

PHILLIP DIVIDEND FUND

AUDITED
ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2021

Manager:

PHILLIP MUTUAL BERHAD
(200201002746)(570409-K)

Trustee:

MTRUSTEE BERHAD
(198701004362)(163032-V)

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FUND INFORMATION**As At 31 December 2021**

Name Of Fund	:	Phillip Dividend Fund
Manager Of Fund	:	Phillip Mutual Berhad 200201002746 (570409-K)
External Investment Manager	:	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	:	18 November 2003
Category Of Fund	:	Equity
Type Of Fund	:	Growth and income
Investment Objective	:	Phillip Dividend Fund aims to provide steady recurring income* that is potentially higher than prevailing fixed deposit rates by investing in a portfolio of stocks that are paying or have the potential to pay attractive dividend yields. <i>*Income is in reference to the Fund's distribution, which could be in the form of cash or units.</i>
Performance Benchmark	:	Since inception until 5 July 2009 – Kuala Lumpur Composite Index (KLCI) From 6 July 2009 onwards – FTSE Bursa Malaysia Top 100 Index (FBM 100)
Distribution Policy:	:	Income, if any, will be distributed twice a year.
Fund Size	:	108.16 million units

PHILLIP DIVIDEND FUND

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	373	19.05	0.96
	5,001-10,000 units	302	15.42	2.20
	10,001-50,000 units	831	42.44	19.70
	50,001-500,000 units	427	21.81	51.99
	500,001 units & above	25	1.28	33.31
	Total	1,958	100.00	108.16

FUND PERFORMANCE

Financial Highlights

Category	As At 31.12.2021	As At 31.12.2020	As At 31.12.2019
Quoted Equity Securities	%	%	%
Banks	22.92	21.52	20.52
Capital Goods	8.66	9.69	12.34
Consumer Durables & Apparel	0.79	0.73	2.47
Energy	7.90	11.92	14.24
Food, Beverage & Tobacco	2.04	5.77	7.57
Health Care Equipment & Services	0.31	9.95	3.98
Household & Personal Products	0.78	-	-
Industrials	1.96	-	-
Materials	-	3.10	0.77
Pharma, Biotech. & Life Sciences	-	0.35	0.40
Real Estate	13.45	9.46	11.84
Retailing	1.78	0.38	1.44
Semiconductors & Semi. Equipment	6.36	2.68	0.39
Software & Services	0.89	-	-
Technology Hardware & Equipment	6.39	3.48	1.16
Telecommunication Services	5.25	3.95	4.31
Transportation	-	0.73	2.65
Utilities	6.21	7.51	7.25
	85.69	91.22	91.33
Warrants	-	0.13	0.65
Quoted Loan Stocks	0.54	-	-
Fixed Income Securities	1.89	4.06	3.71
Collective Investment Scheme	-	-	2.95
Cash And Liquid Assets	11.88	4.59	1.36
Total	100.00	100.00	100.00
Net Asset Value (RM'000) – ex-distribution	40,623	52,031	102,650
Number Of Units In Circulation (RM'000)	108,161	134,117	256,572
Net Asset Value Per Unit (RM)	0.3756*	0.3880	0.4001*
Management Expense Ratio (“MER”) ¹	1.65%	1.62%	1.61%
Portfolio Turnover Ratio (times)	0.70	1.08	0.97

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

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

The Portfolio Turnover Ratio for the current financial year is lower due to decrease 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 Dividend Fund			FBM 100	
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period to 31.12.2021	-1.91%	-1.91%		-4.23%	-4.23%
3 Years' Period to 31.12.2021	-1.53%	-0.51%		-3.74%	-1.25%
5 Years' Period to 31.12.2021	-3.56%	-0.71%		-1.55%	-0.31%
	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017
Phillip Dividend Fund					
- Capital Return	-3.20%	-2.71%	-2.45%	-21.05%	0.80%
- Income Return	1.33%	0%	5.77%	12.23%	9.66%
- Total Return	-1.91%	-2.71%	3.18%	-11.39%	10.53%
FBM 100	-4.23%	3.49%	-2.88%	-9.28%	12.74%
	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019		
Unit Prices					
Highest NAV (RM)	0.4008	0.4048	0.4418		
Lowest NAV (RM)	0.3667	0.2737	0.4001*		
Distributions					
Gross Distribution Per Unit (sen)	0.50 (31.12.2021)	- (31.12.2020)	2.30 (31.12.2019)		
Net Distribution Per Unit (sen)	0.50 (31.12.2021)	- (31.12.2020)	2.17 (31.12.2019)		
Unit Splits	-	-	-		

* Price quoted is ex-distribution price.

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 December 2021

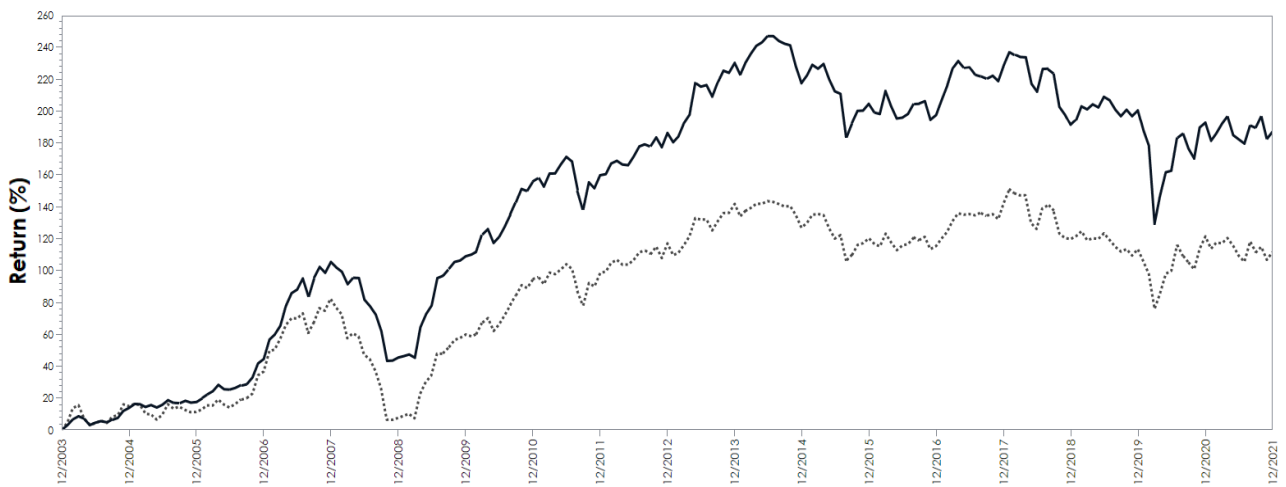
Performance Review

From 9 December 2003 (date of launch: 18 November 2003) to 31 December 2021, Phillip Dividend Fund registered a total return of 186.90%, while its benchmark, the FTSE Bursa Malaysia Top 100 Index (FBM 100), rose 111.76%.

For the financial year under review (1 January 2021 to 31 December 2021), the Fund registered a negative total return of 1.91%. In comparison, its benchmark lost 4.23%.

The Fund has met its investment objective of providing a steady recurring income that is potentially higher than prevailing fixed deposit rates.

Comparison Between Fund's Performance and Benchmark



—	Phillip Dividend Fund	+186.90%
.....	FBM 100	+111.76%

Source: Lipper

Investment Strategy Review

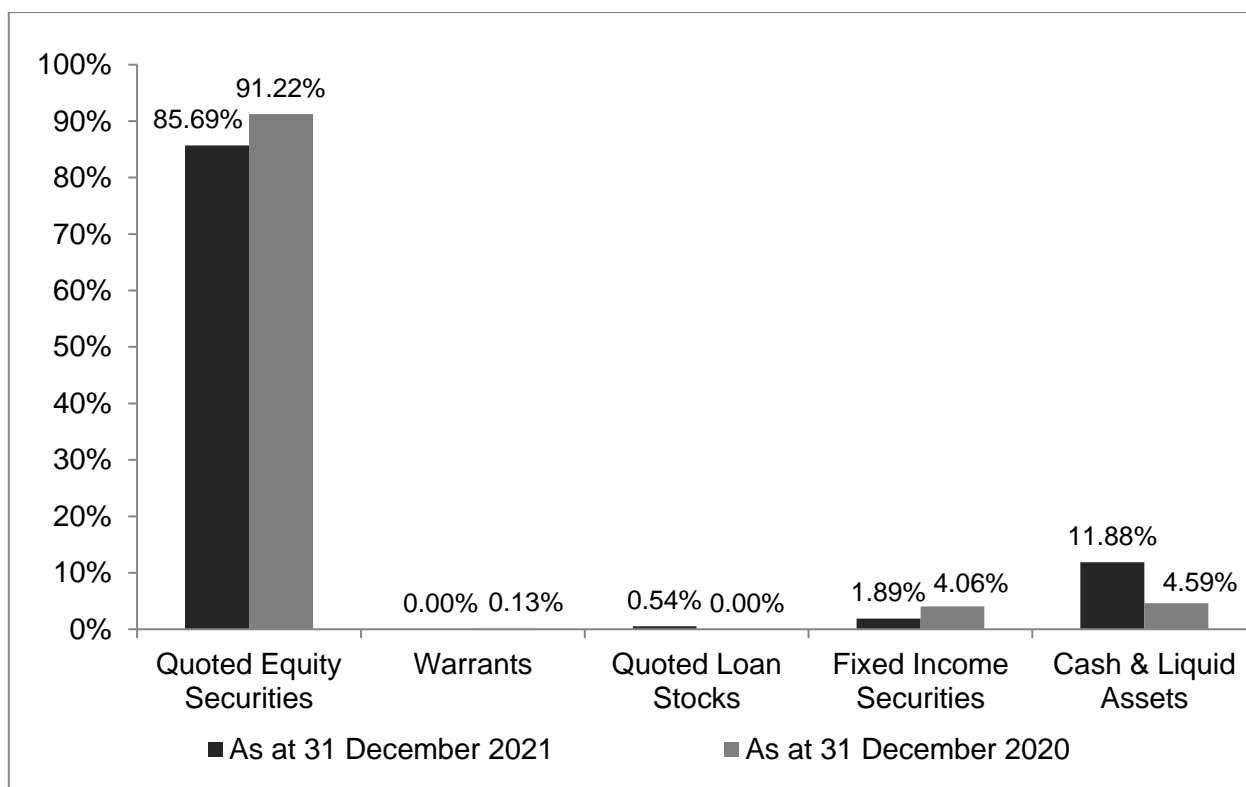
The anticipated Covid-19 recovery did not happen until late 2021 when Malaysia’s vaccination rate hits a high level of >70% of total population. This meant that certain companies that were affected by the lockdown could not operate at full capacity and reported lower earnings and dividends than earlier expected.

Going forward into year 2022, we are cautiously optimistic on Asian equity markets. Barring any unforeseen circumstances, we are positive that Malaysia’s high vaccination rate can help to prevent a countrywide lockdown, even with the emergence of new variants like Omicron. With that, earnings and dividend payments are expected to recover in 2022. More companies could be more confident of their cash flows and start paying out regular dividends to shareholders.

The trend of potential interest rate hikes worldwide could lead Bank Negara Malaysia (BNM) to start increasing interest rates, which will benefit the banking stocks under our portfolio.

Our investment strategy remains to focus on bottom-up stock selection for companies that will benefit from cyclical upturn in earnings and strong in fundamentals.

Asset Allocation



The quoted equity securities investment (inclusive of warrants and loan stocks) for Phillip Dividend Fund decreased to 86.23% as at 31 December 2021 from 91.35% recorded at the beginning of the financial year under review due to net selling of equities.

Fixed income securities decreased to 1.89% from the previous 4.06% recorded at the beginning of the financial year under review. Such investments are in line with the objective of Phillip Dividend Fund and are an efficient way to manage the exposure of Phillip Dividend Fund in fixed income securities.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Phillip Dividend Fund decreased from RM0.3880 to RM0.3756 (ex-distribution) during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM52,031,055 to RM40,622,934 mainly due to redemptions.

Market Review

Equity Market Review

2021 began positively, when Malaysia signed an agreement with Pfizer to procure Covid-19 vaccines. This was reflected in an impressive 40-pt increase in the FBM KLCI. However, the party was short-lived, as an alarming rise in the number of daily Covid-19 cases prompted the Yang di-Pertuan Agong to declare a nationwide state of emergency. Subsequently, the KLCI nosedived by almost 70 pts during 14-29 January 2021. In the US, new president Joe Biden announced a USD1.9trn stimulus package, comprising of cash handouts of USD1,400 to almost all Americans, and USD20bn to support vaccine distribution efforts. This led to the Dow Jones Industrial Average (DJ) climbing to a month-high of just under 32,000 pts.

In June 2021, the Malaysian government announced the Covid-19 National Recovery Plan (NRP) to plan for the gradual reopening of the economy. This National Recovery Plan would enable states to ease lockdown measures, conditional upon Covid-19 transmissions within the community, ICU utilisation rates, and the proportion of the population fully vaccinated reaching certain targets. After two months of slow but steady decline, the FBM KLCI, on 30 June 2021, closed at a year-to-date low of 1,506.73 pts.

Market sentiment improved in August following the announcement of relaxations in Covid-19 SOPs for fully vaccinated individuals, in anticipation of the lifting of the FMCO. However, on 16 August 2021, Prime Minister Tan Sri Muhyiddin Yassin tendered his resignation after not getting enough support. On 21 August 2021, Tan Sri Muhyiddin's deputy Dato' Sri Ismail Sabri was sworn in as Malaysia's 9th Prime Minister. This stood well with investors, with the KLCI rising 81 pts between 23 and 30 August 2021.

On 29 October 2021, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz tabled Malaysia's 2022 budget, planning to spend RM332bn to revitalise the economy. But, the market took it negatively as the FBM KLCI shed 32 pts or 2%. This is because of the negative impact from prosperity taxes, taxation on foreign sourced income and the higher stamp duty imposed on the trading of shares.

Income Distribution

	<u>Phillip Dividend Fund</u>
Gross distribution per unit	0.50 sen
Net distribution per unit	0.50 sen
NAV per unit before distribution (as at 31 December 2021)	RM0.3806
NAV per unit after distribution (as at 31 December 2021)	RM0.3756

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 unit holders.

Soft Commissions

During the financial year under review, the Fund has received soft commissions from brokers. Soft commissions received from brokers are retained by the Manager for purchasing goods and services which are of demonstrable benefit to the unitholders and in the form of research and advisory services that assist in the decision-making process relating to the investment of the Fund such as research materials, data and quotation services, computer software, investment advisory services, and investment related publications.

REPORT OF THE TRUSTEE
To the Unitholders of PHILLIP DIVIDEND FUND

We, **MTrustee Berhad**, being the Trustee of **Phillip Dividend Fund** (“the Fund”), are of the opinion that in its capacity as Manager of the Fund, **Phillip Mutual Berhad** (“the Manager”), has managed the Fund for the financial year ended 31 December 2021 in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing has been carried out in accordance with the Deeds and relevant regulatory requirements;
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) the distribution of income by the Fund is appropriate and reflects the investment objectives of the Fund.

For and on behalf of the Trustee
MTRUSTEE BERHAD

NURIZAN JALIL
Chief Executive Officer

Selangor, Malaysia
25 February 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 37 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 Dividend Fund** as at 31 December 2021 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
25 February 2022

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF PHILLIP DIVIDEND FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **Phillip Dividend Fund** ("the Fund"), which comprise the statement of financial position as at 31 December 2021, 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 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021, 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.

(Forward)

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.
- 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

25 February 2022

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 RM	2020 RM
Assets			
Investments	3	35,795,965	49,640,815
Dividend receivable		56,865	180,641
Interest receivable		7,010	21,509
Amount due from Manager	6	952	-
Amount due from brokers/dealers	7	-	585,642
Cash and cash equivalents	5	5,108,601	1,929,661
Total Assets		<u>40,969,393</u>	<u>52,358,268</u>
Liabilities			
Amount due to Manager	6	70,375	139,025
Amount due to brokers/dealers	7	224,899	170,984
Other payables		14,388	17,204
Distribution payable	13	36,797	-
Total Liabilities		<u>346,459</u>	<u>327,213</u>
Net Asset Value (“NAV”) Of The Fund		<u>40,622,934</u>	<u>52,031,055</u>
Equity			
Unitholders’ capital		58,461,071	68,442,369
Accumulated losses		(17,838,137)	(16,411,314)
NAV Attributable To Unitholders	14	<u>40,622,934</u>	<u>52,031,055</u>
Total Equity And Liabilities		<u>40,969,393</u>	<u>52,358,268</u>
Number Of Units In Circulation (Units)	15	<u>108,160,812</u>	<u>134,117,113</u>
NAV Per Unit (ex-distribution)		<u>0.3756</u>	<u>0.3880</u>

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Investment Income/(Loss)			
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")		1,600,541	2,607,329
Interest income		157,944	250,762
Net gain/(loss) from sale of financial assets at FVTPL		371,971	(15,014,170)
Net unrealised (loss)/gain on changes in value of financial assets at FVTPL		(2,054,989)	9,029,738
		<u>75,467</u>	<u>(3,126,341)</u>
Expenses			
Audit fee		8,200	8,000
Tax agent's fee		2,600	4,600
Manager's fee	8	672,474	1,215,059
Trustee's fee	9	26,899	49,520
Custodian's fee		3,041	6,973
Brokerage and other transaction fees		230,743	766,918
Administration expenses		24,150	52,944
		<u>968,107</u>	<u>2,104,014</u>
Net Loss Before Taxation		(892,640)	(5,230,355)
Taxation	12	-	-
Net Loss After Taxation		<u>(892,640)</u>	<u>(5,230,355)</u>
Total Comprehensive Loss		<u>(892,640)</u>	<u>(5,230,355)</u>
Total Comprehensive Loss Comprises The Following:			
Realised gain/(loss)		1,162,349	(14,260,093)
Unrealised (loss)/gain		(2,054,989)	9,029,738
		<u>(892,640)</u>	<u>(5,230,355)</u>
Distribution for the year			
Gross/net distribution (RM)	13	<u>534,183</u>	<u>-</u>
Gross/net distribution per unit (RM)	13	<u>0.005</u>	<u>-</u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE
For the financial year ended 31 December 2021

	Note	Unitholders' capital RM	Accumulated losses RM	NAV attributable to unitholders RM
At 1 January 2020		113,830,891	(11,180,959)	102,649,932
Net loss after taxation		-	(5,230,355)	(5,230,355)
Creation of units	15	5,126,983	-	5,126,983
Cancellation of units	15	(50,515,505)	-	(50,515,505)
At 31 December 2020		<u>68,442,369</u>	<u>(16,411,314)</u>	<u>52,031,055</u>
At 1 January 2021		68,442,369	(16,411,314)	52,031,055
Net loss after taxation		-	(892,640)	(892,640)
Creation of units arising from application	15	541,883	-	541,883
Creation of units arising from distribution	15	497,386	-	497,386
Cancellation of units	15	(11,020,567)	-	(11,020,567)
Distribution	13	-	(534,183)	(534,183)
At 31 December 2021		<u>58,461,071</u>	<u>(17,838,137)</u>	<u>40,622,934</u>

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2021

	2021	2020
	RM	RM
Cash Flows From/(Used In) Operating And Investing Activities		
Proceeds from sale of investments	37,963,510	110,599,851
Purchase of investments	(25,071,725)	(66,124,816)
Dividends received	1,394,097	2,461,018
Interest received	172,741	289,288
Manager's fee paid	(689,577)	(1,282,186)
Trustee's fee paid	(27,583)	(52,300)
Custodian's fee paid	(3,041)	(6,973)
Payment for other fees and expenses	(28,299)	(63,620)
Net cash from operating and investing activities	<u>13,710,123</u>	<u>45,820,262</u>
Cash Flows From/(Used In) Financing Activities		
Cash proceeds from units created	1,038,317	5,132,257
Cash paid on units cancelled	(11,072,114)	(50,464,109)
Distributions paid	(497,386)	(5,561,209)
Net cash used in financing activities	<u>(10,531,183)</u>	<u>(50,893,061)</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	3,178,940	(5,072,799)
Cash And Cash Equivalents At Beginning Of The Year	1,929,661	7,002,460
Cash And Cash Equivalents At End Of The Year	<u>5,108,601</u>	<u>1,929,661</u>
Cash And Cash Equivalents Comprise (Note 5):		
Cash at banks	8,601	79,661
Deposits with financial institutions	5,100,000	1,850,000
	<u>5,108,601</u>	<u>1,929,661</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. The Fund, the Manager and their principal activities

Phillip Dividend Fund, formerly known as Pacific Dividend Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 10 November 2003 as amended by the First Supplemental Deed dated 14 February 2006, Second Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 14 December 2009, Third Supplemental Master Deed dated 26 April 2010, Fourth Supplemental Master Deed dated 8 January 2014, Fifth Supplemental Master Deed dated 7 July 2017, Sixth Supplemental Master Deed dated 22 November 2018, Seventh Supplemental Master Deed dated 22 January 2019, Eighth Supplemental Master Deed dated 17 June 2020, made between the Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and, the Trustee of the Fund, MTrustee Berhad, Ninth Supplemental Master Deed dated 6 November 2020, Tenth Supplemental Master 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, MTrustee Berhad and Eleventh Supplemental Master Deed dated 6 July 2021 made between the Manager, Phillip Mutual Berhad and the Trustee, MTrustee Berhad (the Deed and all its supplemental hereinafter referred to as the “Deeds”). The Fund was launched on 18 November 2003.

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, fixed income securities and money market instruments as approved by the Securities Commission Malaysia.

The previous Manager has retired as the Manager of the Fund effective from 1 December 2020. With effect from the same date, MTrustee Berhad, as the trustee of the Fund has appointed Phillip Mutual Berhad as the new Manager of the Fund. Subsequently, the Fund’s name changed from Pacific Dividend Fund to Phillip Dividend Fund.

The new Manager, Phillip Mutual Berhad, is a company incorporated in Malaysia. Phillip Mutual Berhad is 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 25 February 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 policies

Adoption 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 January 2021, as follows:

Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform – Phase 2
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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 of 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 MFS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFS 108: <i>Definition of Accounting Estimates</i>	1 January 2023

The Manager of the Fund anticipates that 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.

(d) 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, amount due from brokers/dealers 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, brokers/dealers, 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.

(e) 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.

(f) 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 loss allowances for ECL on financial instruments that are not measured with no financing component (e.g. interest receivable, dividend receivable, amount due from Manager and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(g) 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, accretion of discount and amortisation of premium are recognised using the effective interest method on an accrual basis.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) Distribution

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 net asset value ("NAV") when they are approved by the Manager and the Trustee.

(m) 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.

(n) Significant accounting estimates and judgments

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

	2021 RM	2020 RM
Financial assets at FVTPL		
Fixed income securities	767,978	2,113,420
Quoted investments		
- Equity securities	34,808,987	47,462,234
- Warrants	-	65,161
- Loan stocks	219,000	-
	<u>35,027,987</u>	<u>47,527,395</u>
Total investments	<u>35,795,965</u>	<u>49,640,815</u>

Fixed income securities

The composition of fixed income securities at the end of the reporting period is as detailed below:

Name Of Counter	Credit rating	Nominal value RM	Cost RM	Fair value RM	Fair value as a % of NAV %
2021					
UEM Sunrise Berhad 5.15% 31/10/2025	AA-	<u>750,000</u>	<u>751,227</u>	<u>767,978</u>	<u>1.89</u>
Unrealised gain from fixed income securities as at 31 December 2021				<u>16,751</u>	
2020					
TSH Sukuk Ijarah Sdn Bhd 5.10% 10/04/2023	A+	1,300,000	1,300,000	1,326,962	2.55
UEM Sunrise Berhad 5.15% 31/10/2025	AA-	<u>750,000</u>	<u>751,526</u>	<u>786,458</u>	<u>1.51</u>
		<u>2,050,000</u>	<u>2,051,526</u>	<u>2,113,420</u>	<u>4.06</u>
Unrealised gain from fixed income securities as at 31 December 2020				<u>61,894</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 %
2021				
Banks				
512,325	CIMB Group Holdings Berhad	2,955,312	2,792,171	6.87
162,200	Hong Leong Financial Group Berhad	3,060,608	2,812,548	6.92
447,082	Malayan Banking Berhad	4,094,111	3,710,781	9.13
		<u>10,110,031</u>	<u>9,315,500</u>	<u>22.92</u>
Capital Goods				
391,100	Econpile Holdings Bhd	186,668	127,107	0.31
1,669,104	Gabungan AQRS Bhd	1,693,899	742,751	1.83
189,973	Gamuda Berhad	689,470	550,922	1.36
1,380,200	IJM Corporation Berhad	2,175,856	2,097,904	5.16
		<u>4,745,893</u>	<u>3,518,684</u>	<u>8.66</u>
Consumer Durables & Apparel				
163,200	Magni-Tech Industries Berhad	356,335	319,872	0.79
Energy				
3,000,000	Bumi Armada Bhd	2,759,390	1,410,000	3.47
687,600	Dialog Group Berhad	2,222,912	1,801,512	4.43
		<u>4,982,302</u>	<u>3,211,512</u>	<u>7.90</u>
Food, Beverage & Tobacco				
213,400	Able Global Berhad	332,502	343,574	0.85
24,000	Carlsberg Brewery Malaysia Berhad	529,083	481,920	1.19
		<u>861,585</u>	<u>825,494</u>	<u>2.04</u>
Health Care Equipment & Services				
42,300	Kossan Rubber Industries Berhad	277,347	81,216	0.20
30,923	Supermax Corporation Berhad	247,431	45,457	0.11
		<u>524,778</u>	<u>126,673</u>	<u>0.31</u>
Household & Personal Products				
656,600	NTPM Holdings Berhad	471,541	315,168	0.78

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Industrials				
145,200	ATA IMS Berhad	345,685	88,572	0.22
300,000	Aurelius Technologies Berhad	516,880	708,000	1.74
		<u>862,565</u>	<u>796,572</u>	<u>1.96</u>
Real Estate				
1,056,693	Axis Real Estate Investment Trust	1,911,324	2,049,984	5.05
550,000	IGB Real Estate Investment Trust	935,028	907,500	2.23
95,900	Pavilion Real Estate Investment Trust	129,137	119,875	0.30
1,859,463	Sime Darby Property Berhad	1,905,072	1,106,381	2.72
908,700	Sunway Real Estate Investment Trust	1,439,939	1,281,267	3.15
		<u>6,320,500</u>	<u>5,465,007</u>	<u>13.45</u>
Retailing				
275,000	Innature Berhad	162,671	185,625	0.46
32,800	MR D.I.Y. Group (M) Bhd.	96,943	118,408	0.29
500,000	Mynews Holdings Berhad	460,000	417,500	1.03
		<u>719,614</u>	<u>721,533</u>	<u>1.78</u>
Semiconductors & Semi. Equipment				
9,200	Globetronics Technology Berhad	21,785	15,272	0.04
307,100	Greatech Technology Berhad	1,427,355	2,066,783	5.09
125,000	Inari Amertron Berhad	387,500	500,000	1.23
		<u>1,836,640</u>	<u>2,582,055</u>	<u>6.36</u>
Software & Services				
324,500	Awanbiru Technology Berhad	365,830	227,150	0.56
74,700	CTOS Digital Berhad	141,373	135,207	0.33
		<u>507,203</u>	<u>362,357</u>	<u>0.89</u>
Technology Hardware & Equipment				
600,000	Aemulus Holdings Berhad	630,000	732,000	1.80
100,000	JHM Consolidation Bhd	200,000	173,000	0.43
120,000	Mi Technovation Berhad	468,000	405,600	1.00
5,000	Pentamaster Corporation Berhad	25,867	27,750	0.07
400,000	Uchi Technologies Berhad	1,244,829	1,256,000	3.09
		<u>2,568,696</u>	<u>2,594,350</u>	<u>6.39</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Telecommunication Services				
450,327	Axiata Group Berhad	2,053,431	1,873,360	4.61
47,100	Telekom Malaysia Berhad	273,180	259,050	0.64
		<u>2,326,611</u>	<u>2,132,410</u>	<u>5.25</u>
Utilities				
270,000	Tenaga Nasional Berhad	<u>3,522,633</u>	<u>2,521,800</u>	<u>6.21</u>
Total equity securities as at 31 December 2021		<u>40,716,927</u>	<u>34,808,987</u>	<u>85.69</u>
2020				
Banks				
553,531	CIMB Group Holdings Berhad ("Bhd")	3,224,738	2,380,183	4.58
162,200	Hong Leong Financial Group Berhad	3,060,609	2,929,332	5.63
477,300	Malayan Banking Berhad	4,478,899	4,037,958	7.76
339,200	RHB Bank Bhd	1,636,393	1,848,640	3.55
		<u>12,400,639</u>	<u>11,196,113</u>	<u>21.52</u>
Capital Goods				
1,669,104	Gabungan AQRS Bhd	1,693,899	1,134,991	2.18
147,473	Gamuda Berhad	556,131	573,670	1.10
1,540,000	HPMT Holdings Berhad	652,364	608,300	1.17
1,359,000	IJM Corporation Berhad	1,844,916	2,351,070	4.52
202,000	Supercomnet Technologies Berhad	394,398	373,700	0.72
		<u>5,141,708</u>	<u>5,041,731</u>	<u>9.69</u>
Consumer Durables & Apparel				
163,200	Magni-Tech Industries Bhd	<u>356,335</u>	<u>380,256</u>	<u>0.73</u>
Energy				
3,000,000	Bumi Armada Bhd	2,759,390	1,050,000	2.02
417,600	Dialog Group Berhad	1,386,554	1,440,720	2.77
756,040	Serba Dinamik Holdings Bhd	1,338,487	1,330,631	2.56
413,700	Yinson Holdings Berhad	2,295,051	2,378,775	4.57
		<u>7,779,482</u>	<u>6,200,126</u>	<u>11.92</u>
Food, Beverage & Tobacco				
1,258,100	FGV Holdings Berhad	1,551,526	1,610,368	3.09
522,300	Guan Chong Bhd	1,409,167	1,394,541	2.68
		<u>2,960,693</u>	<u>3,004,909</u>	<u>5.77</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Health Care Equipment & Services				
	Kossan Rubber Industries Berhad	1,719,817	1,180,350	2.27
262,300	Berhad	1,797,697	1,306,730	2.51
217,426	Supermax Corporation Berhad	1,509,265	2,688,516	5.17
439,300	Top Glove Corporation Bhd	<u>5,026,779</u>	<u>5,175,596</u>	<u>9.95</u>
Materials				
999,200	Dnonce Technology Bhd	651,961	499,600	0.96
149,900	Petronas Chemicals Group Bhd	811,448	1,113,757	2.14
		<u>1,463,409</u>	<u>1,613,357</u>	<u>3.10</u>
Pharma., Biotech. & Life Sciences				
54,211	Duopharma Biotech Berhad	82,379	183,233	0.35
Real Estate				
	Axis Real Estate Investment Trust	1,622,992	1,855,651	3.57
914,114	Trust	2,622,241	1,702,043	3.27
2,559,463	Sime Darby Property Berhad	1,439,939	1,363,050	2.62
908,700	Sunway Real Estate Investment Trust	<u>5,685,172</u>	<u>4,920,744</u>	<u>9.46</u>
Retailing				
62,800	MR D.I.Y. Group (M) Bhd	108,279	195,936	0.38
Semiconductors & Semi. Equipment				
181,200	Globetronics Technology Bhd	429,063	489,240	0.94
99,300	Greatech Technology Bhd	598,288	903,630	1.74
		<u>1,027,351</u>	<u>1,392,870</u>	<u>2.68</u>
Technology Hardware & Equipment				
221,200	Pentamaster Corporation Bhd	806,840	1,117,060	2.15
266,300	Uchi Technologies Berhad	698,391	692,380	1.33
		<u>1,505,231</u>	<u>1,809,440</u>	<u>3.48</u>
Telecommunication Services				
550,327	Axiata Group Berhad	2,509,418	2,058,223	3.95
Transportation				
955,500	GD Express Carrier Bhd	338,714	382,200	0.73
Utilities				
375,000	Tenaga Nasional Berhad	4,892,546	3,907,500	7.51

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
	Total equity securities as at 31 December 2020	<u>51,278,135</u>	<u>47,462,234</u>	<u>91.22</u>

Warrants

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2020				
383,300	Gabungan AQRS Bhd - WB 26/09/2023	<u>152,274</u>	<u>65,161</u>	<u>0.13</u>

Loan Stocks

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2021				
300,000	AirAsia Group Berhad - LA 29/12/2028	<u>223,920</u>	<u>219,000</u>	<u>0.54</u>

Total quoted investments

Total quoted investments comprised investments in equity securities, warrants and loan stocks.

	Cost RM	Fair value RM	Fair value as a % of NAV %
2021			
Total quoted investments	<u>40,940,847</u>	<u>35,027,987</u>	<u>86.23</u>
Unrealised loss from quoted investments as at 31 December 2021		<u>(5,912,860)</u>	
2020			
Total quoted investments	<u>51,430,409</u>	<u>47,527,395</u>	<u>91.35</u>
Unrealised loss from quoted investments as at 31 December 2020		<u>(3,903,014)</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	Level 2 RM	Total RM
2021			
Financial assets at FVTPL			
Fixed income securities	-	767,978	767,978
Quoted investments	35,027,987	-	35,027,987
	<u>35,027,987</u>	<u>-</u>	<u>35,027,987</u>
2020			
Financial assets at FVTPL			
Fixed income securities	-	2,113,420	2,113,420
Quoted investments	47,527,395	-	47,527,395
	<u>47,527,395</u>	<u>-</u>	<u>47,527,395</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 licensed financial institutions.

	2021 RM	2020 RM
Cash at banks	8,601	79,661
Deposits with licensed financial institutions:		
- Commercial bank	-	1,850,000
- Investment bank	5,100,000	-
Cash and cash equivalents	<u>5,108,601</u>	<u>1,929,661</u>

The weighted average effective interest rate and remaining maturity of deposits with financial institutions at the end of the reporting period were as follows:

	Weighted average effective interest rate (% per annum)		Weighted average remaining maturity (Days)	
	2021	2020	2021	2020
Deposits with licensed financial institutions:				
- Commercial bank	-	1.75	-	3
- Investment bank	1.70	-	3	-

6. Amount due from/to Manager

Amount due from Manager represents amounts receivable for units created and while 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 10 days of the transaction dates.

7. Amount due from/to brokers/dealers

The amount due from/to brokers/dealers relates to disposal/purchase of investments which remain outstanding at the end of the reporting period. These are normally paid within two business days of the transaction dates.

8. Manager's fee

The Manager's fee provided in the financial statements is computed at 1.50% (2020: 1.50%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

9. Trustee's fee

The Trustee's fee provided in the financial statements is computed at 0.06% (2020: 0.06%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis. There is no minimum fee with effect from 1 January 2019.

10. Portfolio turnover ratio ("PTR")

	2021	2020
Portfolio turnover ratio ("PTR")	0.70 times	1.08 times

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 lower due to decrease in investing activities.

11. Management expense ratio (“MER”)

	2021	2020
Management expense ratio (“MER”) ¹	<u>1.65%</u>	<u>1.62%</u>

MER 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 MER for the current financial year is higher due to a lower percentage of decrease in expenses compared with average net asset value.

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

12. Taxation

	2021 RM	2020 RM
Estimated Malaysian income tax: Current financial year	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2020: 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 before taxation at the statutory rate of taxation to income tax (credit)/expense at the effective rate of taxation is as follows:

	2021 RM	2020 RM
Net loss before taxation	<u>(892,640)</u>	<u>(5,230,355)</u>
Taxation at Malaysian statutory rate of 24% (2020: 24%)	(214,234)	(1,255,285)
Tax effects of:		
Income not subject to tax	(511,380)	(2,853,079)
Losses not subject to tax	493,268	3,603,401
Expenses not deductible for tax purpose	68,980	211,429
Restriction on tax deductible expenses for unit trust funds	<u>163,366</u>	<u>293,534</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

13. Distribution

	2021 RM	2020 RM
Reinvestment of income distribution	497,386	-
Distribution payable	36,797	-
Net final distribution paid on 5 January 2022	<u>534,183</u>	<u>-</u>
Distribution to unitholders is from the following sources:		
Dividend income	735,564	-
Interest income	72,587	-
Realised gains on sale of investments	170,947	-
	<u>979,098</u>	<u>-</u>
Less:		
Expenses	(444,915)	-
Net income distribution	<u>534,183</u>	<u>-</u>
Gross distribution per unit (sen)	0.50	-
Net distribution per unit (sen)	<u>0.50</u>	<u>-</u>

The net unrealised losses arising from investments at the end of the reporting period was RM5,896,109 (2020: RM3,841,120).

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

	2021 RM	2020 RM
Unitholders’ capital	58,461,071	68,442,369
Accumulated losses:		
- Realised deficits	(11,942,028)	(12,570,194)
- Unrealised deficits	(5,896,109)	(3,841,120)
	<u>(17,838,137)</u>	<u>(16,411,314)</u>
NAV attributable to unitholders	<u>40,622,934</u>	<u>52,031,055</u>

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

15. Number of units in circulation

	2021		2020	
	No. of units	RM	No. of units	RM
At beginning of the year	134,117,113	68,442,369	256,571,843	113,830,891
Creation of units arising from application	1,424,298	541,883	12,760,778	5,126,983
Creation of units arising from distribution	1,324,233	497,386	-	-
Cancellation	(28,704,832)	(11,020,567)	(135,215,508)	(50,515,505)
At end of the year	<u>108,160,812</u>	<u>58,461,071</u>	<u>134,117,113</u>	<u>68,442,369</u>

16. Units held by the Manager and its related parties

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

17. Transactions with brokers/dealers

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

	Value of trade# RM	% of total trades	Brokerage fee* RM	% of total brokerage fees
2021				
Brokers/dealers				
Affin Hwang Investment Bank Bhd	14,695,330	24.14	44,429	25.98
Maybank Investment Bank Bhd	11,428,138	18.77	33,887	19.81
AmInvestment Bank Bhd	8,884,222	14.59	26,666	15.59
CIMB Investment Bank Bhd	8,212,638	13.49	24,936	14.58
Credit Suisse Securities (Malaysia) Sdn Bhd	7,775,141	12.77	19,438	11.37
Kenanga Investment Bank Bhd	5,945,840	9.77	14,845	8.68
Alliance Investment Bank Bhd	2,127,719	3.50	6,383	3.73
RHB Investment Bank Bhd	1,344,000	2.21	440	0.26
M&A Securities Sdn Bhd	465,000	0.76	-	-
	<u>60,878,028</u>	<u>100.00</u>	<u>171,024</u>	<u>100.00</u>
2020				
Brokers/dealers				
Hong Leong Investment Bank Bhd	35,466,186	20.45	124,183	20.82
RHB Investment Bank Bhd	35,070,856	20.22	124,973	20.95
CIMB Investment Bank Bhd	30,570,741	17.63	106,633	17.88
UOB Kay Hian Securities (M) Sdn Bhd	22,707,526	13.09	79,515	13.33
Maybank Investment Bank Bhd	21,613,374	12.46	75,689	12.69
Credit Suisse Securities (Singapore) Pte Ltd	14,118,705	8.14	49,423	8.28
Alliance Investment Bank Bhd	5,211,085	3.01	11,748	1.97
Affin Hwang Investment Bank Bhd	3,068,327	1.77	9,205	1.54
Nomura Securities Malays Sdn Bhd	2,783,591	1.61	9,743	1.63
Malayan Banking Berhad	1,165,443	0.67	-	-
AmInvestment Bank Bhd	1,085,000	0.63	5,425	0.91
Hong Leong Bank Bhd	548,600	0.32	-	-
	<u>173,409,434</u>	<u>100.00</u>	<u>596,537</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's Guideline on Unit Trust Funds in Malaysia.

(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 the 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)	
	2021 RM	2020 RM
+5	1,751,399	2,376,370
(5)	<u>(1,751,399)</u>	<u>(2,376,370)</u>

(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, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the deposits with financial institutions.

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

(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 is generally arising from investments, cash and cash equivalents, interest receivables, amount due from brokers/dealers and other receivables. The maximum exposure to credit risk is presented in the Statement of Financial Position. None of these balances are impaired. Cash and cash equivalents are placed in financial institutions with strong credit ratings.

Fixed income securities are either government-guaranteed or rated by RAM Rating Services Berhad (“RAM”) or Malaysian Rating Corporation Berhad (“MARC”).

The following table analyses the Fund’s portfolio of fixed income securities by rating categories at the end of the reporting period:

	RAM Credit Rating	MARC Credit Rating	As a % of NAV
2021	-	AA-	1.89
			<u>1.89</u>
2020	-	AA-	1.51
	-	A+	2.55
			<u>4.06</u>

(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 NAV. 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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