

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Barings Eastern Europe Side-Pocket (USD) (R185)
Investment-Linked Fund

Report for the financial year ended 30 April 2024

Friends Provident International Limited, Singapore Branch

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

STATEMENT BY DIRECTORS

In our opinion, the financial statements of the Barings Eastern Europe Side-Pocket (USD) (R185) Investment-Linked Fund, previously known as Barings Eastern Europe (R185) Investment-Linked Fund, of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") set out on pages 4 to 6 present fairly, in all material respects, the state of affairs of the Barings Eastern Europe Side-Pocket (USD) (R185) Investment-Linked Fund of the Singapore Branch as at 30 April 2024 and the capital and income movements for the financial year from 1 May 2023 to 30 April 2024, in accordance with the stated accounting policies as detailed in Note 2, except for the value of investments in fund and the related elements included in the Capital and Income Account.

Director

Director

30 July 2024

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

INDEPENDENT AUDITOR'S REPORT

Disclaimer of Opinion

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

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

- the Capital and Income Account for the financial year from 1 May 2023 to 30 April 2024;
- the Statement of Assets and Liabilities as at 30 April 2024; and
- the notes to the financial statements, including material accounting policy information.

Basis for Disclaimer of Opinion

The Fund invests in the Barings Eastern Europe (SP) Fund, which is recognised in investments in fund in the Statement of Assets and Liabilities as at 30 April 2024 at an amount of S\$1. Management have valued the investments in the fund in accordance with the basis of preparation as disclosed in Note 2.1. We were unable to obtain sufficient appropriate audit evidence over the fair value of the suspended Barings Eastern Europe (SP) Fund as at 30 April 2024. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of the investments in the fund recorded as at 30 April 2024, and the related elements included in the Capital and Income Account for the year ended 30 April 2024 as well as the associated disclosures in the financial statements.

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

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

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

This report relates solely to the financial statements of the Fund of the Branch and does not extend to the financial statements of the Branch taken as a whole.

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

INDEPENDENT AUDITOR'S REPORT

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

The Branch's management is responsible for the preparation of these financial statements in accordance with the accounting policies as set out in Note 2 to the financial statements, and for such internal control as the Branch's management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Branch's management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Branch's management either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Public Accountants and Chartered Accountants
Singapore, 30 July 2024

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2024

	Barings Eastern Europe Side- Pocket (USD) (R185)* S\$
Capital and Income Account	
For the year 1 May 2023 to 30 April 2024	
Value of Fund as at 1 May 2023	462,473
Transfer of Liquid Assets to Investment-Linked Fund (R247)	(262,023)
Unrealised diminution in value of investments	(207,297)
Other income	6,745
Decrease in net asset value for the year	(462,575)
Value of Fund as at 30 April 2024	(102)
Statement of Assets and Liabilities	
As at 30 April 2024	
<u>Assets</u>	
Investments in fund	1
Total assets	1
<u>Liabilities</u>	
Other creditors	103
Total liabilities	103
Value of Fund as at 30 April 2024	(102)

* In light of the exceptional and adverse market conditions relating to the current situation in Russia and Ukraine, the fund manager for the Barings Eastern Europe fund (the “underlying fund”) suspended trading and calculation of the Net Asset Value (“NAV”) in the underlying fund with effect from 1 March 2022 until further notice. As a result, it was not possible to fair value the underlying fund at 30 April 2023. The underlying fund was recognised in investments in fund at an amount of \$469,861 based on the last available open market valuation prior to suspension, being as at 28 February 2022. The unrealised diminution in value of investments in the prior year represented the change in foreign exchange rates during the year end and not a movement in the fair value of the underlying fund.

During the current year, the Directors of the underlying fund decided in consultation with the Investment Manager that it was in the best interests of unitholders of the Underlying Base Fund to transfer the non-Impacted Assets (the “Liquid Assets”) to a new fund (the “New Underlying Fund”) with effect from 21 July 2023 (the “Effective Date”) (together the “Transaction”). The New Underlying Fund is a sub-fund of Barings International Umbrella Fund (the “New Underlying Umbrella”) an umbrella fund constituted as a unit trust established pursuant to the Unit Trusts Act, 1990, and authorised by the Central Bank as a UCITS under the Regulations. This occurred on 21 July 2023. The remaining investments held in this Fund relate to the Illiquid Assets of the Underlying Base Fund and were revalued to S\$1 as at 30 April 2024 based on management’s fair value assessment. The accrued management fees were forgiven by the Friends Provident International Limited, Singapore Branch and were written back as ‘Other income’.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2024

1. Units in issue and net asset value

1.1 The units in issue and the net asset value per unit of the Barings Eastern Europe Side-Pocket (USD) (R185) Investment-Linked Fund of Friends Provident International Limited, Singapore Branch (the “Singapore Branch”) as at 30 April 2024 comprise:

<u>Fund</u>	<u>Commencement date</u>	<u>Units in issue as at 30 April 2024</u>	<u>Net asset value per unit S\$</u>
Barings Eastern Europe Side-Pocket (USD) (R185) previously known as Barings Eastern Europe (R185)**	17 August 2016	477,758	0.00

** In light of the exceptional and adverse market conditions relating to the current situation in Russia and Ukraine, the fund manager for the Barings Eastern Europe fund (the “underlying fund”) suspended trading and calculation of the Net Asset Value (“NAV”) in the underlying fund with effect from 1 March 2022 until further notice. As a result, it was not possible to fair value the underlying fund at 30 April 2024 and 30 April 2023.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements of the Barings Eastern Europe Side-Pocket (USD) (R185) Investment-Linked Fund of the Singapore Branch are presented in Singapore Dollar. The financial statements have been prepared on the historical cost basis, except for investments which are carried at fair value.

As the Barings Eastern Europe Side-Pocket (USD) (R185) Investment-Linked Fund is in a net liability position, the ongoing expenses will be met by the Singapore Branch. The Singapore Branch has confirmed its intention to provide continuing financial support so that the Fund is able to pay its debts as and when they fall due, until the underlying investments in the fund have been un-suspended. Therefore the financial statements have been prepared on a going concern basis.

2.2 Investments

All purchases of investments, which include unit trusts, quoted equities and bonds, are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being the fair value of the consideration given. The attributable transaction costs are recognised in the Capital and Income Account when incurred. Subsequent to initial recognition, the investments are recorded at fair value and the unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account. The fair value of suspended funds is determined by management using recognised valuation techniques.

2.3 Amounts received by the fund for creation of units

The amounts received by the fund comprise the gross premiums received by the Singapore Branch (after deducting charges which include bid-offer spread) and switches by the policyholders from other funds.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2024

2. Material accounting policy information (continued)

2.4 Amounts paid by the fund for liquidation of units

The amounts paid by the fund for liquidation of units comprise the sale of units in the Investment-Linked Fund for the payment of death claims or surrenders and for switches by the policyholders to the other funds.

2.5 Gains/losses from sale of investments

All sales of investments are recognised on their trade dates, the date the fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

2.6 Management fee

The annual management charges for each Fund are accrued on a monthly basis and payable to the Singapore Branch but are not accrued on suspended funds.

2.7 Income and expenses

Income and expenses are accounted for on an accruals basis. Investment income consists of dividend income, interest income and other income. Dividend income is recognised in the Capital and Income Account when the right to receive payment is established. Interest income from investments and other income are recognised on an accruals basis.

2.8 Foreign currencies

Foreign currency transactions are translated into the functional currency, British Pound, at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date.

Assets and liabilities are translated from the functional currency into the presentation currency, Singapore Dollar, at the closing rate at the reporting date, and income and expenses are translated at average exchange rates for the period. Differences in exchange are taken to the Capital and Income Account.

2.9 Other debtors and creditors

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

2.10 Cash and bank balances

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