

PHILLIP MASTER MONEY MARKET FUND

**AUDITED
ANNUAL REPORT**

**FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2022**

Manager:

PHILLIP MUTUAL BERHAD
(200201002746)(570409-K)

Trustee:

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

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FUND INFORMATION
As At 30 June 2022

Name Of Fund	:	Phillip Master Money Market Fund
Manager Of Fund	:	Phillip Mutual Berhad 200201002746 (570409-K)
Launch Date	:	18 June 2003
Category Of Fund	:	Money Market
Type Of Fund	:	Income
Investment Objective	:	The objective of Phillip Master Money Market Fund (hereinafter referred to as "PMMMMF" or "the Fund") is to provide investors with returns higher than Ringgit Malaysia savings deposits while maintaining the principal value and a high degree of liquidity. Any changes in the investment objective of this Fund would require the approval of the unit holders of this Fund.
Performance Benchmark	:	Maybank Kawanku Savings Rate obtainable from www.maybank2u.com.my . <i>*The benchmarking against the Maybank Kawanku Savings Rate is only for comparison purposes and does not construe to indicate that the Fund will outperform the Maybank Kawanku Savings Rate at all times. However, unitholders should be aware that investment in the Fund is not the same as placement in a deposit with a financial institution as the Fund carries a higher risk than the benchmark.</i>
Distribution Policy	:	The distribution of income for the Fund will be on monthly basis whenever possible. Distribution amount will be automatically reinvested into the Fund. The amount available for distribution is subject to interest rate movements, market conditions and performance of the Fund.
Fund Size	:	846.40 million units

Breakdown Of Unitholdings	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	10,560	79.04	4.46
	5,001-10,000 units	573	4.29	4.13
	10,001-50,000 units	1,315	9.84	30.07
	50,001-500,000 units	757	5.67	111.61
	500,001 units & above	155	1.16	696.13
	Total	13,360	100.00	846.40

FUND PERFORMANCE**Financial Highlights**

Category	As At 30.6.2022	As At 30.6.2021	As At 30.6.2020
	%	%	%
Deposits with licensed financial institutions	99.99	100.00	100.00
Cash and other liquid assets	0.01	-	-
Total	100.00	100.00	100.00
Net Asset Value ("NAV") (RM'000)	423,201	2,533,011	3,811,849
Number Of Units In Circulation (Units'000)	846,403	5,066,023	7,623,699
Net Asset Value Per Unit (RM)*	0.5000	0.5000	0.5000
Total Expense Ratio ("TER")	0.29%	0.34%	0.37%
Portfolio Turnover Ratio (times)	59.59	22.69	40.12

* Price quoted is ex-distribution

Note:

Past performance is not necessarily indicative of future performance.

Unit prices and investment returns may go up or down.

Performance Data

	Phillip Master Money Market Fund*		Maybank Kawanku Savings Rate***		
	Total Return	Average Annual Return	Total Return	Average Annual Return	
1 Year's Period to 30.6.2022	1.73%	1.73%	0.20%	0.20%	
3 Years' Period to 30.6.2022	6.80%	2.27%	1.20%	0.40%	
5 Years' Period to 30.6.2022	14.83%	2.97%	3.60%	0.71%	
	1.7.2021 to 30.6.2022	1.7.2020 to 30.6.2021**	1.7.2019 to 30.6.2020**	1.7.2018 to 30.6.2019**	1.7.2017 to 30.6.2018**
Phillip Master Money Market Fund					
- Capital Return	-	-	-	-	-
- Income Return	1.73%	1.83%	3.03%	3.68%	3.59%
- Total Return	1.73%	1.83%	3.03%	3.68%	3.59%
	1.7.2021 to 30.6.2022	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020		
Unit Prices					
Highest NAV (RM)	0.5000	0.5000	0.5000		
Lowest NAV (RM)	0.5000	0.5000	0.5000		
Distributions					
Gross/Net Distribution Per Unit (%)					
- 31 July	1.70%	2.30%	3.48%		
- 31 August	1.70%	2.05%	3.48%		
- 30 September	1.70%	1.90%	3.35%		
- 31 October	1.72%	1.90%	3.30%		
- 30 November	1.68%	1.82%	3.25%		
- 31 December	1.63%	1.80%	3.22%		
- 31 January	1.64%	1.77%	3.12%		
- 28 February (2020: 29 February)	1.67%	1.73%	2.95%		
- 31 March	1.70%	1.70%	2.70%		
- 30 April	1.73%	1.70%	2.70%		
- 31 May	1.80%	1.67%	2.40%		
- 30 June	1.88%	1.67%	2.40%		
Unit Splits	-	-	-		

Source:

* For current financial year, the returns for the Fund are extracted from Lipper.

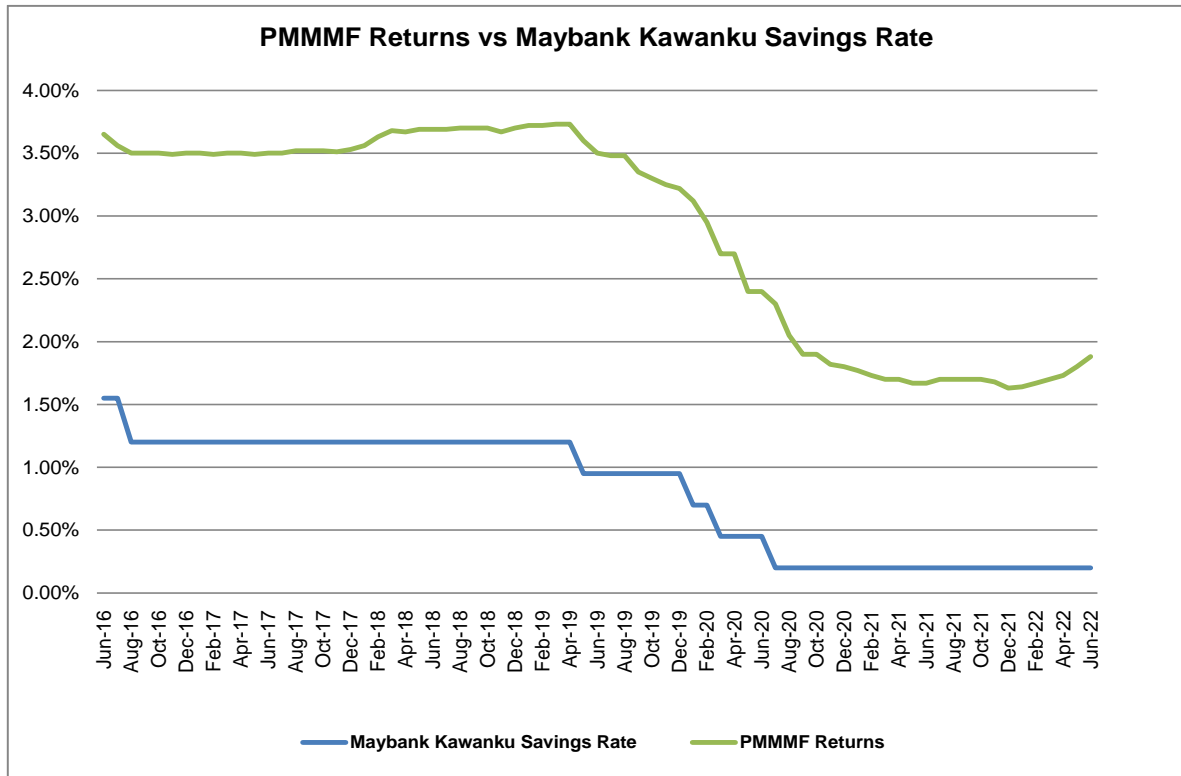
** Phillip Master Money Market Fund's average monthly distribution rate for the period July 2017 to June 2021.

*** Maybank2u website (The average return rate for the period July 2021 to June 2022.)

**MANAGER’S REPORT
PERFORMANCE REVIEW**

For the purpose of benchmark comparison, we have used Maybank Kawanku Savings Rate as both provide similar liquidity.

Performance of PMMMF vs. Maybank Kawanku Savings Account (from 30 June 2016 to 30 June 2022). We used rates for the RM500,000 deposit as the benchmark for comparison purposes.



Source: Maybank2u Website & Bloomberg.

Since inception, the Fund has distributed dividend on a monthly basis. The Fund’s return was better than the returns offered by Maybank Kawanku Savings Account. Beneath is the comparison table.

PMMMF vs Maybank Kawanku Savings Account Deposit Rates (as at 30 June 2022)

Balance	PMMMF * (% p.a.)	Maybank ** (% p.a.)	Difference (% p.a.)
Up to RM10,000	1.73	0.20	1.53
Up to RM25,000	1.73	0.20	1.53
Up to RM50,000	1.73	0.20	1.53
Up to RM100,000	1.73	0.20	1.53
Up to RM200,000	1.73	0.25	1.48
Up to RM500,000	1.73	0.25	1.48
Above RM500,000	1.73	0.25	1.48

Source:

* Average PMMMF monthly distribution rate for the period July 2021 to June 2022

**Maybank2u website

Since inception, the Fund has distributed dividend on a monthly basis, averaging at 1.73% p.a during the year under review. The Fund has out-performed the benchmark as illustrated in the comparison table above.

Fund performance from July 2021 - June 2022

	30.06.2022	30.06.2021	% Change
	RM	RM	
Total Net Asset Value ("NAV")	423,201,338	2,533,011,363	-83.29%
NAV/unit	0.50	0.50	-

(Source: Financial Statements Audited by Deloitte PLT for the financial year 30 June 2021 and 30 June 2022.)

DETAILS OF DISTRIBUTION AND UNIT SPLIT

For the year under review, the distribution record is as follows:

- 1.70% p.a. for the period 01.07.2021 to 31.07.2021
- 1.70% p.a. for the period 01.08.2021 to 31.08.2021
- 1.70% p.a. for the period 01.09.2021 to 30.09.2021
- 1.72% p.a. for the period 01.10.2021 to 31.10.2021
- 1.68% p.a. for the period 01.11.2021 to 30.11.2021
- 1.63% p.a. for the period 01.12.2021 to 31.12.2021
- 1.64% p.a. for the period 01.01.2022 to 31.01.2022
- 1.67% p.a. for the period 01.02.2022 to 28.02.2022
- 1.70% p.a. for the period 01.03.2022 to 31.03.2022
- 1.73% p.a. for the period 01.04.2022 to 30.04.2022
- 1.80% p.a. for the period 01.05.2022 to 31.05.2022
- 1.88% p.a. for the period 01.06.2022 to 30.06.2022

The NAV per unit before and after distribution remains at RM0.50. No unit split was made by the Fund during the year under review.

MARKET REVIEW

In 2021, the Malaysian economy showed signs of improvement. For the year 2021, Bank Negara Malaysia ("BNM") projected that headline inflation is expected to average between 2.0% and 3.0%. Underlying inflation, as measured by core inflation, is expected to remain subdued, averaging between 0.5% and 1.5% for the year, amid continued spare capacity in the economy. However, when local COVID-19 cases began to rise in May 2021, the government was forced to reintroduce strong nationwide containment restrictions in June 2021 as part of the first phase of the National Recovery Plan (NRP). In response to that, Malaysia's government has unveiled the National People's Well-Being and Economic Recovery Package (PEMULIH) stimulus package worth RM150 billion, comprising fiscal injection of RM10 billion. Nonetheless, the National COVID-19 Immunisation Program's rapid progress allowed economic sectors to progressively reopen in the third quarter of the year.

During the third quarter of 2021 (3Q 2021), Malaysia's gross domestic product (GDP) declined by 4.5%, weighed by the reimposition of nationwide containment measures. According to Governor of BNM Tan Sri Dato' Nor Shamsiah, the progressive lifting of containment measures and continued improvements in the labour market will be key to support the recovery going forward. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 3.6% (2Q 2021: -1.9%). On another note, headline inflation moderated to 2.2% during the quarter (2Q 2021: 4.1%), owing mostly to the expiration of the 3-month power bill rebate under the Pakej PEMULIH. The power discount's expiration contributed 0.6% point to inflation. According to the Minister of Finance, Tengku Zafrul, Malaysia's economy is expected to grow by between 3% and 4% in 2021 and further expand by between 5.5% and 6.5% in 2022. Growth will be driven primarily by an expansionary Budget in 2022, normalisation in economic and social activities; and strong external demand.

Malaysia's economy grew by 3.6% in the fourth quarter of 2021 (4Q 2021), as containment measures were eased, allowing economic activity to resume. The rebound in economic activity was aided by recovery in the labour market as well as continued policy support. As reported by BNM at the end of November 2021, global investor sentiments were driven mainly by the emergence of a new variant of concern, Omicron, which largely outweighed concerns surrounding persistent inflationary pressures in advanced economies. Consequently, global bond yields, including the benchmark 10-year Malaysian Government Securities (MGS) yield fell concurrently with the decrease in long-term US Treasury yields. The FBM KLCI declined by 3.1% and the ringgit depreciated by 2.0% against the US dollar, in line with most regional currencies. Weaker commodity prices amid worries surrounding the new variant had also affected the ringgit exchange rate.

In Malaysia, the overnight policy rate (OPR) had been maintained at 1.75% since 7 July 2020, when BNM cut the rate from 2% following the Covid-19 outbreak which began in early 2020. As expected, BNM has maintained the OPR at 1.75% in the last Monetary Policy Committee (MPC) meeting of 2021 that was held in November 2021 citing that the stance of monetary policy to be appropriate and accommodative. In addition, fiscal and financial measures will continue to cushion the economic impact on businesses and households and provide support to economic activity. Given the uncertainties surrounding the pandemic, the stance of monetary policy will continue to be determined by new data and information and its implications on the overall outlook for inflation and domestic growth. Malaysia's annual inflation rate was at 3.2% in December 2021, due to the rise in food and fuel prices. In 2021, the annual inflation rate went up 2.5%, compared to a 1.2% drop in 2020. As a result of rising global oil prices and supply chain disruptions, some consumer goods and services have seen price rises. Despite this, due to a delayed recovery in demand and tight labour market circumstances, underlying inflation remained low during the year. Overall, the Malaysian economy saw a moderate recovery, with GDP growing by 3.1% in 2021 (2020: -5.6%).

Given strengthening labour market circumstances and ongoing governmental assistance, the Malaysian economy registered a positive growth of 5.0% in the first quarter of 2022, mainly supported by improving domestic demand as economic activity continued to normalize. The improvement also reflects the recovery in the job market, with the unemployment rate declining further to 4.1% (4Q 2021: 4.3%). Governor Tan Sri Dato' Nor Shamsiah Mohd Yunus said that the Malaysian economy is expected to improve further in 2022, during which annual GDP growth is projected at 5.3% to 6.3% as announced in March 2022. Growth will also benefit from the easing of restrictions, the reopening of international borders and the implementation of investment projects. Nonetheless, the central bank warns that hazards to the country's economic growth persist, including weaker-than-expected global economic growth, escalation of geopolitical conflicts, deteriorating supply chain interruptions, adverse developments involving Covid-19, and heightened financial market volatility. Meanwhile, BNM holds the OPR steady at 1.75% in the first and second MPC meeting of 2022. However, the MPC decided to raise the OPR by 25 basis points from 1.75% to 2% as global inflationary pressures have increased sharply and after taking into account that the sustained reopening of global economy and improvement in labour markets continue to support the recovery of economic activity from the impact of Covid-19-driven movement restrictions. According to BNM, the latest indicators show that the Malaysian economy is on a firmer footing, driven by strengthening domestic demand amid sustained export growth. Furthermore, the central bank is also mindful of Malaysia's inflation within an environment of high input costs and improving demand.

MARKET OUTLOOK

The global economy continues to recover. BNM said risks to the country's economic growth outlook remain tilted to the downside due to external and domestic factors while Malaysia's inflation in 2022 is projected to remain moderate. The sustained reopening of the global economy and the improvement in labour market conditions have continued to support the recovery of economic activity. Apart from that, inflationary pressures had increased sharply due to a rise in commodity prices, strained supply chains and strong demand conditions, particularly in the US.

Global bonds and our local bond yields may remain volatile during this economic recovery phase. The central bank pointed out that fiscal and financial measures will continue to cushion the economic impact on businesses and households and provide support to economic activity. BNM expects the Malaysian economy to expand steadily with support from domestic demand. While inflation should move higher, BNM believes that subdued external pressures and moderate domestic demand will contain the underlying inflation.

STRATEGY GOING FORWARD

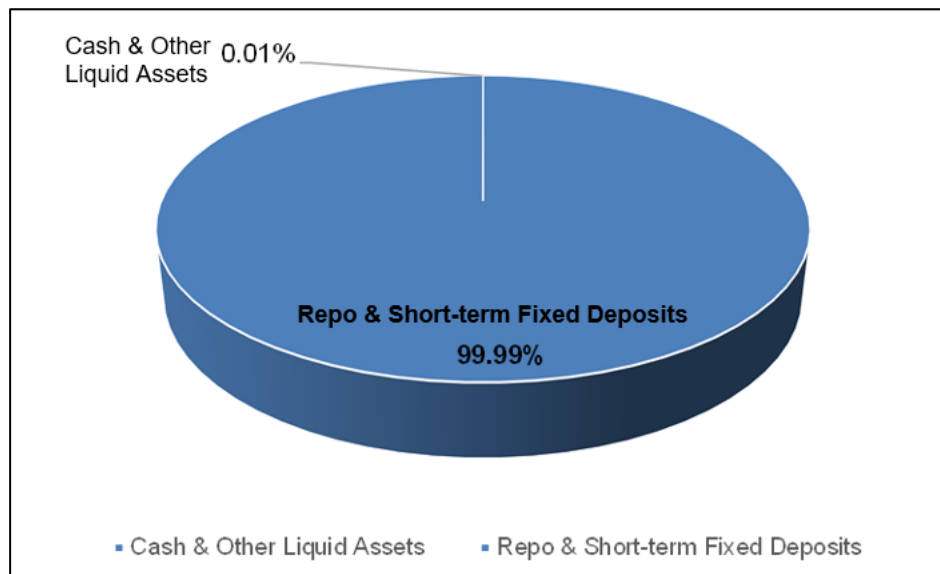
For the year under review, the Fund invested approximately 100.00% in short-term fixed deposits with maturity of not more than 1 year.

Looking ahead, domestic growth is expected to remain on track in meeting the 5.3% - 6.3% gross domestic product (GDP) targets in 2022; as growth continued to be supported by domestic demand and inflation remained modest. Hence, we are convinced that there will be at least one or two rate hikes in the second half of 2022.

The Fund will continue to invest in short-term money market instruments with maturity not exceeding 365 days (1-year), in line with the Fund's mandate. As at the date of this report, we are targeting shorter tenure duration placements of 2 to 4 months in order to capture higher interest when the OPR increases. However, for risk management measures, the Fund will allocate a portion to short-term deposits of 1 month or less to meet regular redemptions by unitholders to manage liquidity risks.

ASSET ALLOCATION OF THE FUND

The asset allocation of the Fund is as follows:



Comparative table covering last 3 financial years:

Sector	June 2022 %	June 2021 %	June 2020 %
Repo & Short-term Fixed Deposits	99.99	100.00	100.00
Cash & Other Liquid Assets	0.01	0.00	0.00
TOTAL	100.00	100.00	100.00

The portfolio composition was maintained at shorter duration (< 1 year) and more liquid instruments to meet regular redemptions and to avoid liquidity risk.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS OF THE FUND

For the year under review, effective 1 January 2022, income distribution paid to the non-individual investors is subject to 24% withholding tax. There are no changes on the income distribution for individual investors.

DISCLOSURE OF CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF THE UNITHOLDERS

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

SOFT COMMISSION RECEIVED FROM BROKERS

During the year under review, we did not receive soft commission or rebates from any brokers by virtue of transaction conducted by the Fund.

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF PHILLIP MASTER MONEY MARKET FUND (“Fund”)**

We have acted as Trustee of the Fund for the financial year ended 30 June 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Phillip Mutual Berhad** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

- a) Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
- b) Valuation and pricing is carried out in accordance with the deed; and
- c) Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distributions of income by the Fund are appropriate and reflect the investment objective of the Fund.

For and on behalf of
CIMB Commerce Trustee Berhad

Ezreen Eliza Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
29 August 2022

STATEMENT BY MANAGER

For the financial year ended 30 June 2022

We, **Datin Hajjah Nona Binti Salleh** and **Mohd Fadzli Bin Mohd Anas**, 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 16 to 34 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 Master Money Market Fund** as at 30 June 2022 and of its financial performance, changes in net asset value and cash flows for the financial year then ended.

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

DATIN HAJJAH NONA BINTI SALLEH
Chairperson

MOHD FADZLI BIN MOHD ANAS
Chief Executive Officer/Executive Director

Kuala Lumpur, Malaysia
29 August 2022

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF PHILLIP MASTER MONEY MARKET FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Phillip Master Money Market Fund** ("the Fund"), which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its 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)* of 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 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 the Fund Manager's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(Forward)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the 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

29 August 2022

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 RM	2021 RM
Assets			
Deposits with licensed financial institutions	3	421,477,950	2,535,158,619
Interest receivables		1,907,130	2,827,704
Cash at bank		32,227	30,614
Total assets		<u>423,417,307</u>	<u>2,538,016,937</u>
Liabilities			
Amount due to Manager		117,420	581,050
Amount due to Trustee		11,521	52,002
Distribution payables	4	18,267	4,349,261
Other payables	5	68,761	23,261
Total liabilities		<u>215,969</u>	<u>5,005,574</u>
Unitholders' equity			
Unitholders' capital	6	423,201,338	2,533,011,363
Retained earnings		-	-
Total equity/Net asset value ("NAV") attributable to unitholders		<u>423,201,338</u>	<u>2,533,011,363</u>
Total equity and liabilities		<u>423,417,307</u>	<u>2,538,016,937</u>
Number of units in circulation	6(a)	<u>846,402,676</u>	<u>5,066,022,725</u>
NAV per unit		<u>0.50</u>	<u>0.50</u>

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	2022 RM	2021 RM
Income			
Interest income		26,491,446	97,340,644
Expenses			
Manager's fee	7	3,517,264	14,498,959
Trustee's fee	8	295,773	894,001
Auditors' remuneration		15,000	15,000
Tax agent's fee		3,800	3,800
Administration fees and expenses		15,111	21,141
		<u>3,846,948</u>	<u>15,432,901</u>
Net income before tax		22,644,498	81,907,743
Taxation	9	-	-
		<u>22,644,498</u>	<u>81,907,743</u>
Net income after tax, representing total comprehensive income for the year			
		<u>22,644,498</u>	<u>81,907,743</u>
Net income after tax is made up of the following:			
Net realised income		<u>22,644,498</u>	<u>81,907,743</u>
Distribution for the year			
Gross/Net distribution (RM)	4	<u>22,644,498</u>	<u>81,907,743</u>
Gross/Net distribution per unit (RM)	4	<u>0.0085</u>	<u>0.0093</u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE

As at 30 June 2022

	Note	Unitholders' capital RM	Retained earnings RM	Total equity RM
As at 1 July 2020		3,811,849,270	-	3,811,849,270
Total comprehensive income for the year		-	81,907,743	81,907,743
Creation of units	6(a)	9,911,540,131	-	9,911,540,131
Cancellation of units	6(a)	(11,271,231,273)	-	(11,271,231,273)
Reinvestment of units	6(a)	80,853,235	-	80,853,235
Income distribution	4	-	(77,558,482)	(77,558,482)
Distribution payables	4	-	(4,349,261)	(4,349,261)
As at 30 June 2021		2,533,011,363	-	2,533,011,363
As at 1 July 2021		2,533,011,363	-	2,533,011,363
Total comprehensive income for the year		-	22,644,498	22,644,498
Creation of units	6(a)	4,228,437,704	-	4,228,437,704
Cancellation of units	6(a)	(6,362,201,280)	-	(6,362,201,280)
Reinvestment of units	6(a)	23,953,551	-	23,953,551
Income distribution	4	-	(22,626,231)	(22,626,231)
Distribution payables	4	-	(18,267)	(18,267)
As at 30 June 2022		423,201,338	-	423,201,338

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

As at 30 June 2022

	2022	2021
	RM	RM
Cash flows from/(used in) operating and investing activities		
Interest received	27,412,020	112,407,612
Net withdrawals of deposits with licensed financial institutions	2,113,680,669	1,267,499,149
Manager's fee paid	(3,980,894)	(14,999,111)
Trustee's fee paid	(336,254)	(905,232)
Payment of other fees and expenses	(37,245)	(36,607)
	<u>2,136,738,296</u>	<u>1,363,965,811</u>
Cash flows from/(used in) financing activities		
Proceeds from creation of units	4,228,437,704	9,911,540,131
Payments for cancellation of units	(6,362,201,280)	(11,271,231,273)
Payments for income distribution	(2,449,936)	(4,311,898)
Income tax paid on income distribution pursuant to Section 109DA, Income Tax Act 1967	(523,171)	-
	<u>(2,136,736,683)</u>	<u>(1,364,003,040)</u>
Net increase/(decrease) in cash and cash equivalents	1,613	(37,229)
Cash and cash equivalents at beginning of the year	<u>30,614</u>	<u>67,843</u>
Cash and cash equivalents at end of the year (representing cash at bank)	<u>32,227</u>	<u>30,614</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2022**(1) The Fund, the Manager and their principal activities**

Phillip Master Money Market Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Trust Deed dated 18 March 2003 as supplemented by the Supplemental Deeds dated 19 May 2003, 6 June 2003, 3 August 2009, and 1 July 2021 made between the Manager, Phillip Mutual Berhad and the Trustee of the Fund, CIMB Commerce Trustee Berhad (the Deed and all its supplemental hereinafter referred to as the “Deeds”). The Fund was launched on 18 June 2003.

The principal activity of the Fund is to invest in a portfolio of investments that provide investors with returns higher than Ringgit Malaysia savings deposits while maintaining principal value and a high degree of liquidity.

The 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 is 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 29 August 2022.

(2) Summary of significant accounting policies**2.1 Basis of preparation**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 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.

2.2 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 July 2021, as follows:

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

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

Amendments to MFRSs in issue but not yet effective

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

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

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

2.3 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 financial year.

2.4 Financial assets and liabilities

Financial assets and financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i) Financial assetsClassification of financial assets

The Fund determines the classification of its financial assets at initial recognition, and the categories include:

Amortisation cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Deposits with licensed financial institutions, interest receivables and cash at bank are classified as financial assets measured at amortised cost.

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 (financial assets that are debt instruments). The impairment model does not apply to equity investments. ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the end of the reporting period:

As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);

- Financial assets that are credit-impaired at the end of the reporting period:

As the difference between the gross carrying amount and the present value of estimated future cash flows.

At the end of the reporting period, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or counterparty;
- Significant downgrade in credit rating of the instrument by a rating agency;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

For balances with short-term nature, full impairment will be recognised on uncollected balances after the grace period.

Derecognition of financial assets

Financial assets are derecognised on the trade date when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all risks and rewards of ownership.

ii) Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the financial year.

iii) Financial liabilities

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating amortised cost of a debt instrument and of allocating interest income over the relevant year.

The Fund includes in this category amounts due to the Manager and the Trustee, distribution payables and other payables (excluding withholding tax payable). A financial liability is derecognised when it is settled.

2.5 Unitholders' capital

The unitholders' contributions to the Fund are classified as equity instruments.

2.6 Statement of cash flows

The Fund adopts the direct method in the preparation of statement of cash flows.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.7 Income

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.

2.8 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.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial year.

Pursuant to Schedule 6 of Income Tax Act 1967, interest income earned by the Fund is exempted from tax. Interest income generated by the Fund is not charged to tax as it is interest income derived from Malaysia and paid by financial institutions licensed under the Financial Services Act 2013.

Pursuant to Section 109DA, Income Tax Act 1967, all unitholders, except for individual unitholders who invest in Retail Money Market Fund ("RMMF") unit trusts are subjected to income tax at a tax rate of 24% for interest income received from the RMMF unit trust income distribution.

No deferred tax is recognised as no temporary differences have been identified.

2.9 Distributions

Distributions are at the discretion of the Manager. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves, either in the form of cash or units in the Fund. A proposed distribution is recognised as a liability in the year in which it is approved.

2.10 Functional and Presentation Currency

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

(3) Deposits with licensed financial institutions

	2022 RM	2021 RM
Licensed investment banks	128,748,626	451,508,967
Licensed banks	292,729,324	2,083,649,652
	<u>421,477,950</u>	<u>2,535,158,619</u>

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

	Weighted average interest rates (per annum)	
	2022 %	2021 %
Licensed investment banks	2.19	1.94
Licensed banks	2.28	1.99
	<u>2.28</u>	<u>1.99</u>
	Average remaining maturity days	
	2022 Days	2021 Days
Licensed investment banks	57	46
Licensed banks	83	54
	<u>83</u>	<u>54</u>

(4) Income distribution

Distributions to unitholders were from the following sources:

	2022 RM	2021 RM
Interest income	26,491,446	97,340,644
Less: Expenses	(3,846,948)	(15,432,901)
	<u>22,644,498</u>	<u>81,907,743</u>
	2022 RM	2021 RM
Analysed as:		
Units reinvested in the Fund	22,054,226	77,558,482
Income tax on income distribution pursuant to Section 109DA, Income Tax Act 1967	572,005	-
Distribution payables	18,267	4,349,261
	<u>22,644,498</u>	<u>81,907,743</u>

The Fund operates on a monthly income distribution basis. Details of income distributions made by the Fund to the unitholders are as follows:

Month of accrual	Month-end units in circulation Units	Gross distribution		Net distribution		Average gross/net distribution per units in circulation RM
		RM	% ^[1]	RM	% ^[1]	RM
2022						
31.07.2021	2,385,240,649	3,638,469	1.70	3,638,469	1.70	0.0007
31.08.2021	1,958,588,986	3,127,095	1.70	3,127,095	1.70	0.0007
30.09.2021	1,753,504,921	2,886,508	1.70	2,886,508	1.70	0.0007
31.10.2021	1,793,829,036	2,828,402	1.72	2,828,402	1.72	0.0007
30.11.2021	1,708,446,924	2,664,099	1.68	2,664,099	1.68	0.0007
31.12.2021	981,015,578	2,390,061	1.63	2,390,061	1.63	0.0007
31.01.2022	698,484,813	1,200,371	1.64	1,018,838	1.64	0.0007
28.02.2022	593,517,710	862,148	1.67	752,995	1.67	0.0006
31.03.2022	501,569,816	796,124	1.70	702,867	1.70	0.0007
30.04.2022	536,986,372	717,525	1.73	646,961	1.73	0.0007
31.05.2022	526,505,186	809,744	1.80	741,080	1.80	0.0008
30.06.2022	423,201,338	723,952	1.88	675,118	1.88	0.0008
		<u>22,644,498</u>		<u>22,072,493</u>		<u>0.0085</u>
2021						
31.07.2020	3,820,330,331	7,664,753	2.30	7,664,753	2.30	0.0010
31.08.2020	4,117,082,009	6,711,195	2.05	6,711,195	2.05	0.0009
30.09.2020	4,595,877,013	6,704,263	1.90	6,704,263	1.90	0.0008
31.10.2020	4,947,505,688	7,618,850	1.90	7,618,850	1.90	0.0008
30.11.2020	4,818,692,008	7,593,851	1.82	7,593,851	1.82	0.0007
31.12.2020	4,414,887,409	7,508,382	1.80	7,508,382	1.80	0.0008
31.01.2021	4,423,144,943	6,776,323	1.77	6,776,323	1.77	0.0008
28.02.2021	4,838,981,572	6,188,199	1.73	6,188,199	1.73	0.0007
31.03.2021	4,816,508,030	7,771,793	1.70	7,771,793	1.70	0.0007
30.04.2021	4,750,288,596	6,962,514	1.70	6,962,514	1.70	0.0007
31.05.2021	3,790,578,249	6,058,359	1.67	6,058,359	1.67	0.0007
30.06.2021	2,533,011,363	4,349,261	1.67	4,349,261	1.67	0.0007
		<u>81,907,743</u>		<u>81,907,743</u>		<u>0.0093</u>

^[1] Distribution is computed based on the annual rate stated above on unitholders' equity. Distribution is accrued on a daily basis and distributed on a monthly basis.

	2022 RM	2021 RM
NAV per unit cum distribution	0.50	0.50
NAV per unit ex-distribution	<u>0.50</u>	<u>0.50</u>

Distribution payables in the statement of financial position as at 30 June 2022 is RM18,267 (2021: RM4,349,261).

(5) Other payables

	2022 RM	2021 RM
Auditors' remuneration	15,000	15,000
Tax agent's fee	3,800	3,800
Sales and services tax	1,127	1,127
Investment committee member allowance	-	3,334
Income tax on income distribution pursuant to Section 109DA, Income Tax Act 1967	48,834	-
	<u>68,761</u>	<u>23,261</u>

Income tax payable of RM48,834 as at 30 June 2022 represents an amount payable to Inland Revenue Board ("IRB"), which was deducted from income distribution to non-individual unitholders. Pursuant to Section 109DA, Income Tax Act 1967, all unitholders, except for individual unitholders who invest in Retail Money Market Fund ("RMMF") unit trusts are subjected to income tax at a tax rate of 24% for interest income received from the RMMF unit trust income distribution.

Section 109DA Income Tax Act 1967 shall only apply to income of RMMF unit trust which is exempted under paragraph 35A of Schedule 6 in respect of income distributed to a unitholder other than an individual.

(6) Total equity/NAV attributable to unitholders

	Note	2022 RM	2021 RM
Unitholders' capital	(a)	<u>423,201,338</u>	<u>2,533,011,363</u>

(a) Unitholders' capital

2022	No. of units	RM
As at 1 July 2021	5,066,022,725	2,533,011,363
Add: Creation of units	8,456,875,409	4,228,437,704
Add: Reinvestment of units	47,907,102	23,953,551
Less: Cancellation of units	<u>(12,724,402,560)</u>	<u>(6,362,201,280)</u>
As at 30 June 2022	<u>846,402,676</u>	<u>423,201,338</u>
2021	No. of units	RM
As at 1 July 2020	7,623,698,541	3,811,849,270
Add: Creation of units	19,823,080,261	9,911,540,131
Add: Reinvestment of units	161,706,469	80,853,235
Less: Cancellation of units	<u>(22,542,462,546)</u>	<u>(11,271,231,273)</u>
As at 30 June 2021	<u>5,066,022,725</u>	<u>2,533,011,363</u>

(7) Manager's fee

The Seventh Schedule of the Deed provides that the Manager's fee is computed on a daily basis, up to a maximum of 1.50% (2021: 1.50%) per annum of the gross NAV of the Fund before deducting the Manager's fee and Trustee's fee for the particular day.

The Manager's fee charged for the year ended 30 June 2022 is 0.26% (2021: 0.32%) per annum of the NAV of the fund.

(8) Trustee's fee

The Eighth Schedule of the Deed provides that the Trustee's fee is computed on a daily basis, up to a maximum of 0.10% (2021: 0.10%) per annum of the gross NAV of the Fund before deducting the Manager's fee and the Trustee's fee for that particular day, or subject to a minimum of RM18,000 per annum. Effective from 1 December 2021, the minimum Trustee's fee has been revised to RM10,000 per annum.

The Trustee's fee charged for the year ended 30 June 2022 is 0.02% (2021: 0.02%) per annum of the NAV of the Fund.

Trustee's fee is computed based on the rates detailed as below:

- (a) 0.03% per annum of the NAV of the Fund, below RM1 billion;
- (b) 0.02% per annum of the NAV of the Fund, between RM1 billion to RM3 billion;
- (c) 0.015% of the NAV of the Fund, RM3 billion and above.

(9) Taxation

Malaysian income tax is calculated at the Malaysian tax rate of 24% (2021: 24%) of the estimated assessable income for the financial year. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax.

A reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	2022 RM	2021 RM
Net income before tax	<u>22,644,498</u>	<u>81,907,743</u>
Tax expense at Malaysian tax rate of 24% (2021: 24%)	5,434,680	19,657,858
Effect of income not subject to tax	(6,357,947)	(23,361,755)
Effect of expenses not deductible for tax purposes (under Section 63B of the Income Tax Act, 1967)	75,524	220,547
Restriction on tax deductible expenses for the Fund	<u>847,743</u>	<u>3,483,350</u>
Tax expense for the year	<u>-</u>	<u>-</u>

(10) Units held by related parties

As at the end of the reporting period, the total number of units held legally by related parties are as follows:

2022

	No. of units	Market value
Director of the Manager	<u>203,411</u>	<u>101,705</u>

2021

	No. of units	Market value
Phillip Capital Management Sdn. Bhd.	33,091,335	16,545,668
Phillip Research Sdn. Bhd.	3,184,570	1,592,285
FAME Platform Sdn. Bhd.	3,138,180	1,569,090
Pristine Strategy Sdn. Bhd.	2,013,291	1,006,645
RV Capital Sdn. Bhd.	1,891,779	945,890
PC Quote (M) Sdn. Bhd.	1,754,320	877,160
Phillip Capital Holdings Sdn. Bhd.	1,526,815	763,408
Phillip Wealth Planners Sdn. Bhd.	903,985	451,992
Phillip Futures Sdn. Bhd.	359,641	179,820
Director of the Manager	<u>2,167</u>	<u>1,084</u>

The Directors of the Manager are of the opinion that the transactions with the related parties are in the normal course of business and established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Dealings with related parties have been transacted at arm's length.

(11) Transactions with financial institutions

Details of transactions with financial institutions made during the year are as follows:

2022	Transaction value	
	RM	%
Financial institutions		
Hong Leong Investment Bank Bhd	19,810,097,000	25.25
KAF Investment Bank Bhd	14,850,800,859	18.93
CIMB Bank Bhd	11,653,557,616	14.86
Public Bank Bhd	11,046,262,000	14.08
Malayan Banking Bhd	7,874,577,000	10.04
CIMB Islamic Bank Bhd	5,493,387,026	7.00
Kenanga Investment Bank Bhd	3,996,923,003	5.10
MBSB Bank Bhd	2,199,205,575	2.80
RHB Bank Bhd	471,065,712	0.60
Al-Rajhi Bank Bhd	266,871,251	0.34
AmBank Bhd	252,049,670	0.32
Affin Hwang Investment Bank Bhd	217,150,418	0.28
Public Islamic Bank Bhd	123,491,362	0.16
MIDF Amanah Investment Bhd	99,073,696	0.13
Bank Islam Malaysia Bhd	45,000,000	0.06
Kuwait Finance House (M) Bhd	42,113,616	0.05
	<u>78,441,625,804</u>	<u>100.00</u>

2021	Transaction value	
	RM	%
Financial institutions		
Hong Leong Investment Bank Bhd	24,330,856,000	23.83
KAF Investment Bank Bhd	21,454,646,110	21.01
CIMB Bank Bhd	17,311,053,417	16.95
Kenanga Investment Bank Bhd	15,103,475,220	14.79
AmBank Bhd	5,916,683,875	5.79
Public Bank Bhd	5,283,895,630	5.17
Malayan Banking Bhd	4,606,029,059	4.51
MBSB Bank Bhd	4,150,524,201	4.07
CIMB Islamic Bank Bhd	1,413,703,936	1.38
Affin Hwang Investment Bank Bhd	908,746,732	0.89
RHB Bank Bhd	795,085,918	0.78
Al-Rajhi Bank Bhd	528,518,562	0.52
MIDF Amanah Investment Bhd	200,618,416	0.20
Kuwait Finance House (M) Bhd	111,080,827	0.11
	<u>102,114,917,903</u>	<u>100.00</u>

The above transactions are in respect of placements and renewal of short term deposits. Transactions in these money market instruments do not involve any commission or brokerage.

(12) Portfolio turnover ratio

Portfolio turnover ratio is the ratio of the average placements and withdrawals of deposits of the Fund during the year to the average gross NAV of the Fund. The portfolio turnover ratio for the current financial year is 59.59 times (2021: 22.69 times).

(13) Total expense ratio

Total expense ratio is the ratio of the total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average gross NAV. The total expense ratio for the current financial year is 0.29% (2021: 0.34%).

(14) Segmental reporting

As all of the Fund's investments are in deposits with licensed financial institutions in Malaysia, the Fund does not report its results and investments by business or geographical segments.

(15) Financial risk management

The Fund is exposed to a variety of financial risks including market risk (which includes interest rate risk), credit risk and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instrument, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices.

In the current and previous financial year, the Fund is not exposed to changes in foreign exchange rates and equity prices as the Fund's investments are wholly in deposits with financial institutions in the local currency.

(i) Interest rate risk

Interest rate fluctuations affect the deposit returns of the Fund. Interest rates offered by the financial institutions will fluctuate according to the overnight policy rate determined by Bank Negara Malaysia and this have a direct correlation with the Fund's investment in deposits. The Fund will benefit from higher interest rates and in the event that the interest rate is low the Fund's returns will also be low.

The NAV of the Fund is affected by changes in interest rates from deposits with licensed financial institutions.

Interest rate risk sensitivity

The increase/(decrease) in the NAV attributable to unitholders as at the end of the reporting period, assuming interest rate changes by +/- 50 basis points with all other variables held constant, is +/- RM433,339 (2021: RM1,815,964). This is for illustration purpose only and is not an indication of future variances.

(b) Credit risk

Credit risk refers to the ability of an issuer or a counterparty to make timely payments of interest, principals and proceeds from realisation of investments.

The following table shows the credit rating of the financial institutions which the Fund has made placements with:

Credit rating	2022		2021	
	RM	As a % of deposits	RM	As a % of deposits
AAA	151,133,362	36	796,607,571	32
AA2	36,529,201	9	288,322,512	11
AA3	170,641,237	40	615,911,576	24
AA+	10,113,616	2	10,183,247	1
AA-	-	-	100,087,725	4
A+	7,507,694	2	60,090,561	2
A-	19,016,081	5	180,196,603	7
A2	26,536,759	6	456,591,089	18
Not rated	-	-	27,167,735	1
	<u>421,477,950</u>	<u>100</u>	<u>2,535,158,619</u>	<u>100</u>

The Fund's financial assets that are subject to the ECL model includes deposits with licensed financial institutions and cash at bank. As at the end of the reporting period, none of the financial assets were credit-impaired and the impairment loss is insignificant.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unit holders by the Manager are redeemable at the unit holders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deed. The Manager monitors the Fund's liquidity position on a daily basis.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unit holders. Liquid assets comprise cash, deposits with financial institutions and other instruments which are capable of being converted into cash within 7 days. Any redemption by the unit holders beyond expected normal levels may result in early redemption of deposits placed by the Funds and could result in loss of interest accrued.

As at the current and previous financial year, all the financial liabilities of the Fund are due on demand or within one year from the end of the reporting period.

(16) Fair value of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The summary of significant accounting policies in Note 2.4 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at the end of the reporting period by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

2022	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets			
Deposits with licensed financial institutions	421,477,950	-	421,477,950
Interest receivables	1,907,130	-	1,907,130
Cash at bank	32,227	-	32,227
	<hr/>	<hr/>	<hr/>
Total financial assets	423,417,307	-	423,417,307
Liabilities			
Amount due to Manager	-	117,420	117,420
Amount due to Trustee	-	11,521	11,521
Distribution payables	-	18,267	18,267
Other payables	-	18,800	18,800
	<hr/>	<hr/>	<hr/>
Total financial liabilities	-	166,008	166,008
2021	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets			
Deposits with licensed financial institutions	2,535,158,619	-	2,535,158,619
Interest receivables	2,827,704	-	2,827,704
Cash at bank	30,614	-	30,614
	<hr/>	<hr/>	<hr/>
Total financial assets	2,538,016,937	-	2,538,016,937
Liabilities			
Amount due to Manager	-	581,050	581,050
Amount due to Trustee	-	52,002	52,002
Distribution payables	-	4,349,261	4,349,261
Other payables	-	22,134	22,134
	<hr/>	<hr/>	<hr/>
Total financial liabilities	-	5,004,447	5,004,447

The financial instruments of the Fund are not carried at fair value but their carrying amounts are reasonable approximations of fair values due to their short-term maturity.

(17) Capital management

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to make the operation of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current and previous financial year.

CORPORATE INFORMATION

THE MANAGER

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Registered Office

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Prof. Tan Sri Dato' (Dr) Ir. Jamilus Bin Md Hussin

Datuk Ir. Hamzah Bin Hasan

Datin Hajjah Nona Binti Salleh

En. Mohd Fadzli Bin Mohd Anas

Mr. Lim Wen Sheong

Mr. Lee Chay Khiong (Alternate Director to Mr. Lim Wen Sheong)

Ms. Ma Jie (Appointed on 1 July 2022)

Mr. Andy Lim Say Kiat (Resigned on 1 July 2022)

INVESTMENT MANAGER

Phillip Capital Management Sdn. Bhd. (Registration No: 199501004372)(333567-D)

COMPANY SECRETARY

Mr. Tan Boon Seng (MAICSA 0749659)

Compac Sdn. Bhd.

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