

PHILLIP FOCUS CHINA FUND

AUDITED
ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2022

Manager:
PHILLIP MUTUAL BERHAD
(200201002746)(570409-K)

Trustee:
CIMB COMMERCE TRUSTEE BERHAD
(199401027349)(313031-A)

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FUND INFORMATION
As At 31 March 2022

Name Of Fund	: Phillip Focus China Fund
Manager Of Fund	: Phillip Mutual Berhad 200201002746 (570409-K)
External Investment Manager	: Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	: 19 May 2009
Category Of Fund	: Equity
Type Of Fund	: Growth
Investment Objective	: Phillip Focus China Fund aims to achieve attractive capital growth in the medium* to long term* by investing predominantly in equities and equity-related securities of companies listed in the greater China region which covers China, Hong Kong S.A.R. and Taiwan markets and may invest in companies listed in other markets that have significant or potentially significant business in the greater China region. <i>* Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
Performance Benchmark	: MSCI Golden Dragon Index (MXGD)
Distribution Policy	: Income distribution, annually, subject to availability of income.
Fund Size	: 43.85 million units

Breakdown Of Unitholdings:	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	85	13.87	0.24
	5,001-10,000 units	78	12.72	0.56
	10,001-50,000 units	254	41.44	6.12
	50,001-500,000 units	180	29.36	25.02
	500,001 units & above	16	2.61	11.91
	Total	613	100.00	43.85

FUND PERFORMANCE**Financial Highlights**

Category	As At 31.03.2022	As At 31.03.2021	As At 31.03.2020
	%	%	%
Quoted Equity Securities			
- Hong Kong	76.71	62.56	62.29
- Taiwan	-	-	20.80
- United States of America	5.00	9.83	11.90
	81.71	72.39	94.99
Cash And Liquid Assets	18.29	27.61	5.01
Total	100.00	100.00	100.00
Net Asset Value (RM'000) – ex distribution	12,272	16,363	13,222
Number Of Units In Circulation (Units '000)	43,852	41,475	43,650
Net Asset Value Per Unit (RM)	0.2799	0.3946*	0.3030*
Total Expense Ratio (“TER”) ¹	2.15%	1.95%	1.96%
Portfolio Turnover Ratio (times)	0.68	0.30	0.32

The Total Expense Ratio for the current financial year is higher than the previous financial year due to lower percentage of decrease in expenses compared with average net asset value.

¹ The TER does not include brokerage and other transaction fees.

The Portfolio Turnover Ratio for the current financial year is higher due to increase in investing activities.

Notes:

The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

* Price quoted is ex-distribution.

Performance Data

	Phillip Focus China Fund			MXGD [#]	
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period to 31.3.2022	-29.07%	-29.07%		-21.65%	-21.65%
3 Years' Period to 31.3.2022	-7.48%	-2.49%		7.52%	2.51%
5 Years' Period to 31.3.2022	2.93%	0.59%		18.53%	3.71%
	1.4.2021 to 31.3.2022	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2020	1.4.2018 to 31.3.2019	1.4.2017 to 31.3.2018
Phillip Focus China Fund					
- Capital Return	-29.07%	30.23%	-9.44%	-6.09%	3.01%
- Income Return	-	4.56%	5.78%	7.47%	7.02%
- Total Return	-29.07%	36.17%	-4.21%	0.93%	10.23%
MXGD [#]	-21.65%	42.95%	-4.02%	-0.66%	10.99%
	1.4.2021 to 31.3.2022	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2020		
Unit Prices					
Highest NAV (RM)	0.4013	0.4458	0.3673		
Lowest NAV (RM)	0.2471	0.3014	0.2967		
Distributions					
Gross Distribution Per Unit (sen)	- (31.3.2022)	1.80 (31.3.2021)	1.75 (31.3.2020)		
Net Distribution Per Unit (sen)	- (31.3.2022)	1.80 (31.3.2021)	1.75 (31.3.2020)		
Source Of Distribution	RM'000	RM'000	RM'000		
- Net realised income	-	815	1,380		
- Capital (distribution equalisation)	-	(99)	(616)		
Total distributions	-	716	764		
	%	%	%		
- Net realised income	-	113.81	180.68		
- Capital (distribution equalisation)	-	(13.81)	(80.68)		
Total distributions	-	100.00	100.00		
Unit Splits	-	-	-		

[#] The benchmark returns are adjusted for the movement of Ringgit Malaysia against foreign currencies.

Notes:

1. All figures pertaining to the Fund's return were extracted from Lipper.
2. The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

MANAGER’S REPORT

31 March 2022

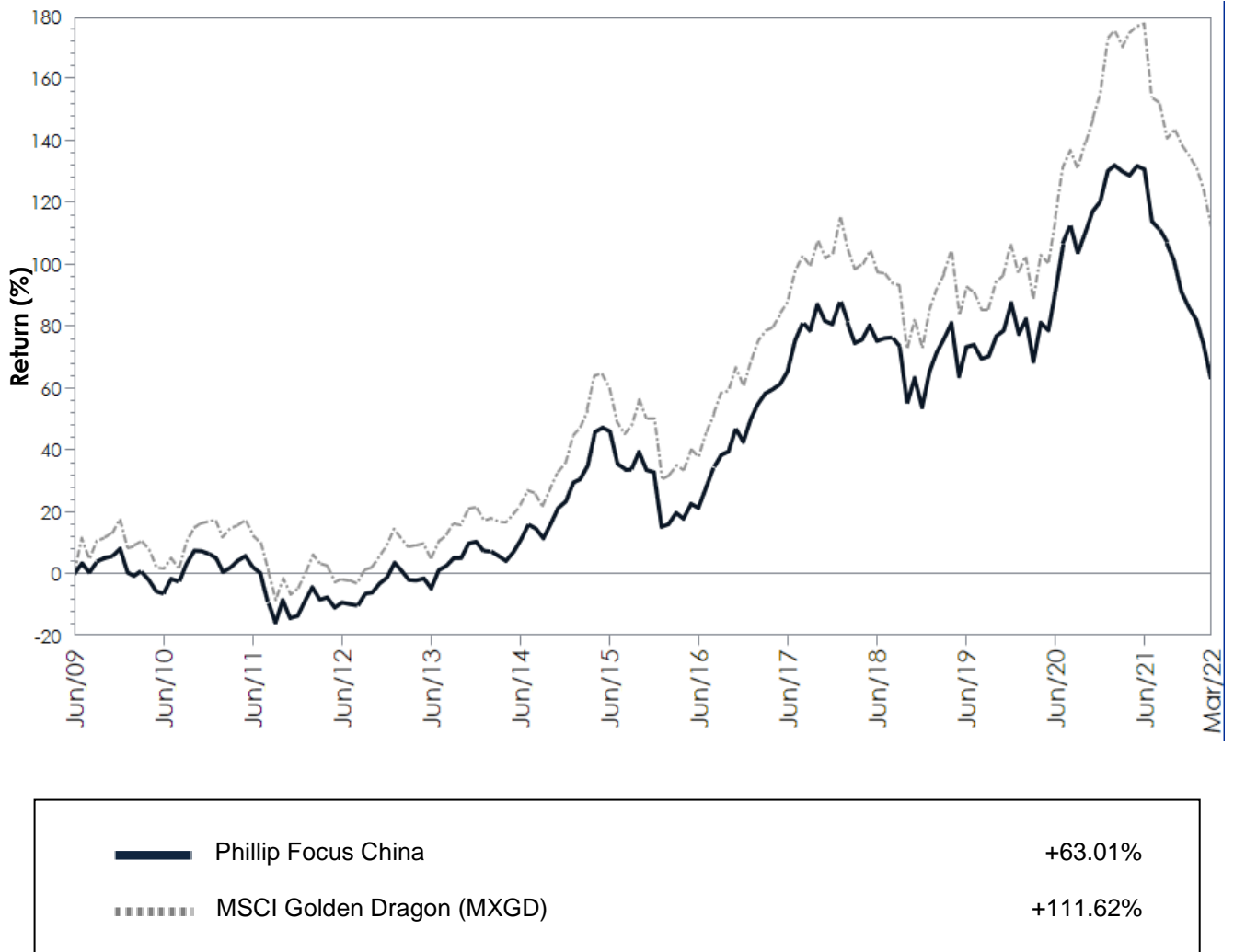
Performance Review

From 12 June 2009 (date of launch: 19 May 2009) to 31 March 2022, the Phillip Focus China Fund registered a total return of 63.01%, while its benchmark, the MSCI Golden Dragon Index, rose 111.62%.

For the financial year under review (1 April 2021 to 31 March 2022), the Fund registered a loss of 29.07%. In comparison, its benchmark fell 21.65% .

The Fund has not met its investment objective of achieving attractive capital growth in the medium term, however, the Fund has met its investment objective of achieving attractive capital growth since inception.

Comparison Between Fund’s Performance And Benchmark (Since Inception)



Source: Lipper

Notes:

The benchmark returns are adjusted for the movement of Ringgit Malaysia against foreign currencies.

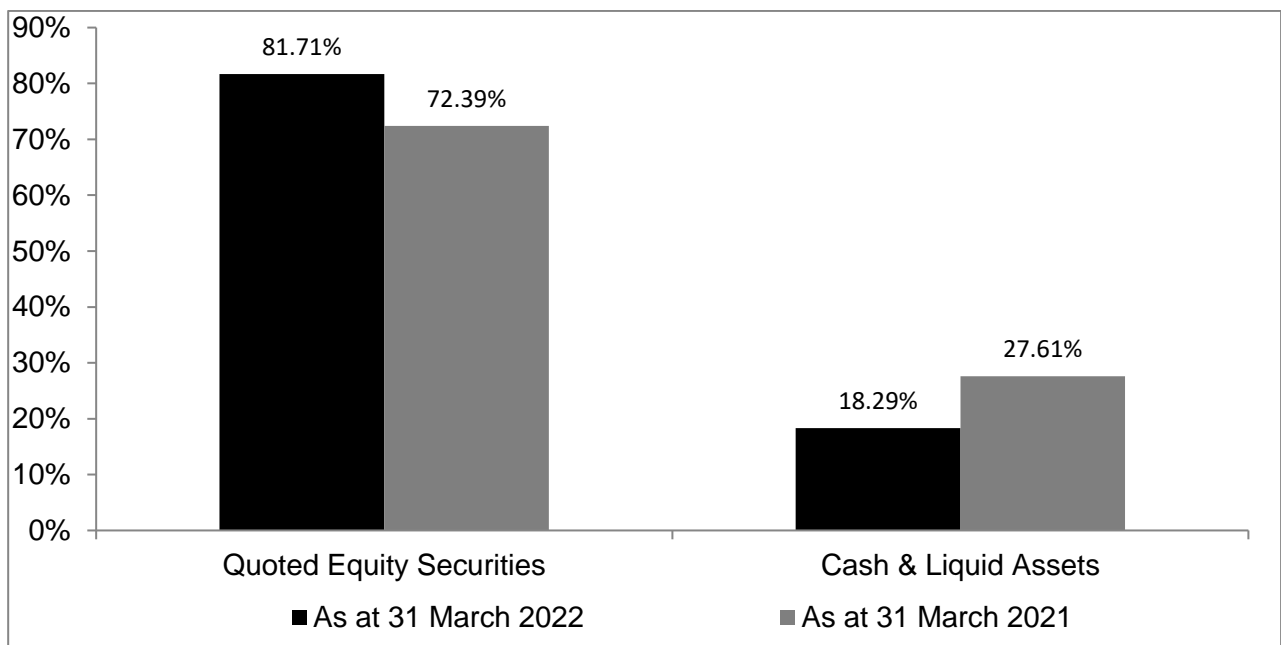
Investment Strategy Review

Equity Strategy Review

The Phillip Focus China Fund’s equity exposure stood at 81.7% as at end March 2022 from 72.4% at end March 2021. During the period under review, fund’s NAV sharp decline was in line with tumultuous China/HK indices performances as unfavourable regulation and policy setting spooked the market, causing sell-downs across sectors, with tech, gaming, education and property sectors being the main drags. Notably, MSCI China Tech index and MSCI China Real Estate index plunged 40% and 32% respectively in 2021, echoing the same sentiments as the Hang Seng Index (-22.5%) and CSI300 (-16.4%). Notwithstanding that, the fund manager has managed to accumulate shares in sectors that should see limited impact from regulatory scrutinies by the Chinese government and in fact, stands to benefit from the “common prosperity” policy emphasized by China’s leader, Xi Jinping. Among these sectors are renewable energy, consumer, infrastructure, pharmaceutical and auto/new energy vehicles. Besides that, we also like tech base companies with strong innovation ability and have the potential to deliver organic growth and expansion into new markets.

For short to medium term, we expect China market to remain range-bound, unless there is substantial policy stimulus from the government to support consumption and investment, which could lead to a re-rating in the market. We view selective stock pick as the best strategy in the positioning of our portfolio and see sectors with supportive policy to gain more traction such as clean energy, consumer and innovation-based sectors. Macro developments such as fiscal spending step-up could lend support to cyclical laggards. That aside, we view consumer spending and infra spending will be the next potential sector to boost currently moderating GDP growth. The recent de-rating on internet platform giants and pharmaceutical presents opportunity to accumulate those names with real innovation ability and sustainable growth.

Asset Allocation



The quoted equity securities allocation of Phillip Focus China Fund increased to 81.71% as at 31 March 2022 from 72.39% recorded at the beginning of the financial year under review due to net equity buying activities.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Phillip Focus China Fund decreased from RM0.3946 as at 31 March 2021 to RM0.2799 as at 31 March 2022. Meanwhile, total NAV of the Fund decreased from RM16.36 million to RM12.27 million mainly due to unfavourable market movements.

Market Review

Review Of Greater China Equity Markets

During the period under review, China Index (CSI300) plunged by 16% while Hang Seng Index dropped a sharper 22.5% due to China government tighter regulations across many sectors such as technology, gaming, education and property, to name a few. China government implementation of 'common prosperity' to address wealth inequality and fair competition has also disrupted the China growth story and affected investors confidence. In the property sector, in a bid to curtail China freewheeling real estate sector, policy makers introduced debt metrics in 2020 that set limits for developers seeking to borrow more, dubbed the "three red lines" matrix. In 2021, with more and more real estate companies facing liquidity crunch, regulators tightened the policy further to bring down excessive leverage and attempt to engineer at least a softer landing, should the real estate companies default on their debt payments. Evergrande debt crisis for instance, was a solid proof that such matrix is very much needed when the real estate giant failed to meet its debt obligations, spooking investors who fear contagion across China's property and banking sectors.

Although regulatory tightenings were pretty much what caused the sell-downs in China equities, the sell-down was exacerbated in the second half of the year as China energy crunch hit its economy further. In September 2021, determination to cut emissions and curb surging commodities prices has prompted China to rollout power rationings and blackouts in Beijing and Shanghai, metropolises home to 48 million people, as the country struggled with crippling power shortages. Guangdong, Heilongjiang, Jilin and Liaoning provinces were the most hard hit, as companies in these major manufacturing areas have been called on to reduce energy usage during periods of peak demand or limit the number of days that they operate. Energy-intensive industries such as steel-making, aluminium smelting, cement manufacturing and fertiliser production are among the businesses badly impacted by the outages.

However, not to say nothing is done to prop up the slowing growth in China, in fact in December 2021, the People's Bank of China (PBOC) announced a 50bps cut to RRR (Reserve Requirement Ratio) effective 15 December 2021. This was the second cut for the year since 15 July 2021 and come right after the virtual meeting with the International Monetary Fund (IMF) chief on 3 December 2021 where Premier Li Keqiang said that China would cut its RRR at appropriate time to support the economy's stability and growth. Equity markets subsequently rebounded sharply but excitement was short lived as global weakness due to soaring Covid-19 cases and regulatory scrutinies across sectors left investors generally unenthused.

What more, two years after the onset of the Covid-19 pandemic, China remained steadfast on its zero Covid policy, which was seen as a major hurdle to its already slowing economy, amplifying growth stress. As at end March 2022, 17 provinces (accounting for about 70% of GDP) were declared medium and high-risk regions, and were in varying states of lockdowns. Shanghai total lockdown due to high number of cases (over 20 thousand a day) however, had detrimental impact to the equity markets due to its financial hub status. Similarly, a tumble in March Purchasing Manager Index ("PMI") numbers captured the blow from the lockdown in China technology hub in Shenzhen, Guangdong.

However, with 2021 being one of the toughest years for China equities, we view that we have past a turning point with regulations, as evidenced by rolling out of new game licences and policy support commitments announced by the government. In short, policy was key to last year market sell-offs and could be key again for possible gains this year.

Securities Financing Transactions

For the financial year under review, the Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

Income Distribution Nil

Unit Split Nil

Significant Changes In The State Of Affairs Of The Fund

For the financial year under review, there were no significant changes in the state of affairs of the Fund not otherwise as disclosed in the financial statements.

Circumstances That Materially Affect Interest Of Unitholders

For the financial year under review, there were no circumstances that materially affect any interest of the unitholders.

Cross Trade

No cross trade transactions have been carried out during the financial year.

Soft Commissions

During the financial year under review, the external investment manager has received soft commissions from brokers in compliance with applicable legal, regulatory and industry standards. Soft commissions are received by the external investment manager where the same can reasonably be expected to assist in the provision of investment services to its clients. Examples of goods and services under such soft commission arrangement include research and advisory services, computer software or any other information facilities to the extent that they are used to support the investment decision making process, data and quotation.

**TRUSTEE'S REPORT
TO THE UNITHOLDERS OF PHILLIP FOCUS CHINA FUND**

We have acted as Trustee of **Phillip Focus China Fund** ("the Fund") for the financial year ended 31 March 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Phillip Mutual Berhad** ("the Manager") has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trusts Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For **CIMB Commerce Trustee Berhad** (Registration No: 199401027349)(313031-A)

Ezreen Eliza Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
30 May 2022

STATEMENT BY THE MANAGER

We, **Andy Lim Say Kiat** and **Datin Hajjah Nona Binti Salleh**, being two of the directors of **Phillip Mutual Berhad**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 15 to 36 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines so as to give a true and fair view of the financial position of **Phillip Focus China Fund** as at 31 March 2022 and of its financial performance, changes in net asset value and cash flows for the financial year then ended.

Signed on behalf of the Manager in accordance with a resolution of the directors,

ANDY LIM SAY KIAT
Chief Executive Officer/ Managing Director

DATIN HAJJAH NONA BINTI SALLEH
Chairperson

Kuala Lumpur, Malaysia

30 May 2022

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF PHILLIP FOCUS CHINA FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **Phillip Focus China Fund** ("the Fund"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis For Opinion

We conducted our audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' 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 And Other Ethical Responsibilities

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standard Board of Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

(Forward)

Information Other Than The Financial Statements And Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the Fund Manager's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the Fund Manager's Report and, in doing so, consider whether the Fund Manager's Report is materially inconsistent with the financial statements of the Fund 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 Fund Manager's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for The Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, 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.

(Forward)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the unitholders of the Fund, as a body, in accordance with the relevant Securities Commission Malaysia guidelines and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KOK PEI LOO
Partner - 03524/08/2022 J
Chartered Accountant

30 May 2022

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 RM	2021 RM
Assets			
Investments	3	10,027,519	11,845,487
Dividend receivable		2,842	-
Interest receivable		37	41
Amount due from Manager	6	401,384	30,545
Cash and cash equivalents	5	1,874,834	4,579,252
Total Assets		<u>12,306,616</u>	<u>16,455,325</u>
Liabilities			
Amount due to Manager	6	14,573	29,558
Other payables		20,483	24,361
Distribution payable	13	-	38,552
Total Liabilities		<u>35,056</u>	<u>92,471</u>
Net Asset Value (“NAV”) Of The Fund		<u>12,271,560</u>	<u>16,362,854</u>
Equity			
Unitholders’ capital		4,881,443	4,637,533
Retained earnings		7,390,117	11,725,321
Total Equity/NAV Attributable To Unitholders	14	<u>12,271,560</u>	<u>16,362,854</u>
Total Equity And Liabilities		<u>12,306,616</u>	<u>16,455,325</u>
Number Of Units In Circulation (Units)	15	<u>43,851,901</u>	<u>41,475,436</u>
NAV Per Unit (ex-distribution)	14	<u>0.2799</u>	<u>0.3946</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2022

	Note	2022 RM	2021 RM
Investment (Loss)/Income			
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")		242,679	314,089
Interest income		6,738	11,491
Net gain on investments:			
- Financial assets at FVTPL		563,048	3,028,415
- Foreign exchange		223,108	220,235
Net unrealised (loss)/gain on foreign exchange		(71,650)	42,336
Net unrealised (loss)/gain on financial assets at FVTPL	3	(4,918,129)	1,502,527
		<u>(3,954,206)</u>	<u>5,119,093</u>
Expenses			
Audit fee		8,200	8,000
Tax agent's fee		3,400	12,704
Manager's fee	7	217,803	252,743
Trustee's fee	8	11,338	12,000
Custodian's fee	9	3,011	3,200
Brokerage and other transaction fees		87,075	53,601
Administration expenses		50,171	19,479
		<u>380,998</u>	<u>361,727</u>
Net (Loss)/Income Before Taxation		(4,335,204)	4,757,366
Taxation	12	-	-
Net (Loss)/Income After Taxation		<u>(4,335,204)</u>	<u>4,757,366</u>
Total Comprehensive (Loss)/Income		<u>(4,335,204)</u>	<u>4,757,366</u>
Total Comprehensive (Loss)/Income Comprises the Following:			
Realised gain		654,575	3,212,503
Unrealised (loss)/gain		(4,989,779)	1,544,863
		<u>(4,335,204)</u>	<u>4,757,366</u>
Distribution for the year			
Gross/net distribution (RM)	13	-	715,671
Gross/net distribution per unit (sen)	13	-	1.80

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE
For the financial year ended 31 March 2022

	Note(s)	Unitholders' capital RM	Retained earnings RM	NAV attributable to unitholders RM
At 1 April 2020		5,439,550	7,782,491	13,222,041
Net income after taxation		-	4,757,366	4,757,366
Creation of units	15	4,879,795	-	4,879,795
Cancellation of units	15	(5,780,677)	-	(5,780,677)
Distribution	13 & 15	98,865	(814,536)	(715,671)
At 31 March 2021		<u>4,637,533</u>	<u>11,725,321</u>	<u>16,362,854</u>
At 1 April 2021		4,637,533	11,725,321	16,362,854
Net loss after taxation		-	(4,335,204)	(4,335,204)
Creation of units	15	3,701,489	-	3,701,489
Cancellation of units	15	(3,457,579)	-	(3,457,579)
At 31 March 2022		<u>4,881,443</u>	<u>7,390,117</u>	<u>12,271,560</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2022

	2022	2021
	RM	RM
Cash Flows From/(Used In) Operating And Investing Activities		
Proceeds from sale of investments	7,981,505	8,233,980
Purchase of investments	(10,408,329)	(2,052,198)
Dividends received	241,137	324,151
Interest received	6,742	11,460
Manager's fee paid	(225,723)	(249,783)
Trustee's fee paid	(12,000)	(11,997)
Custodian's fee paid	(3,011)	(3,200)
Payment for other fees and expenses	(82,032)	(54,934)
Net cash (used in)/from operating and investing activities	<u>(2,501,711)</u>	<u>6,197,479</u>
Cash Flows From/(Used In) Financing Activities		
Cash proceeds from units created	3,330,650	4,849,250
Cash paid on units cancelled	(3,464,644)	(5,773,612)
Distributions paid	(38,552)	(1,440,988)
Net cash used in financing activities	<u>(172,546)</u>	<u>(2,365,350)</u>
Net (Decrease)/Increase In Cash And Cash Equivalents	(2,674,257)	3,832,129
Effect Of Exchange Rate Changes	(30,161)	(10,079)
Cash And Cash Equivalents At Beginning of The Year	4,579,252	757,202
Cash And Cash Equivalents At End of The Year	<u>1,874,834</u>	<u>4,579,252</u>
Cash And Cash Equivalents Comprise (Note 5):		
Cash at banks	1,074,834	3,679,252
Deposits with a licensed financial institution	800,000	900,000
	<u>1,874,834</u>	<u>4,579,252</u>

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2022**1. The Fund, the Manager and their principal activities**

Phillip Focus China Fund, formerly known as Pacific Focus China Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 24 February 2009 as amended by the Supplemental Deed dated 27 April 2011, Second Supplemental Master Deed dated 2 June 2011, Third Supplemental Master Deed dated 4 March 2013, Fourth Supplemental Master Deed dated 5 October 2020 made between the Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and the Trustee, CIMB Commerce Trustee Berhad, Fifth Supplemental Master Deed dated 6 November 2020, Sixth Supplemental Deed dated 25 November 2020 made between the Managers, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and Phillip Mutual Berhad (the new Manager with effect from 1 December 2020) and the Trustee of the Fund, CIMB Commerce Trustee Berhad and Seventh Supplemental Deed dated 1 July 2021 made between the Manager, Phillip Mutual Berhad and the Trustee, CIMB Commerce Trustee Berhad (the Deed and all its supplemental hereinafter referred to as the “Deeds”). The Fund was launched on 19 May 2009.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Deeds, which include stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, foreign securities, unlisted securities, futures contracts and any other investments approved by the Securities Commission Malaysia.

Phillip Mutual Berhad (the Manager), is a company incorporated in Malaysia and licensed by the Securities Commission Malaysia to carry on the regulated activities of dealing in securities restricted to unit trust schemes and dealing in private retirement schemes under the Capital Markets and Services Act 2007 and is a registered Institutional Unit Trust Adviser with the Federation of Investment Managers Malaysia that authorised to market and distribute unit trust schemes of another party. The Company is engaged in the business of establishing and managing unit trust schemes, and marketing and distributing unit trust schemes of another party.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 30 May 2022.

2. Summary of significant accounting policies**(a) Basis of preparation**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines.

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(b) Changes in accounting policiesAdoption of Amendments to MFRSs

The accounting policies adopted are consistent with those of the previous financial year except for the Amendments to MFRSs issued by the MASB that are relevant to the Fund's operation and effective for annual years beginning on or after 1 April 2021, as follows:

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform - Phase 2

The adoption of the Amendments to MFRSs did not have any impact on the financial statements of the Fund.

Amendments to MFRSs in issue but not yet effective

As at the date of authorisation of these financial statements, the new and revised Standards and Amendments to MFRSs that are relevant to the Fund's operation which were in issue but not yet effective and not early adopted by the Fund are as listed below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 101: <i>Classification of Liabilities as Current and Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023

The Manager of the Fund anticipates that the abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these Amendments to MFRSs will have no material impact on the financial statements of the Fund in the year of initial application.

(c) Functional and presentation currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

The Fund's investors are mainly in Malaysia, with the subscriptions and redemptions of the redeemable shares denominated in RM. The primary activity of the Fund is to invest in equity-related securities in the Greater China region markets, and maximise returns compared to local Malaysian market. The fund's performance is measured and reported to the investors in RM. The Investment Committee considers the RM as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into RM at rates of exchange prevailing at the end of the reporting period.

Transactions in foreign currencies are translated into RM at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

(e) Financial instruments

The Fund recognises financial assets and financial liabilities in the statement of financial position on the date it becomes a party to the contractual provisions of the instruments.

Regular way purchase and sales of all categories of investments in financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the financial instruments.

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss (“FVTPL”) on the basis of both the Fund’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Financial assets at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include dividend receivable, interest receivable, amount due from Manager and cash and cash equivalents.

(ii) Financial assets at FVTPL

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding; or
- (b) It is held within a business model whose objective is to sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category its Permitted Investments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Financial liabilities

Financial liabilities are recognised initially at fair value i.e. the consideration for goods and services received and subsequently stated at amortised cost. These include amount due to Manager, other payables and distribution payable. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

(f) Derecognition of financial assets and liabilitiesFinancial assets

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liability is derecognised, and through the amortisation process.

(g) Impairment of financial assets

Credit losses are recognised based on the expected credit loss (“ECL”) model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL, either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund’s financial statements. For balances which are short-term in nature and with not financing component (e.g. dividend receivable, interest receivable and amount due from Manager), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(h) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the Fund’s right to receive payment is established.

Interest income is recognised using the effective interest method on an accrual basis.

(i) Unrealised reserves/(deficits)

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted investments at their fair value and are recognised in the statement of comprehensive income.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and deposits with financial institutions with original maturities of 3 months or less which have an insignificant risk of changes in value.

(k) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

(l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(m) Distributions

Distributions made by the Fund are accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation which are accounted for as a deduction from unitholders’ capital. Distributions are recognised in the statement of changes in NAV when they are approved by the Manager and the Trustee.

(n) Unitholders’ capital

Unitholders’ capital meets the conditions for the definition of puttable instruments classified as equity instruments.

Distribution equalisation is accounted for on the date of creation and cancellation of units. It represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

(o) Significant accounting estimates and judgements

The preparation of the Fund’s financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements made in applying accounting policies

In the process of applying the Fund’s accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

3. Investments

	2022	2021
	RM	RM
Financial Assets At FVTPL		
Quoted investments		
- Equity securities	<u>10,027,519</u>	<u>11,845,487</u>

Equity securities

The composition of quoted investments at the end of the reporting period is as detailed below. The industry classifications are based on Morgan Stanley Capital International's ("MSCI") Global Industry Classification Standard.

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2022				
<u>Hong Kong</u>				
Automobiles & Components				
55,000	Geely Automobile Holdings Limited	549,960	364,781	2.97
Banks				
102,320	China Construction Bank Corporation	288,668	323,390	2.64
17,000	China Merchants Bank Co., Ltd.	386,234	561,471	4.58
		674,902	884,861	7.22
Capital Goods				
6,500	Techtronic Industries Co Ltd	288,836	442,614	3.61
34,000	Weichai Power Co., Ltd.	315,718	225,866	1.84
83,000	Zoomlion Heavy Industry Science & Technology Co Limited	308,548	222,244	1.81
		913,102	890,724	7.26
Commercial & Professional Services				
27,500	A-Living Smart City Services Co., Ltd.	420,168	161,731	1.32
Consumer Durables & Apparel				
5,400	ANTA Sports Products Limited	333,727	285,128	2.32
85,000	China Lilang Ltd	227,000	173,322	1.41
22,000	Haier Smart Home Co. Ltd.	298,043	300,442	2.45
3,800	Shenzhou International Group Holdings Limited	228,542	213,696	1.74
		1,087,312	972,588	7.92
Consumer Services				
11,600	Galaxy Entertainment Group Limited	323,758	292,554	2.38
7,200	Sands China Ltd.	107,874	73,330	0.60
		431,632	365,884	2.98
Diversified Financials				
1,700	Hong Kong Exchanges & Clearing Limited	238,228	338,799	2.76
Exchange Traded Fund				
14,200	ChinaAMC CSI 300 Index ETF	357,526	403,845	3.29
Food, Beverage & Tobacco				
30,000	China Feihe Limited	307,046	124,920	1.02
Industrials				
17,000	Xinyi Solar Holdings Ltd	149,419	126,069	1.03

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Insurance				
11,800	AIA Group Limited	206,818	522,064	4.25
21,000	China Life Insurance Company Ltd. Ping An Insurance (Group) Company of China Limited	248,036	135,674	1.11
18,000		669,840	537,512	4.38
		<u>1,124,694</u>	<u>1,195,250</u>	<u>9.74</u>
Materials				
19,000	Anhui Conch Cement Company Limited	423,629	410,875	3.35
418,000	China Forestry Holdings Company Ltd**	-	-	-
		<u>423,629</u>	<u>410,875</u>	<u>3.35</u>
Media & Entertainment				
600	NetEase, Inc.	40,723	46,298	0.38
2,600	Tencent Holdings Limited	240,480	522,069	4.25
		<u>281,203</u>	<u>568,367</u>	<u>4.63</u>
Pharma., Biotech. & Life Sciences				
1,000	Hangzhou Tigermed Consulting Co., Ltd	71,761	51,192	0.42
28,500	Sino Biopharmaceutical Limited	41,814	74,783	0.61
1,250	WuXi Biologics (Cayman) Inc.	16,928	43,632	0.35
		<u>130,503</u>	<u>169,607</u>	<u>1.38</u>
Real Estate				
68,000	CIFI Holdings Group Co Ltd.	186,212	168,213	1.37
20,000	Logan Group Co Limited	136,309	23,932	0.20
		<u>322,521</u>	<u>192,145</u>	<u>1.57</u>
Retailing				
4,500	Alibaba Group Holding Limited China Yongda Automobiles Services Holdings Ltd.	389,210	270,688	2.21
75,000		389,627	343,290	2.80
100	JD.com, Inc.	-	12,556	0.10
4,300	Meituan	587,498	359,028	2.92
		<u>1,366,335</u>	<u>985,562</u>	<u>8.03</u>
Technology Hardware & Equipment				
14,000	AAC Technologies Holdings Inc Sunny Optical Technology Group Co., Limited	377,183	142,585	1.16
2,400		185,765	162,397	1.32
		<u>562,948</u>	<u>304,982</u>	<u>2.48</u>
Telecommunication Services				
60,000	TravelSky Technology Limited	427,600	363,815	2.96

** This security was suspended from trading since 23 February 2017 and the cost and fair value had been written down to nil as there was no further news on this security.

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Utilities				
7,500	CK Infrastructure Holdings Limited	241,970	211,085	1.72
6,000	ENN Energy Holdings Ltd	224,638	378,303	3.08
		<u>466,608</u>	<u>589,388</u>	<u>4.80</u>
Total equity securities - Hong Kong		<u>10,235,336</u>	<u>9,414,193</u>	<u>76.71</u>
United States of America				
Semiconductors & Semi. Equipment				
1,400	Taiwan Semiconductor Manufacturing Company Limited	<u>656,027</u>	<u>613,326</u>	<u>5.00</u>
Total equity securities - United States of America		<u>656,027</u>	<u>613,326</u>	<u>5.00</u>
Total quoted investments		<u>10,891,363</u>	<u>10,027,519</u>	<u>81.71</u>
Unrealised loss from quoted investments as at 31 March 2022			<u>(863,844)</u>	

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2021				
Hong Kong				
Automobiles & Components				
7,000	Geely Automobile Holdings Limited	<u>76,429</u>	<u>73,799</u>	<u>0.45</u>
Bank				
10,500	BOC Hong Kong (Holdings) Limited	150,529	151,945	0.93
172,320	China Construction Bank Corporation	479,419	600,677	3.67
9,000	China Merchants Bank Co., Ltd.	120,564	284,702	1.74
		<u>750,512</u>	<u>1,037,324</u>	<u>6.34</u>
Capital Goods				
4,500	Techtronic Industries Co Ltd	141,318	319,001	1.95
17,000	Weichai Power Co., Ltd.	157,191	173,971	1.06
		<u>298,509</u>	<u>492,972</u>	<u>3.01</u>
Commercial & Professional Services				
5,250	A-Living Smart City Services Co., Ltd.	<u>129,501</u>	<u>96,540</u>	<u>0.59</u>
Consumer Durables & Apparel				
14,400	Haier Smart Home Co. Ltd.	<u>96,321</u>	<u>238,699</u>	<u>1.46</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Consumer Services				
3,000	Galaxy Entertainment Group Limited	76,683	111,930	0.68
3,600	Sands China Ltd.	72,127	74,545	0.46
		<u>148,810</u>	<u>186,475</u>	<u>1.14</u>
Diversified Financials				
13,000	CITIC Securities Co., Ltd	123,336	124,029	0.76
1,700	Hong Kong Exchanges & Clearing Limited	218,854	414,450	2.53
		<u>342,190</u>	<u>538,479</u>	<u>3.29</u>
Energy				
20,000	China Oilfield Services Limited	114,961	85,280	0.52
51,000	CNOOC Limited	392,876	220,998	1.35
30,000	PetroChina Company Limited	67,024	44,932	0.28
		<u>574,861</u>	<u>351,210</u>	<u>2.15</u>
Exchange Traded Fund				
24,600	ChinaAMC CSI 300 Index ETF	<u>619,376</u>	<u>797,197</u>	<u>4.87</u>
Food, Beverage & Tobacco				
3,500	Health and Happiness H&H International Holdings Ltd	74,109	55,032	0.34
17,000	Uni-President China Holdings Ltd.	70,866	85,717	0.52
		<u>144,975</u>	<u>140,749</u>	<u>0.86</u>
Health Care Equipment & Services				
8,000	Alibaba Health Information Technology Limited	<u>86,696</u>	<u>93,808</u>	<u>0.57</u>
Insurance				
17,600	AIA Group Limited	263,615	884,609	5.40
21,000	China Life Insurance Company Ltd.	248,036	179,760	1.10
		<u>511,651</u>	<u>1,064,369</u>	<u>6.50</u>
Materials				
4,000	Anhui Conch Cement Company Limited	96,680	107,772	0.66
418,000	China Forestry Holdings Company Ltd**	-	-	-
40,000	China Resources Cement Holding Limited	134,884	186,124	1.14
		<u>231,564</u>	<u>293,896</u>	<u>1.80</u>
Media & Entertainment				
600	NetEase, Inc.	40,723	50,592	0.31
4,300	Tencent Holdings Limited	270,441	1,398,059	8.54
		<u>311,164</u>	<u>1,448,651</u>	<u>8.85</u>

** This security was suspended from trading since 23 February 2017 and the cost and fair value had been written down to nil as there was no further news on this security.

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Pharma., Biotech. & Life Sciences				
1,600	Hangzhou Tigermed Consulting Co., Ltd	95,551	131,075	0.80
28,500	Sino Biopharmaceutical Limited	41,814	118,182	0.72
13,500	WuXi Biologics (Cayman) Inc.	182,824	700,482	4.28
		<u>320,189</u>	<u>949,739</u>	<u>5.80</u>
Real Estate				
8,000	China Resources Land Limited	142,537	160,540	0.98
38,000	CIFI Holdings Group Co Ltd.	102,139	152,715	0.93
20,000	Logan Group Co Limited	136,308	139,646	0.85
7,000	Sunac China Holdings Limited	131,556	124,429	0.76
225	Sunac Services Holdings Limited	-	2,938	0.02
		<u>512,540</u>	<u>580,268</u>	<u>3.54</u>
Retailing				
1,000	Alibaba Group Holding Limited	93,808	117,260	0.72
19,000	China Yongda Automobiles Services Holdings Ltd.	83,235	143,803	0.88
2,650	JD.com, Inc.	360,417	454,809	2.78
		<u>537,460</u>	<u>715,872</u>	<u>4.38</u>
Semiconductors & Semi. Equipment				
11,500	Semiconductor Manufacturing International Corporation	57,892	151,399	0.93
Technology Hardware & Equipment				
3,500	AAC Technologies Holdings Inc	124,766	73,034	0.45
Telecommunication Services				
2,500	China Mobile Limited	109,027	67,891	0.41
84,000	China Telecom Corporation Limited	162,469	119,541	0.73
10,000	China Unicom (Hong Kong) Limited	47,970	23,399	0.14
20,500	HKBN Ltd.	140,037	123,688	0.76
		<u>459,503</u>	<u>334,519</u>	<u>2.04</u>
Utilities				
7,500	CK Infrastructure Holdings Limited	241,970	184,685	1.13
4,100	ENN Energy Holdings Ltd	84,656	272,507	1.67
18,000	Guangdong Investment Limited	132,833	121,460	0.74
		<u>459,459</u>	<u>578,652</u>	<u>3.54</u>
Total equity securities - Hong Kong		<u>6,794,368</u>	<u>10,237,651</u>	<u>62.56</u>
United States of America				
Consumer Services				
4,380	New Oriental Education & Technology Group, Inc.	164,846	254,049	1.55
Media & Entertainment				
379	Baidu, Inc.-SPON ADR	298,166	341,596	2.09

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Real Estate				
75	KE Holdings Inc. (US)	6,288	17,705	0.11
Retailing				
979	Alibaba Group Holding Limited	443,228	919,616	5.62
456	Trip.com Group Ltd. - ADR	84,306	74,870	0.46
		527,534	994,486	6.08
Total equity securities - United States of America		996,834	1,607,836	9.83
Total quoted investments		7,791,202	11,845,487	72.39
Unrealised gain from quoted investments as at 31 March 2021			4,054,285	

Net unrealised (loss)/gain on financial assets at FVTPL comprises:

	2022 RM	2021 RM
Net unrealised (loss)/gain on changes in fair value of quoted investments	(4,818,261)	2,152,280
Net unrealised loss on foreign currency fluctuation in quoted investments denominated in foreign currency	(99,868)	(649,753)
	<u>(4,918,129)</u>	<u>1,502,527</u>

4. Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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

	Level 1 RM	Total RM
2022		
Financial assets at FVTPL		
Quoted investments	<u>10,027,519</u>	<u>10,027,519</u>
2021		
Financial assets at FVTPL		
Quoted investments	<u>11,845,487</u>	<u>11,845,487</u>

The carrying amounts of other financial assets and financial liabilities, approximate fair values due to the relatively short-term maturities of these financial instruments.

5. Cash and cash equivalents

Cash and cash equivalents include cash at banks and deposits with a licensed financial institution.

	2022 RM	2021 RM
Cash at banks:		
- Malaysia	9,419	48,172
- Outside Malaysia	<u>1,065,415</u>	<u>3,631,080</u>
	<u>1,074,834</u>	<u>3,679,252</u>
Deposits with a licensed financial institution:		
- Commercial bank	<u>800,000</u>	<u>900,000</u>
	<u>800,000</u>	<u>900,000</u>
Cash and cash equivalents	<u>1,874,834</u>	<u>4,579,252</u>

The weighted average of return and remaining maturity of deposits with a licensed financial institution at the end of the reporting period were as follows:

	Weighted average effective interest rate (% per annum)		Weighted average remaining maturity (Days)	
	2022	2021	2022	2021
Deposits with a licensed financial institution:				
- Commercial bank	<u>1.70</u>	<u>1.65</u>	<u>1</u>	<u>1</u>

6. Amount due from/to Manager

The amount due from Manager represents amount receivable for units created, while the amount due to Manager represents amount payable for units cancelled and/or amount payable for management fee.

Management fee is payable on a monthly basis and amount receivable/payable for units created/cancelled is received/paid within 7 business days (2021: 10 calendar days) of the transaction dates.

7. Manager’s fee

The Manager’s fee provided in the financial statements is computed at 1.60% (2021: 1.60%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

8. Trustee’s fee

The Trustee’s fee provided in the financial statements is computed at 0.06% (between 1 April 2021 to 30 November 2021) (2021: 0.06%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM12,000 per annum. Effective from 1 December 2021, the Trustee’s fee was revised to 0.05% per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

9. Custodian’s fee

The custodian’s fee provided in the financial statements ranges from 0.01% to 0.30% (2021: 0.01% to 0.30%) per annum, computed based on the NAV attributable to unitholders of the Fund of the respective foreign portfolio at the end of the month.

10. Portfolio turnover ratio (“PTR”)

	2022	2021
Portfolio turnover ratio (“PTR”)	<u>0.68 times</u>	<u>0.30 times</u>

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year over the average NAV attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial year is higher due to increase in investing activities.

11. Total expense ratio (“TER”)

	2022	2021
Total expense ratio (“TER”) ¹	<u>2.15%</u>	<u>1.95%</u>

TER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial year calculated on a daily basis. The TER for the current financial year is higher than the previous financial year due to lower percentage of decrease in expenses compared with average net asset value.

¹The TER does not include brokerage and other transaction fees.

12. Taxation

	2022 RM	2021 RM
Estimated Malaysian income tax:		
Current financial year	-	-

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2021: 24%) of the estimated assessable income for the financial year.

There was no taxation charge for the current and previous financial year due to tax-exempt income received.

A reconciliation of income tax expense applicable to net (loss)/income before taxation at the statutory rate of taxation to income tax expense at the effective rate of taxation is as follows:

	2022 RM	2021 RM
Net (loss)/income before taxation	(4,335,204)	4,757,366
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(1,040,449)	1,141,768
Tax effects of:		
Income not subject to tax	(248,538)	(1,228,582)
Loss not subject to tax	1,197,547	-
Expenses not deductible for tax purpose	37,199	22,705
Restriction on tax deductible expenses for unit trust funds	54,241	64,109
Tax expense for the financial year	-	-

13. Distribution

	2022 RM	2021 RM
Reinvestment of income distribution	-	677,119
Distribution payable	-	38,552
Net final distribution paid on 6 April 2020	-	715,671
Distribution to unitholders is from the following sources:		
Dividend income	-	79,638
Interest income	-	2,914
Realised gain on sale of investments	-	823,700
Distribution equalisation	-	(98,865)
	-	807,387
Less:		
Expenses	-	(91,716)
	-	715,671
Gross distribution per unit (sen)	-	1.80
Net distribution per unit (sen)	-	1.80

The net unrealised loss arising from quoted investments at the end of the reporting period was RM863,844 (2021: unrealised gain: RM4,054,285).

14. Net asset value (“NAV”) attributable to unitholders

	2022 RM	2021 RM
Unitholders’ capital	4,881,443	4,637,533
Retained earnings:		
- Realised reserve	8,192,785	7,538,210
- Unrealised reserve	(802,668)	4,187,111
	<u>7,390,117</u>	<u>11,725,321</u>
NAV attributable to unitholders	<u>12,271,560</u>	<u>16,362,854</u>

The NAV per unit is rounded up to four decimal places.

15. Number of units in circulation

	2022		2021	
	No. of units	RM	No. of units	RM
At beginning of the year	41,475,436	4,637,533	43,649,648	5,439,550
Creation of units	12,480,788	3,701,489	13,310,883	4,879,795
Cancellation of units	(10,104,323)	(3,457,579)	(15,485,095)	(5,780,677)
Distribution	-	-	-	98,865
At end of the year	<u>43,851,901</u>	<u>4,881,443</u>	<u>41,475,436</u>	<u>4,637,533</u>

16. Units held by the Manager and its related parties

There were no units held by the Manager and other related parties.

17. Transactions with brokers/dealers

Details of transactions with the brokers/dealers for the financial year are as follows:

Brokers/dealers	Value of trade# RM	% of total trades %	Brokerage fee* RM	% of total brokerage fees %
2022				
Affin Hwang Investment Bank Bhd	9,272,865	50.46	16,224	42.19
Credit Suisse Securities (Malaysia) Sdn Bhd	6,866,942	37.37	16,638	43.26
CIMB Investment Bank Bhd	2,237,478	12.17	5,595	14.55
	<u>18,377,285</u>	<u>100.00</u>	<u>38,457</u>	<u>100.00</u>

(Forward)

	Value of trade [#] RM	% of total trades %	Brokerage fee* RM	% of total brokerage fees %
2021				
J.P. Morgan Securities (Malaysia) Sdn Bhd	3,379,014	34.74	10,137	37.75
Morgan Stanley & Co. Ltd	1,138,905	11.71	2,847	10.60
CLSA (Singapore) Pte Ltd	1,128,236	11.60	3,012	11.22
UBS Security Asia Ltd	907,569	9.33	2,269	8.45
Instinet LLC	757,614	7.79	2,273	8.46
Citigroup Global Markets Ltd	714,537	7.35	1,996	7.43
Merrill Lynch Pierce Fenner & Smith	449,953	4.62	1,118	4.16
Credit Suisse Securities (Malaysia) Sdn Bhd	434,539	4.47	1,609	5.99
Goldman Sachs & Co. New York	287,342	2.95	274	1.02
Jefferies International Ltd	286,692	2.95	717	2.67
Others	241,820	2.49	605	2.25
	<u>9,726,221</u>	<u>100.00</u>	<u>26,857</u>	<u>100.00</u>

[#] Excludes brokerage and other transaction fees.

* Only applicable to equity securities.

The transactions above are with non-related parties.

18. Financial risk management objectives and policies

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk, specific risk and single issuer risk.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the relevant Securities Commission Malaysia guidelines.

(i) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily by the following risks:

(a) Price risk

Price risk is the adverse changes in the fair value of securities as a result of changes in the levels of equity indices and the value of individual securities. The price risk exposure arises from the Fund's quoted investments.

The table below summarises the effect on the net income before tax and NAV attributable to unitholders of the Fund at the end of the reporting period due to possible changes in prices, with all other variables held constant:

Change in price (%)	Effect on net income before tax and NAV attributable to unitholders	
	Increase/(Decrease)	
	2022 RM	2021 RM
+5	501,376	592,274
(5)	(501,376)	(592,274)

(b) Interest rate risk

This risk refers to the effect of interest rate changes on the returns on deposits with financial institutions. In the event of reduction in interest rates, the returns on deposits with financial institutions will decrease while prices of fixed income securities will increase, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the portfolio of fixed income securities and deposits with financial institutions.

The Fund's exposure to interest rate risk with respect to deposits with a licensed financial institution is not considered to be significant at the end of reporting period and consequently no sensitivity analysis on interest rate risk has been presented.

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

The table below indicates the currencies to which the Fund had significant exposure at the end of the reporting period on its net asset value. The analysis shows the currency risk concentration and calculates the effect on NAV attributable to unitholders due to fluctuations in currency rates against the functional currency, with all other variables held constant.

	Currency risk RM	Concentration as a % of NAV %	Changes in currency rates %	Effect on net income before tax and NAV attributable to unitholders RM
2022				
HKD	9,416,060	76.73	+5	470,803
USD	1,675,073	13.65	+5	83,754
2021				
HKD	10,232,745	62.54	+5	511,637
USD	5,238,916	32.02	+5	261,946

An equivalent decrease in the currency rates shown above would have resulted in an equivalent, but opposite impact.

(ii) Credit risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of an issuer or a counterparty to make payment of principals, interest and proceeds from realisation of investments. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's NAV and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk generally arises from investments, cash and cash equivalents, dividend receivable, interest receivable and amount due from Manager. The maximum exposure to credit risk is presented in the Statement of Financial Position. Cash and cash equivalents are placed in financial institutions with strong credit ratings. The Investment Committee of the Fund will invest predominantly in equity-related securities of companies listed in the greater China region (i.e. China, Hong Kong S.A.R. and Taiwan) as part of their investing decision-making process.

(iii) Liquidity risk

This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

The maturity of the Fund's financial liabilities fall due within three months while the NAV attributable to unitholders are payable on demand.

(iv) Specific risk

The Fund is exposed to the individual risks of the respective companies issuing securities which includes changes to the business performance of the company, consumer tastes and demands, lawsuits and management practices. This risk is minimised through the diversification of the portfolio of investments of the Fund.

(v) Single issuer risk

The Fund's exposure to securities issued by any issuer is limited to not more than a certain percentage of the Fund's net asset value. Under such restriction, the risk exposure to the securities of any issuer is minimised.

19. Operating segment

The Fund is organised into one main operating segment for investment management purposes. The Investment Department takes a team approach to the investment process of the Fund. The decision-making process involves input from the entire team, with each team member (inclusive of analysts) contributing their respective expertise and views to yield fully informed conclusions. The Investment Committee is responsible for ensuring adherence to investment guidelines, both internal and external, as well as to assess strategy and implementation effectiveness, and to oversee the entire investment function. Accordingly, significant operating decisions are based upon the analysis of the Fund as one operating segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

20. Capital management

The Fund's capital comprises unitholders' subscription to the Fund. The unitholders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unitholders.

The Fund aims to achieve its investment objective and at the same time maintain sufficient liquidity to meet unitholders' redemptions.

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