

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Barings Eastern Europe (R185) Investment-Linked Fund

Report for the financial year ended 30 April 2022

Friends Provident International Limited, Singapore Branch

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**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
BARINGS EASTERN EUROPE (R185) INVESTMENT-LINKED FUND**

STATEMENT BY DIRECTORS

In our opinion, the financial statements of the Barings Eastern Europe (R185) Investment-Linked Fund of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") set out on pages 4 to 6 present fairly, in all material respects, the state of affairs of the Barings Eastern Europe (R185) Investment-Linked Fund of the Singapore Branch as at 30 April 2022 and the capital and income movements for the financial period from 1 May 2021 to 30 April 2022, in accordance with the stated accounting policies, except for the value of investments in funds as detailed in Note 2.

Director

Director

27 July 2022

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
BARINGS EASTERN EUROPE (R185) INVESTMENT-LINKED FUND**

INDEPENDENT AUDITOR'S REPORT

Disclaimer of Opinion

We do not express an opinion on the accompanying financial statements of the Barings Eastern Europe (R185) investment-linked fund (the "Fund") of Friends Provident International Limited, Singapore Branch (the "Branch"). Because of the significance of the matter described in the Basis of disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We were engaged to audit the accompanying financial statements of the Fund which comprises:

- the Capital and Income Accounts for the financial year from 1 May 2021 to 30 April 2022;
- the Statements of Assets and Liabilities as at 30 April 2022; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Disclaimer of Opinion

The Fund invests in the Barings Eastern Europe Fund, which is recognised in investments in funds in the Statement of Assets and Liabilities as at 30 April 2022 at an amount of \$486,642. Management have valued investments in funds as disclosed in Note 2.1. We were unable to obtain sufficient appropriate audit evidence over the fair value of the suspended Barings Eastern Europe Fund as at 30 April 2022. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of investments in funds recorded, and the related elements included in the Capital and Income Account for the year ended 30 April 2022 as well as the associated disclosures in the financial statements.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Branch to comply with MAS Notice 307 Investment-Linked Policies. As a result, the financial statements may not be suitable for another purpose.

This report is intended for the sole benefit and use of the Branch and is not intended to nor may it be relied upon by any other party, other than the Branch. We accept no liability or responsibility to any other party to whom this report is disclosed or otherwise made available to.

This report relates solely to the financial statements of the Fund of the Branch and does not extend to the financial statements of the Branch taken as a whole. Our report is not modified in respect of this matter.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
BARINGS EASTERN EUROPE (R185) INVESTMENT-LINKED FUND**

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Management and those Charged with Governance for the Financial Statements

The Branch's management is responsible for the preparation of these financial statements in accordance with the accounting policies as set out in Note 2.1 to the financial statements, and for such internal control as the Branch's management 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 Branch's management is responsible for assessing the 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 Branch's management either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independence

We are independent of the Branch 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.

Public Accountants and Chartered Accountants
Singapore, 27 July 2022

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
BARINGS EASTERN EUROPE (R185) INVESTMENT-LINKED FUND**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2022

	Barings Eastern Europe (R185) S\$
Capital and Income Account	
For the year 1 May 2021 to 30 April 2022	
Value of Fund as at 1 May 2021	878,197
Amounts received by the Fund for creation of units	143,862
Amounts paid by the Fund for liquidation of units	(148,835)
Net amounts paid by the Fund	(4,973)
Unrealised diminution in value of investments	(416,956)
Gain on sale of investments	38,988
Investment income	311
Management fees	(9,693)
Other expenses	(1,001)
Decrease in net asset value for the period	(388,351)
Value of Fund As at 30 April 2022	484,873
Statement of Assets and Liabilities	
As at 30 April 2022	
<u>Assets</u>	
Investments in funds*	486,642
Total assets	486,642
<u>Liabilities</u>	
Other creditors	1,769
Total liabilities	1,769
Value of Fund As at 30 April 2022	484,873

* In light of the exceptional and adverse market conditions relating to the current situation in Russia and Ukraine, the fund manager for the Barings Eastern Europe fund (the "underlying fund") has suspended trading and calculation of Net Asset Value ("NAV") in the underlying fund with effect from 1 March 2022 until further notice. As a result, it has not been possible to fair value the underlying fund at the period end date. The underlying fund is recognised in investments in funds at an amount of S\$486,642 based on the last available open market valuation prior to suspension, being as at 28 February 2022.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
BARINGS EASTERN EUROPE (R185) INVESTMENT-LINKED FUND**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2022

1. Units in issue and net asset value

1.1 The units in issue and the net asset value per unit of the Barings Eastern Europe (R185) Investment-Linked Fund of Friends Provident International Limited, Singapore Branch (the “Singapore Branch”) as at 30 April 2022 comprise:

<u>Fund</u>	<u>Commencement date</u>	<u>Units in issue As at 30 April 2022</u>	<u>Net asset value per unit S\$</u>
Barings Eastern Europe (R185)**	17 August 2016	477,758	1.01

** The Barings Eastern Europe (R185) Fund is suspended for trading as a result of the suspension of the underlying fund as detailed in Note 2. The net asset value per unit above has been calculated using a valuation for investments in funds as at 28 February 2022, which was the last available open market valuation of the underlying fund prior to its suspension.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Barings Eastern Europe (R185) Investment-Linked Fund of the Singapore Branch are presented in Singapore dollar. The financial statements have been prepared on the historical cost basis, except for investments in funds which have been valued at the reporting date as below.

The Fund invests in the Barings Eastern Europe Fund (the “underlying fund”). As of 1 March 2022, Baring International Fund Managers (Ireland) Limited made the decision to temporarily suspend the calculation of the Net Asset Value and dealings in the underlying fund until further notice. As a result, investments in funds have been valued at the reporting date using the last available NAV of the underlying fund on 28 February 2022 prior to the suspension.

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 reporting date.

2.3 Amounts received by the fund for creation of units

The amounts received by the fund 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.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
BARINGS EASTERN EUROPE (R185) INVESTMENT-LINKED FUND**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2022

2. Summary of significant accounting policies (continued)

2.4 Amounts paid by the fund for liquidation of units

The amounts paid by the fund for liquidation of units comprise the sale of units in the Investment-Linked Fund 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.

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 fund, 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 reporting date, and income and expenses are translated at average exchange rates for the period. Differences in exchange are taken to the Capital and Income Account.

2.9 Other debtors and creditors

Other debtors and creditors arise as a result of outstanding settlement of creations and liquidations of units respectively as at year end. Other creditors may also include bank overdrafts.

2.10 Cash and bank balances

Cash and bank balances represent deposits with financial institutions, which are subject to an insignificant risk of change in value.