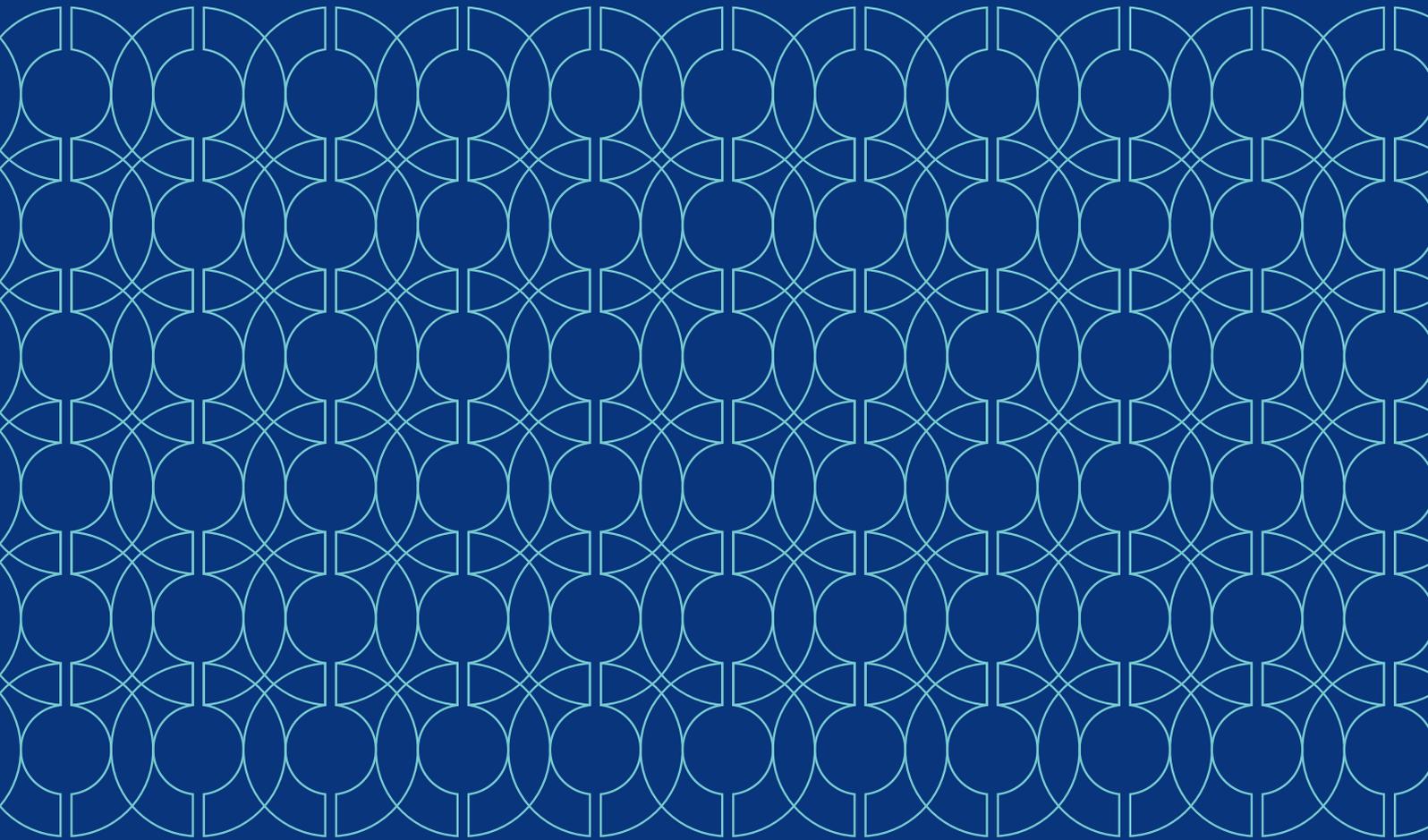


Schroders

SCHRODER SINGAPORE FIXED INCOME FUND

Annual Report & Financial Statements

June 2019



SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

Manager

Schroder Investment Management (Singapore) Ltd
138 Market Street
#23-01 CapitaGreen
Singapore 048946
Company Registration No. 199201080H

Trustee

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320
Company Registration No. 194900022R

Auditor

PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower, Level 12
Singapore 018936

Solicitor to the Manager

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Solicitor to the Trustee

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

Further Information

Schroders is a Foreign Account Tax Compliance Act (“FATCA”) compliant organisation. Please find the FATCA classification of this Fund and its Global Intermediary Identification Number (“GIIN”) below.

FATCA entity classification: Nonreporting IGA FFI / Sponsored Investment Entity
GIIN: WM9S4Z.00008.SF.702

COMMENTARY

2018 was a challenging period for bonds. The second half of the year started with US economic growth and earnings data on robust footing and overshadowed simmering concerns around the escalating US-Sino trade war. With the turn of the quarter, the US initially targeted US\$34 billion of Chinese products with a 25% tariff in early July, another US\$16 billion in August, before a 10% tariff was implemented on a further US\$200 billion of Chinese goods in September (set to rise to 25% in January 2019). Stability in growth and employment figures in the US allowed the Federal Reserve (Fed) to raise rates by 25 basis points each in September and December but the Fed lowered the number of projected rate hikes to two in 2019. US Treasury yields fell on the back of decreased rate hike expectations, with the 10-year yields ending 2018 at 2.69%.

The first quarter of 2019 started off with riskier assets rebounding sharply at the start of January but subsequently was impacted by the slowing of global growth, driven by a significant deterioration in manufacturing confidence and international trade. On the back of a global synchronised growth downturn, major central banks have taken a dovish tune.

Meanwhile, markets were buffeted by uncertainty over the US-Sino trade war matters over the first half of 2019. The prolonged trade war cast a cloud over the global economy with 11 rounds of failed talks and tit-for-tat retaliations and tariff impositions. Following the G20 Osaka summit that took place at the end of June, both parties have agreed to resume trade talks, with the US putting a pause on further tariff hikes in addition to easing some restrictions on Chinese telecommunications group Huawei.

US economic data was mixed, with first quarter GDP growing by 3.1% quarter-on-quarter and employment data broadly encouraging but consumer and business confidence indices softening. US ISM manufacturing index fell to 51.7 in June, the lowest in two and a half years. The Fed did not cut rates at its June meeting but the “dot plot” signals easier policy ahead. US Treasury yields continue to fall, with 10-year US Treasuries declining to 2.01% in June 2019.

Eurozone’s economic data printed was tepid and prompted the European Central Bank (ECB) to maintain its guidance for interest rates to remain unchanged in the first quarter of the year. Q1 GDP growth was confirmed at 0.4% QoQ and annual inflation for June was stable compared to May at 1.2%. ECB’s President, Mario Draghi, hinted that further monetary policy easing could be on the way if the inflation outlook fails to improve. In the UK, Brexit uncertainty continued to weigh on different parts of the economy. Theresa May resigned as leader of the Conservative party and prime minister in June.

In China, mixed economic data put into question the sustainability of the recovery witnessed in Q1 of 2019. Industrial Production (IP) growth slid further to 5.0% year-on-year in May while Fixed Asset Investment (FAI) growth dropped to 5.6% Yoy in May on the back of tepid infrastructure, property and manufacturing investments. June’s Manufacturing PMI was unchanged and stabilised at 49.4%, but the moderation in some major components suggests that weakness in business sentiment and growth momentum remain amid trade uncertainties.

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Singapore continues to feel the effects of a global weakening in growth, softening of trade activities and synchronised downturn of global technology and manufacturing sectors. Q2 GDP flash estimates showed that the economy contracted 3.4% Qoq and posted the lowest growth in a decade. This was largely driven by the downward trend of the manufacturing sector, which further declined 3.8% y/y in the second quarter. Non-Oil Domestic Exports (NODX) printed its third consecutive double-digit contraction in May, sharply declining 15.9% Yoy. The decline was led by a large decrease of 31.4% in electronic exports, while non-electronic exports fell 10.8%. Meanwhile, the Monetary Authority of Singapore's (MAS) core inflation was broadly unchanged at 1.3% in May.

Against a backdrop of softer economic growth, global technology downturn and increased market uncertainty stemming from trade war issues, Singapore bonds fared positively over the first half of 2019. The performance was led by the SGD-denominated corporate bond peers (as measured by the iBoxx ALBI Singapore Non-Government Total Return Index), which returned 2.15% over the period. Meanwhile, the Singapore dollar (SGD) denominated government bond counterpart (as measured by the iBoxx ALBI Singapore Government Total Return Index) lagged behind with a return of 1.08%.

The Schroder Singapore Fixed Income Fund (A share class, net returns) returned 3.9% while the Schroder Singapore Fixed Income Fund (I share class, net returns) returned 4.3%. The benchmark returned 5.2% over the period under review.

Over the period, duration positioning, particularly in Singapore, was the main detractor from performance. The underweight duration stance of the Fund weighed on returns as yields generally fell across the curve from the two-year maturity spectrum onwards. The Fund's SGD swap position also contributed negatively to returns as rates rose over the year. The Fund was also impacted by currency effects, particularly from the Fund's USD-denominated holdings, as SGD appreciated by 0.69% against USD over the one year period. Conversely, positive security selection decisions within the corporate sector, especially select bonds within the financial and industrial sectors, added to returns.

The latest US-China trade war truce temporarily eased concerns of a further escalation in trade war and boosted market sentiment in the near term. However, markets are cautious of an over-complacent stance as difficulties in resolving key differences remain.

The US Treasury market is now pricing in at least two rate cuts by the Fed and globally, economic conditions now point to a slower growth trajectory compared to 2018. This softer monetary stance is being echoed by the ECB in Europe and the Bank of Japan. With the dovish tone the major theme among major central banks, we expect Asian central banks to also lean towards an easier monetary policy stance. Growth and inflation figures are softening in the region and Asian central banks, having in general hiked in 2017 to 2018 to counteract tighter US monetary policy, have the flexibility to ease monetary policy.

In Singapore, the gloom of the global economic outlook continues to weigh on output and exports. We expected this to significantly impact GDP this year. Meanwhile, as labour market conditions further deteriorate gradually, core inflation is expected to remain subdued. We expect MAS to ease in October if growth remains soft and core inflation does not rise meaningfully.

SCHRODER SINGAPORE FIXED INCOME FUND

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Going forward, we anticipate financial markets to be punctuated with bouts of volatility. Thus, focusing on fundamentals and value will benefit portfolio returns over chasing risk in the blind expectation that returns will naturally follow. To that end we are carefully choosing where to allocate risk capital. The Fund continues to hold a bias towards government bonds, which we expect will perform better than the corporate counterparts in the face of a weaker global economic backdrop and continued market uncertainties.

June 2019

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

REPORT OF THE TRUSTEE

For the financial year ended 30 June 2019

The Trustee is under a duty to take into custody and hold the assets of Schroder Singapore Fixed 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 37, 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

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

STATEMENT BY THE MANAGER

For the financial year ended 30 June 2019

In the opinion of Schroder Investment Management (Singapore) Ltd, the accompanying financial statements set out on pages 10 to 37, 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 portfolio holdings of Schroder Singapore Fixed Income Fund (the "Fund") as at 30 June 2019, and the financial performance and movements of unitholders' funds for the financial 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 Schroder Investment Management (Singapore) Ltd

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

Our Opinion

In our opinion, the accompanying financial statements of Schroder Singapore Fixed 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 30 June 2019, 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 30 June 2019;
- the Statement of Financial Position as at 30 June 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2019;
- the Statement of Portfolio as at 30 June 2019; 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 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
SCHRODER SINGAPORE FIXED INCOME FUND**
Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

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 September 2019

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
Income			
Interest on deposits with banks	9	113,325	38,145
Less : Expenses			
Management fees	9	1,697,419	1,532,076
Trustee fees	9	164,704	153,165
Valuation fees	9	120,579	111,439
Custodian fees	9	94,437	85,544
Registration fees	9	283,976	253,000
Audit fees		17,485	19,469
Transaction costs		2,400	3,125
Others		89,196	117,877
		2,470,196	2,275,695
Net expense		(2,356,871)	(2,237,550)
Net gains or losses on value of investments and financial derivatives			
Net gains/(losses) on investments		26,378,543	(1,522,300)
Net losses on spot foreign exchange contracts		(269)	(1,000)
Net gains on futures contracts		-	579,495
Net losses on swap contracts		(3,753,829)	(146,848)
Net foreign exchange (losses)/gains		(70,744)	16,959
		22,553,701	(1,073,694)
Total return/(deficit) for the year before income tax		20,196,830	(3,311,244)
Income tax expense	3	(2,225)	(3,144)
Total return/(deficit) for the year		20,194,605	(3,314,388)

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Portfolio of investments		467,901,057	478,778,516
Bank balances	9	8,954,115	1,630,237
Sales awaiting settlement		31,045,224	16,639,598
Receivables	4	1,092,113	2,232,407
Margin account	10	6,190,734	4,847,096
Total assets		515,183,243	504,127,854
LIABILITIES			
Purchases awaiting settlement		30,880,440	12,164,365
Payables	6	3,627,571	409,174
Financial derivatives	5	3,785,643	401,876
Total liabilities		38,293,654	12,975,415
EQUITY			
Net assets attributable to unitholders	7	476,889,589	491,152,439

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2019*

	Note	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial year		491,152,439	428,026,218
Operations			
Change in net assets attributable to unitholders resulting from operations		20,194,605	(3,314,388)
Unitholders' contributions/(withdrawals)			
Creation of units		72,460,226	115,384,264
Cancellation of units		(106,917,681)	(48,943,655)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(34,457,455)	66,440,609
Total (decrease)/increase in net assets attributable to unitholders		(14,262,850)	63,126,221
Net assets attributable to unitholders at the end of the financial year	7	476,889,589	491,152,439

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***STATEMENT OF PORTFOLIO***As at 30 June 2019***Primary**

	Nominal value at 30 Jun 2019 \$	Fair value at 30 Jun 2019 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2019 %
By geography			
Quoted			
Fixed income			
CHINA			
China Construction Bank Corp / Singapore EMTN 2.08% 26 Oct 2020	2,000,000	1,993,100	0.42
China Construction Bank Corp / Singapore EMTN 2.643% 21 Sep 2020	4,750,000	4,768,097	1.00
Huarong Finance 2017 Co Ltd 3.2% 27 Apr 2021	6,000,000	5,977,620	1.25
		12,738,817	2.67
HONG KONG			
Sun Hung Kai Properties Capital Market Ltd EMTN 3.25% 20 May 2021	1,500,000	1,519,875	0.32
SINGAPORE			
Ascendas Real Estate Investment Trust MTN 2.47% 10 Aug 2023	3,000,000	2,970,450	0.62
Ascendas Real Estate Investment Trust MTN 3.14% 2 Mar 2025	3,250,000	3,290,560	0.69
CapitaLand Treasury Ltd MTN 4.3% 31 Aug 2020	5,000,000	5,110,050	1.07
CDL Properties Ltd 2.958% 9 May 2024	5,000,000	5,005,800	1.05
DBS Group Hldg Ltd MTN Var Perp	5,000,000	5,156,250	1.08
Housing & Development Board MTN 1.825% 28 Aug 2022	10,000,000	9,954,700	2.09
Housing & Development Board MTN 1.91% 10 Aug 2023	16,000,000	15,951,040	3.34
Housing & Development Board MTN 2.2325% 21 Feb 2022	9,000,000	9,069,750	1.90
Housing & Development Board MTN 2.32% 24 Jan 2028	10,000,000	10,040,800	2.11
Housing & Development Board MTN 2.625% 17 Sep 2025	6,000,000	6,173,640	1.29
Housing & Development Board MTN 2.675% 22 Jan 2029	4,000,000	4,114,840	0.86

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***STATEMENT OF PORTFOLIO***As at 30 June 2019***Primary (continued)**

	Nominal value at 30 Jun 2019 \$	Fair value at 30 Jun 2019 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2019 %
By geography			
Quoted			
Fixed income			
SINGAPORE (continued)			
Housing & Development Board MTN 2.815% 26 Jul 2021	1,750,000	1,781,692	0.37
Housing & Development Board MTN 3.008% 26 Mar 2021	8,000,000	8,149,920	1.71
IVL Singapore Pte Ltd 3.73% 7 Oct 2025	3,000,000	3,161,310	0.66
Keppel Infrastructure Trust 4.75% Perp	5,000,000	4,998,550	1.05
Land Transport Authority of Singapore MTN 3.3% 30 Jun 2054	7,750,000	8,048,491	1.69
Land Transport Authority of Singapore MTN 3.38% 30 Jan 2059	3,750,000	3,945,825	0.83
Land Transport Authority of Singapore MTN 3.45% 30 Jul 2058	4,250,000	4,532,370	0.95
Mapletree Commercial Trust Treasury Co Pte Ltd MTN 3.28% 23 Sep 2024	2,750,000	2,796,832	0.59
MAS Bill Series 84 19 Jul 2019	7,000,000	6,993,385	1.47
MAS Bill Series 84 30 Aug 2019	21,000,000	20,933,850	4.39
NTUC Income Insurance Cooperative Ltd Var 23 Aug 2027	1,000,000	1,030,940	0.22
Oversea-Chinese Banking Corp Ltd Var Perp	5,000,000	5,151,350	1.08
Singapore Government Bond 1.75% 1 Feb 2023	24,000,000	24,067,680	5.05
Singapore Government Bond 2.25% 1 Jun 2021	20,000,000	20,243,400	4.24
Singapore Government Bond 2.25% 1 Aug 2036	11,000,000	10,835,550	2.27
Singapore Government Bond 2.375% 1 Jun 2025	5,200,000	5,356,156	1.12
Singapore Government Bond 2.375% 1 Jul 2039	10,000,000	9,974,200	2.09
Singapore Government Bond 2.75% 1 Jul 2023	25,000,000	25,986,500	5.45

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***STATEMENT OF PORTFOLIO***As at 30 June 2019***Primary (continued)**

	Nominal value at 30 Jun 2019 \$	Fair value at 30 Jun 2019 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2019 %
By geography			
Quoted			
Fixed income			
SINGAPORE (continued)			
Singapore Government Bond 2.75% 1 Apr 2042	19,000,000	19,866,020	4.17
Singapore Government Bond 2.75% 1 Mar 2046	28,049,000	29,029,313	6.09
Singapore Government Bond 2.875% 1 Jul 2029	28,000,000	30,084,040	6.31
Singapore Government Bond 2.875% 1 Sep 2030	22,000,000	23,612,380	4.95
Singapore Government Bond 3% 1 Sep 2024	22,400,000	23,720,256	4.97
Singapore Government Bond 3.125% 1 Sep 2022	3,400,000	3,553,850	0.75
Singapore Government Bond 3.25% 1 Sep 2020	3,250,000	3,310,645	0.69
Singapore Government Bond 3.375% 1 Sep 2033	26,942,000	30,560,311	6.42
Singapore Government Bond 3.5% 1 Mar 2027	5,000,000	5,563,550	1.17
Singapore Tech Telemedia Series 1 4.05% 2 Dec 2025	5,000,000	5,208,550	1.09
Surbana Jurong Pte Ltd EMTN 4.11% 3 Oct 2025	4,500,000	4,737,375	0.99
Temasek Financial I Ltd GMTN 3.785% 5 Mar 2025	5,000,000	5,383,450	1.13
United Overseas Bank Ltd MTN Var 27 Feb 2029	7,000,000	7,249,690	1.52
UOL Treasury Services Pte Ltd MTN 2.5% 29 Sep 2020	3,000,000	2,999,910	0.63
UOL Treasury Services Pte Ltd MTN 3% 23 May 2024	4,250,000	4,266,533	0.89
		443,971,754	93.10

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***STATEMENT OF PORTFOLIO***As at 30 June 2019*

Primary (continued)

	Nominal value at 30 Jun 2019 \$	Fair value at 30 Jun 2019 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2019 %
By geography			
Quoted			
Fixed income			
SOUTH KOREA			
Export-Import Bank of Korea EMTN 2.318% 27 Sep 2022	3,000,000	<u>2,990,070</u>	<u>0.63</u>
UNITED STATES OF AMERICA			
Ford Motor Credit Co LLC EMTN 4.125% 20 Jun 2024	3,000,000	<u>2,993,310</u>	<u>0.63</u>
Accrued interest on fixed income securities		<u>3,687,231</u>	<u>0.77</u>
Portfolio of investments		<u>467,901,057</u>	<u>98.12</u>
Other net assets		<u>8,988,532</u>	<u>1.88</u>
Net assets attributable to unitholders		<u>476,889,589</u>	<u>100.00</u>

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***STATEMENT OF PORTFOLIO***As at 30 June 2019***Primary** (continued)

	Percentage of total net assets attributable to unitholders at 30 Jun 2019 %	Percentage of total net assets attributable to unitholders at 30 Jun 2018 %
By geography (summary)		
Quoted		
China	2.67	3.03
Hong Kong	0.32	2.09
Singapore	93.10	89.45
South Korea	0.63	2.22
United States of America	0.63	-
Accrued interest on fixed income securities	0.77	0.69
Portfolio of investments	98.12	97.48
Other net assets	1.88	2.52
Net assets attributable to unitholders	100.00	100.00

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

STATEMENT OF PORTFOLIO

As at 30 June 2019

Secondary

	Fair value at 30 Jun 2019 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2019 %	Percentage of total net assets attributable to unitholders at 30 Jun 2018 %
By industry			
Automobiles & Components	2,993,310	0.63	-
Bank	27,308,557	5.73	5.48
Central Bank	27,927,235	5.86	7.36
Construction & Engineering	4,737,375	0.99	-
Government	265,763,851	55.72	62.89
Insurance	1,030,940	0.22	0.21
Investment	5,383,450	1.13	1.73
Miscellaneous	11,935,762	2.50	2.38
Real Estate	25,163,178	5.28	4.39
Sovereign Agency	81,763,068	17.15	12.35
Telecommunications	5,208,550	1.09	-
Utilities	4,998,550	1.05	-
Accrued interest on fixed income securities	3,687,231	0.77	0.69
Portfolio of investments	467,901,057	98.12	97.48
Other net assets	8,988,532	1.88	2.52
Net assets attributable to unitholders	476,889,589	100.00	100.00

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***STATEMENT OF PORTFOLIO***As at 30 June 2019***Secondary** (continued)

	Fair value at 30 Jun 2019 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2019 %	Percentage of total net assets attributable to unitholders at 30 Jun 2018 %
By credit rating			
AAA / Aaa	316,477,871	66.37	66.04
AA / Aa2	6,151,380	1.29	2.22
A+ / A1	2,550,815	0.53	0.87
A / A2	14,010,887	2.94	1.21
A- / A3	6,261,010	1.31	2.70
BBB+ / Baa1	13,930,702	2.92	1.76
BBB / Baa2	2,993,310	0.63	-
BBB- / Baa3	5,151,350	1.08	-
Not rated debt securities	96,686,501	20.28	21.99
Accrued interest on fixed income securities	3,687,231	0.77	0.69
Portfolio of investments	467,901,057	98.12	97.48
Other net assets	8,988,532	1.88	2.52
Net assets attributable to unitholders	476,889,589	100.00	100.00

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

1. General

Schroder Singapore Fixed Income Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 1 September 2005 (and as amended, restated and supplemented from time to time) (thereafter referred to as “Trust Deed”). The Trust Deed is governed in accordance with the laws of the Republic of Singapore. The Manager of the Fund is Schroder Investment Management (Singapore) Ltd and the Trustee is HSBC Institutional Trust Services (Singapore) Limited.

The Fund, which was launched on 3 October 2005, invests in a diversified portfolio of Singapore dollar denominated fixed income securities, including debt securities issued by the Singapore Government, Singapore statutory boards and corporates with issuer credit ratings of at least Baa by Moody’s, BBB by Standard & Poor’s or BBB by Fitch (including sub-categories or graduations therein). The Fund may also invest in non-rated debt securities issued by Singapore-incorporated entities and Singapore statutory boards.

The Fund’s investment objective is to provide investors with diversified exposure to the Singapore fixed income market through investment in Singapore dollar denominated bonds.

The Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switching in and out of the Fund. This is known as “dilution”. In order to counter this and to protect unitholders’ interests, with effect from 1 October 2018, the Manager will apply “dilution adjustment” as part of its daily valuation policy. This will mean that in certain circumstances the Manager (if in its opinion in good faith it is in the interest of unitholders to do so) will make adjustments in the calculations of the net asset value per unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switching and redemptions received by the Fund for each dealing day. The Manager therefore reserves the right to make a dilution adjustment where the Fund experiences a net cash movement which exceeds a threshold of the previous dealing day’s total net asset value.

Any dilution adjustment as at the last dealing day of the year will be disclosed under units in issue.

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(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, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Interest income on deposits is recognised on a time proportion basis using the effective interest method.

(c) Investments

Investments are classified as financial assets held at fair value through profit or loss. Purchases of investments are recognised on trade date. Investments are recorded at fair value on initial recognition, and subsequently carried at fair value.

The fair value of financial assets and liabilities traded in active markets is based on market mid prices for debt securities on the reporting date. Accrued interest or discount or premium on debt securities at the reporting date are included in the fair value of debt securities. Interest income on debt securities is presented within net gains or losses on investments on the Statement of Total Return.

Investments are derecognised on the trade date of disposal. Net gains or losses on investments are taken up in the Statement of Total Return.

(d) 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, less accumulated impairment losses.

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2. Significant accounting policies (continued)

(e) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(f) Bank balances

Bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(g) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(h) Foreign currency translation

The Fund may hold assets and liabilities denominated in currencies other than Singapore dollars. The financial statements are presented in Singapore dollars, which is the Fund's functional and presentation currency.

Foreign currency transactions during the year are translated into Singapore dollars at the rates of exchange ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the reporting date. Foreign exchange gains or losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of foreign currency monetary assets and liabilities, are taken to the Statement of Total Return.

(i) Financial derivatives

Financial derivatives are recognised at fair value on the date in which a financial derivative contract is entered into and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions. A financial derivative is carried as an asset when its fair value is positive, and as a liability when its fair value is negative.

Net gains or losses on financial derivatives held for protection or enhancement of investments are taken to the Statement of Total Return as gains or losses on financial derivatives.

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2. Significant accounting policies (continued)

(j) 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 Fund or the counterparty.

3. Income tax

The Fund has been approved by the Monetary Authority of Singapore under the Enhanced-Tier Fund Tax Incentive Scheme (Section 13X of the Income Tax Act) and is included in the Central Provident Fund Investment Scheme. Subject to certain conditions being met on an annual basis, the Fund will be granted tax exemption on the specified income in respect of any designated investment for the life of the Fund. The tax exemption does not apply in the year when the relevant conditions are not met. The terms “specified income” and “designated investments” are defined in the relevant Income Tax legislations and MAS Circulars.

	2019 \$	2018 \$
Singapore income tax	<u>2,225</u>	<u>3,144</u>

The Singapore income tax represents tax on bond interest income not exempted under the Enhanced-Tier Fund Tax Incentive Scheme.

4. Receivables

	2019 \$	2018 \$
Amount receivable for creation of units	1,029,996	2,178,172
Interest receivable	3	1
Refund of GST	62,086	54,172
Other	28	62
	<u>1,092,113</u>	<u>2,232,407</u>

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

5. Financial derivatives

Financial derivative contracts comprise swap contracts due for settlement or contractual re-pricing within 1 year (2018: within 1 year) from the reporting date. The contracted or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the reporting date are analysed below.

	Notional amount \$	Fair value liabilities \$
2019		
Contracts:		
Swap	170,000,000	3,785,643
2018		
Contracts:		
Swap	30,000,000	401,876

6. Payables

	2019 \$	2018 \$
Amount payable for cancellation of units	3,416,999	197,519
Accrued management fees	139,571	137,107
Accrued trustee fees	13,174	13,184
Accrued valuation fees	9,190	9,959
Other accrued expenses	48,637	51,405
	3,627,571	409,174

7. Units in issue

Class A	2019 Units	2018 Units
At the beginning of the financial year	193,900,377	135,506,964
Created	17,989,051	70,404,066
Cancelled	(17,897,864)	(12,010,653)
At the end of the financial year	193,991,564	193,900,377
	\$	\$
Net assets attributable to unitholders	245,163,948	235,855,265
Net assets attributable to unitholders per unit	1.26	1.22

SCHRODER SINGAPORE FIXED INCOME FUND*Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2019***7. Units in issue (continued)**

Class I	2019 Units	2018 Units
At the beginning of the financial year	174,499,819	178,079,021
Created	33,745,410	19,743,109
Cancelled	(56,374,243)	(23,322,311)
At the end of the financial year	151,870,986	174,499,819
	\$	\$
Net assets attributable to unitholders	231,725,641	255,297,174
Net assets attributable to unitholders per unit	1.53	1.46

The Fund currently offers 2 Classes of units, namely Class A units and Class I units. Both Classes of units constitute the Fund and have different features. The key difference between the Classes is the management fee rate applicable to each Class.

Net assets attributable to unitholders ("NAV") is apportioned between both Classes of units based on the proportion of NAV of each Class, which is determined by computing the equivalent number of units of Class A and Class I units in issue. Any expense, income and/or gain which is attributable to a particular Class shall be deducted from or added to the net assets attributable to that Class.

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:

Class A	2019 \$	2018 \$
Net assets attributable to unitholders per unit per the financial statements	1.26	1.22
Effect for movement in the net asset value between the last dealing date and the financial year end date [^]	*	*
Net assets attributable to unitholders per unit for issuing/redeeming of units	1.26	1.22

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

7. Units in issue (continued)

Class I	2019 \$	2018 \$
Net assets attributable to unitholders per unit per the financial statements	1.53	1.46
Effect for movement in the net asset value between the last dealing date and the financial year end date [^]	*	*
Net assets attributable to unitholders per unit for issuing/redeeming of units	1.53	1.46

* Less than 0.01

[^] The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's prospectus. This item reflects the movement in the net asset value per unit between the last dealing dates and the financial year end dates of 2019 and 2018 respectively.

8. Financial risk management

The Fund's activities expose it to a variety of risks including but not limited to market risk (including interest rate risk and currency risk), liquidity risk and credit risk.

The overall responsibility for the management of the Fund's financial risks lies with the Manager whom, among other things, will regularly assess the economic condition, monitor changes in market outlook and take appropriate measures accordingly to manage the Fund's exposure to these risks. The Manager may from time to time employ derivatives including but not limited to options, futures and currency forwards, subject to the terms of the Trust Deed, for the purpose of efficient portfolio management.

The data used and assumptions made in the sensitivity analyses below may not reflect actual market conditions, nor is it representative of any potential future market conditions. The sensitivity analyses can be complex and the disclosures made here are not exhaustive. The market exposures change regularly and the assumptions made below may not be representative of the risk taken throughout the year. The sensitivity analyses below should not be solely relied upon by investors in their investment decision making.

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(a) Market risk

Market risk is the risk of potential adverse changes to the value of financial instruments because of changes in market conditions such as interest rate and currency rate movements and volatility in security prices.

The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager conducts detailed analysis before making investment decisions, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. The Manager may also select other financial instruments within the investment guidelines as set out in the Fund's Trust Deed. Guidelines are set to reduce the Fund's risk exposure to market volatility through diversifying the portfolio by investing across various geographies, industry sectors and issuers where permitted.

The benchmark which the performance of the Fund is measured against is the Markit iBoxx ALBI Singapore Index.

At reporting date, the Fund's assets principally consist of quoted debt securities and bank balances. The Fund's exposure to market risk are discussed below:

(i) Interest rate risk

The Fund's interest-bearing financial instruments expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates, which will affect the value of these financial instruments and therefore the financial position and cash flows of the Fund. Interest rate risk represents a significant component of the market risk of the Fund.

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook, and invest in debt securities with different maturity profiles and may use derivatives to manage the Fund's interest rate risk.

SCHRODER SINGAPORE FIXED INCOME FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risk. They include the Fund's trading assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

	As at 30 June 2019				
	Up to 1 year \$	1-5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
Assets					
Portfolio of investments	27,927,235	162,663,992	273,622,599	3,687,231	467,901,057
Bank balances	8,954,115	-	-	-	8,954,115
Sales awaiting settlement	-	-	-	31,045,224	31,045,224
Receivables	-	-	-	1,092,113	1,092,113
Margin account	6,190,734	-	-	-	6,190,734
Total assets	43,072,084	162,663,992	273,622,599	35,824,568	515,183,243
Liabilities					
Purchases awaiting settlement	-	-	-	30,880,440	30,880,440
Payables	-	-	-	3,627,571	3,627,571
Financial derivatives	3,785,643	-	-	-	3,785,643
Total liabilities	3,785,643	-	-	34,508,011	38,293,654

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

	As at 30 June 2018				
	Up to 1 year \$	1-5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
Assets					
Portfolio of investments	77,811,760	174,947,295	222,615,423	3,404,038	478,778,516
Bank balances	1,630,237	-	-	-	1,630,237
Sales awaiting settlement	-	-	-	16,639,598	16,639,598
Receivables	-	-	-	2,232,407	2,232,407
Margin account	4,847,096	-	-	-	4,847,096
Total assets	84,289,093	174,947,295	222,615,423	22,276,043	504,127,854
Liabilities					
Purchases awaiting settlement	-	-	-	12,164,365	12,164,365
Payables	-	-	-	409,174	409,174
Financial derivatives	401,876	-	-	-	401,876
Total liabilities	401,876	-	-	12,573,539	12,975,415

The table below summarises the potential impact of increases/decreases in each of the Fund's reference interest rates on the Fund's net assets attributable to unitholders as at reporting date. The analysis is based on the assumption that each of the Fund's reference interest rates increases/decreases by a reasonable possible shift, with all other variables held constant, and that the fair value of the Fund's investments in debt securities moves inversely to the interest rate changes. This represents management's best estimate of a reasonable possible shift in each of the reference interest rates, having regard to their historical movement.

Currency denomination of debt securities	2019		2018	
	Reasonable possible change bps	Impact on net assets attributable to unitholders \$	Reasonable possible change bps	Impact on net assets attributable to unitholders \$
SGD	26	7,345,187	30	7,472,522

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk

The majority of the Fund's financial assets and liabilities are denominated in Singapore dollars. Consequently, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of foreign currency rates and therefore no currency risk sensitivity analysis is presented.

(b) Liquidity risk

The Fund's liquidity risk arises mainly from redemptions of units. The Fund invests the majority of its assets in investments that are traded in active markets. However, liquidity may be poor in certain segments of the Singapore bond markets (e.g. selective corporate bonds), particularly in times of risk aversion. Therefore, the Manager considers liquidity as one of the key risks in Singapore fixed income investing. Given this, at all stages of the investment process, the Manager takes into account liquidity and its impact on the overall portfolio and emphasises diversification across the portfolio's credit exposures.

The Fund has the ability to borrow in the short-term for the purposes of meeting redemptions and short-term bridging requirements. Dedicated personnel are responsible for monitoring the Fund's liquidity position on a daily basis to ensure that sufficient cash resources and liquid assets are available to meet liabilities as and when they fall due.

Units are redeemable at the holder's option. However, the Manager also has the option to limit redemption requests to 10% of the total number of units then in issue on each dealing day, with the approval of the Trustee.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the earlier of contractual re-pricing or maturity dates. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying values as the impact of discounting is not significant.

	As at 30 June 2019		
	Less than 3 months \$	3 months to 1 year \$	Total \$
Purchases awaiting settlement	30,880,440	-	30,880,440
Payables	3,627,571	-	3,627,571
Financial derivatives	-	3,785,643	3,785,643

SCHRODER SINGAPORE FIXED INCOME FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(b) Liquidity risk (continued)

	As at 30 June 2018		
	Less than 3 months \$	3 months to 1 year \$	Total \$
Purchases awaiting settlement	12,164,365	-	12,164,365
Payables	409,174	-	409,174
Financial derivatives	-	401,876	401,876

All financial derivatives are disclosed above based on fair value as at the reporting date. Realised gains or losses on swap contracts are settled on maturity date. The notional amounts of all financial derivatives are disclosed in note 5.

(c) Credit risk

The Fund takes on exposure to credit risk arising mainly from its investments in debt securities where issuers may be unable to meet their financial obligations, such as payments of principal and/or interest on an instrument. In addition, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of the security. A change in the credit rating of a security can also affect the security's liquidity and make it more difficult to sell.

The Fund invests in investment grade debt securities as rated by Standard & Poor's, Moody's or Fitch. The Fund may also invest in non-rated debt securities issued by Singapore-incorporated entities and Singapore statutory boards. An analysis of the credit ratings of the Fund's investments has been disclosed in the Statement of Portfolio.

The Manager has in place procedures for proper credit screening and monitoring of credit risk, including the use of approved counterparties with credit limits set and subject to specified financial strength criteria. Exposure against all counterparties is then monitored on a daily basis. In addition, the Manager uses detailed credit research processes in the investment processes employed in respect of the Fund.

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(c) Credit risk (continued)

The Fund's exposure to credit risk also arises from its bank balances and assets held with custodians and counterparties. The table below summarises the credit rating of banks, custodians and counterparties with whom the Fund's assets are held as at reporting date.

As at 30 June 2019	Credit rating	Source of credit rating
<u>Bank & Custodian</u>		
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
<u>Counterparty</u>		
Morgan Stanley Bank NA	baa2	Moody's
UBS AG	a3	Moody's
<hr/>		
As at 30 June 2018	Credit rating	Source of credit rating
<u>Bank & Custodian</u>		
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
<u>Counterparty</u>		
Morgan Stanley Bank NA	baa2	Moody's
UBS AG	a3	Moody's
<hr/>		

The credit ratings shown are the Baseline Credit Assessment ratings as published by Moody's.

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

SCHRODER SINGAPORE FIXED INCOME FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(d) Fair value estimation

The fair value of financial instruments is based on quoted market prices as at the reporting date. The quoted market price used for debt securities is the market mid price and the quoted market price used for other financial assets is the current bid price; the appropriate quoted market price used for financial liabilities is the current asking price.

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:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table analyses within the fair value hierarchy the Fund's financial instruments measured at fair value at reporting date:

	As at 30 June 2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Debt securities	<u>296,008,739</u>	<u>171,892,318</u>	-	<u>467,901,057</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial derivatives	-	<u>3,785,643</u>	-	<u>3,785,643</u>

SCHRODER SINGAPORE FIXED INCOME FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(d) Fair value estimation (continued)

	As at 30 June 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Debt securities	347,252,738	131,525,778	-	478,778,516
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial derivatives	-	401,876	-	401,876

Investments in Singapore government and central bank debt securities whose values are based on quoted market prices in active markets are classified within level 1. The quoted price for these financial instruments is not adjusted.

Financial instruments that trade in markets not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include corporate debt securities and over-the-counter derivatives.

There are no financial instruments classified within level 3.

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

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(e) Offsetting financial assets and financial liabilities

The following tables present the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements.

The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

	Gross amounts of recognised financial liabilities \$	Gross amounts of recognised financial assets set-off in the Statement of Financial Position \$	Net amounts of financial liabilities presented in the Statement of Financial Position \$	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments \$	Cash collateral \$	Net amount \$
2019						
Contracts:						
Swap	3,785,643	-	3,785,643	-	(3,785,643)	-
2018						
	Gross amounts of recognised financial liabilities \$	Gross amounts of recognised financial assets set-off in the Statement of Financial Position \$	Net amounts of financial liabilities presented in the Statement of Financial Position \$	Financial instruments \$	Cash collateral \$	Net amount \$
Contracts:						
Swap	401,876	-	401,876	-	(401,876)	-

(f) Capital management

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

SCHRODER SINGAPORE FIXED INCOME FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

9. Related party disclosure

The Manager of the Fund is Schroder Investment Management (Singapore) Ltd. The Registrar for the Fund is Schroder Investment Management (Europe) SA, a related party of the Manager. The Trustee is HSBC Institutional Trust Services (Singapore) Limited, a subsidiary of the HSBC Group. The management fees paid to the Manager and registration fees paid to the Registrar; trustee fees, valuation fees and custodian fees charged by, and interest earned on deposits with, the HSBC Group are shown in the Statement of Total Return.

As at reporting date, the Fund maintained with the HSBC Group, the following bank balances:

	2019 \$	2018 \$
Current accounts	<u>8,954,115</u>	<u>1,630,237</u>

10. Margin account

	2019 \$	2018 \$
Margin account	<u>6,190,734</u>	<u>4,847,096</u>

Margin account represents the margin deposit held in respect of swap contracts. The potential effect of offsetting arrangement is disclosed in note 8(e).

SCHRODER SINGAPORE FIXED INCOME FUND

Constituted under a Trust Deed in the Republic of Singapore on 1 September 2005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

11. Financial ratios

	2019		2018	
	Class A	Class I	Class A	Class I
Expense ratio ¹	0.69%	0.31%	0.70%	0.32%
		Fund		Fund
Turnover ratio ²		116.88%		199.64%

¹ 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 divided by the average net asset values for each Class for the year. The total operating expenses do not include brokerage and other transaction 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. Expenses which are common to all Classes are apportioned based on the proportion of NAV of each Class. The Fund does not pay any performance fee. The respective values used in the calculation of the expense ratio are disclosed below. The average net asset values are based on the daily balances.

Expense ratio calculations	2019		2018	
	Class A	Class I	Class A	Class I
	\$	\$	\$	\$
Total operating expenses	1,615,071	834,408	1,423,073	821,602
Average net asset value	233,047,414	265,940,258	203,555,575	256,938,692

² 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 value of purchases or sales of the underlying investments divided by the average daily net asset value.

Turnover ratio calculations	2019		2018	
	Fund		Fund	
	\$		\$	
Lower of purchases or sales	583,217,758	(purchases)	919,317,270	(sales)
Average net asset value	498,987,672		460,494,267	

12. Subsequent event

With effect from 1 July 2019, HSBC France, Luxembourg Branch will replace Schroder Investment Management (Europe) SA as the Registrar of the Fund.

REPORT TO UNITHOLDERS

30 June 2019

The following is a report on the Schroder Singapore Fixed Income Fund (the "Fund"):

1. Top 10 holdings of the Fund as at 30 June 2019:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 3.375% 1 Sep 2033	30,560,311	6.42
Singapore Government Bond 2.875% 1 Jul 2029	30,084,040	6.31
Singapore Government Bond 2.75% 1 Mar 2046	29,029,313	6.09
Singapore Government Bond 2.75% 1 Jul 2023	25,986,500	5.45
Singapore Government Bond 1.75% 1 Feb 2023	24,067,680	5.05
Singapore Government Bond 3% 1 Sep 2024	23,720,256	4.97
Singapore Government Bond 2.875% 1 Sep 2030	23,612,380	4.95
MAS Bill Series 84 30 Aug 2019	20,933,850	4.39
Singapore Government Bond 2.25% 1 Jun 2021	20,243,400	4.24
Singapore Government Bond 2.75% 1 Apr 2042	19,866,020	4.17

Top 10 holdings of the Fund as at 30 June 2018:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 1.75% 1 Feb 2023	88,226,100	17.96
Singapore Government Bond 2.625% 1 May 2028	28,248,920	5.75
Singapore Government Bond 2.75% 1 Jul 2023	25,576,750	5.21
MAS Bill Series 84 17 Aug 2018	25,148,970	5.12
Singapore Government Bond 2.25% 1 Jun 2021	25,124,500	5.12
Singapore Government Bond 3% 1 Sep 2024	23,228,576	4.73
Singapore Government Bond 2.125% 1 Jun 2026	19,545,000	3.98
Singapore Government Bond 2.75% 1 Apr 2042	18,673,580	3.80
Singapore Government Bond 2.25% 1 Aug 2036	17,893,857	3.64
Housing & Development Board MTN 1.91% 10 Aug 2023	15,503,520	3.16

The Fund was not invested in other unit trusts, mutual funds or collective investment schemes as at 30 June 2019. For the full composition of investments of the Fund as at 30 June 2019 and an analysis of the investments by credit ratings, refer to the Statement of Portfolio on pages 13 to 19.

REPORT TO UNITHOLDERS

30 June 2019

2. The Fund has the following exposure to financial derivatives as at 30 June 2019:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Contracts:		
Swap	(3,785,643)	(0.79)

The net gain on financial derivatives realised in the period 1 July 2018 to 30 June 2019 amounted to S\$31,545.

The net loss on outstanding financial derivatives marked to market as at 30 June 2019 amounted to S\$3,785,643.

3. The Fund did not have any borrowings as at 30 June 2019.
4. The amount of subscriptions and redemptions in the period 1 July 2018 to 30 June 2019 were as follows:

	\$
Subscriptions	72,460,226
Redemptions	106,917,681

5. Expense Ratio

Class A

1 July 2018 to 30 June 2019	0.69%
1 July 2017 to 30 June 2018	0.70%

Class I

1 July 2018 to 30 June 2019	0.31%
1 July 2017 to 30 June 2018	0.32%

6. Turnover of Portfolio

1 July 2018 to 30 June 2019	116.88%
1 July 2017 to 30 June 2018	199.64%

REPORT TO UNITHOLDERS

30 June 2019

7. Soft dollar commissions/arrangements:

In the management of the Fund, the Manager may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received are restricted to the following kinds of services:

- (i) research, analysis or price information;
- (ii) performance measurement;
- (iii) portfolio valuations; and
- (iv) administration services.

The Manager may not receive or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements shall reasonably assist the Manager in their management of the Fund, (b) best execution is carried out for the transactions, and (c) that no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements. The Manager shall not receive goods and services such as travel, accommodation and entertainment.

8. For related party transactions, refer to note 9 in the Notes to the Financial Statements.

9. Performance of Fund for periods ended 30 June 2019

	3 mths	6 mths	1 yr	3 yrs*	5 yrs*	10 yrs*	Since Launch**
Class A	0.7%	1.2%	3.9%	1.3%	2.3%	-	2.5%
Benchmark**	1.2%	1.4%	5.2%	2.0%	2.7%	-	2.6%
Class I	0.8%	1.3%	4.3%	1.7%	2.7%	3.0%	3.1%
Benchmark**	1.2%	1.4%	5.2%	2.0%	2.7%	2.6%	3.0%

* Returns of more than 1 year are annualised

Since launch figures from 19 November 2009 (Class A) and 3 October 2005 (Class I)

** Benchmark: The benchmark of the Fund has been changed from the UOB Singapore Government Securities Index - All to the Markit iBoxx ALBI Singapore Index with effect from 1 March 2017.

Source: Schroders, S\$, bid to bid, net income reinvested.

