

Scalar Retail Fund VCC

(Incorporated in Singapore. Registration Number: T22VC0160B)

Annual Report

For the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

Scalar Retail Fund VCC

(incorporated in Singapore)

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Scalar Retail Fund VCC

(incorporated in Singapore)

Company information

The Company	Scalar Retail Fund VCC
Directors of the Company	Chan Chow Chuen Martin Joseph O'Regan Ooi Cheng Pheng Shahryar Sam Ahmed
Registered office of the Company	12 Marina Boulevard Marina Bay Financial Centre Singapore 018982
Investment manager	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Singapore 018982
Administrator	Citibank N.A., Singapore Branch 8 Marina View #21-00 Asia Square Tower 1 Singapore 018960
Custodian/Registrar	Citicorp Trustee (Singapore) Limited 5 Changi Business Park Crescent Level 5, Singapore 486027
Auditors	PricewaterhouseCoopers LLP 7 Straits View, Marina One East Tower, Level 12 Singapore 018936
Solicitors	Simmons & Simmons JWS Pte. Ltd. 168 Robinson Road #11-01 Capital Tower Singapore 068912

Scalar Retail Fund VCC

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Manager's investment report for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

DBS CIO Liquid+ Fund (the "Sub-Fund") is an authorised fund registered with MAS and the shares of this Sub-Fund are classified as Excluded Investment Products and Prescribed Capital Markets Products.

The investment objective of the Sub-Fund is to provide yield enhancement in excess of fixed deposit rates, while providing a high level of liquidity for investors. The Sub-Fund is a pure global fixed income fund (with a tilt towards Asia) which provides yield pickup while providing a high level of liquidity to investors. The Sub-Fund will predominantly invest its assets in investment grade bonds, high yield bonds and government securities, while keeping to a duration of between 1 to 3 years. The investments of the Sub-Fund will predominantly be denominated in US\$ but the Manager retains the flexibility to invest the assets of the Sub-Fund in non-US\$ denominated investments. The Sub-Fund may also use financial derivative instruments, including foreign exchange swaps and forwards for currency hedging, credit default swaps to hedge against credit risk and interest rates swaps and futures for duration management.

To enhance stability and minimise the volatility of the Sub-Fund, the Manager employs an "active management" approach in respect of both interest rates and credit spreads movements, by taking less duration and credit spread risk compared to traditional bond funds.

The Sub-Fund gained +1.16% in terms of USD NAV total return since inception on 19 October 2022.

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Manager's investment report for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

Investments classified by geography

Refer to "Statements of Portfolio – By Geography (Primary)"

Investments classified by industry

Refer to "Statements of Portfolio – By Industry (Secondary)"

Investments classified by asset class

Refer to "Statements of Portfolio – By Geography (Primary)"

Investments classified by credit rating

Credit Rating	Fair Value (US\$)	% of NAV
A1/A+	4,076,558	5.22
A2/A	3,297,040	4.24
A3/A-	8,802,698	11.30
Aa1/AA+	560,829	0.72
Aaa/AAA	14,600,647	18.72
Ba1/BB+	2,976,879	3.81
Ba2/BB	1,532,032	1.97
Baa1/BBB+	10,807,735	13.86
Baa2/BBB	13,586,182	17.44
Baa3/BBB-	14,308,956	18.35
Accrued interest	629,506	0.79

The credit ratings are based on the lowest of the available ratings among S&P, Moody's and Fitch, when such ratings are not available, this would then be based on the Manager's internal credit ratings.

Top 10 Holdings

	Fair Value (US\$)	% of NAV
United States Treasury Note/Bond 3.875% 30Nov2027	3,048,936	3.91
United States Treasury Bill 0% 13Apr2023	2,202,485	2.83
United States Treasury Bill 0% 5Oct2023	2,201,915	2.82
United States Treasury Bill 0% 12Jan2023	2,199,482	2.82
United States Treasury Note/Bond 4.25% 15Oct2025	2,199,197	2.82
United States Treasury Note/Bond 4.25% 30Sep2024	2,178,680	2.79
Expedia Group Inc 6.25% 1May2025	607,677	0.78
Kinross Gold Corp 5.95% 15Mar2024	602,940	0.77
Occidental Petroleum Corp 5.875% 1Sep2025	601,878	0.77
Indonesia Asahan Aluminium Persero Pt 5.71% 15Nov2023	601,131	0.77

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Exposure to derivatives

	Fair Value (US\$)	% of NAV
Fair value of derivative contracts	236,149	0.30
Net gains on derivative contracts realised for the financial period ended 31 December 2022	2,187,969	NA
Net gains on outstanding contracts marked to market	236,149	NA

The global exposure of the Sub-Fund to financial derivatives is calculated based on the Commitment Approach as appropriate and is the sum of:

- a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c) the sum of the values of cash collateral received pursuant to:
 - i) the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii) EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

Amount and percentage of NAV invested in other schemes

NIL.

Amount and percentage of borrowings to NAV

NIL.

Amount of securities lending or repurchase transactions for the period ended 31 December 2022

NIL.

Amount of subscriptions and redemptions for the period ended 31 December 2022

Please refer to the Statements of Changes in Net Assets Attributable to Shareholders.

Amount of related-party transactions

Please refer to Note 12 in the Notes to the Financial Statements.

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Performance of Sub-Fund and benchmark

Period	USD Acc Class A	USD Dist Class A	SGD Hedged Acc Class A	SGD Hedged Dist Class A	HKD Acc Class A	HKD Dist Class A
1-month	0.27%	0.27%	0.14%	0.14%	0.26%	0.28%
Since Inception	1.16%	1.16%	0.95%	0.99%	0.57%	0.60%

Performance figures are calculated based the USD Dollar Accumulation share class A and single pricing basis.

Expense Ratio

Please refer to Note 14 in the Notes to the Financial Statements.

Turnover Ratio

Please refer to Note 14 in the Notes to the Financial Statements.

Soft dollar arrangements

The Manager may receive or enter into soft dollar commissions or arrangements in respect of the Company and/or the Sub-Fund. The Manager will comply with applicable regulatory and industry standards on soft dollars.

Scalar Retail Fund VCC

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Directors' statement for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

The Directors present their statement to the members together with the audited financial statements for Scalar Retail Fund VCC (the "Company") and DBS CIO Liquid+ Fund (the "Sub-Fund") for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022.

In the opinion of the Directors,

- (i) the financial statements of the Company and the Sub-Fund as set out on pages 13 to 49 are drawn up so as to give a true and fair view of the financial position of the Company and the Sub-Fund and portfolio holdings of the Sub-Fund as at 31 December 2022 and the financial performance and movements in shareholders' funds of the Company and the Sub-Fund for the financial period covered by the financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company and the Sub-Fund will be able to pay their debts as and when they fall due.

Board of Directors

The Directors of the Company in office at the date of this statement are as follows:

Chan Chow Chuen (appointed on 2 August 2022)
Martin Joseph O'Regan (appointed on 17 August 2022)
Ooi Cheng Pheng (appointed on 17 August 2022)
Shahryar Sam Ahmed (appointed on 17 August 2022)

Arrangement to enable Directors to acquire shares or debentures

Neither at the end of the financial period nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, save as disclosed in this statement.

Scalar Retail Fund VCC

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Directors' statement for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

Directors' interests in shares or debentures

The following Directors, who held office at the end of the financial period, had, according to the register of Directors' shareholdings required to be kept under Section 66 of the Variable Capital Companies Act 2018, an interest in shares of related corporations as stated below:

	Holdings in which Directors have a <u>direct interest</u>		Holdings in which Directors have a <u>deemed interest</u>	
	As at 31 December <u>2022</u>	As at <u>date of</u> <u>incorporation/</u> <u>appointment</u>	As at 31 December <u>2022</u>	As at <u>date of</u> <u>incorporation/</u> <u>appointment</u>
DBS Group Holdings Ltd (DBSH)				
Ordinary shares				
Chan Chow Chuen	9,818	12,418	-	-
Ooi Cheng Pheng	125,570	125,570	1,060	1,060
Shahryar Sam Ahmed	100	100	-	-
DBSH 3.98% Non-Cumulative, Non-Convertible Perpetual Capital Securities (callable 12 September 2025)				
Ooi Cheng Pheng	S\$250,000	S\$250,000	-	-
DBSH 3.3% Non-Cumulative, Non-Convertible Perpetual Capital Securities (callable 27 February 2025)				
Ooi Cheng Pheng	US\$2,000,000	US\$2,000,000	-	-
DBSH A\$ Floating Rate Subordinated Notes (due 16 March 2028)				
Ooi Cheng Pheng	A\$1,060,000	A\$1,060,000	-	-
DBSH A\$ Floating Rate Subordinated Notes (due 8 April 2031)				
Ooi Cheng Pheng	A\$500,000	A\$500,000	-	-
DBSH 4.52% US\$ Subordinated Notes (due 11 December 2028)				
Ooi Cheng Pheng	US\$350,000	US\$350,000	-	-
DBS Bank Ltd 2.38% Credit Linked Note (due 6 January 2023)				
Ooi Cheng Pheng	US\$100,000	US\$100,000	-	-

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Directors' statement for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

DBS Group Holdings Ltd (DBSH) Share Plan

Under the DBSH Share Plan, eligible employees are granted fully paid DBSH ordinary shares or a combination of cash and shares, subject to satisfactory completion of time-based service conditions for time-based awards.

Details of ordinary shares vested in the Directors of the Company who were in office at the end of the financial period, during the financial period pursuant to the DBSH Share Plan were as follows:

<u>Name</u>	<u>Ordinary shares vested during the period</u>
Chan Chow Chuen	5,981

Share options

There were no share options granted during the financial period to subscribe for unissued shares of the Company.

There were no shares issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial period.

Independent auditor

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent external auditor.

On behalf of the Directors

Shahryar Sam Ahmed

Director

30 March 2023

Chan Chow Chuen

Director

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Statement by the Manager for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

In the opinion of DBS Bank Ltd., the accompanying financial statements of Scalar Retail Fund VCC (the “Company”) and the sub-fund, namely DBS CIO Liquid+ Fund (the “Sub-Fund”) set out on pages 13 to 49, comprising the Statements of Total Return, Statements of Financial Position, Statements of Changes in Net Assets Attributable to Shareholders, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to give a true and fair view of the financial position and the portfolio holdings of the Company and the Sub-Fund as at 31 December 2022, and the financial performance and movements in shareholders’ funds for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Company and the Sub-Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of DBS Bank Ltd.

Flora Sau Lin See

Authorised Signatory

30 March 2023

**INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF SCALAR RETAIL FUND VCC
(INCORPORATED IN SINGAPORE)**

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Scalar Retail Fund VCC (the “Company”) and the sub-fund, namely DBS CIO Liquid+ Fund (the “Sub-Fund”) are properly drawn up in accordance with the provisions of the Variable Capital Companies Act 2018 (the “Act”) and the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants (“RAP 7”), so as to give a true and fair view of the financial position of the Company and of the Sub-Fund and portfolio holdings of the Sub-Fund as at 31 December 2022 and the financial performance and movements in shareholders’ funds of the Company and of the Sub-Fund for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022.

What we have audited

The financial statements of the Company and the Sub-Fund comprise:

- the Statements of Total Return for the Company and of the Sub-Fund for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022;
- the Statements of Financial Position the Company and of the Sub-Fund as at 31 December 2022;
- the Statements of Changes in Net Assets Attributable to Shareholders of the Company and the Sub-Fund financial period from 2 August 2022 (date of incorporation) to 31 December 2022;
- the Statement of Portfolio of the Sub-Fund as at 31 December 2022; 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 opinion.

Independence

We are independent of the Company and the Sub-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 directors are responsible for the other information. The other information comprises all the 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SCALAR RETAIL FUND VCC
(INCORPORATED IN SINGAPORE)**

Other Information (continued)

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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and RAP 7, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company and of the Sub-Fund to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

The directors' responsibilities include overseeing the financial reporting process of the Company and the Sub-Fund.

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 internal control of the Company and the Sub-Fund.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
-

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SCALAR RETAIL FUND VCC
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' 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 ability of the Company and the Sub-Fund to continue as 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 Company and the Sub-Fund to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and the Sub-Fund has been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 30 March 2023

Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of total return for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

		Scalar Retail Fund VCC For the financial period from 2 August 2022 (date of incorporation) to 31 December 2022 US\$	DBS CIO Liquid+ Fund For the financial period from 19 October 2022 (date of inception) to 31 December 2022 US\$
Income	<i>Note</i>		
Other income		-	738
		<u>-</u>	<u>738</u>
Less: Expenses			
Management fees	9	-	(23,369)
Custodian and administration fees	10	-	(1,867)
Registrar fees		-	(811)
Professional fees		-	(19,000)
Director fee		-	(15,014)
		<u>-</u>	<u>(60,061)</u>
Net expense		<u>-</u>	<u>(59,323)</u>
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		-	927,162
Net gains on financial derivatives		-	2,424,118
Net losses on foreign exchange		-	(75,846)
		<u>-</u>	<u>3,275,434</u>
Total return for the financial period before income tax		-	3,216,111
Less: Income tax	13	-	-
Total return for the financial period after income tax		<u>-</u>	<u>3,216,111</u>

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

Scalar Retail Fund VCC

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Statements of financial position as at 31 December 2022

		Scalar Retail Fund VCC 31 December 2022 US\$	DBS CIO Liquid+ Fund 31 December 2022 US\$
	<i>Note</i>		
Assets			
Portfolio of investments		-	75,179,062
Receivables	3	-	213,654
Cash and cash equivalents	4	1	2,582,885
Financial derivatives at fair value	5	-	236,149
Total assets		1	78,211,750
Liabilities			
Payables	6	-	243,754
Total liabilities		-	243,754
Equity			
Management share	7	1	-
Net assets attributable to shareholders	8	-	77,967,996
Total equity		1	77,967,996

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Statement of changes in net assets attributable to shareholders for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

	<i>Note</i>	Scalar Retail Fund VCC For the financial period from 2 August 2022 (date of incorporation) to 31 December 2022 US\$
Balance at the beginning of the financial period		1
Issuance of management shares during the financial period	7	<u>-</u>
Balance at the end of the financial period		<u><u>1</u></u>

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

Scalar Retail Fund VCC

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Statements of changes in net assets attributable to shareholders for the financial period ended 31 December 2022

	<i>Note</i>	DBS CIO Liquid+ Fund For the financial period from 19 October 2022 (date of inception) to 31 December 2022 US\$
Net assets attributable to shareholders at the beginning of the financial period		-
Operations		
Change in net assets attributable to shareholders resulting from operations		3,216,111
Shareholders' contributions/ (withdrawals)		
Creation of shares	8	77,176,688
Cancellation of shares	8	(2,424,803)
Change in net assets attributable to shareholders		<hr/> 74,751,885
Distributions		<hr/> -
Total increase in net assets attributable to shareholders		<hr/> 77,967,996 <hr/>
Net assets attributable to shareholders at the end of financial period		<hr/> 77,967,996 <hr/>

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

Scalar Retail Fund VCC

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Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
By Geography (Primary)			
Debt Securities			
Australia			
Australia & New Zealand Banking Group Ltd 4.4% 19May2026	600,000	576,501	0.74
Glencore Funding Llc 1.625% 1Sep2025	600,000	543,735	0.70
Lendlease Us Capital Inc 4.5% 26May2026	500,000	462,150	0.59
Macquarie Bank Ltd 4.875% 10Jun2025	600,000	583,959	0.75
Scentre Group Trust 1 / Scentre Group Trust 2 3.5% 12Feb2025	400,000	382,508	0.49
Sydney Airport Finance Co Pty Ltd 3.625% 28Apr2026	600,000	565,845	0.73
Telstra Corp Ltd 3.125% 7Apr2025	600,000	576,846	0.74
Total Australia		3,691,544	4.74
Belgium			
Anheuser-Busch Cos Llc / Anheuser-Busch Inbev Worldwide Inc 3.65% 1Feb2026	400,000	385,236	0.49
Total Belgium		385,236	0.49
Canada			
Canadian Pacific Railway Co 1.35% 2Dec2024	400,000	373,298	0.48
Enbridge Inc 4.25% 1Dec2026	600,000	578,247	0.74
Kinross Gold Corp 5.95% 15Mar2024	600,000	602,940	0.77
Royal Bank Of Canada 3.97% 26Jul2024	400,000	394,498	0.51
Total Canada		1,948,983	2.50
China			
Alibaba Group Holding Ltd 3.6% 28Nov2024	600,000	580,317	0.74
Baidu Inc 1.72% 9Apr2026	200,000	177,294	0.23
Baidu Inc 3.875% 29Sep2023	400,000	395,036	0.51

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

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Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
Debt Securities (continued)			
China (continued)			
Bank Of China Ltd 5% 13Nov2024	600,000	596,286	0.77
Boc Aviation Ltd 3.25% 29Apr2025	400,000	378,934	0.49
Cnac Hk Finbridge Co Ltd 3.375% 19Jun2024	600,000	581,124	0.74
Cnooc Curtis Funding No 1 Pty Ltd 4.5% 3Oct2023	600,000	597,261	0.76
Industrial & Commercial Bank Of China Ltd 4.875% 21Sep2025	600,000	591,984	0.76
Lenovo Group Ltd 5.875% 24Apr2025	400,000	393,906	0.50
Minmetals Bounteous Finance Bvi Ltd 4.75% 30Jul2025	600,000	588,027	0.75
Sinopec Group Overseas Development 2018 Ltd 2.5% 8Aug2024	400,000	384,670	0.49
Tencent Holdings Ltd 3.8% 11Feb2025	400,000	386,456	0.50
Total China		5,651,295	7.24
France			
Bnp Paribas Sa 4.375% 28Sep2025	400,000	390,676	0.50
Credit Agricole Sa 4.375% 17Mar2025	600,000	579,291	0.74
Societe Generale Sa 4.25% 14Apr2025	600,000	576,762	0.74
Totalenergies Capital International Sa 2.434% 10Jan2025	400,000	382,252	0.49
Total France		1,928,981	2.47
Germany			
Bmw Us Capital Llc 3.9% 9Apr2025	400,000	391,454	0.50
Deutsche Telekom International Finance Bv 3.6% 19Jan2027	600,000	569,439	0.73
Mercedes-Benz Finance North America Llc 0.75% 1Mar2024	600,000	570,477	0.73
Volkswagen Group Of America Finance Llc 3.35% 13May2025	600,000	574,188	0.74
Total Germany		2,105,558	2.70

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Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
Debt Securities (continued)			
Hong Kong			
Aia Group Ltd 3.2% 11Mar2025	400,000	383,722	0.49
Clp Power Hong Kong Financing Ltd 2.875% 26Apr2023	400,000	397,468	0.51
Hkt Capital No 2 Ltd 3.625% 2Apr2025	200,000	191,747	0.25
Hongkong Electric Finance Ltd 2.875% 3May2026	600,000	560,673	0.72
Hpht Finance 19 Ltd 2.875% 5Nov2024	400,000	382,316	0.49
Hpht Finance 21 Ltd 2% 19Mar2026	200,000	180,848	0.23
Hysan Mtn Ltd 3.5% 16Jan2023	400,000	399,822	0.51
Link Finance Cayman 2009 Ltd/The 3.6% 3Sep2024	400,000	390,686	0.50
Pccw-Hkt Capital No 5 Ltd 3.75% 8Mar2023	400,000	398,944	0.51
Wharf Reic Finance Bvi Ltd 2.375% 7May2025	600,000	558,726	0.72
Total Hong Kong		3,844,952	4.93
India			
Abja Investment Co Pte Ltd 5.95% 31Jul2024	400,000	400,788	0.51
Bharti Airtel International Netherlands Bv 5.35% 20May2024	400,000	398,352	0.51
Indian Oil Corp Ltd 4.75% 16Jan2024	400,000	396,682	0.51
Oil India Ltd 5.375% 17Apr2024	600,000	596,748	0.77
Ongc Videsh Ltd 4.625% 15Jul2024	600,000	589,548	0.76
Power Finance Corp Ltd 3.75% 18Jun2024	600,000	582,486	0.75
Power Grid Corp Of India Ltd 3.875% 17Jan2023	400,000	399,854	0.51
Rec Ltd 3.5% 12Dec2024	600,000	574,425	0.74
Reliance Industries Ltd 4.125% 28Jan2025	600,000	582,879	0.75
Total India		4,521,762	5.81
Indonesia			
Indonesia Asahan Aluminium Persero Pt 5.71% 15Nov2023	600,000	601,131	0.77
Pertamina Persero Pt 4.3% 20May2023	600,000	596,640	0.77
Total Indonesia		1,197,771	1.54

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
Debt Securities (continued)			
Japan			
Mitsubishi Ufj Financial Group Inc 0.953% 19Jul2025	600,000	558,471	0.71
Mizuho Financial Group Inc 4.353% 20Oct2025	600,000	577,908	0.74
Panasonic Holdings Corp 2.679% 19Jul2024	600,000	575,073	0.74
Sumitomo Mitsui Financial Group Inc 4.436% 2Apr2024	600,000	590,675	0.76
Toyota Motor Corp 0.681% 25Mar2024	600,000	570,192	0.73
Total Japan		2,872,319	3.68
Malaysia			
Malayan Banking Bhd 5.44386% 16Aug2024	600,000	600,381	0.77
Petronas Capital Ltd 3.5% 18Mar2025	600,000	582,438	0.75
Total Malaysia		1,182,819	1.52
Netherlands			
Abn Amro Bank Nv 4.75% 28Jul2025	600,000	580,935	0.74
Cooperatieve Rabobank Ua 4.375% 4Aug2025	500,000	488,273	0.63
Ing Bank Nv 5.8% 25Sep2023	400,000	398,860	0.51
Total Netherlands		1,468,068	1.88
Republic of Korea			
Hana Bank 4.25% 14Oct2024	400,000	389,136	0.50
Hana Bank 4.375% 30Sep2024	200,000	195,292	0.25
Hyundai Capital Services Inc 2.125% 24Apr2025	600,000	549,651	0.70
Woori Bank 4.75% 30Apr2024	600,000	590,769	0.76
Total Republic of Korea		1,724,848	2.21

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Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
Debt Securities (continued)			
Singapore			
Clifford Capital Pte Ltd 1.733% 10Sep2024	600,000	569,952	0.73
Oversea-Chinese Banking Corp Ltd 4.25% 19Jun2024	400,000	394,578	0.51
Psa Treasury Pte Ltd 2.5% 12Apr2026	600,000	560,829	0.72
Singapore Airlines Ltd 3% 20Jul2026	600,000	557,241	0.71
Total Singapore		2,082,600	2.67
Spain			
Banco Santander Sa 5.179% 19Nov2025	400,000	395,106	0.51
Total Spain		395,106	0.51
Switzerland			
Ubs Ag 5.125% 15May2024	600,000	592,608	0.76
Total Switzerland		592,608	0.76
Taiwan			
Foxconn Far East Ltd 1.625% 28Oct2025	600,000	538,050	0.69
Total Taiwan		538,050	0.69
United Arab Emirates			
Dp World Crescent Ltd 3.908% 31May2023	400,000	397,432	0.51
Total United Arab Emirates		397,432	0.51

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
Debt Securities (continued)			
United Kingdom			
Astrazeneca Plc 3.375% 16Nov2025	400,000	387,080	0.50
Barclays Plc 4.375% 11Sep2024	600,000	584,857	0.75
Diageo Capital Plc 1.375% 29Sep2025	400,000	366,604	0.47
Hsbc Holdings Plc 4.25% 18Aug2025	600,000	578,814	0.74
Hutchison Whampoa International 14 Ltd 3.625% 31Oct2024	400,000	389,178	0.50
Standard Chartered Plc 5.2% 26Jan2024	600,000	594,345	0.76
Unilever Capital Corp 2.6% 5May2024	400,000	388,426	0.50
Vodafone Group Plc 4.125% 30May2025	600,000	591,222	0.76
Total United Kingdom		3,880,526	4.98
United States of America			
Abbvie Inc 3.6% 14May2025	400,000	387,738	0.50
Amazon.Com Inc 3.8% 5Dec2024	400,000	394,220	0.51
American Tower Corp 2.4% 15Mar2025	400,000	376,912	0.48
At&T Inc 0.9% 25Mar2024	600,000	570,213	0.73
Bank Of America Corp 1.53% 6Dec2025	600,000	553,701	0.71
Baxter International Inc 1.322% 29Nov2024	400,000	372,736	0.48
Broadcom Inc 3.15% 15Nov2025	600,000	568,665	0.73
Charter Communications Operating Llc / Charter Communications Operating Capital 4.908% 23Jul2025	600,000	588,246	0.75
Comcast Corp 3.7% 15Apr2024	600,000	591,195	0.76
Constellation Brands Inc 3.6% 9May2024	400,000	392,068	0.50
Cvs Health Corp 3.875% 20Jul2025	400,000	390,730	0.50
Dell International Llc / Emc Corp 4% 15Jul2024	400,000	392,862	0.50
Delta Air Lines Inc 2.9% 28Oct2024	600,000	570,249	0.73
Ebay Inc 3.45% 1Aug2024	400,000	389,986	0.50
Expedia Group Inc 6.25% 1May2025	600,000	607,677	0.78

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Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

		Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
Debt Securities (continued)			
United States of America (continued)			
Freeport-Mcmoran Inc 4.55% 14Nov2024	400,000	395,436	0.51
General Motors Financial Co Inc 5.1% 17Jan2024	600,000	598,716	0.77
Goldman Sachs Group Inc/The 3.5% 1Apr2025	600,000	577,212	0.74
Halliburton Co 3.8% 15Nov2025	400,000	389,650	0.50
Hilton Domestic Operating Co Inc 5.375% 1May2025	400,000	395,920	0.51
Hp Inc 2.2% 17Jun2025	400,000	374,860	0.48
International Business Machines Corp 4% 27Jul2025	400,000	393,306	0.50
Kimberly-Clark Corp 2.4% 1Jun2023	400,000	396,482	0.51
Kraft Heinz Foods Co 3% 1Jun2026	600,000	562,521	0.72
Lyb International Finance Iii Llc 1.25% 1Oct2025	600,000	536,601	0.69
Marathon Petroleum Corp 4.7% 1May2025	400,000	394,420	0.51
Marriott International Inc/Md 3.125% 15Jun2026	600,000	562,059	0.72
Metlife Inc 3.6% 13Nov2025	400,000	389,204	0.50
Morgan Stanley 4.679% 17Jul2026	400,000	394,008	0.51
Mosaic Co/The 4.25% 15Nov2023	400,000	396,826	0.51
Netflix Inc 5.875% 15Feb2025	400,000	405,674	0.52
Occidental Petroleum Corp 5.875% 1Sep2025	600,000	601,878	0.77
Oracle Corp 5.8% 10Nov2025	400,000	408,646	0.52
Phillips 66 3.85% 9Apr2025	400,000	390,256	0.50
Raytheon Technologies Corp 3.2% 15Mar2024	400,000	391,808	0.50
Southern Co/The 4.475% 1Aug2024	600,000	593,100	0.76
Southwest Airlines Co 5.25% 4May2025	400,000	402,256	0.52
Thermo Fisher Scientific Inc 1.215% 18Oct2024	400,000	375,334	0.48
T-Mobile Usa Inc 2.625% 15Apr2026	400,000	366,630	0.47
United Parcel Service Inc 3.9% 1Apr2025	400,000	394,260	0.51
United States Treasury Bill 0% 12Jan2023	2,201,400	2,199,482	2.82
United States Treasury Bill 0% 13Apr2023	2,227,600	2,202,485	2.83
United States Treasury Bill 0% 5Oct2023	2,277,800	2,201,915	2.82

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

		Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
Debt Securities (continued)			
United States of America (continued)			
United States Treasury Note/Bond 3.875% 30Nov2027	3,065,100	3,048,936	3.91
United States Treasury Note/Bond 4.25% 15Oct2025	2,200,400	2,199,197	2.82
United States Treasury Note/Bond 4.25% 30Sep2024	2,189,800	2,178,680	2.79
Verizon Communications Inc 0.85% 20Nov2025	600,000	536,265	0.69
Warnermedia Holdings Inc 3.638% 15Mar2025	400,000	381,872	0.49
Welltower Inc 4% 1Jun2025	400,000	390,142	0.50
Western Digital Corp 4.75% 15Feb2026	600,000	565,863	0.73
Total United States		34,139,098	43.79
Total Debt Securities		74,549,556	95.62
Accrued interest receivable on debt securities		629,506	0.80
		75,179,062	96.42
Portfolio of investments		75,179,062	96.42
Other net assets		2,788,934	3.58
Net assets attributable to shareholders		77,967,996	100.00

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
By Geography (Summary)		
Debt securities		
Australia	3,691,544	4.74
Belgium	385,236	0.49
Canada	1,948,983	2.50
China	5,651,295	7.24
France	1,928,981	2.47
Germany	2,105,558	2.70
Hong Kong	3,844,952	4.93
India	4,521,762	5.81
Indonesia	1,197,771	1.54
Japan	2,872,319	3.68
Malaysia	1,182,819	1.52
Netherlands	1,468,068	1.88
Republic of Korea	1,724,848	2.21
Singapore	2,082,600	2.67
Spain	395,106	0.51
Switzerland	592,608	0.76
Taiwan	538,050	0.69
United Arab Emirates	397,432	0.51
United Kingdom	3,880,526	4.98
United States of America	34,139,098	43.79
Accrued interest receivable on debt securities	629,506	0.80
Portfolio of investments	75,179,062	96.42
Other net assets	2,788,934	3.58
Net assets attributable to shareholders	77,967,996	100.00

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
By Industry (Secondary)		
Debt securities		
Aerospace/Defense	391,808	0.50
Airlines	1,529,746	1.97
Auto Manufacturers	3,254,678	4.17
Banks	13,925,886	17.87
Beverages	1,143,908	1.46
Chemicals	1,514,551	1.94
Commercial Services	1,521,425	1.95
Computers	2,120,797	2.72
Cosmetics/Personal Care	388,426	0.50
Diversified Finan Serv	2,105,797	2.70
Electric	1,951,095	2.50
Electronics	538,050	0.69
Engineering & Construction	1,027,995	1.32
Entertainment	381,872	0.49
Food	562,521	0.72
Healthcare-Products	748,070	0.96
Holding Companies-Divers	389,178	0.50
Home Furnishings	575,073	0.74
Household Products/Wares	396,482	0.51
Insurance	772,926	0.99
Internet	3,336,660	4.28
Iron/Steel	400,788	0.51
Lodging	957,979	1.23
Media	1,179,441	1.51
Mining	2,731,269	3.50
Oil & Gas	6,095,672	7.82
Oil & Gas Services	389,650	0.50
Pharmaceuticals	1,165,548	1.50
Pipelines	578,247	0.74
Real Estate	958,548	1.23
REITS	1,540,248	1.98
Semiconductors	568,665	0.73

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Statements of portfolio as at to 31 December 2022

DBS CIO Liquid+ Fund

	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to shareholders at 31 December 2022 %
By Industry (Secondary) (continued)		
Debt securities (continued)		
Software	408,646	0.52
Sovereign	14,030,695	18.00
Telecommunications	4,199,658	5.39
Transportation	767,558	0.98
Accrued interest receivable on debt securities	629,506	0.80
Portfolio of investments	75,179,062	96.42
Other net assets	2,788,934	3.58
Net assets attributable to shareholders	<u>77,967,996</u>	<u>100.00</u>

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

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

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

1 General information

Scalar Retail Fund VCC (the “Company”), whose registered office is located at 12 Marina Boulevard, Marina Bay Financial Centre, Singapore 018982, is a variable capital company incorporated with limited liability under the provisions of the Variable Capital Companies Act 2018 of Singapore, and is governed by the laws of the Republic of Singapore. DBS CIO Liquid+ Fund (the “Sub-Fund”) is Sub-Fund of the Company.

The Sub-Fund allow shares to be bought and sold at its net asset value (“NAV”). The Company is a variable capital company that is a body corporate upon which the Sub-Fund is launched and it owns no economic or legal interests in the Sub-Fund.

The Company may establish one or more sub-funds (which may be open-ended, closed-ended or limited liquidity) from time to time, details of which will be set out in Company’s prospectus (the “Prospectus”).

Management Shares were issued in respect of the Company only and Participating Shares were issued in respect of the Sub-Fund. Only one Management Share was issued to the Manager. Each Management Share will comprise one vote while each Participating Shares of the Sub-Fund does not have the right to vote at the general meeting of the Company.

The investment objective of Sub-Fund is to invest into a pure global fixed income portfolio (with a tilt towards Asia), which provides yield pickup while providing a high level of liquidity to the investors. The Sub-Fund will predominantly invest its assets in investment grade bonds, high yield bonds and government securities, while keeping to a duration of between 1 to 3 years. The investments of the Sub-Fund will predominantly be denominated in US\$ but the Manager retains the flexibility to invest the assets of the Sub-Fund in non-US\$ denominated investments. The Sub-Fund may also use financial derivative instruments (“FDIs”), including foreign exchange swaps and forwards for currency hedging, credit default swaps to hedge against credit risk and interest rates swaps and futures for duration management. The date of commencement of operation of Sub-Fund was 19 October 2022.

The Company has appointed DBS Bank Ltd. (the “Investment Manager”) to provide investment management services, Citibank N.A., Singapore Branch (the “Administrator”) to provide fund accounting and administration services and Citicorp Trustee Singapore Limited to provide transfer agency services to the Sub-Fund.

2 Summary of significant accounting policies

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 recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

2 Summary of significant accounting policies *(continued)*

(a) Foreign currency translation

(i) *Functional and presentation currency*

These financial statements are presented in the US Dollar ("US\$" of "USD"), which is the Company and the Sub-Fund's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the Sub-Fund operate. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The management has determined that the functional currency of the Sub-Fund is the US\$. Expenses incurred and paid by the Sub-Fund are mainly in US\$. Investor subscriptions and redemptions are denominated in US\$, Hong Kong Dollar and Singapore Dollar.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the Statements of Total Return.

Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in the Statements of Total Return within net changes in fair value on financial assets and financial liabilities at fair value through profit or loss.

(b) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in the fair value of investments are included in the Statements of Total Return in the year in which they arise.

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

2 Summary of significant accounting policies *(continued)*

(b) Investments *(continued)*

(iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statements of Total Return.

(c) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments in debt securities held by the Sub-Fund is mid price. 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 Statements of Total Return.

(d) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Prospectus.

Financial derivatives outstanding at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statements of Total Return.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

2 Summary of significant accounting policies *(continued)*

(f) Sales/ Purchases awaiting settlement

Sales/Purchases awaiting settlement is receivable for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statements of Financial Position date respectively. Purchases awaiting settlement include short-term debt balances that may be collateralised by certain of the Sub-Fund's securities held with the broker.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. Any changes in their value are recognised in the Statements of Total Return.

(h) Payables

Payables are financial liabilities, recognised when the Sub-Fund become a party to the contractual provisions of the instrument. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are derecognised when the obligations under the liability are discharged or cancelled or expire.

(i) Net assets attributable to shareholders

All participating shares issued by the Sub-Fund provide shareholders with the right to require redemption for cash at the value proportionate to the shareholders' share in the Sub-Fund's net assets at the redemption date.

The Sub-Fund offers 10 classes of shares, namely USD Acc Class A shares, USD Dist Class A shares, USD Acc Class B shares, USD Dist Class B shares, SGD Hedged Acc Class A shares, SGD Hedged Dist Class A shares, SGD Hedged Acc Class B shares, SGD Hedged Dist Class B shares, HKD Acc Class A and HKD Dist Class A shares.

The prices at which redeemable participating shares may be issued or redeemed are calculated by reference to the Sub-Fund's net asset value ("NAV") calculated daily in accordance with the Sub-Fund's Prospectus.

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

2 Summary of significant accounting policies *(continued)*

(j) Management share

The management share issued by the Company provides the shareholder the right to vote and attend the general meeting of the Company and is classified as equity.

The management share is redeemable at the option of the Company in accordance with the Constitution. The management share is not entitled to any share of the profits of the Company or any proceeds of realisation of the assets of the Company. The holder will only be entitled to the return of the capital paid up on the liquidation of the Company.

(k) Income and expenses

Interest income includes interest on cash and cash equivalents which are recorded using the effective interest method. Interest income is recognised on a gross basis before withholding tax, if any.

Expenses are accounted for on accruals basis and charged to the Statements of Total Return.

Transaction costs are costs incurred to acquire financial instruments at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the Statements of Total Return as an expense.

(l) Taxation

The taxation of income and capital gains of the Sub-Fund are subject to the fiscal laws and practice of Singapore and other countries in which the Sub-Fund invest.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax asset is recognised to the extent that it is possible that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

2 Summary of significant accounting policies *(continued)*

(m) Distribution

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

3 Receivables

	Scalar Retail Fund VCC 31 December 2022 US\$	DBS CIO Liquid+ Fund 31 December 2022 US\$
Receivable from shareholders for creation of shares	-	213,654
Total	-	213,654

4 Cash and cash equivalents

	Scalar Retail Fund VCC 31 December 2022 US\$	DBS CIO Liquid+ Fund 31 December 2022 US\$
Cash at bank	1	2,582,885
Total	1	2,582,885

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

5 Financial derivatives at fair value

Financial derivative contracts comprise foreign exchange forward contracts due for settlement within 3 months from the reporting date. The contract or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the reporting date are analysed below.

	DBS CIO Liquid+ Fund 31 December 2022		
	Notional amount	Fair value	Fair value
	US\$	assets	liabilities
		US\$	US\$
Forward contracts	48,859,756	236,149	-
		<u>236,149</u>	<u>-</u>

As at 31 December 2022, there is no financial derivatives at fair value for the Company.

6 Payables

	Scalar Retail Fund VCC 31 December 2022 US\$	DBS CIO Liquid+ Fund 31 December 2022 US\$
Payable to shareholders for cancellation of shares	-	186,371
Accrued operating expenses	-	57,383
Total	<u>-</u>	<u>243,754</u>

7 Management share

The Company is structured as an umbrella variable capital company and may consist of one or more Sub-Fund each comprising one or more classes or series of shares.

The Company has issued 1 management share as at 31 December 2022.

The management share carries the rights of receiving notice of, attending at and voting at any general meeting of the Company, and does not entitle the holder thereof to any dividend and on a winding up entitles the holder thereof to receive the consideration paid thereof but do not otherwise entitles the holder to participate in the assets of the Company. The Company has issued 1 management share to the Investment Manager.

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

8 Participating shares in issue

During the financial period ended 31 December 2022 the number of participating shares issued, redeemed and outstanding were as follows:

DBS CIO Liquid+ Fund					
For the financial period from 19 October 2022 (date of inception) to 31 December 2022					
	SGD Hedged Acc Class A	SGD Hedged Dist Class A	SGD Hedged Acc Class B	SGD Hedged Dist Class B	HKD Acc Class A
Shares at beginning	-	-	-	-	-
Shares created	642,640	2,955,313	1,456,521	1,676,411	27,860
Shares cancelled	(19,964)	(154,686)	(35,091)	(30,008)	-
Shares at ending	<u>622,676</u>	<u>2,800,627</u>	<u>1,421,430</u>	<u>1,646,403</u>	<u>27,860</u>
Net assets attributable to shareholders - US\$	4,685,986	21,083,780	10,729,386	12,422,057	35,895
Net asset value per share - US\$	7.53	7.53	7.55	7.54	1.29
	HKD Dist Class A	USD Acc Class A	USD Dist Class A	USD Acc Class B	USD Dist Class B
Shares at beginning	-	-	-	-	-
Shares created	114,383	506,050	611,291	1,073,153	728,366
Shares cancelled	-	(24,561)	(4,912)	(20,740)	(16,242)
Shares at ending	<u>114,383</u>	<u>481,489</u>	<u>606,379</u>	<u>1,052,413</u>	<u>712,124</u>
Net assets attributable to shareholders - US\$	147,404	4,869,817	6,133,116	10,652,484	7,208,071
Net asset value per share - US\$	1.29	10.11	10.11	10.12	10.12

Scalar Retail Fund VCC

(incorporated in Singapore)

Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

8 Participating shares in issue (continued)

A reconciliation of the net assets attributable to shareholders per share per financial statements and the net assets attributable to shareholders per share for issuing/redeeming shares at the financial year end date is presented below:

DBS CIO Liquid+ Fund					
For the financial period from 19 October 2022 (date of inception) to 31 December 2022					
	SGD Hedged Acc Class A US\$	SGD Hedged Dist Class A US\$	SGD Hedged Acc Class B US\$	SGD Hedged Dist Class B US\$	HKD Acc Class A US\$
Accounting NAV per share as reported in the statement of financial position	7.53	7.53	7.55	7.54	1.29
Effect for movement in the net asset value between the last dealing date and the end of the reporting period	-	-	-	0.01	-
Dealing NAV per share for issuing/redeeming shares	<u>7.53</u>	<u>7.53</u>	<u>7.55</u>	<u>7.55</u>	<u>1.29</u>
	HKD Dist Class A US\$	USD Acc Class A US\$	USD Dist Class A US\$	USD Acc Class B US\$	USD Dist Class B US\$
Accounting NAV per share as reported in the statement of financial position	1.29	10.11	10.11	10.12	10.12
Effect for movement in the net asset value between the last dealing date and the end of the reporting period	-	0.01	0.01	-	-
Dealing NAV per share for issuing/redeeming shares	<u>1.29</u>	<u>10.12</u>	<u>10.12</u>	<u>10.12</u>	<u>10.12</u>

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9 Management fees

The Company has appointed the Investment Manager pursuant to the investment management agreement. The Investment Manager is incorporated in Singapore and operates as an exempt capital markets services entity for the regulated activity of 'fund management' under the Securities and Futures Act .

The Investment Manager is responsible for the management of the investment of the assets of the Sub-Fund in accordance with its investment objective.

Pursuant to the investment management agreement, Sub-Fund pays the Investment Manager management fees at a rate of 0.4% per annum with maximum 1.0% and 0% per annum for Class A Shares and Class B Shares respectively on its NAV in respect of the relevant shares. Such fees are calculated daily and payable as and when they are due.

The amounts in respect of management fees charged for the financial period and outstanding at the reporting date are presented in the Statements of Total Return and the Statements of Financial Position, respectively.

10 Custodian and administration fees

Citicorp Trustee (Singapore) Limited has appointed as Custodian and Citibank N.A., Singapore Branch has appointed as Administrator pursuant to the custody agreement and fund administration agreement respectively.

The Custodian charges custodian fees for its custodial duties at up to 0.10% per annum of the Sub-Fund's NAV attributable to shareholders, at various rate dependent on the market and based on the month end assets which are calculated daily and payable monthly in arrears.

The Administrator charges administration fees at up to 0.10% based on assets managed, which are calculated daily and payable monthly in arrears.

The Administrator can charge a fee to cover general disbursements.

The Administrator also provides the following services, and charges fees as agreed from time to time.

Financial statements preparation and audit liaison

The Administrator is entitled to charge a financial statements preparation and audit liaison for the preparation of each set of annual financial statements and for the preparation of each set of annual financial statements.

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10 Custodian and administration fees *(continued)*

Fund annual return

The Administrator is entitled to charge a fund annual return fee for the preparation of each fund annual return.

Registrar and transfer agency

For the provision of registrar and transfer agency fees, the Administrator is entitled to charge a transaction fee per investor transaction for the Company in respect of the Sub-Fund.

FATCA and CRS reporting

The Administrator is also entitled to an annual fee for the provision of FATCA and CRS services which will vary depending on the number of shareholders.

The Administrator is also reimbursed for all properly incurred and approved out of pocket expenses.

Total custodian and administration fees incurred by Sub-Fund for the financial period from 19 October 2022 (date of inception) to 31 December 2022 amounted to US\$ 1,867 and US\$Nil respectively. Of which, no payable as at 31 December 2022.

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11 Financial risk management

The Investment Manager is responsible for the management of the investment of the assets of the Sub-Fund in accordance with its investment objectives and policies described in the Prospectus.

The Sub-Fund's activities exposed it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of financial assets or liabilities will fluctuate because of changes in, amongst other things, foreign exchange rates, interest rates and other prices. The approach to the management of market risk is driven by the investment objective of the Sub-Fund.

In order to manage the market risk, the Investment Manager may apply short-term trades as an investment strategy.

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Price risk arises from investments held by the Sub-Fund for which prices in the future are uncertain.

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11 Financial risk management (continued)

(a) Market risk (continued)

Market price risk (continued)

The worldwide outbreak of COVID-19, a novel Coronavirus disease, that began in early 2020 has negatively affected economies, markets and individual companies throughout the world and has increased market volatility. Developments that disrupt global economies and financial markets may magnify factors that affect the Company's performance. While the disruption is currently expected to be temporary, there is considerable uncertainty around this duration. The effects of this pandemic may materially impact the value and performance of the Company, its ability to buy and sell investments and its ability to achieve its investment objective. The ultimate impact of COVID-19 on the financial performance of the Company's investments, if any, cannot be reasonably estimated at this time. The Directors and the Investment Manager continue to monitor the situation closely.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The table below summarises the Sub-Fund's exposures to the interest rate risk at 31 December 2022.

	Variable rates US\$	Fixed rates US\$	Non-interest bearing US\$	Total US\$
Assets				
Portfolio of investments	2,122,224	66,452,956	6,603,882	75,179,062
Receivables	-	-	213,654	213,654
Cash and cash equivalents	2,582,885	-	-	2,582,885
Financial derivatives at fair value	-	-	236,149	236,149
	<u>4,705,109</u>	<u>66,452,956</u>	<u>7,053,685</u>	<u>78,211,750</u>
Liabilities				
Payables	-	-	243,754	243,754
	<u>-</u>	<u>-</u>	<u>243,754</u>	<u>243,754</u>

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11 Financial risk management *(continued)*

(a) Market risk *(continued)*

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Sub-Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Sub-Fund are exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Sub-Fund's assets or liabilities denominated in currencies other than US\$. The Sub-Fund may enter into foreign exchange forward contracts to either hedge some or all of these currency exposures.

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

	SGD	USD	Total
	US\$	US\$	US\$
Assets			
Portfolio of investments	-	75,179,062	75,179,062
Receivables	114,412	99,242	213,654
Cash and cash equivalents	36,385	2,546,500	2,582,885
Total assets	<u>150,797</u>	<u>77,824,804</u>	<u>77,975,601</u>
Liabilities			
Payables	-	243,754	243,754
Total liabilities	<u>-</u>	<u>243,754</u>	<u>243,754</u>
Net financial assets	<u>150,797</u>	<u>77,581,050</u>	<u>77,731,847</u>
Forward contracts (Notional)	<u>48,859,756</u>	<u>(48,859,756)</u>	
Net currency exposure	<u>49,010,553</u>	<u>28,721,294</u>	

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11 Financial risk management *(continued)*

(a) Market risk *(continued)*

Currency risk (continued)

The table below summarises the sensitivity of the Sub-Fund net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 5% with respect to the US\$, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

	SGD
	US\$
31 December 2022	<u>2,450,528</u>

(b) Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Sub-Fund. The carrying amount of financial assets best represents the maximum credit risk exposure at the reporting date.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

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11 Financial risk management *(continued)*

(b) Credit risk *(continued)*

The table below analyses Standard & Poor's credit ratings of the debt securities held by Sub-Fund. The credit ratings are based on the lowest of the available ratings among S&P, Moody's and Fitch, when such ratings are not available, this would then be based on the Manager's internal credit ratings.

	Fair value US\$	% of NAV
Debt securities		
A1/A+	4,076,558	5.22
A2/A	3,297,040	4.24
A3/A-	8,802,698	11.30
Aa1/AA+	560,829	0.72
Aaa/AAA	14,600,647	18.72
Ba1/BB+	2,976,879	3.81
Ba2/BB	1,532,032	1.97
Baa1/BBB+	10,807,735	13.86
Baa2/BBB	13,586,182	17.44
Baa3/BBB-	14,308,956	18.35
Accrued interest	629,506	0.79
	<u>75,179,062</u>	<u>96.42</u>

Sub-Fund's cash and cash equivalents are held with Citibank N.A., Singapore Branch, which also acts as the Sub-Fund's Administrator. As at 31 December 2022, Citibank N.A., Singapore Branch has a credit rating of A+ as determined by Standard & Poor's. The Sub-Fund regularly monitor their credit risk by monitoring their credit quality of the counterparties as reported.

Expected credit loss

The Sub-Fund measure credit risk and expected credit losses on financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

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Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

11 Financial risk management *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due.

The Sub-Fund's offering documents provide for the daily cancellation of shares and the Sub-Fund are therefore exposed to the liquidity risk of meeting shareholder redemptions.

The Sub-Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Sub-Fund's reputation.

In order to manage the Sub-Fund's overall liquidity, it has protocols in place around redemptions.

In the event that the shareholders redeem 10% or more of the NAV of the respective class of shares, the Directors, in consultation with the Investment Manager, may limit such redemptions to an aggregate value of 10% of the NAV on that dealing day (i.e., impose a "Redemption Gate"). In certain circumstances the Directors may also suspend redemptions if this is deemed to be in the best interest of all shareholders.

Sub-Fund's investments in listed securities are considered to be readily realisable as they are listed on recognised exchanges.

Sub-Fund's liabilities as of 31 December 2022 are short term in nature.

The table below shows the residual contractual, undiscounted cash flows of the Sub-Fund's liabilities at 31 December 2022.

	Less than 3 months US\$
<i>Financial liabilities measured at amortised cost</i>	
Payables	243,754
Total	<u>243,754</u>

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11 Financial risk management *(continued)*

(d) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to shareholders. The Sub-Fund's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders, provide benefits for other stakeholders and maintain a strong capital base to support the investment activities of the Sub-Fund. In addition, the Sub-Fund monitors the level of exposure of the Sub-Fund to safeguard its ability to meet redemption requests. The director and the Manager monitor capital on the basis of the value of net assets attributable to shareholders.

(e) Fair value estimation

The table overleaf provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value determined using a quoted price in an active market

When fair values of investment in bond securities at the reporting date are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, the instruments are included in level 2 of the fair value hierarchy.

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Notes to the financial statements for the financial period from 2 August 2022 (date of incorporation) to 31 December 2022

11 Financial risk management (continued)

(e) Fair value estimation (continued)

31 December 2022	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Portfolio of investments</i>				
- Debt securities	-	75,179,062	-	75,179,062
<i>Derivative financial instruments</i>				
- Forward currency contracts	-	236,149	-	236,149
	<u>-</u>	<u>75,415,211</u>	<u>-</u>	<u>75,415,211</u>

There were no transfers between levels during the financial period from 19 October 2022 (date of inception) to 31 December 2022.

Cash and cash equivalents, receivables and payables are carried at values that reflect a reasonable approximation of their fair value.

(f) Financial instruments by category

The aggregate carrying amounts of financial assets and liabilities at fair value through profit and loss and amortised cost of Sub-Fund are as follows:

31 December 2022	US\$
Financial assets at fair value through profit or loss	75,415,211
Financial assets at amortised cost	2,796,539
Financial liabilities at amortised cost	<u>243,754</u>

12 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Directors

The Directors may be entitled to fees for their roles as Directors of the Company. During the financial period from 19 October 2022 (date of inception) to 31 December 2022, the directors' fees incurred amounted to US\$15,014.

Custodian and Administrator

Details of custodian and administration fees charged by the Administrator during the financial period and outstanding at the reporting date are disclosed in Note 10.

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12 Related parties (continued)

Investment Manager

Details of management fees charged by the Investment Manager during the financial period and outstanding at the reporting date are disclosed in Note 9.

1 management share of the Company has been issued to the Investment Manager. The paid-up capital amounting to US\$1 is outstanding as at 31 December 2022.

All related party transactions were made at arm's length on normal commercial terms and conditions, unless otherwise stated.

13 Income taxes

On 23 December 2022, the Company submitted an application for the Enhanced-Tier Fund Tax Incentive Scheme under Section 13U of the Income Tax Act 1947 to the Monetary Authority of Singapore ("MAS"). The Company also wrote to the MAS to request that the Enhanced-Tier Fund Tax Incentive Scheme be effective from 17 October 2022 onwards.

Once approved by the MAS, the Section 13U tax exemption status will be for the life of the Company, provided the Company continues to meet all conditions and terms set out in the award letter, the MAS Circular FDD Cir 09/2019 and the relevant Income Tax legislation. The Company confirms that all conditions under the Enhanced-Tier Fund Tax Incentive Scheme were met from 17 October 2022 onwards.

14 Financial ratio

DBS CIO Liquid+ Fund					
For the financial period from 19 October 2022 (date of inception) to 31 December 2022					
	SGD Hedged Acc Class A	SGD Hedged Dist Class A	SGD Hedged Acc Class B	SGD Hedged Dist Class B	HKD Acc Class A
Total operating expenses	5,269	22,610	5,552	6,428	47
Average daily net asset value	3,977,110	17,083,971	10,483,378	12,139,142	35,747
Expense ratio (annualised) ¹	0.66%	0.66%	0.26%	0.26%	0.66%
	USD Acc Class A	HKD Dist Class A	USD Dist Class A	USD Acc Class B	USD Dist Class B
Total operating expenses	3,930	195	6,606	5,627	3,797
Average daily net asset value	2,982,538	145,973	4,985,131	10,605,471	7,155,450
Expense ratio (annualised) ¹	0.66%	0.67%	0.66%	0.27%	0.27%

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14 Financial ratio *(continued)*

**DBS CIO
Liquid+ Fund
For the
financial
period from 19
October 2022
(date of
inception) to
31 December
2022**

Turnover ratio² 14.94%

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 at 31 December 2022 was based on total operating expenses divided by the average net asset value for the period. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to shareholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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 of the total value of purchases or sales of the underlying investments, being sales of US\$10,394,600 divided by the average daily net asset value of US\$69,593,911.

15 Comparatives

The financial statements cover the financial period since the date of incorporation on 2 August 2022 to 31 December 2022. These being the first set of financial statements, there are no comparative figures.

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16 Event after reporting period

On 11 January 2023, the Manager has announced the following distributions to the shareholders of the Sub-Fund for the period from 19 October 2022 to 31 December 2022. The ex-dividend date is 11 January 2023 and the record date is 10 January 2023. The payment date of distribution will be 13 January 2023.

DBS CIO Liquid+ Fund	Currency	Dividend per share
USD Distribution Class A	USD	0.0504
USD Distribution Class B	USD	0.0504
HKD Distribution Class A	HKD	0.0501
SGD Hedged Distribution Class A	SGD	0.0502
SGD Hedged Distribution Class B	SGD	0.0503

17 Approval of financial statements

The financial statements were authorised for issue in accordance with resolution of the Board of Directors of Scalar Retail Fund VCC on 30 March 2023.