

**RHB SINGAPORE INCOME FUND**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

**ANNUAL REPORT**  
*For the financial year ended 31 December 2017*

**RHB SINGAPORE INCOME FUND**

*(Constituted under a Trust Deed in the Republic of Singapore)*

**ANNUAL REPORT**

*For the financial year ended 31 December 2017*

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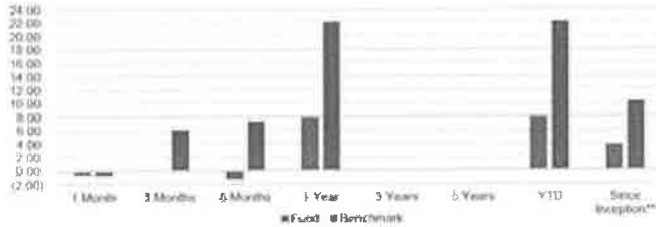
RHB Singapore Income Fund

**INVESTMENT OBJECTIVE, FOCUS AND APPROACH**

The fund aims to achieve regular dividend payments and long term capital growth through investment in Singapore-listed companies and Singapore-related securities. The Fund primarily invests in the securities of Singapore-listed companies that are expected to benefit from development of Singapore as a regional financial and business centre, and the associated strong economic and social trends. The Fund will focus on investing in companies that have demonstrated consistency in rewarding their shareholders via dividend pay-outs or those companies which have the potential to start paying regular dividends. The Fund will have a minimum equity exposure of 70% of its Net Asset Value ("NAV") to generate returns to the Fund. The Fund may invest up to 30% of its NAV into fixed income securities, money market instrument and/or cash to preserve capital.

**FUND PERFORMANCE ANALYSIS**

Performance Chart\*



Fund Performance (%)\*

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception**
Fund	(0.55)	6.07	(1.24)	7.89	-	-	7.89	3.79
Benchmark	(0.68)	6.07	7.27	22.08	-	-	22.08	10.22

Source: Lipper as at 31 December 2017

\*Fund performance figures in the table above are calculated on a NAV to NAV single pricing basis, after deducting subscription fee and realisation charges (if any).

\*\*Performance figures for period exceeding 1 year show the annualized return.

Past performance is not an indication of future performance. The value of the units in the funds and the income accruing to the units, if any, may fall or rise.

**FUND PERFORMANCE**

The Fund returned -0.55% against the benchmark\* which returned -0.68% for December.

Note: \* FTSE Straits Times Index, source: Lipper

**MARKET REVIEW**

The Singapore equity market (FTSE Straits Times index) returned -0.68% in December. Singapore's Non-oil domestic exports (NODX) rose 9.1% YoY, from 20.5% in the previous month. This was driven by 10.6% expansion in the non-electronics sector with strong growth in non-monetary gold, specialized machinery and primary chemical. Electronics shipments expanded at 5.2% and may continue at a more moderate pace as a result of high base and peaking inventory buildup in China. Inflation expanded 0.6% YoY with core inflation up 1.5% YoY.

**OUTLOOK & STRATEGY**

The US finally enacted its first major tax reform in 30 years with President Trump signing into law on 22 December. Corporate tax rates were reduced to a single rate of 21%, effective on 1 January 2018. Income tax was cut for several tax brackets with the top rate reduced from 39.6% to 37%. In the December Fed meeting, the Fed raised the fed funds target rate to 1.25% - 1.5%, and are expecting three more rate hikes in 2018. It also upgraded its assessment of the labour market and expect it to remain strong.

Moving forward, we continue to focus on companies that is equipped with strong cash flow to pay high and sustainable dividends. These dividends represent a tangible return on investment and provides a bulwark against market uncertainty.

**DISCLAIMER:**

This document contains information about RHB Singapore Income Fund (the "Fund"). The Fund is an authorized scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). A copy of the Prospectus dated 8 December 2017 had been lodged with and registered by the Monetary Authority of Singapore (the "MAS"). MAS assumes no responsibility for the contents of the Prospectus. Investors are advised to obtain, read and understand the Product Highlight Sheet ("PHS") and the contents of the Prospectus dated 8 December 2017 and its supplementary (ies) (if any) before investing. The information provided herein is intended for general circulation and/or discussion purposes only. It does not take into account the specific investment objectives, financial situation or particular needs of any particular person. This does not constitute an offer or solicitation to buy or sell or subscribe for any security or financial instrument or to enter into any transaction or to participate in any particular trading or investment strategy. The information provided herein is based on certain assumptions, information and conditions available as at the date of this document and may be subject to change at any time without notice. A Product Highlights Sheet ("PHS") highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. A copy of the PHS and prospectus may be obtained from our registered office. Please refer to the prospectus of the fund for the name of the fund manager and the investment objectives of the fund. The Manager wishes to highlight the specific risks and general risks elaborated in the Prospectus. Past performance is not an indication of future performance. The value of the units in the funds and the income accruing to the units, if any, may fall or rise. Subscriptions in the Fund will only be accepted on the basis of the Fund's latest Offering Document, its latest annual reports that may be obtained, free of charge, at the registered office of the Fund or respectively at that of the representative agent duly authorized and agreed by the relevant authority of each relevant concerned jurisdiction. No representation or warranty whatsoever (including without limitation any representation or warranty as to accuracy, usefulness, adequacy, timeliness or completeness) in respect of any information (including without limitation any statement, figures, opinion, view or estimate) provided herein is given by RAMSG and it should not be relied upon as such. RAMSG does not undertake an obligation to update the information or to correct any inaccuracy that may become apparent at a later time. RAMSG shall not be responsible or liable for any loss or damage whatsoever arising directly or indirectly howsoever in connection with or as a result of any person acting on any information provided herein. The information provided herein may contain projections or other forward-looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance. Any reference to any specific company, financial product or asset class in whatever way is used for illustrative purposes only and does not constitute a recommendation on the same. RAMSG does not guarantee that all risks associated to the transactions mentioned herein have been identified, nor does it provide advice as to whether you should enter into any such transaction. The contents hereof may not be reproduced or disseminated in whole or in part without RAMSG's written consent.

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**RHB Singapore Income Fund**  
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**Manager's Report**

**a) Investments at fair value and as a percentage of net asset value ("NAV") as at 31 December 2017 under review classified by:**

**i) Country**

Please refer to Statement of Portfolio

**ii) Industry**

Please refer to Statement of Portfolio

**iii) Asset Class**

	Fair Value (S\$)	% of NAV
Equities	2,282,955	92.54
Other net assets	183,945	7.46
<b>Total</b>	<b>2,466,900</b>	<b>100.00</b>

**iv) Credit rating of debt securities**

N/A

**b) Top Ten Holdings**

10 largest holdings at 31 December 2017

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
Singapore Telecommunications Ltd	135,660	5.50
Isoteam Ltd	114,852	4.66
SIIC Environment Holdings Ltd	96,820	3.92
Hongkong Land Holdings Ltd	94,083	3.81
NSL Ltd	88,682	3.59
Jardine Matheson Holdings Ltd	81,186	3.29
Singapore Exchange Ltd	74,400	3.02
Thai Beverage Plc	73,600	2.98
Viva Industrial Trust Real Estate Investment Trust	65,450	2.65
Mapletree Commercial Trust	64,800	2.63

10 largest holdings at 31 December 2016

Viva Industrial Trust Real Estate Investment Trust	188,750	4.89
Hongkong Land Holdings Ltd	146,319	3.79
K1 Ventures Ltd	142,932	3.70
Valuetronics Holdings Ltd	142,272	3.68
Keppel Corp Ltd	127,380	3.31
Isoteam Ltd	126,675	3.28
Venture Corp Ltd	123,500	3.20
Singapore Exchange Ltd	121,720	3.15
Keppel Infrastructure Trust Ltd	106,875	2.77
NSL Ltd	101,442	2.63

**RHB Singapore Income Fund**  
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**Manager's Report**

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**c) Exposure to derivatives**

i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2017

N/A

ii) net gains/(losses) on derivative contracts realised during the financial period ended 31 December 2017

N/A

iii) net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2017

N/A

**d) Amount and percentage of NAV invested in other schemes as at 31 December 2017**

	Fair Value	Percentage of total net assets attributable to unitholders
	\$	%
Aims Amp Capital Industrial Real Estate Investment Trust	34,816	1.41
Ascendas Real Estate Investment Trust	40,800	1.65
Cache Logistics Trust	34,303	1.39
First Real Estate Investment Trust	31,553	1.28
Frasers Centrepoint Trust	44,800	1.82
Hutchison Port Holdings Trust Ltd	49,914	2.03
Keppel DC Real Estate Investment Trust	42,273	1.72
Keppel Infrastructure Trust Ltd	31,625	1.28
Mapletree Commercial Trust	64,800	2.63
Parkway Life Real Estate Investment Trust	37,375	1.51
Religare Health Trust Ltd	63,000	2.55
Soilbuild Business Space Real Estate Investment Trust	38,860	1.58
Viva Industrial Trust Real Estate Investment Trust	65,450	2.65

**e) Amount and percentage of borrowings to NAV as at 31 December 2017**

N/A

**f) Amount of redemptions and subscriptions for the period 1 January 2017 to 31 December 2017**

Please refer to Statement of Movements of Unitholders' Funds.

**g) The amount of related-party transactions for the period 1 January 2017 to 31 December 2017**

Please refer to Note 11 of the Notes to Financial Statements.

**RHB Singapore Income Fund**  
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**Manager's Report**

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**h) Expense ratios**

31 December 2017	4.21%
31 December 2016	3.09%

Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio was based on total operating expenses of divided by the average net asset value for the period. 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 Fund does not pay any performance fee. The average net asset value is based on the daily balances.

**i) Turnover ratios**

31 December 2017	39.33%
31 December 2016	38.94%

**j) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts**

N/A

**k) For schemes which invest more than 30% of NAV in another scheme, the following key information on the the underlying scheme should be disclosed**

i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2017 and 31 December 2016

N/A

ii) expense ratios for the financial period ended 31 December 2017 and 31 December 2016

N/A

iii) turnover ratios for the financial period ended 31 December 2017 and 31 December 2016

N/A

**l) Soft dollar commissions/arrangements**

Nil

**m) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the predetermined payouts**

N/A

## **RHB SINGAPORE INCOME FUND**

### **REPORT OF THE TRUSTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

The Trustee is under a duty to take into custody and hold the assets of RHB Singapore Income Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), 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 Fund during the financial year covered by these financial statements, set out on pages 10 to 26, 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 signatory

26 March 2018



## **RHB SINGAPORE INCOME FUND**

### **STATEMENT BY THE MANAGER FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

In the opinion of RHB Asset Management Pte. Ltd., the accompanying financial statements set out on pages 10 to 26, 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 the portfolio holdings of RHB Singapore Income Fund (the "Fund") as at 31 December 2017, and the financial performance and movements in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of  
RHB ASSET MANAGEMENT PTE. LTD.



Authorised signatory

26 March 2018

**Independent Auditor's Report to the Unitholders of  
RHB SINGAPORE INCOME FUND**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

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***Our Opinion***

In our opinion, the accompanying financial statements of RHB Singapore Income Fund (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" 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 Fund as at 31 December 2017, and of 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 Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2017;
- the Statement of Financial Position as at 31 December 2017;
- the Statement of Portfolio as at 31 December 2017;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2017; 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 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.

***Other Information***

The 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 and will 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 on the other information, 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 Unit Trusts" 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 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 Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

**Independent Auditor's Report to the Unitholders of  
RHB SINGAPORE INCOME FUND**  
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***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.

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 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 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 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, 26 March 2018

**RHB SINGAPORE INCOME FUND**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

**STATEMENT OF TOTAL RETURN**  
For the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
<b>Income</b>			
Dividends		121,173	186,927
Interest on cash and bank balances		845	2,026
		<u>122,018</u>	<u>188,953</u>
<b>Less: Expenses</b>			
Accounting fees		10,505	10,124
Audit fee		12,426	12,000
Custodian fees	11	548	425
Management fee	11	42,130	55,574
Registrar fee	11	15,525	9,160
Trustee fees	11	6,739	4,562
Transaction costs		7,991	14,453
Valuation fees	11	20,217	13,686
Other expenses		10,122	9,246
		<u>126,203</u>	<u>129,230</u>
<b>Net (expenses)/income</b>		(4,185)	59,723
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains on investments		273,369	223,421
Net losses on foreign exchange spot contracts		(887)	(2,915)
Net foreign exchange (losses)/gains		<u>(30,394)</u>	<u>47,652</u>
		242,088	268,158
<b>Total return for the financial year before income tax</b>		237,903	327,881
<b>Less: Income tax</b>	3	(4,977)	(2,401)
<b>Total return for the financial year</b>		<u>232,926</u>	<u>325,480</u>

**RHB SINGAPORE INCOME FUND**

(Constituted under a Trust Deed in the Republic of Singapore)

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
Portfolio of investments		2,282,955	3,225,252
Receivables	5	4,364	12,335
Sales awaiting settlement		36,545	-
Fixed deposit	7	134,165	433,410
Cash and bank balances	6	69,774	331,274
<b>Total assets</b>		<b>2,527,803</b>	<b>4,002,271</b>
<b>LIABILITIES</b>			
Distribution payable		12,798	88,308
Payables	8	22,036	50,374
Purchase awaiting settlement		26,069	-
<b>Total liabilities</b>		<b>60,903</b>	<b>138,682</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	9	2,466,900	3,863,589

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

**RHB SINGAPORE INCOME FUND**

(Constituted under a Trust Deed in the Republic of Singapore)

**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS**

For the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		3,863,589	702,592
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		232,926	325,480
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		666,460	4,721,865
Cancellation of units		(2,118,182)	(1,669,442)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(1,451,722)	3,052,423
Distributions	4	(177,893)	(216,906)
Total (decrease)/increase in net assets attributable to unitholders		(1,396,689)	3,160,997
<b>Net assets attributable to unitholders at the end of the financial year</b>	9	2,466,900	3,863,589

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

**RHB SINGAPORE INCOME FUND**  
(Constituted under a Trust Deed in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**  
As at 31 December 2017

	Holdings at 31 December 2017	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
<b>By Industry (Primary)</b>			
<b>QUOTED</b>			
<b>EQUITIES</b>			
<b>AGRICULTURE</b>			
First Resources	3,000	5,610	0.23
<b>AIRLINES</b>			
SIA Engineering Co Ltd	8,000	25,040	1.02
Singapore Airlines Ltd	4,000	42,680	1.73
		<u>67,720</u>	<u>2.75</u>
<b>BANK</b>			
United Overseas Bank Ltd	2,000	52,900	2.15
<b>ELECTRIC/ ELECTRONIC</b>			
Valuetronics Holdings Ltd	33,460	30,449	1.23
<b>ENGINEERING &amp; MACHINERY</b>			
Isoteam Ltd	337,800	114,852	4.66
SembCorp Industries Ltd	15,000	45,450	1.84
Starburst Holdings Ltd	155,200	64,408	2.61
		<u>224,710</u>	<u>9.11</u>
<b>FINANCE</b>			
Religare Health Trust Ltd	75,000	63,000	2.55
Singapore Exchange Ltd	10,000	74,400	3.02
		<u>137,400</u>	<u>5.57</u>
<b>FOOD &amp; BEVERAGE</b>			
Thai Beverage Plc	80,000	73,600	2.98
<b>FOODS</b>			
Breadtalk Group Limited	23,100	39,270	1.59
Dairy Farm International Holdings Ltd	4,500	47,269	1.92
Jardine Matheson Holdings Ltd	1,000	81,186	3.29
QAF Ltd	10,000	11,200	0.45
Wilmar Intl Ltd	7,900	24,411	0.99
		<u>203,336</u>	<u>8.24</u>

**RHB SINGAPORE INCOME FUND**  
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**STATEMENT OF PORTFOLIO**  
As at 31 December 2017

	Holdings at 31 December 2017	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED (continued)</b>			
<b>EQUITIES (continued)</b>			
<b>INDUSTRIALS</b>			
Fraser & Neave Ltd	16,000	41,280	1.68
NSL Ltd	63,800	88,682	3.59
		<u>129,962</u>	<u>5.27</u>
<b>INFRASTRUCTURE</b>			
Hock Lian Seng Holdings Ltd	81,700	37,582	1.52
<b>INVESTMENT</b>			
Hutchison Port Holdings Trust Ltd	90,000	49,914	2.03
Keppel Infrastructure Trust Ltd	55,000	31,625	1.28
		<u>81,539</u>	<u>3.31</u>
<b>MATERIAL &amp; PROCESS</b>			
SIIC Environment Holdings Ltd	188,000	96,820	3.92
<b>MISCELLANEOUS</b>			
800 Super Holdings Ltd	27,600	31,740	1.29
Duty Free International Ltd Call Wts 13/05/2022	60,000	1,800	0.07
Parkway Life Real Estate Investment Trust	12,500	37,375	1.51
Starburst Holdings Ltd Wts 17/06/2021	58,800	8,820	0.36
		<u>79,735</u>	<u>3.23</u>
<b>REAL ESTATE</b>			
APAC Realty Limited	13,000	11,375	0.46
Bukit Sembawang Estates Ltd	4,000	25,080	1.02
Capitaland Limited	4,000	14,120	0.57
City Developments Ltd	2,000	24,980	1.01
First Real Estate Investment Trust	22,700	31,553	1.28
First Sponsor Group Ltd	20,000	28,200	1.14
GL Ltd	14,000	11,760	0.48
Hongkong Land Holdings Ltd	10,000	94,083	3.81
The Straits Trading Co Ltd	12,000	28,080	1.14
UOL Group Ltd	3,700	32,819	1.33
Wheelock Properties (S) Ltd	15,000	28,500	1.15
Yanlord Land Group Limited	10,000	16,200	0.66
		<u>346,750</u>	<u>14.05</u>

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



**RHB SINGAPORE INCOME FUND**  
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**STATEMENT OF PORTFOLIO**  
As at 31 December 2017

	Holdings at 31 December 2017	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
<b>By Industry (Primary) (continued)</b>			
<b>QUOTED (continued)</b>			
<b>EQUITIES (continued)</b>			
<b>REAL ESTATE INVESTMENT TRUST</b>			
Aims Amp Capital Industrial Real Estate Investment Trust	25,600	34,816	1.41
Ascendas Real Estate Investment Trust	15,000	40,800	1.65
Cache Logistics Trust	40,120	34,303	1.39
Frasers Centrepoint Trust	20,000	44,800	1.82
Keppel DC Real Estate Investment Trust	29,562	42,273	1.72
Mapletree Commercial Trust	40,000	64,800	2.63
Soilbuild Business Space Real Estate Investment Trust	58,000	38,860	1.58
Viva Industrial Trust Real Estate Investment Trust	70,000	65,450	2.65
		<u>366,102</u>	<u>14.85</u>
<b>RETAIL AND DEPARTMENT STORE</b>			
Duty Free International Ltd	189,700	50,270	2.04
<b>SHIPBUILDING</b>			
Keppel Corp Ltd	5,000	36,750	1.49
Pan-United Corp Ltd	50,000	29,000	1.17
Yangzijiang Shipbuilding Holdings Ltd	30,000	44,100	1.79
		<u>109,850</u>	<u>4.45</u>
<b>TELECOM SERVICE</b>			
Singapore Telecommunications Ltd	38,000	135,660	5.50
StarHub Ltd	6,000	17,100	0.69
		<u>152,760</u>	<u>6.19</u>
<b>TRANSPORT</b>			
Singapore Technologies Engineering Ltd	11,000	35,860	1.45
		<u>35,860</u>	<u>1.45</u>
<b>Portfolio of investments</b>		<b>2,282,955</b>	<b>92.54</b>
<b>Other net assets</b>		<b>183,945</b>	<b>7.46</b>
<b>Net assets attributable to unitholders</b>		<b><u>2,466,900</u></b>	<b><u>100.00</u></b>

**RHB SINGAPORE INCOME FUND**  
(Constituted under a Trust Deed in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**  
As at 31 December 2017

	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
<b>By Industry (Summary)</b>			
Agriculture	5,610	0.23	1.22
Airlines	67,720	2.75	3.85
Bank	52,900	2.15	2.61
Electronic	-	-	3.20
Electric/ Electronic	30,449	1.23	3.68
Engineering & Machinery	224,710	9.11	6.04
Finance	137,400	5.57	8.63
Food & Beverage	73,600	2.98	-
Foods	203,336	8.24	4.03
Industrials	129,962	5.27	2.95
Infrastructure	37,582	1.52	2.05
Investment	81,539	3.31	3.75
Material & Process	96,820	3.92	1.51
Metals	-	-	0.52
Miscellaneous	79,735	3.23	2.24
Property	-	-	2.05
Real Estate	346,750	14.05	9.67
Real Estate & Development	-	-	4.30
Real Estate Investment Trust	366,102	14.85	10.16
Retail & Department Store	50,270	2.04	-
Shipbuilding	109,850	4.45	4.57
Telecom Service	152,760	6.19	1.79
Transport	35,860	1.45	2.96
Transport - Ship	-	-	0.36
Utility - Water	-	-	1.36
<b>Portfolio of investments</b>	<b>2,282,955</b>	<b>92.54</b>	<b>83.50</b>
<b>Other net assets</b>	<b>183,945</b>	<b>7.46</b>	<b>16.50</b>
<b>Net assets attributable to unitholders</b>	<b>2,466,900</b>	<b>100.00</b>	<b>100.00</b>

**RHB SINGAPORE INCOME FUND**  
(Constituted under a Trust Deed in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**  
*As at 31 December 2017*

	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
<b>By Geography (Secondary)</b>			
China	28,200	1.14	2.74
Hong Kong	252,987	10.25	8.50
Indonesia	31,553	1.28	2.22
Singapore	1,896,615	76.89	69.07
Thailand	73,600	2.98	0.97
<b>Portfolio of investments</b>	2,282,955	92.54	83.50
<b>Other net assets</b>	183,945	7.46	16.50
<b>Net assets attributable to unitholders</b>	2,466,900	100.00	100.00

## RHB SINGAPORE INCOME FUND

(Constituted under a Trust Deed in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### 1. GENERAL

RHB Singapore Income Fund (the "Fund") is a unit trust constituted by a Deed of Trust dated 11 August 2015 together with its Supplemental Deeds thereon (hereafter referred to as "Trust Deed") between RHB Asset Management Pte. Ltd. (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore.

Subscriptions and redemptions of the Fund are denominated in Singapore Dollar and United States Dollar. Investors may subscribe in United States Dollar at the applicable rate of exchange from Singapore Dollar.

#### 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. The Fund has adopted the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in March 2017 for the financial year beginning on or after 1 July 2016.

The Fund has adopted the following Singapore Financial Reporting Standards ("FRS") and related amendments in accordance with the recommendations of the RAP7:

##### (i) *Consolidation and disclosure of interests in other entities*

FRS 110 "Consolidated financial statements"  
FRS 112 "Disclosure of interests in other entities"  
Amendments to FRS 110, FRS 112 and FRS 27 "Investment entities"

FRS 110 and the amendments define an investment entity and introduce an exception from the consolidation requirements for investment entities.

FRS 112 and the amendments require entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some interests in other entities. Entities are also required to provide disclosure around certain "structured entities". The amendments to FRS 112 introduce new disclosure requirements related to investment entities.

##### (ii) *Offsetting financial assets and liabilities disclosures*

Amendments to FRS 32 "Financial instruments: Presentation – Offsetting financial assets and financial liabilities"  
Amendments to FRS 107 "Disclosures – Offsetting financial assets and financial liabilities"

The amendments to FRS 32 provide clarification on the offsetting criteria in FRS 32 and address inconsistencies in their application.

The amendments to FRS 107 require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The adoption of these new or amended FRS impacted the Fund's level of disclosures in certain of the above noted areas, but did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior financial 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.

## RHB SINGAPORE INCOME FUND

(Constituted under a Trust Deed in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial derivatives (continued)

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) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(e) 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.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales 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.

(f) 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 Fund utilises 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.

(g) 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.

(h) Foreign currencies

(i) Functional and presentation currency

Subscriptions and redemptions of the units in the Fund are denominated in Singapore dollars and United States dollars. The primary activity of the Fund is to invest in authorised investments which are equities, equity-related instruments (including, without limitation, interests in property funds) and in companies listed on the Singapore Exchange (the "Singapore-listed companies") and companies with main business or assets in Singapore that are listed on other stock exchange(s) (the "Singapore-related securities").

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore Dollar.

## RHB SINGAPORE INCOME FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Foreign currencies (continued)

(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.

(i) 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 company or the counterparty.

#### 3. INCOME TAX

The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund will also ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

	2017	2016
	\$	\$
Singapore income tax	4,977	2,401

The Singapore income tax represents tax deducted at source for Singapore sourced dividends.

#### 4. DISTRIBUTIONS

The Fund distributed a total of \$177,893 to unitholders on the register during the year financial year ended 31 December 2017 (2016: \$216,906) as disclosed below.

##### 2017

SGD Class	No Units	Record Date	Payment Date	Distribution rate S\$ per 100 units	Distribution amount S\$
	Distributions on 2,707,021 units	27/03/2017	03/04/2017	2.0000	54,140
	Distributions on 2,866,511 units	27/06/2017	04/07/2017	2.0000	57,330
	Distributions on 2,681,198 units	25/09/2017	05/10/2017	2.0000	53,625
	Distributions on 2,559,659 units	26/12/2017	10/01/2018	0.5000	12,798
					177,893

##### 2016

SGD Class	No Units	Record Date	Payment Date	Distribution rate S\$ per 100 units	Distribution amount S\$
	Distributions on 3,810,489 units	30/03/2016	08/04/2016	0.1000	3,810
	Distributions on 4,434,472 units	28/06/2016	08/07/2016	1.8000	79,820
	Distributions on 4,835,225 units	27/09/2016	10/10/2016	0.9300	44,968
	Distributions on 4,069,478 units	27/12/2016	10/01/2017	2.1700	88,308
					216,906

**RHB SINGAPORE INCOME FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2017

**5. RECEIVABLES**

	2017 \$	2016 \$
Dividends receivable	4,316	-
Interest receivable	48	17
Other receivable	-	12,318
	<u>4,364</u>	<u>12,335</u>

**6. CASH AND BANK BALANCES**

	2017 \$	2016 \$
Held with a related company of the Trustee: - Cash and bank balances	<u>69,774</u>	<u>331,274</u>

**7. FIXED DEPOSITS**

Held with a related company of the Manager: - Fixed deposits	<u>134,165</u>	<u>433,410</u>
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As at 31 December 2017, the fund has fixed deposits with financial institutions. The weighted average effective interest rate is 0.46% (2016:0.46%) per annum, maturing 4 days (2016:31 days) from the end of the reporting period.

**8. PAYABLES**

	2017 \$	2016 \$
Amount payable for cancellation of units	-	28,515
Amount due to the Manager	4,152	6,195
Amount due to the Trustee	63	104
Other payables	17,821	15,560
	<u>22,036</u>	<u>50,374</u>

**9. UNITS IN ISSUE**

	2017 Units	2016 Units
Units at beginning of the year	4,039,591	713,472
Units created	659,725	5,052,184
Units Cancelled	<u>(2,139,657)</u>	<u>(1,726,065)</u>
Units at end of the year	<u>2,559,659</u>	<u>4,039,591</u>
Net assets attributable to unitholders (\$)	2,466,900	3,863,589
Net asset value per unit (\$)	<u>0.9638</u>	<u>0.9564</u>

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 financial year end date is presented below:

	2017 \$	2016 \$
Net asset attributable to unitholders per unit for issuing/redeeming units (S\$)	0.9639	0.9536
Effect for movement in the net asset value between the last dealing date and the end of the reporting period	(0.0001)	(0.0002)
Effect of over provision of expenses	-	0.0030
Net asset attributable to unitholders per unit per the financial statements (S\$)	<u>0.9638</u>	<u>0.9564</u>

**10. FINANCIAL RISK MANAGEMENT**

The Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The 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 Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of equity securities. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

## RHB SINGAPORE INCOME FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

#### 10. FINANCIAL RISK MANAGEMENT (continued)

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.

The Fund's investments are substantially dependent on changes in market prices. The Manager monitors the 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 Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies/ industries.

The 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 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 fund price movement is measured against the daily price movement of the benchmark to derive the beta.

As at 31 December 2017, the Fund's beta was 0.4236 (2016: 0.6204) which was calculated based on the daily returns over the period from 1 January 2017 to 31 December 2017 for the Fund and its benchmark.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to the unitholders as at 31 December 2017. 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 Fund's investments moved according to the beta.

Fund	Benchmark	Impact of 3% (2016: 3%) movement in benchmark on net assets attributable to the unitholders	
		2017 \$	2016 \$
RHB Singapore Income Fund	FTSE Straits Times Index	29,012	60,028

(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.

Investment funds that invest in equity securities 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 Fund's portfolio investments accordingly. However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between interest rates and the value of the equity securities is indirect. Other than cash and bank balance which are subject to an insignificant interest rate risk, the Fund's financial assets and liabilities are largely non-interest bearing. The Fund is not subjected to significant risk due to fluctuations in the prevailing levels of market interest rates.

(iii) Currency risk

The Fund has monetary financial assets/liabilities denominated in currencies other than Singapore dollars and the Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The 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.



**RHB SINGAPORE INCOME FUND**

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2017

**10. FINANCIAL RISK MANAGEMENT (continued)**

(iii) Currency risk (continued)

The tables below summarise the Fund's exposure to key currencies at the end of the financial year. Monetary and non-monetary items have been taken into the account for the analysis.

31 December 2017	USD \$	SGD \$	Total \$
<b>Assets</b>			
Portfolio of investments	272,452	2,010,503	2,282,955
Receivables	4,364	-	4,364
Sales awaiting settlement	-	36,545	36,545
Fixed deposit	134,165	-	134,165
Cash and bank balances	668	69,106	69,774
<b>Total assets</b>	<b>411,649</b>	<b>2,116,154</b>	<b>2,527,803</b>
<b>Liabilities</b>			
Distribution payable	-	12,798	12,798
Purchase awaiting settlement	-	26,069	26,069
Payables	120	21,916	22,036
<b>Total liabilities</b>	<b>120</b>	<b>60,783</b>	<b>60,903</b>
<b>Currency exposure</b>	<b>411,529</b>	<b>2,055,371</b>	
31 December 2016	USD \$	SGD \$	Total \$
<b>Assets</b>			
Portfolio of investments	223,936	3,001,316	3,225,252
Receivables	12,335	-	12,335
Fixed deposit	433,410	-	433,410
Cash and bank balances	125,987	205,287	331,274
<b>Total assets</b>	<b>795,668</b>	<b>3,206,603</b>	<b>4,002,271</b>
<b>Liabilities</b>			
Distribution payable	-	88,308	88,308
Payables	238	50,136	50,374
<b>Total liabilities</b>	<b>238</b>	<b>138,444</b>	<b>138,682</b>
<b>Currency exposure</b>	<b>795,430</b>	<b>3,068,159</b>	

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 Fund's net asset value has been included in the above price risk sensitivity analysis.

The 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 Fund.

As of 31 December 2017, the Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and hence no sensitivity analysis on foreign currency risk has been presented.

(b) Liquidity risk

The Fund is exposed to daily redemption of units in the Fund. 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 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.

31 December 2017	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	22,036	-	-	-
Distribution payable	12,798	-	-	-
Purchase awaiting settlement	26,069	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2017

**10. FINANCIAL RISK MANAGEMENT** (continued)

(b) Liquidity risk (continued)

31 December 2016	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	50,374	-	-	-
Distribution payable	88,308	-	-	-

(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 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 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 Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit-ratings assigned by international credit rating agencies.

The tables below summarise the credit rating of banks and custodian in which the Fund's assets are held as at 31 December 2017 and 2016.

31 December 2017	Credit rating <sup>###</sup>	Source of credit rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa3	Moody's
RHB Bank Berhad	A3	Moody's
31 December 2016	Credit rating <sup>###</sup>	Source of credit rating
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa2	Moody's
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	Aa2	Moody's
RHB Bank Berhad	A3	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

<sup>###</sup> Group credit ratings are presented for unrated subsidiaries.

**RHB SINGAPORE INCOME FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2017

**10. FINANCIAL RISK MANAGEMENT (continued)**

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

(e) Fair value estimation

The 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 Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2017 and 2016:

<b>31 December 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets designated at fair value through profit or loss				
- Quoted equities	<u>2,282,955</u>	-	-	<u>2,282,955</u>
<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets designated at fair value through profit or loss				
- Quoted equities	<u>3,225,252</u>	-	-	<u>3,225,252</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise active listed equities. The Fund does not adjust the quoted price for these instruments.

Except for cash and cash balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2017 and 2016 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

**11. RELATED PARTY TRANSACTIONS**

Management fees are paid to the Manager, while trustee fee is paid to the Trustee. These fees paid or payable by the 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.

In addition to the related party information shown elsewhere in the financial statements, the following transactions took place during the financial period between the Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Transaction fees charged by the Trustee	2,145	1,364
Bank service fees charged by a bank which is a related company of the Trustee	3,546	2,037
Custodian fees charged by a related company of the Trustee	548	425

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*(Constituted under a Trust Deed in the Republic of Singapore)*

**NOTES TO THE FINANCIAL STATEMENTS**  
*For the financial year ended 31 December 2017*

**11. RELATED PARTY TRANSACTIONS (continued)**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Valuation fees charged by a related company of the Trustee	20,217	13,686
Registrar fees charged by a related company of the Trustee	15,525	9,160

**12. FINANCIAL RATIOS**

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Expense ratio <sup>1</sup>	4.21	3.09
Portfolio turnover ratio <sup>2</sup>	39.33	38.94

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2017 was based on total operating expenses of \$118,212 (2016: \$114,715) divided by the average net asset value of \$2,805,630 (2016: \$3,714,867) for the year/period. 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 Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup> 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, being purchases of \$1,103,483 (2016: \$1,446,530) divided by the weighted average daily net asset value of \$2,805,630 (2016: \$3,714,867).