

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Investment-Linked Funds

Report for the financial year ended 30 April 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 14 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 30 April 2016 and the capital movements for the financial year/period ended 30 April 2016, in accordance with the stated accounting policies.

Director

Director

29 July 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 30 April 2016, Capital and Income Account for the financial year from 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 14 (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 13 and 14. 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 is 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 13 and 14.

Basis of Accounting and Restriction of Distribution and Use

Without modifying our opinion, we draw attention to page 13 and 14 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

The financial statements of the Investment-Linked Funds for the financial year/period ended 30 April 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 31 July 2015.

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

29 July 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>Funds</u>	<u>Commencement Date</u>
Baring Australia (M56)	02 February 2009
Baring Eastern Europe (P48)	02 February 2009
Baring High Yield Bond (R117)	22 February 2012
Baring Hong Kong & China (R125)	25 April 2012
Baring International Bond (USD) (R109)	24 August 2011
Fidelity America (R163)	13 November 2014
Fidelity Euro Blue Chip (R149)	22 January 2014
Fidelity Euro Bond (J87)	30 September 2010
Fidelity Global Multi Asset Tactical Moderate (EUR) (R27)	02 February 2009
Fidelity Global Multi Asset Tactical Moderate (USD) (R26)	02 February 2009
Fidelity Global Property (USD) (P78)	01 September 2008
Fidelity Global Property (USD) (R178)	28 July 2015
Fidelity Global Telecommunications (J97)	30 September 2010

With the exception of Baring High Yield Bond, Baring Hong Kong & China, Baring International Bond (USD), Fidelity America, Fidelity Euro Blue Chip and Fidelity Global Property (USD) (R117, R125, R109, R163, R149 and R178) 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 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.

Fidelity Global Property (USD) (R178) was a new fund launched during the year exclusively for Singapore policyholders.

**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 April 2016

	Baring Australia (M56)	Baring Eastern Europe (P48)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016		
Value of Fund as at 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	289,069	581,407
Amounts received by the Fund for creation of units	55,182	282,222
Amounts paid by the Fund for liquidation of units	(76,374)	(220,924)
Net amounts (paid)/ received by the Fund	(21,192)	61,298
Unrealised appreciation/(diminution) in value of investments	27,606	(11,186)
Loss on sale of investments	(53,386)	(29,976)
Other income	6,581	10,323
Management fees	(3,758)	(6,990)
Other expenses	(16)	(33)
Decrease in net asset value for the year	(22,973)	(37,862)
Value of Fund As at 30 April 2016	244,904	604,843
Statement of Assets and Liabilities		
As at 30 April 2016		
<u>Assets</u>		
Investments in funds	244,506	604,604
Cash and bank balances	398	239
Total assets	244,904	660,843
<u>Liabilities</u>		
Other creditors	-	-
Total liabilities	-	-
Value of Fund As at 30 April 2016	244,904	660,843

**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 April 2016

	Baring High Yield Bond (R117)	Baring Hong Kong & China (R125)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016		
Value of Fund as at 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	2,595,718	2,612,736
Amounts received by the Fund for creation of units	759,182	468,265
Amounts paid by the Fund for liquidation of units	(859,334)	(298,365)
Net amounts (paid)/ received by the Fund	(100,152)	169,900
Unrealised diminution in value of investments	(148,420)	(732,158)
(Loss)/Gain on sale of investments	(85,062)	23,236
Other income	158,028	12,257
Management fees	(28,999)	(25,974)
Other expenses	(654)	(376)
Decrease in net asset value for the year	(105,107)	(723,015)
Value of Fund As at 30 April 2016	2,390,459	2,059,621
Statement of Assets and Liabilities		
As at 30 April 2016		
<u>Assets</u>		
Investments in funds	2,391,855	2,059,774
Cash and bank balances	14,733	10,599
Total assets	2,406,588	2,070,373
<u>Liabilities</u>		
Other creditors	16,129	10,752
Total liabilities	16,129	10,752
Value of Fund As at 30 April 2016	2,390,459	2,059,621

**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 April 2016

	Baring International Bond (USD) (R109)	Fidelity America (R163)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016		
Value of Fund as at 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	1,912,378	171,328
Amounts received by the Fund for creation of units	373,709	1,634,402
Amounts paid by the Fund for liquidation of units	(884,871)	(635,359)
Net amounts (paid)/ received by the Fund	(511,162)	999,043
Unrealised appreciation in value of investments	133,456	5,574
Loss on sale of investments	(72,845)	(14,370)
Other income	14,586	-
Management fees	(20,153)	(8,319)
Other expenses	(552)	(4,556)
Increase/ (decrease) in net asset value for the year	54,492	(21,671)
Value of Fund As at 30 April 2016	1,455,708	1,148,700
Statement of Assets and Liabilities		
As at 30 April 2016		
<u>Assets</u>		
Investments in funds	1,450,906	1,145,582
Cash and bank balances	4,802	66,288
Total assets	1,455,708	1,211,870
<u>Liabilities</u>		
Other creditors	-	63,170
Total liabilities	-	63,170
Value of Fund As at 30 April 2016	1,455,708	1,148,700

**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 April 2016

	Fidelity Euro Blue Chip (R149)	Fidelity Euro Bond (J87)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016		
Value of Fund as at 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	6,414,791	97,605
Amounts received by the Fund for creation of units	3,422,361	181,775
Amounts paid by the Fund for liquidation of units	(2,165,804)	(17,114)
Net amounts received by the Fund	1,256,557	164,661
Unrealised (diminution)/ appreciation in value of investments	(814,657)	16,024
Gain/ (loss) on sale of investments	284,207	(8,035)
Other income	-	38
Management fees	(72,809)	(1,811)
Other expenses	(903)	(13)
(Decrease)/ increase in net asset value for the year	(604,162)	6,203
Value of Fund As at 30 April 2016	7,067,186	268,469
Statement of Assets and Liabilities		
As at 30 April 2016		
<u>Assets</u>		
Investments in funds	7,064,124	278,740
Cash and bank balances	124,674	-
Total assets	7,188,798	278,740
<u>Liabilities</u>		
Other creditors	121,612	10,271
Total liabilities	121,612	10,271
Value of Fund As at 30 April 2016	7,067,186	268,469

**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 April 2016

	Fidelity Global Multi Asset Tactical Moderate (EUR) (R27)	Fidelity Global Multi Asset Tactical Moderate (USD) (R26)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016		
Value of Fund as at 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	87,546	134,155
Amounts received by the Fund for creation of units	152,879	121,649
Amounts paid by the Fund for liquidation of units	(38,704)	(14,276)
Net amounts received by the Fund	114,175	107,373
Unrealised appreciation in value of investments	12,358	6,946
Loss on sale of investments	(19,384)	(14,493)
Management fees	(1,616)	(2,366)
Other expenses	(14)	(26)
Decrease in net asset value for the year	(8,656)	(9,939)
Value of Fund As at 30 April 2016	193,065	231,589
Statement of Assets and Liabilities		
As at 30 April 2016		
<u>Assets</u>		
Investments in funds	192,834	231,817
Cash and bank balances	231	-
Total assets	193,065	231,817
<u>Liabilities</u>		
Other creditors	-	228
Total liabilities	-	228
Value of Fund As at 30 April 2016	193,065	231,589

**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 April 2016

	Fidelity Global Property (USD) (P78)	Fidelity Global Property (USD) (R178)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016		
Value of Fund as at 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	629,221	-
Amounts received by the Fund for creation of units	80,535	840,867
Amounts paid by the Fund for liquidation of units	(702,690)	(189,291)
Net amounts (paid)/ received by the Fund	(622,155)	651,576
Unrealised (diminution)/ appreciation in value of investments	(90,571)	736
Gain on sale of investments	85,406	1,026
Management fees	(1,639)	(5,166)
Other expenses	(7)	(8,667)
Decrease in net asset value for the year	(6,811)	(12,071)
Value of Fund As at 30 April 2016	255	639,505
Statement of Assets and Liabilities		
As at 30 April 2016		
<u>Assets</u>		
Investments in funds	255	638,596
Cash and bank balances	-	7,629
Total assets	255	646,225
<u>Liabilities</u>		
Other creditors	-	6,720
Total liabilities	-	6,720
Value of Fund As at 30 April 2016	255	639,505

**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 April 2016

	Fidelity Global Telecommunications (J97) S\$
Capital and Income Account	
For the year 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2016	
Value of Fund as at 1 May 2015 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	241,196
Amounts received by the Fund for creation of units	232,666
Amounts paid by the Fund for liquidation of units	(61,485)
Net amounts received by the Fund	171,181
Unrealised appreciation in value of investments	10,145
Loss on sale of investments	(22,095)
Other income	259
Management fees	(3,680)
Other expenses	(33)
Decrease in net asset value for the year	(15,404)
Value of Fund As at 30 April 2016	396,973
Statement of Assets and Liabilities	
As at 30 April 2016	
<u>Assets</u>	
Investments in funds	397,578
Total assets	397,578
<u>Liabilities</u>	
Other creditors	605
Total liabilities	605
Value of Fund As at 30 April 2016	396,973

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 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 Friends Provident International Limited, Singapore Branch (the "Singapore Branch") as at 30 April 2016 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue as at 30 April 2016</u>	<u>Net asset value per unit S\$</u>
Baring Australia (M56)	02 February 2009	21,212	11.55
Baring Eastern Europe (P48)	02 February 2009	421,077	1.44
Baring High Yield Bond (R117)	22 February 2012	710,014	3.37
Baring Hong Kong & China (R125)	25 April 2012	26,412	77.98
Baring International Bond (USD) (R109)	24 August 2011	188,672	7.72
Fidelity America (R163)	13 November 2014	905,235	1.27
Fidelity Euro Blue Chip (R149)	22 January 2014	3,304,886	2.14
Fidelity Euro Bond (J87)	30 September 2010	117,396	2.29
Fidelity Global Multi Asset Tactical Moderate (EUR) (R27)	02 February 2009	118,723	1.63
Fidelity Global Multi Asset Tactical Moderate (USD) (R26)	02 February 2009	201,627	1.15
Fidelity Global Property (USD) (P78)	01 September 2008	233	1.09
Fidelity Global Property (USD) (R178)	28 July 2015	583,755	1.10
Fidelity Global Telecommunications (J97)	30 September 2010	472,624	0.84

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 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 policy holders 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.

Baring High Yield Bond, Baring Hong Kong & China, Baring International Bond (USD), Fidelity America, Fidelity Euro Blue Chip and Fidelity Global Property (USD) (R117, R125, R109, R163, R149 and R178) 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 would 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 April 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.