

EXPLANATORY NOTES

GENERAL DEFINITIONS

1. This survey covers funds under:
 - (a) **discretionary management**
 - Funds managed in-house by company where company has substantial input in the investment management process, and where it has the authority to make investment decisions.
 - (b) **non-discretionary management**
 - Funds under the advisory service of company where company has the authority to make investment decisions after seeking authorization from clients.
 - Funds contracted by company but managed on a discretionary basis by another party.

Important:

If your company engaged in other resident fund managers to manage funds or managed funds on behalf of other resident fund managers, please make the necessary arrangements to ensure that only one party reports the relevant information to avoid double-counting.

Please also exclude clients' investments entrusted to external resident nominee and custodian companies.

2. **Residents** refer to:
 - (a) Persons whose main centre of interest is in Singapore or whose residence in Singapore exceeds one year.
 - (b) Companies whose permanent or registered address is in Singapore, including branches and subsidiaries of foreign companies located within Singapore.
3. **Non-Residents** refer to:
 - (a) Persons whose permanent or registered address is outside Singapore.
 - (b) Companies whose permanent or registered address is outside Singapore, including overseas branches and subsidiaries of Singapore-registered companies or institutions.
4. **Investment Funds** include mutual funds, unit trusts, insurance-linked funds, private equity funds, venture capital funds, and other investment vehicles that are made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments, and similar assets. They should be valued based on the net asset value. Any preliminary or realization charges associated with the sale or purchase of shares/units should be excluded.
5. **Equities** include ordinary shares, stocks, participating preference shares and depository receipts, but exclude non-participating preference shares, debt securities and derivative instruments.
6. **Market Value of Equity Securities:** For listed equities, the market value should be calculated using the market price on the stock exchange at the specified date. For equities of unlisted enterprises, if the market value is not available for the specified date, estimate the value using (a) a recent transaction price, or (b) director's valuation, or (c) net asset value.
7. **Long-Term Debt Securities** have an original term to maturity of over one year. It includes treasury bonds, non-participating preference shares, bonds with optional maturity dates (the latest of which is more than one year after issue), debentures, negotiable certificates of deposits with contractual maturity of more than one year.
8. **Short-Term Debt Securities** have an original term to maturity of not more than one year. It includes treasury bills, bankers' acceptance, negotiable certificates of deposit with original maturity of one year or less, promissory notes and other short-term notes.
9. **Market Value of Debt Securities:** Debt securities should be reported using (a) a quoted trade market price at the dates specified, or (b) the net present value of the expected stream of future payments/receipts associated with the securities.
10. **Currency and Deposits** consist of deposits placed with financial institutions. Funds held in the form of deposits should be reported as invested in the country in which they were deposited. Amount placed in margin accounts used for the payments of cash or deposits of collateral that cover actual or potential obligations incurred through Derivative Contracts should also be included.
11. **Derivative Contracts** are linked to a specific financial instrument or indicator or commodity,

and through which specific financial risks can be traded in financial markets in their own right. They are broadly classified into the various contract types:

Forwards – Contracts that represent agreements for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase, and the seller agrees to deliver, at a specified future date, a specified commodity or instrument at a specified price or yield.

Futures – Contracts that represent agreements for delayed delivery of financial instruments in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument at a specified price or yield. Such contracts are standardized and are traded on organized exchanges.

Options and Warrants – Contracts that convey either a right or an obligation to buy or sell a financial instrument at a specified price by a specified future date. Options traded on organised exchanges usually grant rights over assets that are already available, while the exercise of warrants creates new securities which dilute the capital of existing bond or shareholders.

Swaps – Contracts in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. Forward starting swaps should be reported as swaps.

Other Derivatives – Other derivatives contracts not classified in the above categories, e.g., credit derivatives.

12. **Market Value of Derivative Contracts:**

For **Forward** and **Futures**, the market value is derived from the difference between the agreed-upon contract price and the (expected) prevailing market price on the day of settlement times the principal amount, appropriately discounted. For **Swap** contracts, the market value is derived from the difference between the expected gross receipts and gross payments, appropriately discounted—that is, its net present value. Market values for **Options** and **Warrants** can be obtained from either (a) the prevailing market prices if traded in the financial market, or (b) using standard pricing models such as the Black-Scholes Model where no comparable market price exists.

To reduce reporting burden, you may report the net amount for (i) contracts with same counterparty; and (ii) contracts that are carried out at net values in your accounting records and financial statements in accordance with Financial Reporting Standard (FRS) 39. Otherwise, do not combine, aggregate, or net the market value of different contracts. For contracts with negative market valuation, they should be reported accordingly as a negative value, i.e., with a minus sign.

13. **Other Assets and Liabilities** include other miscellaneous accounts receivable/payable. For these items, please also report the type of instrument and its gross market value (an estimate would suffice if the exact value is unavailable).

14. **Net Transactions** is the net increase or decrease in the value of investment due to sale or purchase of financial instruments during the period (i.e., net transactions = gross purchases minus gross sales). Transaction changes should be valued at the transacted price. For Derivatives Contracts, record the values of net transactions for the various contract types according to the following:

Forwards – Report cash received or paid upon maturity or settlement of forward agreements. Do not report the amount received or paid upon settlement of a forward with a security or other non-cash asset.

Futures – Report the cumulative periodic payment or receipt from an exchange as a result of the change in value of the futures contracts, including the final cash settlement of futures contracts. Do not report the value of futures that proceed to final delivery of the underlying asset.

Options and Warrants – Report premiums paid for options and warrants. For exercised options and warrants where settlement is only in cash, report the net payment of cash upon exercise. Do not report the exercise of the option and warrant where securities, commodities, and assets other than cash are purchased or sold, as these should be treated as a transaction in that security or commodity instead of as derivatives.

Swaps – Report the net amount of cash received or paid upon maturity or termination of a swap

and any periodic net cash settlement payments under the terms of a swap, including premiums actually paid or received on swaps contracts. Do not report transactions if the ownership of a security, commodity, or other non-cash item changes hands without premiums.

15. **Exchange Rate Changes** refer to gains/losses in the value of investment due to exchange rate variations. **Other Changes** refer to gains/losses due to other factors, e.g., changes in price and revaluation of investment.
16. **Income** refers to dividends and interest receivable on behalf of resident investors from their overseas investments (Section B), or dividends and interest receivable on behalf of non-resident investors from their investment in Singapore (Section C).
Income should be reported net of tax payable.
17. In Section B, **Country** refers to the country of residence of the issuer of the financial instrument. For example, investment in listed equities issued by a Malaysian incorporated company should be classified as "Malaysia" even if the shares are traded on the New York Stock Exchange.
In Section C, **Country** refers to the country of residence of the non-resident investor whose funds are invested by your company in Singapore.

EXAMPLE TO ILLUSTRATE THE REPORTING IN SECTION A, SECTION B AND SECTION C

For example, your investor portfolio contained:

- 1) 1 Singapore retail investor investing \$100,000 in Singapore debt securities
- 2) 1 Singapore institutional investor and 1 United States institutional investor investing \$200,000 and \$800,000 in a non-Singapore domiciled investment fund respectively and,
- 3) 1 Singapore institutional investor and 1 Malaysia institutional investor investing \$400,000 and \$600,000 in a Singapore domiciled investment fund respectively as at 31 Mar 2022.

Subsequently, the market value of the Singapore debt securities fell to \$90,000 while the market value of the non-Singapore domiciled investment fund and Singapore domiciled investment fund increased to \$1,200,000 as at 30 Jun 2022. For simplicity, the information on "Changes during the period" is ignored here.

Investor Portfolio

Investor	Market Value as at 31 Mar 2022	Market Value as at 30 Jun 2022	Financial Instrument
Singapore Retail Investor	\$100,000	\$90,000	Singapore debt securities not traded in SGX
			Bermuda domiciled investment fund
Singapore Institutional Investor	\$200,000	\$240,000 ⁺	40% in Singapore equities not traded in SGX
United States Institutional Investor	\$800,000	\$960,000	60% in Singapore debt securities not traded in SGX
			Singapore domiciled investment fund
Singapore Institutional Investor	\$400,000	\$480,000	50% in Singapore equities traded in SGX
Malaysia Institutional Investor	\$600,000	\$720,000	50% in Indonesia equities not traded in SGX

+Derived by using the % shares of the investment fund (20%) held by the Singapore investor times the total market value of the investment fund of \$1,200,000.

The reporting under Section A should then be:

Section A1

Type of Investment Instruments	OPENING POSITION (\$'000)	CLOSING POSITION (\$'000)
Investment Fund		
(i) of which managed on behalf of Resident Retail Investors*	0	0
(ii) of which managed on behalf of Resident Institutional Investors	600	720

Other Investments Instruments^		
(iii) of which managed on behalf of Resident Retail Investors*	100	90
(iv) of which managed on behalf of Resident Institutional Investors	0	0
Investment Fund and Other Investment Instruments^		
(v) of which manage on behalf of Non-Resident Investors by their <u>Country of Residence</u>	1,400	1,680
United States	800	960
Malaysia	600	720
Total Market Value of Funds	2,100	2,490

Section A2

Investment of Funds	OPENING POSITION (\$'000)	CLOSING POSITION (\$'000)
Funds invested in Singapore	1,600	1,890
Funds invested in Rest of the World	500	600
Total Market Value of Funds	2,100	2,490

Using the same example, the reporting under Section B and C should then be as follows:

Section B1

Country of Investment	OPENING POSITION (\$'000)	CLOSING POSITION (\$'000)	Financial Instrument
Bermuda	200	240	Investment Funds
Total	200	240	

Section B2

Country of Investment	OPENING POSITION (\$'000)	CLOSING POSITION (\$'000)	Financial Instrument
Singapore	100	90	Debt Securities
Indonesia	500	600	Equities
Total	600	690	

Section C1

Country of Residence of Non-Resident Investors	OPENING POSITION (\$'000)	CLOSING POSITION (\$'000)	Financial Instrument
Malaysia	600	720	Investment Funds
Total	600	720	

Section C2

Country of Residence of Non-Resident Investors	OPENING POSITION (\$'000)	CLOSING POSITION (\$'000)	Financial Instrument
Bermuda	600	720	Debt Securities
Total	600	720	