

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Investment-Linked Funds

Report for the financial year ended 31 August 2016

Friends Provident International Limited, Singapore Branch

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**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

STATEMENT BY DIRECTORS

In our opinion, the financial statements of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") set out on page 5 to 12 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 31 August 2016 and the capital movements for the financial year ended 31 August 2016, in accordance with the stated accounting policies.

Director

Director

30 November 2016

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Investment-Linked Funds (as set out on page 4) of Friends Provident International Limited, Singapore Branch (the "Singapore Branch"), which comprise the Statement of Assets and Liabilities as at 31 August 2016, Capital and Income Account for the financial year ended 31 August 2016, and a summary of the significant accounting policies and other explanatory information, as set out on pages 5 to 12 (the "Statements").

Management's responsibility for the financial statements

Management is responsible for the preparation of the Statements in accordance with the stated accounting policies set out in page 11 and 12. This include determining that these accounting policies form an acceptable basis for the preparation of the Statements in the circumstances, and for such internal control as management determines as necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the Statements.

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

Opinion

In our opinion, the Statements are prepared, in all material respects, in accordance with the accounting policies as set out in page 11 and 12.

Basis of Accounting and Restriction of Distribution and Use

Without modifying our opinion, we draw attention to page 11 and 12 of the Statements, which describes the basis of accounting. The Statements are prepared to assist the Branch to comply with MAS Notice 307 Investment- Linked Life Insurance Policies. As a result, the Statements may not be suitable for another purpose.

Our report is intended solely for the use of the Singapore Branch and our duties are owed solely to the Singapore Branch. We do not accept responsibility and we expressly disclaim liability for loss occasioned to any third party acting or refraining from acting as a result of our report.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

INDEPENDENT AUDITOR'S REPORT (continued)

Other Matters

This report relates solely to the financial statements of the Investment-Linked Funds of the Singapore Branch and does not extend to the financial statements of the Singapore Branch taken as a whole.

Public Accountants and Chartered Accountants
Singapore

30 November 2016

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

LIST OF INVESTMENT-LINKED FUNDS

The Statements of Assets and Liabilities, Capital and Income Accounts and a summary of significant accounting policies and other explanatory notes of the following Investment-Linked Funds are covered in this report:

<u>Fund</u>	<u>Commencement Date</u>
Baring Korea Feeder (J46)	30 September 2010
BlackRock Asian Dragon (SGD HDG) (R165)	13 November 2014
BlackRock Asian Dragon (USD) (R164)	13 November 2014
BlackRock New Energy (R140)	29 August 2012
BlackRock US Flexible Equity (R130)	27 June 2012
BlackRock World Gold (R106)	24 August 2011
BlackRock World Gold (SGD HDG) (R122)	29 March 2012
BlackRock World Mining (R105)	24 August 2011
BlackRock World Mining (SGD HDG) (R121)	29 March 2012
M&G Global Leaders (R23)	01 September 2008

With the exception of BlackRock Asian Dragon (SGD HDG), BlackRock Asian Dragon (USD), BlackRock New Energy, BlackRock US Flexible Equity, BlackRock World Gold, BlackRock World Gold (SGD HDG), BlackRock World Mining, BlackRock World Mining (SGD HDG) (R165, R164, R140, R130, R106, R122, R105 and R121) which are segregated Investment-Linked Funds, the funds are invested as one part of the sub-fund of Friends Provident International Limited (the "Company"). These together represent the elements of the sub-funds that are dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds and sub-funds are, in turn, invested in the underlying funds.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 31 August 2016

	Baring Korea Feeder (J46)	BlackRock Asian Dragon (SGD HDG) (R165)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2015 to 31 August 2016		
Value of Fund as at 1 September 2015	104,953	9,073
Amounts received by the Fund for creation of units	22,121	1,112,452
Amounts paid by the Fund for liquidation of units	(38,551)	(60,509)
Net amounts (paid)/ received by the Fund	(16,430)	1,051,943
Unrealised appreciation in value of investments	15,309	168,200
(Loss)/ Gain on sale of investments	(25,545)	4,040
Management fees	(1,181)	(5,335)
Other expenses	(38)	(1,352)
(Decrease)/ Increase in net asset value for the year	(11,455)	165,553
Value of Fund As at 31 August 2016	77,068	1,226,569
Statement of Assets and Liabilities		
As at 31 August 2016		
<u>Assets</u>		
Investments in funds	77,057	1,240,029
Cash and bank balances	11	22,540
Total assets	77,068	1,262,569
<u>Liabilities</u>		
Other creditors	-	36,000
Total liabilities	-	36,000
Value of Fund As at 31 August 2016	77,068	1,226,569

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 31 August 2016

	BlackRock Asian Dragon (USD) (R164)	BlackRock New Energy (R140)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2015 to 31 August 2016		
Value of Fund as at 1 September 2015	12,811	1,224,028
Amounts received by the Fund for creation of units	381,149	271,838
Amounts paid by the Fund for liquidation of units	(83,880)	(289,392)
Net amounts received/ (paid) by the Fund	297,269	(17,554)
Unrealised appreciation in value of investments	34,430	70,080
(Loss)/ Gain on sale of investments	(3,810)	9,377
Other Income	-	2,251
Management fees	(2,126)	(14,765)
Other expenses	(4,878)	(340)
Increase in net asset value for the year	23,616	66,603
Value of Fund As at 31 August 2016	333,696	1,273,077
Statement of Assets and Liabilities		
As at 31 August 2016		
<u>Assets</u>		
Investments in funds	331,814	1,274,440
Cash and bank balances	1,882	6,814
Total assets	333,696	1,281,254
<u>Liabilities</u>		
Other creditors	-	8,177
Total liabilities	-	8,177
Value of Fund As at 31 August 2016	333,696	1,273,077

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 31 August 2016

	BlackRock US Flexible Equity (R130)	BlackRock World Gold (R106)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2015 to 31 August 2016		
Value of Fund as at 1 September 2015	6,566,072	5,309,127
Amounts received by the Fund for creation of units	1,572,043	1,451,635
Amounts paid by the Fund for liquidation of units	(1,329,922)	(1,798,934)
Net amounts received/ (paid) by the Fund	242,121	(347,299)
Unrealised (diminution)/ appreciation in value of investments	(53,144)	4,133,638
Gain/ (Loss) on sale of investments	132,433	(249,440)
Management fees	(79,633)	(87,855)
Other expenses	(576)	(592)
(Decrease)/ Increase in net asset value for the year	(920)	3,795,751
Value of Fund As at 31 August 2016	6,807,273	8,757,579
Statement of Assets and Liabilities		
As at 31 August 2016		
<u>Assets</u>		
Investments in funds	6,813,820	8,729,937
Cash and bank balances	43,879	-
Other debtors	-	62,692
Total assets	6,857,699	8,792,629
<u>Liabilities</u>		
Other creditors	50,426	35,050
Total liabilities	50,426	35,050
Value of Fund As at 31 August 2016	6,807,273	8,757,579

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 31 August 2016

	BlackRock World Gold (SGD HDG) (R122)	BlackRock World Mining (R105)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2015 to 31 August 2016		
Value of Fund as at 1 September 2015	726,124	3,526,285
Amounts received by the Fund for creation of units	687,944	1,001,170
Amounts paid by the Fund for liquidation of units	(337,042)	(937,908)
Net amounts received by the Fund	350,902	63,262
Unrealised appreciation in value of investments	645,855	1,016,164
Loss on sale of investments	(1,380)	(489,748)
Other Income	163	-
Management fees	(14,597)	(42,652)
Other expenses	(634)	(502)
Increase in net asset value for the year	629,407	483,262
Value of Fund		
As at 31 August 2016	1,706,433	4,072,809
Statement of Assets and Liabilities		
As at 31 August 2016		
<u>Assets</u>		
Investments in funds	1,706,483	4,014,948
Cash and bank balances	9,950	-
Other debtors	-	80,409
Total assets	1,716,433	4,095,357
<u>Liabilities</u>		
Other creditors	10,000	22,548
Total liabilities	10,000	22,548
Value of Fund		
As at 31 August 2016	1,706,433	4,072,809

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 31 August 2016

	BlackRock World Mining (SGD HDG) (R121)	M&G Global Leaders (R23)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2015 to 31 August 2016		
Value of Fund as at 1 September 2015	898,684	282,012
Amounts received by the Fund for creation of units	798,950	75,706
Amounts paid by the Fund for liquidation of units	(417,491)	(41,664)
Net amounts received by the Fund	381,459	34,042
Unrealised appreciation in value of investments	364,885	83,619
Loss on sale of investments	(109,099)	(85,950)
Other income	-	5,246
Management fees	(14,490)	(3,493)
Other expenses	(710)	(66)
Increase/ (Decrease) in net asset value for the year	240,586	(644)
Value of Fund As at 31 August 2016	1,520,729	315,410
Statement of Assets and Liabilities		
As at 31 August 2016		
<u>Assets</u>		
Investments in funds	1,524,225	315,326
Cash and bank balances	19,504	84
Total assets	1,543,729	315,410
<u>Liabilities</u>		
Other creditors	23,000	-
Total liabilities	23,000	-
Value of Fund As at 31 August 2016	1,520,729	315,410

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2016

1. Units in issue and net asset value

1.1 The Units in issue and the Net Asset Value per unit of the Investment-Linked Funds of the Singapore Branch as at 31 August 2016 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue as at 31 August 2016</u>	<u>Net asset value per unit S\$</u>
Baring Korea Feeder (J46)	30 September 2010	31,105	2.48
BlackRock Asian Dragon (SGD HDG) (R165)	13 November 2014	1,252,551	0.98
BlackRock Asian Dragon (USD) (R164)	13 November 2014	249,241	1.34
BlackRock New Energy (R140)	29 August 2012	1,341,910	0.95
BlackRock US Flexible Equity (R130)	27 June 2012	3,825,835	1.78
BlackRock World Gold (R106)	24 August 2011	4,777,864	1.83
BlackRock World Gold (SGD HDG) (R122)	29 March 2012	3,120,461	0.55
BlackRock World Mining (R105)	24 August 2011	6,462,239	0.63
BlackRock World Mining (SGD HDG) (R121)	29 March 2012	3,921,382	0.39
M&G Global Leaders (R23)	01 September 2008	309,277	1.02

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2016

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Investment-Linked Funds of the Singapore Branch are presented in Singapore dollars. The financial statements have been prepared on the historical cost basis, except for investments which are carried at fair value.

Where Singapore policyholders are not the only investors in a fund, an apportionment method is applied. This apportionment method is based on Singapore policyholders' unit holdings as a percentage of the total unit holdings of the fund. In the instance that the fund is wholly owned by Singapore investors there is no apportionment method applied.

BlackRock Asian Dragon (SGD HDG), BlackRock Asian Dragon (USD), BlackRock New Energy, BlackRock US Flexible Equity, BlackRock World Gold, BlackRock World Gold (SGD HDG), BlackRock World Mining, BlackRock World Mining (SGD HDG) (R165, R164, R140, R130, R106, R122, R105 and R121) are segregated Investment-Linked Funds dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds are invested in the underlying funds.

Customers invested in the fund that went through segregation will have been informed by the Company's customer services department.

2.2 *Investments*

All purchases of investments, which include unit trusts, quoted equities and bonds, are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being the fair value of the consideration given. The attributable transaction costs are recognised in the Capital and Income Account when incurred. Subsequent to initial recognition, the investments are recorded at fair value and the unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account. The fair value is determined by using open market valuation at the year-end date.

2.3 *Amounts received by the funds for creation of units*

The amounts received by the funds comprise the gross premiums received by the Singapore Branch (after deducting charges which include bid-offer spread) and switches by the policyholders from other funds.

2.4 *Amounts paid by the funds for liquidation of units*

The amounts paid by the funds for liquidation of units comprise the sale of units in the Investment-Linked Funds for the payment of death claims or surrenders and for switches by the policyholders to the other funds.

2.5 *Gains/losses from sale of investments*

All sales of investments are recognised on their trade dates, the date the fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2016

2. Summary of significant accounting policies (cont)

2.6 *Management fee*

The annual management charges for each Fund are accrued on a monthly basis and payable to the Singapore Branch.

2.7 *Income and expenses*

Income and expenses are accounted for on an accrual basis. Investment Income consists of dividend income, interest income and other income. Dividend income is recognised in the Capital and Income Account when the right to receive payment is established. Interest income from investments and other income is recognised on an accrual basis. For segregated funds, Income and expense balances are apportioned monthly based on the Singapore Branch's unit holding at the month end.

2.8 *Foreign currencies*

Foreign currency transactions are translated into the functional currency, British Pound, at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date.

Assets and liabilities are translated from the functional currency into the presentation currency, Singapore dollar, at the closing rate at the balance sheet date, and income and expenses are translated at average exchange rates for the year. Differences in exchange are taken to the Capital and Income Account.

2.9 *Other debtors and creditors*

Other debtors and other creditors arise as a result of outstanding settlement of creations and liquidations of units respectively as at the period end.