

PHILLIP GLOBAL DISRUPTIVE INNOVATION FUND

AUDITED
ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2021

Manager:

PHILLIP MUTUAL BERHAD

(200201002746)(570409-K)

Trustee:

CIMB COMMERCE TRUSTEE BERHAD

(199401027349)(313031-A)

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FUND INFORMATION
As At 31 December 2021

Name Of Fund	: Phillip Global Disruptive Innovation Fund
Manager Of Fund	: Phillip Mutual Berhad 200201002746 (570409-K)
External Investment Manager	: Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Name Of Target Fund	: LionGlobal New Wealth Series - LionGlobal Disruptive Innovation Fund
Investment Manager Of Target Fund	: Lion Global Investors Limited (198601745D)
Launch Date	: Class MYR-Hedged – 22 April 2019
Category Of Fund	: Equity – feeder fund
Type Of Fund	: Growth
Investment Objective	: Phillip Global Disruptive Innovation Fund aims to provide long term* capital growth by investing into the Target Fund. <i>* Long term is defined as a period of more than three years.</i>
Performance Benchmark	: MSCI World Net Total Return Index
Distribution Policy	: Incidental, subject to the Manager’s discretion.
Fund Size	: 6.40 million units

Breakdown : Of Unitholdings	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	299	59.68	0.53
	5,001-10,000 units	68	13.57	0.49
	10,001-50,000 units	109	21.76	2.21
	50,001-500,000 units	24	4.79	2.46
	500,001 units & above	1	0.20	0.71
	Total	501	100.00	6.40

FUND PERFORMANCE

Financial Highlights

Category	As At 31.12.2021	As At 31.12.2020	As At 31.12.2019
	%	%	%
Collective Investment Scheme	98.00	86.81	95.82
Cash And Liquid Assets	2.00	13.19	4.18
Total	100.00	100.00	100.00
	Class MYR-Hedged		
Net Asset Value (USD'000)	2,607	1,767	962
Number Of Units In Circulation (Units '000)	6,404	4,332	3,580
Net Asset Value Per Unit (USD)	0.4072	0.4078	0.2687
Net Asset Value Per Unit In Class Currency (RM)	1.6957	1.6385	1.0989
Management Expense Ratio ("MER")	2.32%	2.44%	2.13%
Portfolio Turnover Ratio (times)	0.19	0.44	0.68

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

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.

Performance Data

	Phillip Global Disruptive Innovation Fund		MSCI World Net Total Return Index [#]	
	Total Return	Average Annual Return	Total Return	Average Annual Return
1 Year's Period (1.1.2021 to 31.12.2021)	3.49%	3.49%	26.16%	26.16%
Since Inception (22.4.2019 to 31.12.2021)	69.57%	26.09%	57.36%	21.51%
	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	Since Inception 22.4.2019 to 31.12.2019	
Phillip Global Disruptive Innovation Fund				
- Capital Return	3.49%	49.10%	9.89%	
- Income Return	0.00%	0.00%	0.00%	
- Total Return	3.49%	49.10%	9.89%	
MSCI World Net Total Return Index [#]	26.16%	13.98%	9.49%	
	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	Since Inception 22.4.2019 to 31.12.2019	
Unit Prices				
Highest NAV (RM)	1.7740	1.6385	1.1030	
Lowest NAV (RM)	1.6297	0.8318	0.9786	
Distributions				
Gross Distribution Per Unit (sen)	- (31.12.2021)	- (31.12.2020)	- (31.12.2019)	
Net Distribution Per Unit (sen)	- (31.12.2021)	- (31.12.2020)	- (31.12.2019)	
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.

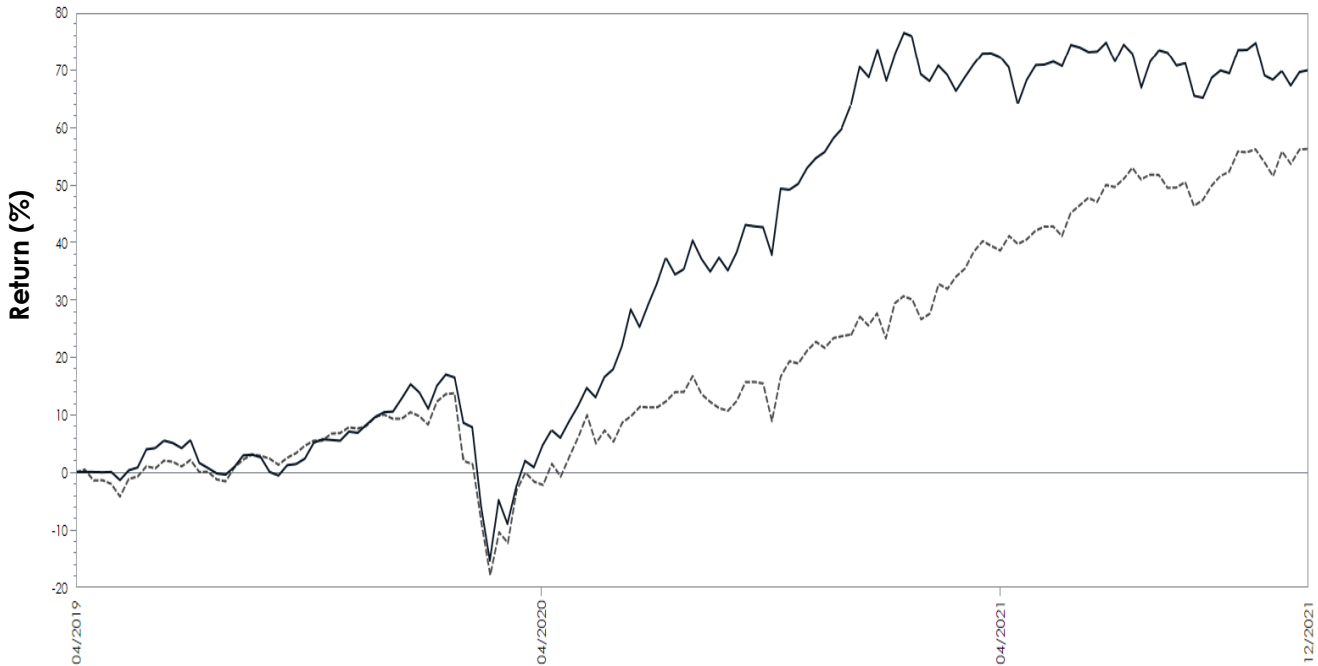
MANAGER'S REPORT
31 December 2021

Performance Review

From 22 April 2019 (date of launch: 22 April 2019) to 31 December 2021, the Phillip Global Disruptive Innovation Fund registered a total return of 69.57%, while its benchmark, the MSCI World Net Total Return Index, rose 57.36%.

For the financial year under review (1 January 2021 to 31 December 2021), the Fund registered a total return of 3.49%. In comparison, its benchmark rose 26.16%.

Comparison Between Fund's Performance And Benchmark Since Inception



—	Phillip Global Disruptive Innovation Fund	+69.57%
- - -	MSCI World Net Total Return Index	+57.36%

Source: Lipper

Notes:

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

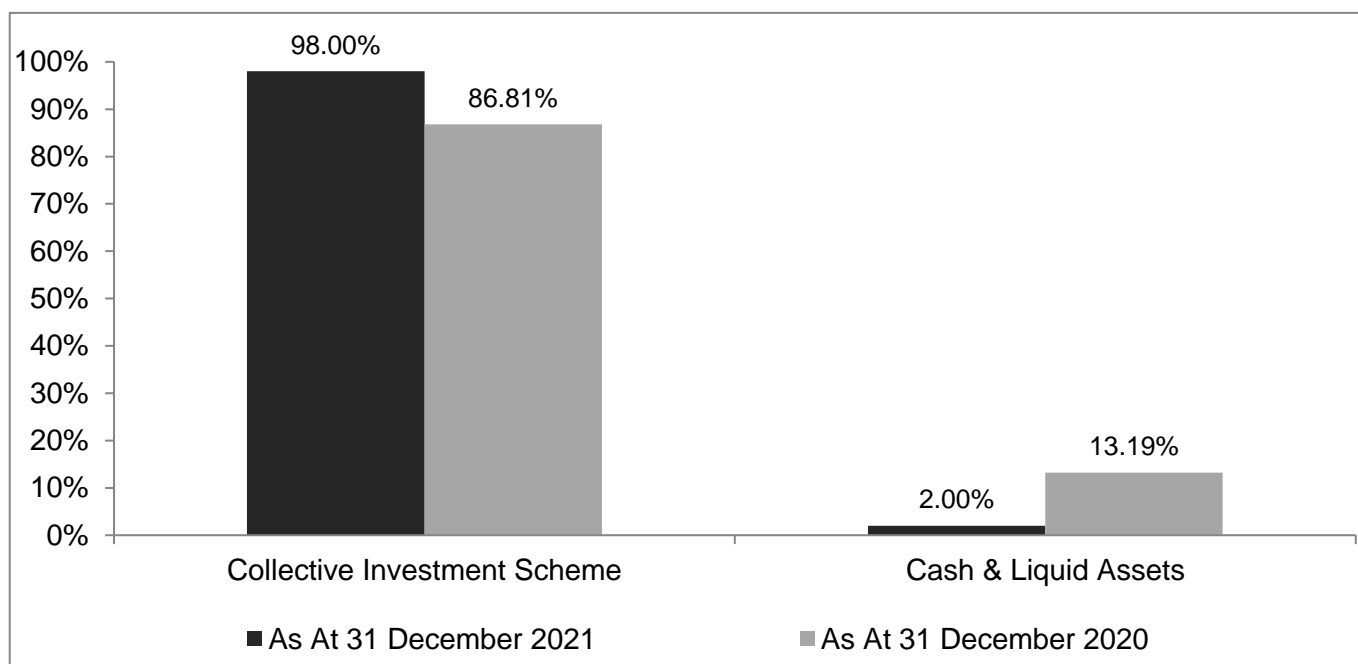
Investment Strategy Review

Review Of The LionGlobal New Wealth Series – LionGlobal Disruptive Innovation Fund (Target Fund Of Phillip Global Disruptive Innovation Fund)

Overall, some of the themes that the LionGlobal Disruptive Innovation Fund invested in performed well such as semiconductor related names, evidenced by Qualcomm share price surge after the company reported 56% year on year growth in chip sales in its recent Q4 earnings announcement albeit global chip shortage. However, some of the names in the Fund like Amazon, Booking Holdings were in doldrums for the year; the latter being impacted by lower travel demand in light of rising Omicron related cases in Q4 2021. That aside, the Fund's holdings in Yandex, a Russian based stock saw significant plunge for the year as talk of military confrontation in Russia spooks investors, rendering further drop in Russian Ruble.

Going forward, we believe the structural shift towards greater digitalisation should continue in 2022 due to rapid expansion of various e-businesses in today's increasingly contactless economy. Nonetheless, we expect the drive for technology consumption will now be more related to re-opening rather than work-from-home. We expect a rapid recovery in demand from the automotive sector, in particularly the EV and autonomous driving segments, higher smartphone demand led by 5G applications and capex recovery in the developed markets, which should boost demand for factory automation. With this, we will be focusing more on 5G, IoT, data centre, automotive and industrial automation sectors.

Asset Allocation



The collective investment scheme allocation of Phillip Global Disruptive Innovation Fund increased to 98.00% as at 31 December 2021 from 86.81% at the beginning of the financial year under review due to net fund purchases.

Phillip Global Disruptive Innovation Fund is a retail feeder fund. The Fund feeds into LionGlobal New Wealth Series – LionGlobal Disruptive Innovation Fund, which is managed by Lion Global Investors Limited.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Phillip Global Disruptive Innovation Fund increased from USD0.4078 (RM1.6385) to USD0.4072 (RM1.6957) during the year. Meanwhile, total NAV of the Fund increased from USD1,766,542 to USD2,607,403 due to fund inflows.

Market Review

Equity Market Review

The disruptors started the year on a positive note and continued its way up in line with strong economic recovery. However, recent hawkish tone of the Federal Reserve and its discussion of accelerated tapering, while hinting of an earlier than expected interest rate hike saw high valuation disruptor names to see sell off of late. That aside, fast spread of Covid-19 Omicron variant has investors walking on tip toes, preferring to stay on the sideline.

Notwithstanding that, one of the key impacts of Covid-19 pandemic was the acceleration of technology adoption at work and at home. This faster-than-expected digital adoption was driven by the needs of people in lockdown to work virtually and rely more on technology in their daily life such as online shopping, video conferencing and etc. The technology sector received a big boost from the pandemic and was the one of first sectors that recovered from the market downturn.

Despite challenging global economic condition and the Covid-19 pandemic continued with no end in sight, global equities started rebound sharply in the second half of the year. The market was excited by the largest-ever stimulus programs, accommodative monetary policy and the reopening of economy. Market sentiment was further improved by strong recover in oil prices after the world's largest oil producers reached an agreement to a historic production cut.

As clear beneficiaries from the Covid-19 pandemic, most disruptors reported strong earnings growth while other conventional companies recorded massive earnings decline due to the pandemic-induced lockdown. The Disruptive Innovation themes are based on the thesis of secular growth, structural behavioral shifts and the changing nature of business models. Many of these themes are long lasting and able to maintain robust growth momentum even post Covid-19 pandemic. As such, it had further boosted the share prices of disruptors when global equities rebounded.

Nasdaq Composite Index ended the year with strong gains of 21%.

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 unit holders.

Soft Commissions

During the financial year under review, the Fund has neither received soft commission nor rebates from any brokers by virtue of transaction conducted by the Fund.

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF PHILLIP GLOBAL DISRUPTIVE INNOVATION FUND**

We, **CIMB Commerce Trustee Berhad** being the trustee for **Phillip Global Disruptive Innovation Fund** ("the Fund"), are of the opinion that **Phillip Mutual Berhad** ("the Manager"), acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 31 December 2021.

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

For and on behalf of
CIMB Commerce Trustee Berhad

Ezreen Eliza Zulkiplee
Chief Executive Officer

Kuala Lumpur, 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 14 to 29 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 Global Disruptive Innovation 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

Kuala Lumpur, Malaysia
25 February 2022

DATIN HAJJAH NONA BINTI SALLEH

Chairperson

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF PHILLIP GLOBAL DISRUPTIVE INNOVATION FUND****Report On The Audit Of The Financial Statements****Opinion**

We have audited the financial statements of **Phillip Global Disruptive Innovation 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 14 to 29.

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 on 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 Standards Board for 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 said By-Laws and the IESBA Code.

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 of the Fund, 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.

Manager's and Trustee's Responsibilities 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.
- 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 USD	2020 USD
Assets			
Investments	3	2,555,288	1,533,621
Interest receivable		3	9
Amount due from Manager	6	2,773	4,747
Financial derivatives	7	3,961	17,988
Cash and cash equivalents	5	65,077	215,638
Total Assets		<u>2,627,102</u>	<u>1,772,003</u>
Liabilities			
Amount due to Manager	6	16,253	2,413
Other payables		3,446	3,048
Total Liabilities		<u>19,699</u>	<u>5,461</u>
Net Asset Value (“NAV”) Of The Fund		<u>2,607,403</u>	<u>1,766,542</u>
Equity			
Unitholders’ capital		2,019,173	1,156,121
Retained earnings		588,230	610,421
NAV Attributable To Unitholders	13	<u>2,607,403</u>	<u>1,766,542</u>
Total Equity And Liabilities		<u>2,627,102</u>	<u>1,772,003</u>
NAV Attributable To Unitholders			
Class MYR Hedged		<u>2,607,403</u>	<u>1,766,542</u>
Number Of Units In Circulation (Units)			
Class MYR Hedged	14	<u>6,404,420</u>	<u>4,332,084</u>
NAV Per Unit In USD			
Class MYR Hedged		<u>0.4072</u>	<u>0.4078</u>
NAV Per Unit In Class Currency (MYR)			
Class MYR Hedged		<u>1.6957</u>	<u>1.6385</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 USD	2020 USD
Investment Income			
Interest income		3,289	657
Net (loss)/gain on investments			
- Financial assets at FVTPL		-	98,006
- Foreign exchange		(22,368)	1,027
- Forward contracts		(12,119)	37,200
Net unrealised (loss)/gain on foreign exchange		(14,822)	2,163
Net unrealised gain on changes in value of financial assets at FVTPL		81,667	410,058
Other income		-	2,925
		<u>35,647</u>	<u>552,036</u>
Expenses			
Audit fee		2,054	1,835
Tax agent's fee		941	693
Manager's fee	8	44,924	19,265
Trustee's fee	9	2,028	1,990
Administration expenses		7,891	2,517
		<u>57,838</u>	<u>26,300</u>
Net (Loss)/Income Before Taxation		(22,191)	525,736
Taxation	12	-	-
Net (Loss)/Income After Taxation		<u>(22,191)</u>	<u>525,736</u>
Total Comprehensive (Loss)/Income		<u>(22,191)</u>	<u>525,736</u>
Total Comprehensive (Loss)/Income Comprises The Following:			
Realised (loss)/gain		(89,036)	113,515
Unrealised gain		66,845	412,221
		<u>(22,191)</u>	<u>525,736</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 USD	Retained Earnings USD	Total USD
At 1 January 2020		877,024	84,685	961,709
Net income after taxation		-	525,736	525,736
Creation of units	14	841,208	-	841,208
Cancellation of units	14	(562,111)	-	(562,111)
At 31 December 2020		<u>1,156,121</u>	<u>610,421</u>	<u>1,766,542</u>
At 1 January 2021		1,156,121	610,421	1,766,542
Net loss after taxation		-	(22,191)	(22,191)
Creation of units	14	1,446,124	-	1,446,124
Cancellation of units	14	(583,072)	-	(583,072)
At 31 December 2021		<u>2,019,173</u>	<u>588,230</u>	<u>2,607,403</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
	USD	USD
Cash Flows From/(Used In) Operating And Investing Activities		
Proceeds from sale of investments	-	426,000
Purchase of investments	(940,000)	(530,000)
Settlement of forward contracts	(12,119)	37,200
Interest received	3,295	652
Other income	-	2,925
Manager's fee paid	(43,372)	(18,283)
Trustee's fee paid	(2,201)	(1,865)
Payment for other fees and expenses	(10,133)	(5,065)
Net cash used in operating and investing activities	<u>(1,004,530)</u>	<u>(88,436)</u>
Cash Flows From/(Used In) Financing Activities		
Cash proceeds from units created	1,447,048	839,364
Cash paid on units cancelled	(570,884)	(562,792)
Net cash from financing activities	<u>876,164</u>	<u>276,572</u>
Net (Decrease)/Increase In Cash And Cash Equivalents	(128,366)	188,136
Effect Of Exchange Rate Changes	(22,195)	531
Cash And Cash Equivalents At Beginning Of The Year	215,638	26,971
Cash And Cash Equivalents At End Of The Year	<u>65,077</u>	<u>215,638</u>
Cash And Cash Equivalents Comprise (Note 5):		
Cash at bank	5,053	16,534
Deposits with a licensed financial institution	60,024	199,104
	<u>65,077</u>	<u>215,638</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 Global Disruptive Innovation Fund, formerly known as Pacific Global Disruptive Innovation Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 4 October 2018, First Supplemental Deed dated 5 October 2020, made between the Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and the Trustee of the Fund, CIMB Commerce Trustee Berhad, Second Supplemental Deed dated 6 November 2020, Third 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 Fourth Supplemental Master 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 22 April 2019.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Deeds, which include the USD Class L of the LionGlobal Disruptive Innovation Fund (Target Fund), or a Collective Investment Scheme with a similar investment objective, money market instruments and any other investments approved by the Securities Commission Malaysia.

The previous Manager has retired as the Manager of the Fund effective 1 December 2020. With effect from the same date, CIMB Commerce Trustee Berhad as the Trustee of the Fund has appointed Phillip Mutual Berhad as the new Manager of the 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 Manager 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 periods beginning on or after 1 January 2021, as follows:

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

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 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 period 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 United States Dollar ("USD"), which is also the Fund's functional currency.

(d) Foreign currency translation

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

Transactions in foreign currencies are translated into USD 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 interest receivable, amount due from Manager and cash and cash equivalents.

(ii) Financial assets at FVTPL

A financial asset is measured at FVTPL 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 and derivative assets. 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 and other payables (inclusive of amount due to Trustee). 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 no financing component (e.g. 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.

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 bank and deposits with a licensed financial institution 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) 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 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

	2021 USD	2020 USD
Financial assets at FVTPL		
Quoted investments		
- Collective investment scheme	<u>2,555,288</u>	<u>1,533,621</u>

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.

Collective investment scheme

Quantity	Name of fund	Cost USD	Fair value USD	Fair value as a % of NAV %
2021				
	<u>Singapore</u>			
1,342,063	LionGlobal Disruptive Innovation Fund	<u>1,976,006</u>	<u>2,555,288</u>	<u>98.00</u>
Unrealised gain from quoted investments as at 31 December 2021			<u>579,282</u>	
2020				
	<u>Singapore</u>			
836,673	LionGlobal Disruptive Innovation Fund	<u>1,036,006</u>	<u>1,533,621</u>	<u>86.81</u>
Unrealised gain from quoted investments as at 31 December 2020			<u>497,615</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 USD	Total USD
2021		
Financial assets at FVTPL		
Quoted investments	<u>2,555,288</u>	<u>2,555,288</u>
2020		
Financial assets at FVTPL		
Quoted investments	<u>1,533,621</u>	<u>1,533,621</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 bank and deposits with a licensed financial institution.

	2021 USD	2020 USD
Cash at bank:		
- Commercial bank in Malaysia	<u>5,053</u>	<u>16,534</u>
Deposits with a licensed financial institution:		
- Commercial bank in Malaysia	<u>60,024</u>	<u>199,104</u>
Cash and cash equivalents	<u>65,077</u>	<u>215,638</u>

The weighted average effective interest rate 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)	
	2021	2020	2021	2020
Deposits with a licensed financial institution:				
- Commercial bank	<u>1.70</u>	<u>1.65</u>	<u>3</u>	<u>4</u>

6. Amount due from/to Manager

Amount due from Manager represents amount receivable for units created 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. Financial derivatives

Financial derivatives contracts comprise forward foreign currency contracts due for settlement within 3 months from the end of the reporting period. The forward foreign currency contracts entered into during the financial year/period were for hedging against the currency exposure arising from the investment in Target Fund which is denominated in US Dollar (“USD”). The contract amounts and their corresponding gross fair values at the reporting date were as follows:

	Maturity date	Contracts or underlying principal amounts USD	Contract value at end of the reporting period USD	Unrealised gain from forward foreign currency contracts* USD
2021				
USD	31/03/2022	1,158,835	1,154,874	3,961
		<u>1,158,835</u>	<u>1,154,874</u>	<u>3,961</u>
2020				
USD	31/03/2021	1,172,524	1,154,536	17,988
		<u>1,172,524</u>	<u>1,154,536</u>	<u>17,988</u>

* Recognised as an asset on the Statement of Financial Position at the end of the reporting period.

8. Manager’s fee

The Manager’s fee provided in the financial statements is computed at 1.80% (2020: 1.80%) 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 0.05% (2020: 0.05%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM8,400 per annum.

10. Portfolio turnover ratio (“PTR”)

	2021	2020
Portfolio turnover ratio (“PTR”)	<u>0.19 times</u>	<u>0.44 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 lower due to decrease in investing activities.

11. Management expense ratio (“MER”)

	2021	2020
Management expense ratio (“MER”) ¹	<u>2.32%</u>	<u>2.44%</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 lower due to a lower percentage of increase in expenses compared with average net asset value.

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

12. Taxation

	2021 USD	2020 USD
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 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/(credit) at the effective rate of taxation is as follows:

	2021 USD	2020 USD
Net (loss)/income before taxation	<u>(22,191)</u>	<u>525,736</u>
Taxation at Malaysian statutory rate of 24% (2020: 24%)	(5,326)	126,177
Tax effects of:		
Income not subject to tax	(20,389)	(132,489)
Losses not subject to tax	11,834	-
Expenses not deductible for tax purpose	2,606	1,248
Restriction on tax deductible expenses for unit trust funds	<u>11,275</u>	<u>5,064</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

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

	2021 USD	2020 USD
Unitholders’ capital	2,019,173	1,156,121
Retained earnings		
- Realised reserves	4,842	93,878
- Unrealised reserves	<u>583,388</u>	<u>516,543</u>
	<u>588,230</u>	<u>610,421</u>
NAV attributable to unitholders	<u>2,607,403</u>	<u>1,766,542</u>

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

14. Number of units in circulation

	2021		2020	
	No. of units	USD	No. of units	USD
At beginning of the financial year	4,332,084	1,156,121	3,579,614	877,024
Creation	3,481,817	1,446,124	2,607,692	841,208
Cancellation	<u>(1,409,481)</u>	<u>(583,072)</u>	<u>(1,855,222)</u>	<u>(562,111)</u>
At end of the financial year	<u>6,404,420</u>	<u>2,019,173</u>	<u>4,332,084</u>	<u>1,156,121</u>

15. Units held by the Manager and its related parties

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

16. Transactions with brokers/dealers

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

Brokers/dealers	2021		2020	
	Value of trade USD	% of total trades	Value of trade USD	% of total trades
Lion Global Investors Limited*	<u>940,000</u>	<u>100.00</u>	<u>956,000</u>	<u>100.00</u>

* The Fund is a feeder fund into the target fund, LionGlobal Disruptive Innovation Fund, hence transactions were wholly made with the foreign fund manager of the target fund, Lion Global Investors, a subsidiary of Oversea-Chinese Banking Corporation Limited, the ultimate holding company of the previous Manager, BOS Wealth Management Malaysia Berhad.

The directors of the Manager are of the opinion that the transactions with the related party have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

17. Financial risk management objectives and policies

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk and target fund 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

The Manager manages this risk by monitoring the performance of the investment portfolio. The price risk exposure arises from the Fund's investment in collective investment scheme.

The table below summarises the effect on 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 USD	2020 USD
+5	127,764	76,681
(5)	(127,764)	(76,681)

(b) Interest rate risk

This risk refers to the effect of interest rate changes on the returns on deposits with a licensed financial institution. In the event of reduction in interest rates, the returns on deposits with a licensed financial institution 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 a licensed financial institution.

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 the 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 Fund Manager employs forward foreign currency contracts to reduce the Fund's exposure to foreign exchange fluctuations of the Target Fund as part of its currency risk management.

The table below indicates the currencies to which the Fund had significant exposure at the end of the reporting period on its NAV. 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 USD	Concentration as a % of NAV	Changes in currency rates %	Effect on net income before tax and NAV attributable to unitholders USD
2021 USD	<u>2,555,288</u>	<u>98.00</u>	<u>+5</u>	<u>127,764</u>
2020 USD	<u>1,533,621</u>	<u>86.81</u>	<u>+5</u>	<u>76,681</u>

An equivalent decrease in the currency rate 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 is generally arising from investments, cash and cash equivalents and other receivables (including interest receivable and amount due from Manager). 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.

(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) Target fund risk

The Fund is exposed to target fund risk as it feeds into a single target fund. This risk may occur when there is an underperformance or non-performance due to less optimal investment management at the target fund level in terms of securities selection and market, sector and economic analysis. This risk is mitigated by selecting a target fund which has a long track record and managed by a reputable investment manager.

18. Operating segment

The Fund is a feeder fund whose assets are primarily invested in the target fund, LionGlobal Disruptive Innovation Fund. The target fund is domiciled in Singapore and managed by Lion Global Investors Limited, a related company of the previous Manager, BOS Wealth Management Malaysia Berhad.

As the Fund is a feeder fund, it only has one business segment.

19. 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' redemption.

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