

PHILLIP SING INCOME ETF

SEMI-ANNUAL REPORT

For the financial period from 24 September 2018 (date of constitution) to 30 June 2019 (Unaudited)

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PHILLIP SING INCOME ETF

DIRECTORY

MANAGER

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Company Registration No. 199905233W

DIRECTORS OF THE MANAGER

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Jeffrey Lee Chay Khiong
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Lim Wah Sai
Louis Wong Wai Kit

TRUSTEE & REGISTRAR

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(Company Registration Number: 194900022R)

CUSTODIAN

The Hongkong & Shanghai Banking Corporation Limited
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AUDITORS

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SOLICITORS TO THE MANAGER

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PHILLIP SING INCOME ETF

MANAGER'S INVESTMENT REPORT

1. The Fund

The investment objective of the Fund is to replicate as closely as possible, before fees and expenses, the performance of the Morningstar[®] Singapore Yield Focus IndexSM. (the "Index"). The Index tracks the performance of Singapore high dividend securities with a weighting emphasis on quality and financial health. The Manager employs a "passive management" or indexing investment approach designed to track the performance of the Index, by investing substantially all of the Fund's assets in index constituents in substantially the same weightings as reflected in the Index and aims to deliver an investment performance which closely corresponds to the performance of the Index.

Details of the fund

| | |
|---|---|
| NAV per share (30 June 2019) | S\$1.099 |
| Net Assets Attributable to unitholders (30 June 2019) | S\$52,223,257 |
| Fund Currency | Singapore Dollars |
| Listing Date on SGX-ST | 29 October 2018 |
| Stock code on SGX-ST | OVQ for PHIL SING INC Singapore Dollars |

The Fund is classified as an Excluded Investment Product (EIP).

2. Distribution of Investments

Please refer to Statement of Portfolio on pages 10 – 13.

3. Schedule of Investments by Asset Class

| Asset Class | Fair Value at 30 June 2019 US\$ | Percentage of Total Net Assets Attributable to Unitholders at 30 June 2019 % |
|---|--|---|
| Quoted Equities | 52,629,654 | 100.78 |
| Cash and cash equivalents | 630,263 | 1.21 |
| Other net liabilities | (1,036,660) | (1.99) |
| Net assets attributable to unitholders | 52,223,257 | 100.00 |

PHILLIP SING INCOME ETF

MANAGER'S INVESTMENT REPORT (continued)

4. Top 10 Holdings

10 largest holdings at 30 June 2019

| | Fair Value at 30 June 2019 S\$ | Percentage of Total Net Assets Attributable to Unitholders at 30 June 2019 % |
|---|--------------------------------------|---|
| DBS Group Holdings Limited | 5,306,691 | 10.16 |
| Singapore Telecommunications Limited | 5,083,890 | 9.73 |
| Oversea-Chinese Banking Corporation Limited | 4,985,334 | 9.55 |
| United Overseas Bank Limited | 4,806,457 | 9.20 |
| Singapore Exchange Limited | 4,589,505 | 8.79 |
| SATS Limited | 4,382,397 | 8.39 |
| Singapore Technologies Engineering Limited | 3,990,336 | 7.64 |
| Genting Singapore Limited | 3,426,969 | 6.56 |
| CapitaLand Mall Trust REIT | 3,125,086 | 5.98 |
| Netlink NBN Trust | 2,189,517 | 4.19 |

5. (i) Exposure to financial derivatives as at 30 June 2019

Nil.

(ii) Net gain on derivative contracts realised for the period ended 30 June 2019

S\$2,906

(iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 30 June 2019

Nil.

(iv) Description of the method used to calculate the global exposure of financial derivatives

The global exposure relating to derivative instruments is calculated using the commitment approach. The global exposure is calculated as 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;
- (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) efficient portfolio management techniques relating to securities lending and repurchase transactions,

and that are reinvested.

PHILLIP SING INCOME ETF

MANAGER'S INVESTMENT REPORT (continued)

6. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2019

| | S\$ | % |
|------------------------------|-----------|-------|
| Real Estate Investment Trust | 9,379,187 | 17.98 |

7. Amount and percentage of borrowings of total fund size as at 30 June 2019

Nil.

8. Amount of units created and cancelled for the period ended 30 June 2019

| | |
|-------------------------------|----------------|
| Total amount of subscriptions | S\$ 70,713,200 |
| Total amount of redemptions | S\$ 23,614,600 |

9. Distribution

| | |
|--|---------------------|
| | 30 June 2019 |
| | S\$ |
| Interim (2 cents per unit based on units outstanding as at 26 June 2019) | 950,000 |

10. Performance of the Fund as at 30 June 2019

| Cumulative (%*) | | Benchmark |
|-------------------------------|--------|-----------|
| 3 Months | 5.86% | 6.51% |
| 6 Months | 12.09% | 13.10% |
| Since inception (29 Oct 2018) | 12.32% | 13.72% |
| | | |
| Annualised (%*) | | Benchmark |
| Since inception (29 Oct 2018) | 19.15% | 21.41% |

*Cumulative returns are calculated on a bid-to-bid basis, with net dividends reinvested. The benchmark for which the Fund is measured against is the Morningstar[®] Singapore Yield Focus IndexSM.

Source: Bloomberg

PHILLIP SING INCOME ETF

MANAGER'S INVESTMENT REPORT (continued)

11. Related party transactions for the period ended 30 June 2019

The Manager may use the services of related parties of the Manager to carry out transactions involving the purchase and sale of securities.

| | 30 June 2019 |
|--|---------------------|
| | S\$ |
| Brokerage fees paid to a related party of the Manager | 23,924 |
| Interest income received from a related party of the Trustee | 119 |
| Bank balances held with related party of the Trustee | <u>630,263</u> |

12. Financial ratios

Expense ratio

| | 30 June 2019 |
|--|---------------------|
| | % |
| Expense ratio ¹ (excluding preliminary expenses)(annualised) | 0.70 |
| Expense ratio ¹ (including preliminary expenses)(annualised) | 0.97 |
| Turnover ratio ² | <u>77.27</u> |

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 30 June 2019 was based on total operating expenses of \$259,738 divided by the average net asset value of \$55,279,496 for the period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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 \$42,713,018 divided by the weighted daily net asset value of \$55,279,496.

13. Soft dollar commissions/arrangements

The Manager is entitled to and intends to receive or enter into soft-dollar commissions or arrangements in respect of the Fund. The Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Manager may receive include research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis and custodial services in relation to the investments managed for clients. The soft dollar credits utilised are not allocated on a specific client basis. The brokers also execute trades for other funds managed by the Manager.

Soft-dollar commissions or arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

MANAGER'S INVESTMENT REPORT (continued)

13. Soft dollar commissions/arrangements (cont'd)

The Manager will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Manager, be reasonably expected to assist the Manager in their management of the Fund, provided that the Manager shall ensure at all times that transactions are executed on a "best execution" basis taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

The Manager does not, and is not entitled to, retain cash or commission rebates for their own account in respect of rebates earned when transacting in securities for account of the Fund.

14. Any other material information that will adversely impact the valuation of the Fund

Nil.

PHILLIP SING INCOME ETF

STATEMENT OF TOTAL RETURN (Unaudited)

For the financial period from 24 September 2018 (date of constitution) to 30 June 2019 (Unaudited)

| | 30 June 2019 S\$ |
|--|---------------------------------|
| Income | |
| Dividends | 1,548,433 |
| Interest | 119 |
| | <u>1,548,552</u> |
| Expenses | |
| Audit fees | 8,566 |
| Custody fees | 11,419 |
| Management fees | 147,851 |
| Less: Management fee rebate | (10,917) |
| Preliminary expenses | 147,182 |
| Registration fees | 10,732 |
| Trustee fees | 9,117 |
| Transaction fees | 101,272 |
| Valuation fees | 9,117 |
| Other expenses | 74,579 |
| | <u>508,918</u> |
| Net income | <u>1,039,634</u> |
| Net gains or losses on value of investments | |
| Net gains on investments | 5,102,142 |
| Net gains on financial derivatives | 2,906 |
| Net foreign exchange losses | (7,815) |
| | <u>5,097,233</u> |
| Total return for the financial period before income tax | 6,136,867 |
| Less: Income tax | (62,210) |
| Total return for the financial period after income tax | <u><u>6,074,657</u></u> |

PHILLIP SING INCOME ETF

STATEMENT OF FINANCIAL POSITION (Unaudited)

As at 30 June 2019

| | 30 June 2019 S\$ |
|--|---------------------------------|
| Assets | |
| Portfolio of investments | 52,629,654 |
| Receivables | 17,120 |
| Cash and cash equivalents | 630,263 |
| Total assets | 53,277,037 |
| Liabilities | |
| Payables | 103,780 |
| Distribution payable | 950,000 |
| Total liabilities | 1,053,780 |
| Equity | |
| Net assets attributable to unitholders | 52,223,257 |

PHILLIP SING INCOME ETF

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS (Unaudited)

For the financial period from 24 September 2018 (date of constitution) to 30 June 2019

| | 30 June 2019 S\$ |
|---|---------------------------------|
| Net assets attributable to unitholders at the beginning of the financial period | - |
| Operations | |
| Change in net assets attributable to unitholders resulting from operations | 6,074,657 |
| Unitholders' contributions/(withdrawals) | |
| Creation of units | 70,713,200 |
| Cancellation of units | (23,614,600) |
| Change in net assets attributable to unitholders resulting from net creation and cancellation of units | 47,098,600 |
| Distributions | (950,000) |
| Total increase in net assets attributable to unitholders | <u>52,223,257</u> |
| Net assets attributable to unitholders at the end of the financial period | <u><u>52,223,257</u></u> |

PHILLIP SING INCOME ETF

STATEMENT OF PORTFOLIO (Unaudited)

As at 30 June 2019

| Primary | | | Percentage of Total Net Assets |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| By Industry | | | Attributable to |
| Quoted Equities | Holdings at 30 June 2019 Units | Fair Value at 30 June 2019 S\$ | Unitholders at 30 June 2019 % |
| Communication Services | | | |
| Singapore Press Holdings Limited | 466,409 | 1,133,373 | 2.17 |
| Consumer Discretionary | | | |
| Genting Singapore Limited | 3,745,321 | 3,426,969 | 6.56 |
| Hotel Grand Central Limited | 65,451 | 85,086 | 0.16 |
| | | 3,512,055 | 6.72 |
| Consumer Staples | | | |
| Sheng Siong Group Limited | 269,221 | 293,451 | 0.56 |
| Financials | | | |
| DBS Group Holdings Limited | 204,418 | 5,306,691 | 10.16 |
| Hong Leong Finance Limited | 185,802 | 505,382 | 0.97 |
| Oversea-Chinese Banking Corporation Limited | 437,310 | 4,985,334 | 9.55 |
| Singapore Exchange Limited | 580,950 | 4,589,505 | 8.79 |
| United Overseas Bank Limited | 183,944 | 4,806,457 | 9.20 |
| | | 20,193,369 | 38.67 |
| Health Care | | | |
| Haw Par Corporation Limited | 47,803 | 674,978 | 1.29 |
| Industrials | | | |
| Singapore Technologies Engineering Limited | 966,183 | 3,990,336 | 7.64 |
| SATS Limited | 841,151 | 4,382,397 | 8.39 |
| SIA Engineering Company Limited | 278,604 | 693,724 | 1.33 |
| | | 9,066,457 | 17.36 |

PHILLIP SING INCOME ETF

STATEMENT OF PORTFOLIO (Unaudited) (continued)

As at 30 June 2019

| Primary | | | Percentage of Total Net Assets |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| By Industry | | | Attributable to |
| Quoted Equities | Holdings at 30 June 2019 Units | Fair Value at 30 June 2019 S\$ | Unitholders at 30 June 2019 % |
| Information Technology | | | |
| Silverlake Axis Limited | 269,617 | 144,245 | 0.28 |
| Real Estate | | | |
| CapitaLand Commercial Trust | 866,022 | 1,879,268 | 3.60 |
| CapitaLand Mall Trust REIT | 1,192,781 | 3,125,086 | 5.98 |
| Cromwell European REIT | 196,500 | 143,730 | 0.28 |
| Mapletree Commercial Trust | 493,606 | 1,031,636 | 1.98 |
| Mapletree Industrial Trust | 253,369 | 567,546 | 1.09 |
| Mapletree Logistics Trust | 452,615 | 719,658 | 1.38 |
| Mapletree North Asia Commercial Trust | 645,400 | 935,830 | 1.79 |
| OUE Hospitality Trust | 327,635 | 232,621 | 0.45 |
| Parkway Life REIT | 105,351 | 319,213 | 0.61 |
| SPH REIT | 141,743 | 150,248 | 0.29 |
| Starhill Global REIT | 356,300 | 274,351 | 0.53 |
| United Engineers Limited | 80,491 | 206,057 | 0.39 |
| | | 9,585,244 | 18.37 |
| Telecommunication Services | | | |
| Netlink NBN Trust | 2,474,030 | 2,189,517 | 4.19 |
| Singapore Telecommunications Limited | 1,456,702 | 5,083,890 | 9.73 |
| Starhub Limited | 301,654 | 458,514 | 0.88 |
| | | 7,731,921 | 14.80 |
| Utilities | | | |
| Keppel Infrastructure Trust | 589,122 | 294,561 | 0.56 |
| Portfolio of investments | | 52,629,654 | 100.78 |
| Other net liabilities | | (406,397) | (0.78) |
| Net assets attributable to unitholders | | 52,223,257 | 100.00 |

PHILLIP SING INCOME ETF

| Primary | | Percentage of Total Net Assets |
|---|---------------------------------------|---|
| By Industry (summary) | | Attributable to Unitholders at |
| | Fair value at 30 June 2019 | 30 June 2019 |
| Quoted | S\$ | % |
| Communication Services | 1,133,373 | 2.17 |
| Consumer Discretionary | 3,512,055 | 6.72 |
| Consumer Staples | 293,451 | 0.56 |
| Financials | 20,193,369 | 38.67 |
| Health Care | 674,978 | 1.29 |
| Industrials | 9,585,244 | 18.37 |
| Information Technology | 144,245 | 0.28 |
| Real Estate | 9,585,244 | 18.37 |
| Telecommunication Services | 7,731,921 | 14.80 |
| Utilities | 294,561 | 0.56 |
| Portfolio of investments | 52,629,654 | 100.78 |
| Other net liabilities | (406,397) | (0.78) |
| Net assets attributable to unitholders | 52,223,257 | 100.00 |

PHILLIP SING INCOME ETF

STATEMENT OF PORTFOLIO (Unaudited) (continued)

As at 30 June 2019

| Secondary | | Percentage of Total Net Assets |
|---|---|--|
| By Geography | Fair Value at 30 June 2019 S\$ | Attributable to Unitholders at 30 June 2019 % |
| Singapore | 52,629,654 | 100.78 |
| Portfolio of investments | 52,629,654 | 100.78 |
| Other net liabilities | (406,397) | (0.78) |
| Net assets attributable to unitholders | 52,223,257 | 100.00 |