Limited	19,800	532,270	0.2
Panasonic Corporation	32,200	490,719	0.2
Bridgestone Corporation	11,100	480,840	0.2
Pan Pacific International Holdings Corporation	11,200	342,373	0.1
ZOZO Inc.	6,000	195,780	0.1
		<u>43,345,519</u>	<u>14.8</u>

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

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>FINANCIAL</b>			
Orix Corporation	287,400	5,829,434	2.0
Mizuho Financial Group Inc.	277,900	4,651,335	1.6
Tokio Marine Holdings Inc.	41,900	2,847,032	1.0
Chiba Bank Limited	391,100	2,843,698	1.0
Sompo Holdings Inc.	38,300	2,045,948	0.7
Nomura Holdings Inc.	244,400	1,705,081	0.6
Dai-ichi Life Holdings Inc.	75,100	1,492,035	0.5
Sumitomo Mitsui Trust Holdings Inc.	21,900	890,653	0.3
T&D Holdings Inc.	54,900	855,284	0.3
Daiwa Securities Group Inc.	70,500	424,165	0.1
		<u>23,584,665</u>	<u>8.1</u>
<b>BASIC MATERIALS</b>			
Shin-Etsu Chemical Company Limited	28,700	6,627,745	2.3
Denka Company Limited	67,900	3,502,856	1.2
Sumitomo Bakelite Company Limited	48,300	2,194,941	0.8
Mitsubishi Gas Chemical Company Inc.	40,700	1,234,261	0.4
Nippon Steel & Sumitomo Metal	68,000	1,155,991	0.4
Tokyo Ohka Kogyo Company Limited	9,300	863,114	0.3
Asahi Kasei Corporation	60,400	815,325	0.3
Mitsui Chemicals Inc.	17,300	669,914	0.2
Tokyo Steel Manufacturing Company Limited	60,000	513,068	0.2
Toray Industries Inc.	37,000	289,347	0.1
JFE Holdings Inc.	12,000	151,770	0.1
		<u>18,018,332</u>	<u>6.3</u>

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

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>REAL ESTATE</b>			
Mitsui Fudosan Company Limited	116,700	3,224,559	1.1
Daiwa House Industry Company Limited	51,500	2,019,963	0.7
Mitsubishi Estate Company Limited	81,600	1,730,852	0.6
Tokyu Fudosan Holdings Corporation	118,100	831,496	0.3
Activia Properties Inc.	125	696,860	0.2
Sumitomo Realty & Development Company Limited	16,900	688,173	0.2
Ichigo Office REIT Investment Corporation	573	545,726	0.2
Kenedix Office Investment Corporation	39	349,470	0.1
		<u>10,087,099</u>	<u>3.4</u>
<b>COMMUNICATIONS</b>			
Nintendo Company Limited	5,700	4,803,371	1.6
Cyberagent Inc.	11,600	1,055,784	0.4
Z Holdings Corporation	82,200	657,025	0.2
		<u>6,516,180</u>	<u>2.2</u>
<b>ENERGY</b>			
Eneos Holdings Inc.	364,700	<u>1,729,235</u>	<u>0.6</u>

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

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>UTILITIES</b>			
Kansai Electric Power Company Inc.	53,200	663,108	0.2
Tokyo Gas Company Limited	13,700	418,094	0.1
Chubu Electric Power Company Inc.	24,700	393,021	0.1
		<u>1,474,223</u>	<u>0.4</u>
<b>Portfolio of investments</b>		281,806,606	96.5
<b>Other net assets</b>		<u>10,370,302</u>	<u>3.5</u>
<b>Net assets attributable to unitholders</b>		<u>292,176,908</u>	<u>100.0</u>

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

	Percentage of total net assets attributable to unitholders at	
	31 December 2020 %	31 December 2019 %
<b>By Industry (Summary)</b>		
Industrial	22.8	24.2
Consumer, Non-cyclical	19.9	19.6
Technology	18.0	16.4
Consumer, Cyclical	14.8	14.5
Financial	8.1	8.8
Basic Materials	6.3	4.6
Real Estate	3.4	3.9
Communications	2.2	1.4
Energy	0.6	1.4
Utilities	0.4	1.1
<b>Portfolio of investments</b>	96.5	95.9
<b>Other net assets</b>	3.5	4.1
<b>Net assets attributable to unitholders</b>	100.0	100.0

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



	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2020 %	31 December 2019 %
<b>By Geography (Secondary)</b>			
Japan	281,806,606	96.5	95.9
<b>Portfolio of investments</b>	281,806,606	96.5	95.9
<b>Other net assets</b>	10,370,302	3.5	4.1
<b>Net assets attributable to unitholders</b>	292,176,908	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 2020*

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 (thereafter referred to as “Trust Deed”) between Lion Global Investors Limited (the “Manager”) and Citicorp Trustee (Singapore) Limited (the “Trustee”). Effective 1 January 2021, the new Trustee appointed for the Sub-Fund is HSBC Institutional Trust Services (Singapore) Limited. The Trust Deed is governed by the laws of the Republic of Singapore.

The Fund comprises the following sub-funds:

- (i) LionGlobal Japan Growth Fund
- (ii) LionGlobal RMB Equity Fund

These financial statements relate to LionGlobal Japan Growth Fund (the “Sub-Fund”) only. The Sub-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.

The Sub-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" 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 are denominated in Singapore Dollar, United States Dollar and Japanese Yen.

The performance of the Sub-Fund is measured and reported to the investors in Singapore Dollar and majority of the Sub-Fund's expenses are incurred 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 investment.

(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 of the Sub-Fund will ensure that the Sub-Fund fulfills its reporting obligations under the ETF scheme.

**3. INCOME TAX (continued)**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Overseas income tax	760,160	745,346

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

**4. RECEIVABLES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Amount receivable for creation of units	74,578	41,740
Dividends receivable	97,029	95,505
Other receivable	69,492	71,418
	<u>241,099</u>	<u>208,663</u>

**5. FINANCIAL DERIVATIVES AT FAIR VALUE**

Financial derivatives comprise foreign exchange spot contracts and foreign exchange forward contracts due for settlement within 1 month (2019: 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 2020**

	<b>Contract or underlying principal amount</b>	<b>Fair value</b>	
	<b>\$</b>	<b>Asset</b>	<b>Liability</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Foreign exchange forward contracts	28,083,966	<u>70,486</u>	<u>64,278</u>

**5. FINANCIAL DERIVATIVES AT FAIR VALUE (continued)**
**As at 31 December 2019**

	<b>Contract or underlying principal amount \$</b>	<b>Fair value Asset \$</b>	<b>Liability \$</b>
Foreign exchange forward contracts	47,219,279	48,816	36,012
Foreign exchange spot contracts	26,893	-	97
		<u>48,816</u>	<u>36,109</u>

**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**

	<b>2020 \$</b>	<b>2019 \$</b>
Amount payable for cancellation of units	85,317	299,695
Amount due to the Manager	343,221	331,554
Amount due to the Trustee	11,645	11,249
Amount due to the Custodian	-	593
Amount due to the Registrar	4,017	4,024
Other payables	40,759	56,041
	<u>484,959</u>	<u>703,156</u>

**8. UNITS IN ISSUE**

	<b>2020 Units</b>	<b>2019 Units</b>
<b>SGD Class</b>		
Units at beginning of the year	31,283,126	38,190,977
Units created	6,921,925	5,219,931
Units cancelled	(10,828,515)	(12,127,782)
Units at end of the year	<u>27,376,536</u>	<u>31,283,126</u>

# 8. UNITS IN ISSUE (continued)

	2020 \$	2019 \$
Net assets attributable to unitholders	38,205,938	37,049,151
Net asset value per unit	1.395	1.184
	2020 Units	2019 Units
<b>SGD-Hedged Class</b>		
Units at beginning of the year	24,257,733	14,886,464
Units created	3,966,654	28,864,264
Units cancelled	(18,341,366)	(19,492,995)
Units at end of the year	9,883,021	24,257,733
	2020 \$	2019 \$
Net assets attributable to unitholders	19,471,791	41,895,694
Net asset value per unit	1.970	1.727
	2020 Units	2019 Units
<b>USD Class</b>		
Units at beginning of the year	650,502	806,142
Units created	104,734	160,876
Units cancelled	(464,902)	(316,516)
Units at end of the year	290,334	650,502
	2020 US\$	2019 US\$
Net assets attributable to unitholders	306,644	572,977
Net assets attributable to unitholders (SGD equivalent)	405,276	770,454
Net asset value per unit	1.056	0.880
Net asset value per unit (SGD equivalent)	1.395	1.184
	2020 Units	2019 Units
<b>USD-Hedged Class</b>		
Units at beginning of the year	2,482,307	307,934
Units created	51,903	2,331,994
Units cancelled	(224,509)	(157,621)
Units at end of the year	2,309,701	2,482,307



# 8. UNITS IN ISSUE (continued)

	2020 US\$	2019 US\$
Net assets attributable to unitholders	4,353,349	4,088,837
Net assets attributable to unitholders (SGD equivalent)	5,753,604	5,498,055
Net asset value per unit	1.884	1.647
Net asset value per unit (SGD equivalent)	2.491	2.214

	2020 Units	2019 Units
<b>JPY Class</b>		
Units at beginning of the year	92,901,174	77,195,108
Units created	1,033,480	15,728,377
Units cancelled	(83,510)	(22,311)
Units at end of the year	93,851,144	92,901,174

	2020 JPY	2019 JPY
Net assets attributable to unitholders	17,837,549,061	15,503,362,755
Net assets attributable to unitholders (SGD equivalent)	228,340,299	191,825,117
Net asset value per unit	190	167
Net asset value per unit (SGD equivalent)	2.433	2.064

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		SGD-Hedged Class	
	2020 \$	2019 \$	2020 \$	2019 \$
Net assets attributable to unitholders per unit per the financial statements	1.395	1.184	1.970	1.727
Effect of movement in the net asset value between the last dealing date and the end of the reporting period	0.001	*	0.001	*
Net assets attributable to unitholders per unit for issuing/redeeming units	1.396	1.184	1.971	1.727

\* denotes amount less than \$0.001

## 8. UNITS IN ISSUE (continued)

	USD Class		USD-Hedged Class	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Net assets attributable to unitholders per unit per the financial statements	1.056	0.880	1.884	1.647
Effect of movement in the net asset value between the last dealing date and the end of the reporting period	*	(0.002)	*	(0.005)
Net assets attributable to unitholders per unit for issuing/redeeming units	1.056	0.878	1.884	1.642

  

	JPY Class	
	2020 JPY	2019 JPY
Net assets attributable to unitholders per unit per the financial statements	190	167
Effect of movement in the net asset value between the last dealing date and the end of the reporting period	*	*
Net assets attributable to unitholders per unit for issuing/redeeming units	190	167

## 9. FINANCIAL RISK MANAGEMENT

The Sub-Fund's activities expose it to a variety of market risk (including price risk, interest rate risk and currency 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 US\$0.001/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.

COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Sub-Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

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 2020, the Sub-Fund's beta was 0.99 (2019: 1.00) which was calculated based on the daily returns over the preceding 12 months for the Sub-Fund and its benchmark (2019: based on the daily returns over the preceding 12 months for the Sub-Fund and its benchmark).

## 9. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (i) Price risk (continued)

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 2020 and 2019. 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.

Sub-Fund	Benchmark	Impact of 5% (2019: 5%) movement in benchmark on net assets attributable to the unitholders	
		2020	2019
		\$	\$
LionGlobal Japan Growth Fund	TOPIX Total Return	13,949,427	13,290,602

#### (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 though 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.

## 9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

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.

As at 31 December 2020	JPY \$	USD \$	SGD \$	Total \$
<b>Assets</b>				
Portfolio of investments	281,806,606	-	-	281,806,606
Receivables	97,413	3,118	140,568	241,099
Cash and bank balances	10,106,468	41,434	460,052	10,607,954
<b>Total assets</b>	<u>292,010,487</u>	<u>44,552</u>	<u>600,620</u>	<u>292,655,659</u>

### Liabilities

Payables	-	20,936	464,023	484,959
<b>Total liabilities</b>	<u>-</u>	<u>20,936</u>	<u>464,023</u>	<u>484,959</u>

**Net financial assets** 292,010,487 23,616 136,597

**Currency forwards** (25,363,494) 5,779,587 19,583,907

**Net currency exposure** 266,646,993 5,803,203 19,720,504

As at 31 December 2019	JPY \$	USD \$	SGD \$	Total \$
<b>Assets</b>				
Portfolio of investments	265,812,047	-	-	265,812,047
Receivables	96,595	7,023	105,045	208,663
Cash and bank balances	11,242,849	17,438	447,923	11,708,210
<b>Total assets</b>	<u>277,151,491</u>	<u>24,461</u>	<u>552,968</u>	<u>277,728,920</u>

### Liabilities

Payables	-	30,199	672,957	703,156
<b>Total liabilities</b>	<u>-</u>	<u>30,199</u>	<u>672,957</u>	<u>703,156</u>

**Net financial assets/  
(liabilities)** 277,151,491 (5,738) (119,989)

**Currency forwards and  
spots** (47,219,279) 5,486,172 41,733,107

**Net currency exposure** 229,932,212 5,480,434 41,613,118

## 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 above 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 2020 and 2019, the Sub-Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities are 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
	2020	2020	2019	2019
	%	\$	%	\$
<b>LionGlobal Japan Growth Fund Currency</b>				
- JPY	5	(757,981)	5	(1,793,992)

## 9. FINANCIAL RISK MANAGEMENT (continued)

### (b) Liquidity risk

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

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

<b>As at 31 December 2020</b>	<b>Less than 3 months \$</b>	<b>3 months- 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Derivative financial instruments				
- inflows	(7,139,823)	-	-	-
- outflows	7,204,101	-	-	-
Payables	484,959	-	-	-

<b>As at 31 December 2019</b>	<b>Less than 3 months \$</b>	<b>3 months- 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Derivative financial instruments				
- inflows	(5,486,172)	-	-	-
- outflows	5,522,281	-	-	-
Payables	703,156	-	-	-

**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 is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The 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 2020 and 2019.

#### As at 31 December 2020

##### **Custodian**

Citibank N.A., Citigroup® Global Transaction  
Services, Securities & Fund Services

**Credit  
rating ##**

A+

**Source of  
credit rating**

S&P

##### **Bank**

Citibank N.A.

A+

S&P

The Bank of New York Mellon

A

S&P

The Hongkong and Shanghai Banking  
Corporation Limited

AA-

S&P

#### As at 31 December 2019

##### **Custodian**

Citibank N.A., Citigroup® Global Transaction  
Services, Securities & Fund Services

**Credit  
rating ##**

A+

**Source of  
credit rating**

S&P

##### **Bank**

Citibank N.A.

A+

S&P

The Bank of New York Mellon

AA-

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 strives 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 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 tables analyse within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2020 and 2019:

<b>As at 31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Portfolio of investments				
- Quoted equities	281,806,606	-	-	281,806,606
Financial derivatives at fair value	-	70,486	-	70,486
	281,806,606	70,486	-	281,877,092
<b>Liabilities</b>				
Financial derivatives at fair value	-	64,278	-	64,278
	-	64,278	-	64,278

## 9. FINANCIAL RISK MANAGEMENT (continued)

### (e) Fair value estimation (continued)

As at 31 December 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Portfolio of investments				
- Quoted equities	265,812,047	-	-	265,812,047
Financial derivatives at fair value	-	48,816	-	48,816
	265,812,047	48,816	-	265,860,863
<b>Liabilities</b>				
Financial derivatives at fair value	-	36,109	-	36,109
	-	36,109	-	36,109

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.

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 2020 and 2019 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 2020 and 2019.

**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:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Interest expenses incurred with a bank which is a related company of the Trustee	4,248	9,956
Transaction fees charged by a related company of the Trustee	4,173	4,910
Custodian fees charged by a related company of the Trustee	43,768	39,876
Bank service fees charged by a bank which is a related company of the Trustee	137	147

**11. FINANCIAL RATIOS**

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Expense ratio <sup>1</sup>	1.55	1.58
Portfolio turnover ratio <sup>2</sup>	26	48

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratio at 31 December 2020 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 value of the Sub-Fund for the financial year ended 31 December 2020 and 2019.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total operating expenses	3,960,101	3,878,254
Average net asset value	255,727,799	246,200,850

<sup>2</sup> The portfolio turnover ratio is 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 average daily net asset value as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total value of purchases/sales of the underlying investments	65,358,248	117,758,843
Average daily net asset value	255,727,799	246,200,850

**12. SUBSEQUENT EVENT**

Effective 1 January 2021, the new Trustee appointed for the Sub-Fund is HSBC Institutional Trust Services (Singapore) Limited.

## **DISCLAIMER**

This publication is for information only. It is not a recommendation, offer or solicitation for the purchase or sale of any securities or investments and does not have regard to your specific investment objectives, financial situation, tax position or needs. Applications for units in our funds must be made on forms accompanying the prospectus. You should read the prospectus and Product Highlights Sheet which is available and may be obtained from Lion Global Investors Limited ("LGI") or any of its distributors, consider if a fund is suitable for you and seek such advice from a financial adviser if necessary, before deciding whether to invest in the fund. Investments in our funds are not obligations of, deposits in, guaranteed or insured by LGI or any of its affiliates and are subject to investment risks including the possible loss of the principal amount invested. The performance of a fund is not guaranteed and the value of units in a fund and the income accruing to the units, if any, may rise or fall. Past performance, as well as any predictions, projections, or forecasts are not necessarily indicative of the future or likely performance of a fund. Dividend distributions, which may be either out of income and/or capital, are not guaranteed and subject to LGI's discretion. Any such dividend distributions will reduce the available capital for reinvestment and may result in an immediate decrease in the net asset value of the fund. Any information (which includes opinions and estimates) is subject to change or correction at any time without notice and is not to be relied on as advice. You are advised to conduct your own independent assessment and investigation of the relevance, accuracy, adequacy and reliability of any information contained herein and no warranty is given and no liability is accepted for any loss arising directly or indirectly as a result of you acting on such information. The fund may, where permitted by the prospectus, invest in financial derivative instruments for hedging purposes or for the purpose of efficient portfolio management. LGI, its related companies, their directors and/or employees may hold units of a fund and be engaged in purchasing or selling units of a fund for themselves or their clients. Lion Global Investors® Limited (UEN/ Registration No. 198601745D) is a Singapore incorporated company, and is not related to any asset or fund management entity that is domiciled in Europe or the United States.

This publication may be translated into the Chinese language. In the event of any ambiguity, discrepancy or omission between the English and Chinese versions, the English version shall apply and prevail. In the event of any ambiguity, discrepancy or omission between this publication and the prospectus, the contents of the prospectus shall apply and prevail.



**Lion Global Investors Ltd**

65 Chulia Street #18-01

OCBC Centre, Singapore 049513

For more information, visit: [lionglobalinvestors.com](http://lionglobalinvestors.com) or email: [ContactUs@lionglobalinvestors.com](mailto:ContactUs@lionglobalinvestors.com)

Co Reg No:198601745D