

For the financial year ended 31 December 2021

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

Lion Global Investors Ltd

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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 Gerard Lee How Cheng (Chief Executive Officer)
Mr Tan Siew Peng
Mr Ronnie Tan Yew Chye
Ms Chong Chuan Neo
Mr Leslie Teo Eng Sipp

Trustee/ Registrar

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

Custodian

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

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 2021

LIONGLOBAL JAPAN GROWTH FUND

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2021 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	Benchmark* Returns
	LionGlobal Japan Growth Fund (SGD Class)	(%)
3 months	-4.2	-5.4
6 months	1.8	-0.1
1 year	2.9	2.8
3 years**	13.1	10.1
5 years**	8.7	6.4
10 years**	9.7	8.3
Since Inception** (3 December 1999)	1.9	-0.3

Time Period	Fund Returns (%)	Benchmark* Returns
	LionGlobal Japan Growth Fund (SGD-Hedged Class)	(%)
3 months	-0.7	-1.7
6 months	5.0	3.4
1 year	12.4	12.4
3 years**	15.8	12.9
5 years**	10.6	8.4
Since Inception** (25 March 2014)	10.8	9.9

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.

LIONGLOBAL INVESTMENT FUNDS II

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2021 in USD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal Japan Growth Fund (USD Class)	Benchmark* Returns (%)
3 months	-3.8	-4.8
6 months	1.2	-0.4
1 year	0.7	0.8
3 years**	13.5	10.5
5 years**	10.1	7.9
10 years**	9.3	7.9
Since Inception** (25 June 2004)	5.5	3.6

Time Period	Fund Returns (%) LionGlobal Japan Growth Fund (USD-Hedged Class)	Benchmark## Returns (%)
3 months	-0.3	-1.6
6 months	5.5	3.4
1 year	12.9	12.3
3 years**	16.8	13.5
5 years**	10.6	9.0
Since Inception ** (16 May 2014)	10.4	10.2

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.

LIONGLOBAL INVESTMENT FUNDS II

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2021 in JPY terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal Japan Growth Fund (JPY Class)	Benchmark* Returns (%)
3 months	-0.9	-1.7
6 months	4.9	3.4
1 year	12.1	12.4
3 years**	15.0	12.3
5 years**	9.6	7.6
Since Inception ** (16 May 2014)	10.4	9.4

Source: Morningstar/Lion Global Investors Ltd.

* Benchmark:

Nikkei 225: Inception – 30 June 2002

Tokyo Stock Price Index: From 1 July 2002

Tokyo Stock Price Index Total Return: From 1 March 2014

Tokyo Stock Price Index SGD Hedged

Tokyo Stock Price Index USD Hedged

** 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 2021, the Fund returned 2.9%, while the benchmark TOPIX Total Return Index returned 2.8%, in SGD terms.

The Japanese market had a strong start to the year, fueled by the prospect of a strong global economic recovery as major countries started their vaccination drive while the new Biden administration provided promise of further fiscal stimulus in the US. However, the rally was stalled by the rise in COVID-19 cases in Japan from April 2021 and the market suffered a further sell-off in mid-May 2021 due to an index weight reshuffle by a major index provider that saw Japan's weight decline in the global index. Thereafter, the market lacked direction with COVID-19 infection cases ebbing and spiking, but rallied sharply in early September 2021 when Prime Minister Suga unexpectedly announced he would not run in Liberal Democratic Party's (LDP) leadership race. However, the rally did not last despite Fumio Kishida becoming the new Prime Minister after leading the LDP to a strong win in the Lower House elections in end-October 2021.

On the external front, faster tapering of bond purchases by the US Federal Reserve, the slowing Chinese economy, an on-going global semiconductor shortage, rising raw materials and global logistic disruptions tempered market expectations. The new COVID-19 Omicron variant discovered in late-November 2021 also pushed back the re-opening plans of many countries.

For the period under review, there was positive contribution across multiple sectors like shipping, land transportation and technology hardware, with stock selection the main driver of positive contribution.

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 current pace of US monetary tightening looks to be within a much more compressed time frame as compared to previous cycles of monetary tightening. This is partly due to the very low interest rates and much higher inflation at present compared to previous cycles. This leads to a difficult backdrop for the equities market. A strong global economy that can drive strong earnings growth is needed to fuel investors' appetite for equities.

At the moment, the global economy is relatively robust with the exception of China whose economy is slowing from a combination of tighter regulations and a real estate slowdown. But recent actions by the Chinese authorities appear to indicate a more accommodative attitude to reinvigorate growth. On the other hand, the latest COVID-19 Omicron variant is pushing back re-opening efforts by many countries with its high infectiousness despite lower severity. However, based on current data, it is likely that this infection cycle may peak earlier than for previous strains and re-openings can resume shortly.

In Japan, the Omicron variant was kept at bay in 2021 but has since spiked in early 2022. This led to Japan re-imposing social distancing measures and is likely to delay government plans to stimulate its economy through programs like the "Go To" travel campaigns. As such, Japan will likely need to rely on the export sector early in the year before the domestic economy recovers later on.

On the corporate front, recent earnings have been mixed due to supply chain constraints and raw material price hikes. However, we believe supply chain issues will gradually be resolved through the year and earnings will show reasonable strength.

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 and digitalization as a "new normal" for people at work and social interaction has emerged post the pandemic, besides the structural trends of wage inflation and productivity needs. The trend towards sustainability has also taken on greater prominence, with increasing awareness towards the need to sustain the earth's resources and living environment, and leading to tighter regulations on carbon emissions. We believe companies that can embrace this trend and deliver solutions will have a strong future, for example, in the electric car domain.

As of 3 February 2022.

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 2021***LIONGLOBAL JAPAN GROWTH FUND****1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2021**

	Fair Value \$	Percentage of total net assets attributable to unitholders %
a) <i>By Asset Class</i>		
Equities	299,040,983	97.2
Financial derivatives	455,229	0.2
Cash and other net assets	8,068,708	2.6
Net assets attributable to unitholders	307,564,920	100.0
b) <i>By Credit Rating of Debt Securities</i>		
Not applicable		
c) <i>By Derivative Type</i>		
Foreign exchange forward contracts	456,341	0.2
Foreign exchange spot contracts	(1,112)	*
	455,229	0.2

Total net realised and unrealised gains from financial derivatives at the end of the year were \$2,076,997 and \$455,229 respectively.

* denotes amount less than 0.1%

¹ As required by Code on Collective Investment Schemes

2. TOP 10 HOLDINGS

As at 31 December 2021

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
Sony Group Corporation	12,438,557	4.0
Keyence Corporation	9,223,591	3.0
Denso Corporation	7,195,524	2.3
Recruit Holdings Company Limited	6,660,440	2.2
Tokyo Electron Limited	6,595,638	2.1
Shin-Etsu Chemical Company Limited	5,806,896	1.9
Daiichi Sankyo Company Limited	5,499,545	1.8
Hitachi Limited	5,448,338	1.8
Mizuho Financial Group Inc.	5,345,563	1.7
Orix Corporation	5,304,180	1.7

As at 31 December 2020

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
Sony Group 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

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 REPURCHASE 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 financial 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 2021

The Trustee is under a duty to take into custody and hold the assets of the sub-fund of LionGlobal Investment Funds II (the “Fund”), namely LionGlobal Japan Growth Fund (the “Sub-Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act 2001, 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 14 to 46, 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

28 March 2022

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2021

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 14 to 46, 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 Funds II (the "Fund"), namely LionGlobal Japan Growth Fund (the "Sub-Fund") as at 31 December 2021, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" 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

28 March 2022

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 (the "Fund"), 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 Investment Funds" 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 2021, and 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 2021;
- the Statement of Financial Position as at 31 December 2021;
- the Statement of Movement of Unitholders' Funds for the financial year ended 31 December 2021;
- the Statement of Portfolio as at 31 December 2021; 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 Investment Funds" 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, 28 March 2022

STATEMENT OF TOTAL RETURN
For the financial year ended 31 December 2021

	Note	2021 \$	2020 \$
Income			
Dividends		5,420,930	5,067,100
Interest on cash and bank balances		-	770
		5,420,930	5,067,870
Less: Expenses			
Audit fee		24,750	24,750
Custodian fees	10	3,594	43,768
Management fee	10	4,249,409	3,587,502
Professional fees		23,956	32,620
Registration fee	10	17,535	22,255
Trustee fee	10	-	121,719
Transaction costs		371,420	338,618
Valuation and administration fees	10	60,706	51,250
Miscellaneous expenses		66,286	80,485
		4,817,656	4,302,967
Net income		603,274	764,903
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		8,991,363	44,221,949
Net gains/(losses) on foreign exchange spot contracts		563	(108,585)
Net gains/(losses) on foreign exchange forward contracts		2,531,663	(1,042,608)
Net foreign exchange (losses)/gains		(919,017)	385,181
		10,604,572	43,455,937
Total return for the financial year before income tax		11,207,846	44,220,840
Less: Income tax	3	(828,497)	(760,160)
Total return for the financial year		10,379,349	43,460,680

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

STATEMENT OF FINANCIAL POSITION*As at 31 December 2021*

	Note	2021 \$	2020 \$
ASSETS			
Portfolio of investments		299,040,983	281,806,606
Receivables	4	483,467	241,099
Financial derivatives at fair value	5	456,655	70,486
Cash and cash equivalents	6	8,031,440	10,607,954
Total assets		<u>308,012,545</u>	<u>292,726,145</u>
LIABILITIES			
Payables	7	446,199	484,959
Financial derivatives at fair value	5	1,426	64,278
Total liabilities		<u>447,625</u>	<u>549,237</u>
EQUITY			
Net assets attributable to unitholders	8	<u>307,564,920</u>	<u>292,176,908</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 2021*

	Note	2021 \$	2020 \$
Net assets attributable to unitholders at the beginning of the financial year		292,176,908	277,038,471
Operations			
Change in net assets attributable to unitholders resulting from operations		10,379,349	43,460,680
Unitholders' contributions/(withdrawals)			
Creation of units		28,546,487	17,106,204
Cancellation of units		(23,537,824)	(45,428,447)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		5,008,663	(28,322,243)
Total increase in net assets attributable to unitholders		15,388,012	15,138,437
Net assets attributable to unitholders at the end of the financial year	8	307,564,920	292,176,908

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

STATEMENT OF PORTFOLIO

As at 31 December 2021

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry (Primary)			
QUOTED EQUITIES			
INDUSTRIAL			
Recruit Holdings Company Limited	81,600	6,660,440	2.2
Fuji Electric Company Limited	70,100	5,153,865	1.7
Daikin Industries Limited	16,700	5,100,890	1.6
SMC Corporation Japan	4,700	4,269,323	1.4
Marubeni Corporation	324,200	4,249,056	1.4
Nippon Yusen Kabushiki Kaisha	41,400	4,245,803	1.4
Nidec Corporation	23,400	3,703,803	1.2
Mitsubishi Corporation	86,300	3,689,750	1.2
FANUC Corporation	11,300	3,225,281	1.0
ITOCHU Corporation	65,000	2,677,100	0.9
Minebea Mitsumi Inc.	58,100	2,220,827	0.7
Sanwa Holdings Corporation	146,600	2,105,881	0.7
Mitsui & Company Limited	62,300	1,986,419	0.7
Mitsubishi Electric Corporation	110,000	1,878,255	0.6
Sankyu Inc.	33,300	1,859,593	0.6
East Japan Railway Company	22,100	1,830,001	0.6
Kubota Corporation	59,800	1,787,691	0.6
Daifuku Company Limited	15,800	1,738,763	0.6
Misumi Group Inc.	30,900	1,707,481	0.6
Komatsu Limited	50,600	1,595,596	0.5
Keisei Electric Railway Company Limited	38,300	1,394,487	0.5
Japan Steel Works Limited	29,800	1,346,663	0.4
Central Japan Railway Company	6,100	1,095,852	0.4
Tokyu Corporation	57,100	1,021,445	0.3
Taisei Corporation	23,700	969,730	0.3
Nihon M&A Center Holdings Inc.	26,400	871,891	0.3
West Japan Railway Company	14,600	822,154	0.3

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
INDUSTRIAL (continued)			
Yamato Holdings Company Limited	25,300	800,612	0.3
SECOM Company Limited	8,500	794,701	0.2
Nippon Express Company Limited	9,800	792,792	0.2
IHI Corporation	27,400	742,924	0.2
Kajima Corporation	46,700	722,229	0.2
Persol Holdings Company Limited	18,400	719,482	0.2
Comsys Holdings Corporation	22,400	671,603	0.2
SG Holdings Company Limited	19,700	621,095	0.2
Harmonic Drive Systems Inc.	9,000	512,076	0.2
Seino Holdings Company Limited	17,000	231,862	0.1
NGK Insulators Limited	7,000	159,312	0.1
		75,976,728	24.8
TECHNOLOGY			
Keyence Corporation	10,900	9,223,591	3.0
Tokyo Electron Limited	8,500	6,595,638	2.1
Hitachi Limited	74,700	5,448,338	1.8
Murata Manufacturing Company Limited	34,700	3,719,958	1.2
Renesas Electronics Corporation	182,800	3,045,345	1.0
ROHM Company Limited	21,600	2,647,621	0.9
Ibiden Company Limited	32,500	2,602,525	0.8
Fuji Film Holdings Corporation	23,100	2,305,752	0.8
Fujitsu Limited	9,900	2,286,745	0.7
Disco Corporation	5,100	2,098,703	0.7
Taiyo Yuden Company Limited	25,100	1,945,302	0.6
OMRON Corporation	12,700	1,703,899	0.6
Ulvac Inc.	18,500	1,559,407	0.5
Advantest Corporation	12,100	1,544,071	0.5
Yaskawa Electric Corporation	22,100	1,459,240	0.5
KOA Corporation	71,400	1,348,304	0.4

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
TECHNOLOGY (continued)			
Nihon Unisys Limited	34,300	1,297,036	0.4
Ricoh Company Limited	102,900	1,290,209	0.4
OBIC Business Consultants Company Limited	18,900	1,073,146	0.4
NTT Data Corporation	37,100	1,071,081	0.4
SCSK Corporation	36,300	972,765	0.3
Itochu Techno-Solutions Corporation	21,800	944,308	0.3
NEC Corporation	14,600	907,617	0.3
Net One Systems Company Limited	24,300	881,908	0.3
TDK Corporation	14,500	762,201	0.2
Iriso Electronics Company Limited	11,400	578,561	0.2
		59,313,271	19.3
CONSUMER, CYCLICAL			
Sony Group Corporation	73,400	12,438,557	4.0
Denso Corporation	64,500	7,195,524	2.3
Oriental Land Company Limited	21,300	4,836,428	1.6
Toyota Industries Corporation	30,100	3,238,451	1.0
Suzuki Motor Corporation	51,000	2,644,425	0.8
Bridgestone Corporation	36,100	2,091,607	0.7
Subaru Corporation	73,500	1,770,015	0.6
Fast Retailing Company Limited	2,100	1,605,663	0.5
Koito Manufacturing Company Limited	21,200	1,511,501	0.5
Marui Group Company Limited	55,800	1,414,319	0.5
Nitori Holdings Company Limited	6,500	1,310,774	0.4
Toyota Boshoku Corporation	49,100	1,296,809	0.4
Sekisui House Limited	44,200	1,277,611	0.4
IIDA Group Holdings Company Limited	35,200	1,102,768	0.4
Isuzu Motors Limited	65,300	1,093,977	0.4
Ryohin Keikaku Company Limited	51,900	1,065,743	0.3

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
CONSUMER, CYCLICAL (continued)			
Panasonic Corporation	62,600	927,087	0.3
Rakuten Group Inc.	63,800	861,950	0.3
Bandai Namco Holdings Inc.	7,800	821,302	0.3
Pan Pacific International Holdings Corporation	43,500	808,205	0.3
Yamaha Corporation	11,500	763,372	0.2
Open House Group Company Limited	8,300	584,965	0.2
Stanley Electric Company Limited	17,000	572,989	0.2
ZOZO Inc.	11,900	500,146	0.2
Nifco Inc.	11,600	490,253	0.2
Mercari Inc.	3,100	212,674	0.1
Musashi Seimitsu Industry Company Limited	6,000	134,517	*
		52,571,632	17.1
CONSUMER, NON-CYCLICAL			
Daiichi Sankyo Company Limited	160,600	5,499,545	1.8
Olympus Corporation	168,100	5,214,192	1.7
Hoya Corporation	22,600	4,527,035	1.5
Seven & I Holdings Limited	63,500	3,758,687	1.2
Astellas Pharma Inc.	154,200	3,376,739	1.1
Terumo Corporation	58,500	3,328,492	1.1
Asahi Group Holdings Limited	51,000	2,671,293	0.9
M3 Inc.	31,900	2,163,464	0.7
Toyo Suisan Kaisha Limited	33,400	1,906,235	0.6
Asahi Intecc Company Limited	63,900	1,848,541	0.6
Kao Corporation	23,300	1,641,858	0.5
Chugai Pharmaceutical Company Limited	37,500	1,639,749	0.5

* denotes amount less than 0.1%

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
CONSUMER, NON-CYCLICAL (continued)			
Shiseido Company Limited	19,200	1,441,735	0.5
Sysmex Corporation	7,600	1,383,564	0.5
Nichirei Corporation	40,800	1,271,999	0.4
Nippon Shinyaku Company Limited	13,300	1,247,210	0.4
Unicharm Corporation	18,100	1,059,295	0.3
FANCL Corporation	22,900	919,570	0.3
Amvis Holdings Inc.	13,800	854,654	0.3
Shionogi & Company Limited	8,200	779,996	0.2
EISAI Company Limited	10,100	772,247	0.2
Kirin Holdings Company Limited	30,600	661,674	0.2
PeptiDream Inc.	10,500	312,847	0.1
Meiji Holdings Company Limited	3,300	265,029	0.1
		48,545,650	15.7
FINANCIAL			
Mizuho Financial Group Inc.	312,100	5,345,563	1.7
Orix Corporation	193,000	5,304,180	1.7
Dai-Ichi Life Holdings Inc.	97,300	2,649,016	0.9
Chiba Bank Limited	305,000	2,353,102	0.8
Sompo Holdings Inc.	35,200	2,002,373	0.7
Tokio Marine Holdings Inc.	25,500	1,908,237	0.6
T&D Holdings Inc.	103,200	1,778,455	0.6
Sumitomo Mitsui Trust Holdings Inc.	37,400	1,682,664	0.5
Fukuoka Financial Group Inc.	53,100	1,225,283	0.4
Nomura Holdings Inc.	172,400	1,012,597	0.3
Daiwa Securities Group Inc.	67,600	513,388	0.2
		25,774,858	8.4

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

LIONGLOBAL INVESTMENT FUNDS II

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
BASIC MATERIALS			
Shin-Etsu Chemical Company Limited	24,900	5,806,896	1.9
Sumitomo Bakelite Company Limited	37,300	2,545,850	0.8
Mitsubishi Chemical Holdings Corporation	154,800	1,544,066	0.5
Nippon Steel & Sumitomo Metal Corporation	69,200	1,521,853	0.5
Mitsubishi Gas Chemical Company Inc.	58,800	1,340,978	0.4
Denka Company Limited	29,700	1,307,373	0.4
Toray Industries Inc.	155,500	1,241,203	0.4
Zeon Corporation	76,300	1,185,362	0.4
Tokyo Ohka Kogyo Company Limited	14,400	1,146,375	0.4
Asahi Kasei Corporation	70,700	894,747	0.3
Tokyo Steel Manufacturing Company Limited	40,700	656,121	0.2
Mitsui Chemicals Inc.	17,300	625,835	0.2
JSR Corporation	6,700	343,169	0.1
		20,159,828	6.5
REAL ESTATE			
Mitsui Fudosan Company Limited	85,500	2,280,712	0.7
Mitsubishi Estate Company Limited	81,600	1,523,246	0.5
Daiwa House Industry Company Limited	35,000	1,355,467	0.4
Nomura Real Estate Holdings	25,100	777,827	0.2
Sumitomo Realty & Development Company Limited	16,900	669,336	0.2
Ichigo Office REIT Investment Corporation	330	320,276	0.1
Kenedix Retail REIT Corporation	55	182,223	0.1
		7,109,087	2.2

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

	Holdings at 31 December 2021	Fair value at 31 December 2021 \$	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
COMMUNICATIONS			
Nintendo Company Limited	5,700	3,580,139	1.2
Z Holdings Corporation	156,700	1,224,364	0.4
Dentsu Inc.	18,500	887,996	0.3
Nexon Company Limited	16,200	421,799	0.1
Cyberagent Inc.	9,000	201,669	0.1
		6,315,967	2.1
ENERGY			
Eneos Holdings Inc.	390,500	1,967,197	0.7
Inpex Corporation	54,800	642,841	0.2
		2,610,038	0.9
UTILITIES			
Kansai Electric Power Company Inc.	26,500	333,201	0.1
Tokyo Gas Company Limited	13,700	330,723	0.1
		663,924	0.2
Portfolio of investments		299,040,983	97.2
Other net assets		8,523,937	2.8
Net assets attributable to unitholders		307,564,920	100.0

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

	Percentage of total net assets attributable to unitholders at	
	31 December 2021 %	31 December 2020 %
By Industry (Summary)		
Industrial	24.8	22.8
Technology	19.3	18.0
Consumer, Cyclical	17.1	14.8
Consumer, Non-cyclical	15.7	19.9
Financial	8.4	8.1
Basic Materials	6.5	6.3
Real Estate	2.2	3.4
Communications	2.1	2.2
Energy	0.9	0.6
Utilities	0.2	0.4
	<hr/>	<hr/>
Portfolio of investments	97.2	96.5
Other net assets	2.8	3.5
	<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 2021 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2021 %	31 December 2020 %
By Geography (Secondary)			
Japan	299,040,983	97.2	96.5
Portfolio of investments	299,040,983	97.2	96.5
Other net assets	8,523,937	2.8	3.5
Net assets attributable to unitholders	307,564,920	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 2021

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 Trust Deed is governed by the laws of the Republic of Singapore.

With effect from 1 January 2021, Citicorp Trustee (Singapore) Limited retired as the trustee of the Fund and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”) was appointed in place of Citicorp Trustee (Singapore) Limited, in accordance with a Supplemental Deed of Appointment and Retirement of Trustee dated 4 November 2020.

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 Investment Funds” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants in July 2020 for the financial year beginning on or after 1 July 2020.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Sub-Fund and had no material effect of the amounts reported for the current or prior years.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)(d) Investments (continued)

(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.

(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 cash equivalents

Cash and cash equivalents 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)(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 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.

(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 13U* of the Income Tax Act 1947 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 Singapore Attorney General issued the Revised Edition of Acts 2020 effective 31 December 2021 which streamlined and renumbered various Acts, including for the Income Tax Act. The ETF Scheme previously provided under Section 13X of the Income Tax Act is now provided under Section 13U of the Income Tax Act 1947.

	2021	2020
	\$	\$
Overseas income tax	<u>828,497</u>	<u>760,160</u>

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

4. RECEIVABLES

	2021	2020
	\$	\$
Amount receivable for creation of units	16,804	74,578
Dividends receivable	160,726	97,029
Other receivables	305,937	69,492
	<u>483,467</u>	<u>241,099</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 (2020: 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 2021

	Contract or underlying principal amount	Fair value	
		Asset	Liability
	\$	\$	\$
Foreign exchange forward contracts	30,215,694	456,617	276
Foreign exchange spot contracts	97,685	38	1,150
		<u>456,655</u>	<u>1,426</u>

As at 31 December 2020

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

6. CASH AND CASH EQUIVALENTS

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

7. PAYABLES

	2021	2020
	\$	\$
Amount payable for cancellation of units	30,439	85,317
Amount due to the Manager	369,793	343,221
Amount due to the Trustee	5,269	11,645
Amount due to the Registrar	6,433	4,017
Other payables	34,265	40,759
	<u>446,199</u>	<u>484,959</u>

8. UNITS IN ISSUE

	2021	2020
	Units	Units
SGD Class		
Units at beginning of the financial year	27,376,536	31,283,126
Units created	7,274,566	6,921,925
Units cancelled	(6,704,173)	(10,828,515)
Units at end of the financial year	<u>27,946,929</u>	<u>27,376,536</u>
	\$	\$
Net assets attributable to unitholders	40,064,370	38,205,938
Net asset value per unit	<u>1.433</u>	<u>1.395</u>

	2021	2020
	Units	Units
SGD-Hedged Class		
Units at beginning of the financial year	9,883,021	24,257,733
Units created	6,908,284	3,966,654
Units cancelled	(6,247,154)	(18,341,366)
Units at end of the financial year	<u>10,544,151</u>	<u>9,883,021</u>
	\$	\$
Net assets attributable to unitholders	23,298,464	19,471,791
Net asset value per unit	<u>2.209</u>	<u>1.970</u>

8. UNITS IN ISSUE (continued)

	2021	2020
	Units	Units
USD Class		
Units at beginning of the financial year	290,334	650,502
Units created	132,113	104,734
Units cancelled	(71,689)	(464,902)
Units at end of the financial year	<u>350,758</u>	<u>290,334</u>
	US\$	US\$
Net assets attributable to unitholders	373,058	306,644
Net assets attributable to unitholders (SGD equivalent)	502,938	405,276
Net asset value per unit	1.063	1.056
Net asset value per unit (SGD equivalent)	<u>1.433</u>	<u>1.395</u>
	2021	2020
	Units	Units
USD-Hedged Class		
Units at beginning of the financial year	2,309,701	2,482,307
Units created	105,588	51,903
Units cancelled	(104,859)	(224,509)
Units at end of the financial year	<u>2,310,430</u>	<u>2,309,701</u>
	US\$	US\$
Net assets attributable to unitholders	4,913,010	4,353,349
Net assets attributable to unitholders (SGD equivalent)	6,623,474	5,753,604
Net asset value per unit	2.126	1.884
Net asset value per unit (SGD equivalent)	<u>2.866</u>	<u>2.491</u>
	2021	2020
	Units	Units
JPY Class		
Units at beginning of the financial year	93,851,144	92,901,174
Units created	1,014,975	1,033,480
Units cancelled	(12,053)	(83,510)
Units at end of the financial year	<u>94,854,066</u>	<u>93,851,144</u>

8. UNITS IN ISSUE (continued)

	2021	2020
	JPY	JPY
JPY Class (continued)		
Net assets attributable to unitholders	20,250,307,450	17,837,549,061
Net assets attributable to unitholders (SGD equivalent)	237,075,674	228,340,299
Net asset value per unit	213	190
Net asset value per unit (SGD equivalent)	2.499	2.433

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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net assets attributable to unitholders per unit per the financial statements	1.433	1.395	2.209	1.970
Effect of movement in the net asset value between the last dealing date and the end of the reporting period	0.004	0.001	0.006	0.001
Net assets attributable to unitholders per unit for issuing/redeeming units	1.437	1.396	2.215	1.971

	USD Class		USD-Hedged Class	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Net assets attributable to unitholders per unit per the financial statements	1.063	1.056	2.126	1.884
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	1.063	1.056	2.126	1.884

* denotes amount less than \$0.001/US\$0.001/JPY1

8. UNITS IN ISSUE (continued)

	JPY Class	
	2021 JPY	2020 JPY
Net assets attributable to unitholders per unit per the financial statements	213	190
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	213	190

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.

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.

* denotes amount less than \$0.001/US\$0.001/JPY1

9. FINANCIAL RISK MANAGEMENT (continued)(a) Market risk (continued)

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 2021, the Sub-Fund's beta was 1.01 (2020: 0.99) which was calculated based on the daily returns over the preceding 12 months for the Sub-Fund and its benchmark (2020: 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 2021 and 2020. 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% (2020: 5%) movement in benchmark on net assets attributable to the unitholders	
		2021	2020
		\$	\$
LionGlobal Japan Growth Fund	TOPIX Total Return	15,101,570	13,949,427

(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 the 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 2021	JPY	USD	SGD	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments	299,040,983	-	-	299,040,983
Receivables	162,364	9,143	311,960	483,467
Cash and cash equivalents	6,481,149	127,005	1,423,286	8,031,440
Total assets	305,684,496	136,148	1,735,246	307,555,890

Liabilities				
Payables	-	-	446,199	446,199
Total liabilities	-	-	446,199	446,199

Net financial assets 305,684,496 136,148 1,289,047

Currency forwards and spots (30,075,001) 6,633,905 23,441,096

Net currency exposure 275,609,495 6,770,053 24,730,143

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

Liabilities				
Payables	-	20,936	464,023	484,959
Total liabilities	-	20,936	464,023	484,959

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

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 2021 and 2020, 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
	2021	2021	2020	2020
	%	\$	%	\$
LionGlobal Japan Growth Fund				
Currency				
- JPY	5	(1,171,574)	5	(757,981)

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.

As at 31 December 2021	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Derivative financial instruments				
- inflows	(119,189)	-	-	-
- outflows	120,615	-	-	-
Payables	446,199	-	-	-

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

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.

For purposes of impairment assessment, the Sub-Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

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 2021 and 2020.

	Credit rating^{##}	Source of credit rating
As at 31 December 2021		

Custodian

The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
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Bank

The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
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	Credit rating^{##}	Source of credit rating
As at 31 December 2020		

Custodian

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

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 2021 and 2020:

As at 31 December 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments				
- Quoted equities	299,040,983	-	-	299,040,983
Financial derivatives at fair value	-	456,655	-	456,655
	<u>299,040,983</u>	<u>456,655</u>	<u>-</u>	<u>299,497,638</u>
Liabilities				
Financial derivatives at fair value	-	1,426	-	1,426
	<u>-</u>	<u>1,426</u>	<u>-</u>	<u>1,426</u>

9. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation (continued)

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

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 equivalents which are classified as Level 1, the Sub-Fund's assets and liabilities not measured at fair value at 31 December 2021 and 2020 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 2021 and 2020.

10. RELATED PARTY TRANSACTIONS

Management fee is 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. Effective 1 January 2021, there was a change of Trustee from Citicorp Trustee (Singapore) Limited to HSBC Institutional Trust Services (Singapore) Limited. The new trustee fee rate for the Sub-Fund will be up to 0.02%, subject to a yearly minimum of \$8,000 and is waived for financial year 2021.

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:

	2021	2020
	\$	\$
Interest expenses incurred with a bank which is a related company of the Trustee	3,533	4,248
Transaction fees charged by a related company of the Trustee	40	4,173
Valuation and administration fees charged by the Trustee	60,706	-
Registration fees charged by a related company of the Trustee	17,535	-
Cash transfer fees charged by a related company of the Trustee	16,742	-
Custodian fees charged by a related company of the Trustee	3,594	43,768
Bank service fees charged by a bank which is a related company of the Trustee	15,279	137

11. FINANCIAL RATIOS

	2021	2020
	%	%
Expense ratio ¹	1.46	1.55
Portfolio turnover ratio ²	<u>27</u>	<u>26</u>

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratio 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 2021 and 2020.

	2021	2020
	\$	\$
Total operating expenses	4,442,703	3,960,101
Average net asset value	<u>303,462,529</u>	<u>255,727,799</u>

² 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:

	2021	2020
	\$	\$
Lower of purchases/sales of the underlying investments	82,040,690	65,358,248
Average daily net asset value	<u>303,462,529</u>	<u>255,727,799</u>

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