

Reg. No. T06FC6835J

Friends Provident International Limited,  
Singapore Branch

Investment-Linked Funds

Report for the financial year ended 30 November 2016

## Friends Provident International Limited, Singapore Branch

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

**STATEMENT BY DIRECTORS**

*For the financial year ended 30 November 2016*

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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 9 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 30 November 2016 and the capital movements for the financial year ended 30 November 2016, in accordance with the stated accounting policies.

Director

Director

28 February 2017

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

**INDEPENDENT AUDITOR'S REPORT**

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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 30 November 2016, Capital and Income Account for the financial year ended 30 November 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 9 (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 on page 8 and 9. This includes 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 on page 8 and 9.

*Basis of Accounting and Restriction of Distribution and Use*

Without modifying our opinion, we draw attention to page 8 and 9 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)

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*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

28 February 2017

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

**LIST OF INVESTMENT-LINKED FUNDS**

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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>
Invesco Global Health Care (R151)	22 January 2014
Invesco Global Technology (R177)	28 July 2015
JPMorgan Liquidity SGD (R101)	30 September 2010

Invesco Global Health Care, Invesco Global Technology and JPMorgan Liquidity SGD (R151, R177 and R101) are segregated Investment-Linked Funds dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds are 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 30 November 2016*

	<b>Invesco Global Health Care (R151)</b>	<b>Invesco Global Technology (R177)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 December 2015 to 30 November 2016</b>		
Value of Fund as at 1 December 2015	3,943,903	890,642
Amounts received by the Fund for creation of units	1,947,779	416,550
Amounts paid by the Fund for liquidation of units	(1,380,852)	(254,195)
Net amounts received by the Fund	566,927	162,355
Unrealised (diminution)/ appreciation in value of investments	(388,898)	6,566
(Loss)/ Gain on sale of investments	(34,187)	12,028
Other Income	-	1,458
Management fees	(43,676)	(10,834)
Other expenses	(867)	(1,322)
(Decrease)/ Increase in net asset value for the year	(467,628)	7,896
<b>Value of Fund</b>		
<b>As at 30 November 2016</b>	<b>4,043,202</b>	<b>1,060,893</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 30 November 2016</b>		
<u>Assets</u>		
Investments in funds	4,049,800	1,063,625
Other debtors	54,431	84,511
Total assets	4,104,231	1,148,136
<u>Liabilities</u>		
Other creditors	61,029	87,243
Total liabilities	61,029	87,243
<b>Value of Fund</b>		
<b>As at 30 November 2016</b>	<b>4,043,202</b>	<b>1,060,893</b>

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

**CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES**

*For the financial year ended 30 November 2016*

	<b>JPMorgan Liquidity SGD (R101)</b>
	<b>S\$</b>
<b>Capital and Income Account</b>	
<b>For the year 1 December 2015 to 30 November 2016</b>	
Value of Fund as at 1 December 2015	2,145,193
Amounts received by the Fund for creation of units	3,371,761
Amounts paid by the Fund for liquidation of units	(2,873,188)
Net amounts received by the Fund	498,573
Unrealised diminution in value of investments	(8,656)
Gain on sale of investments	156
Other income	10,667
Management fees	(26,289)
Other expenses	(816)
Decrease in net asset value for the year	(24,938)
<b>Value of Fund</b>	
<b>As at 30 November 2016</b>	<b>2,618,828</b>
 <b>Statement of Assets and Liabilities</b>	
<b>As at 30 November 2016</b>	
<u>Assets</u>	
Investments in funds	2,618,640
Cash and bank balances	188
Total assets	2,618,828
<u>Liabilities</u>	
Other creditors	-
Total liabilities	-
<b>Value of Fund</b>	
<b>As at 30 November 2016</b>	<b>2,618,828</b>



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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 November 2016*

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**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 30 November 2016 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue</u>	<u>Net asset</u>
		<u>as at 30 November 2016</u>	<u>value per unit S\$</u>
Invesco Global Health Care (R151)	22 January 2014	1,208,481	3.35
Invesco Global Technology (R177)	28 July 2015	629,480	1.69
JPMorgan Liquidity SGD (R101)	30 September 2010	3,032,674	0.86

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 November 2016*

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**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.

Invesco Global Health Care, Invesco Global Technology and JPMorgan Liquidity SGD (R151, R177 and R101) 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 30 November 2016*

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**2. Summary of significant accounting policies (continued)**

**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 are 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 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 year end.