

PHILLIP MASTER MONEY MARKET FUND

INTERIM REPORT

FOR THE 6 MONTHS FINANCIAL
PERIOD ENDED 31 DECEMBER 2021

Manager:

PHILLIP MUTUAL BERHAD

(200201002746)(570409-K)

Trustee:

CIMB COMMERCE TRUSTEE BERHAD

(199401027349)(313031-A)

CONTENTS

Fund Information	2
Fund Performance	3 - 4
Manager's Report	5
Performance Review	5 - 6
Details Of Distribution And Unit Split	6
Market Review	6 - 7
Market Outlook	7
Investment Strategy	8
Asset Allocation Of The Fund	8
Significant Changes In The State Of Affairs Of The Fund	9
Disclosure Of Circumstances That Materially Affect Interest Of Unitholders	9
Soft Commissions Received From Brokers	9
Report Of The Trustee	10
Statement By The Manager	11
Statement Of Financial Position	12
Statement Of Comprehensive Income	13
Statement Of Changes In Net Asset Value	14
Statement Of Cash Flows	15
Notes To The Financial Statements	16 - 25
Corporate Information	26 - 27

FUND INFORMATION

As At 31 December 2021

Name Of Fund	:	Phillip Master Money Market Fund
Manager Of Fund	:	Phillip Mutual Berhad 200201002746 (570409-K)
Investment Manager	:	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	:	18 June 2003
Category Of Fund	:	Money Market
Type Of Fund	:	Income
Investment Objective	:	The objective of Phillip Master Money Market Fund (PMMMMF) is to provide investors with returns higher than Ringgit Malaysia savings deposits while maintaining the principal value and a high degree of liquidity.
Performance Benchmark	:	Maybank Kawanku Savings Rate.
Distribution Policy:	:	The distribution of income for the Phillip Master Money Market Fund will be on a 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	:	1.96 billion units

Breakdown Of Unit holdings

Units	No. of Unitholder	%	Unit holdings	%
5,000 & below	10,078	78.29	4,645,873	0.24
5,001 to 10,000	572	4.44	4,084,179	0.21
10,001 to 50,000	1,276	9.91	28,698,830	1.46
50,001 to 500,000	732	5.69	111,774,883	5.70
500,001 to 1,000,000	75	0.58	52,299,265	2.66
1,000,001 & above	140	1.09	1,760,528,126	89.73
Total	12,873	100.00	1,962,031,156	100.00

FUND PERFORMANCE

Category	As at	As at	As at	As at
	31.12.2021	30.6.2021	30.6.2020	30.6.2019
	%	%	%	%
Deposits with Licensed Financial Institutions	100.00	100.00	100.00	100.00
Cash And Liquid Assets	-	-	-	-
Total	100.00	100.00	100.00	100.00
Net Asset Value (RM'000)	981,015	2,533,011	3,811,849	1,418,199
Number Of Units In Circulation (Units '000)	1,962,031	5,066,023	7,623,699	2,836,399
Net Asset Value Per Unit (RM)	0.5000	0.5000	0.5000	0.5000
Management Expense Ratio ("MER") ¹	0.14%	0.34%	0.37%	0.31%
Portfolio Turnover Ratio (times)	28.17	22.69	40.12	24.60

* Price quoted is ex-distribution

Performance Data

	Phillip Master Money Market Fund		Maybank Kawanku Savings Rate	
	Total Return	Average Annual Return	Total Return	Average Annual Return
6 Months' Period Ended 31.12.2021	1.69%	-	0.20%	-
1 Year's Period Ended 30.6.2021	1.83%	1.83%	0.20%	0.20%
3 Years' Period Ended 30.6.2021	8.77%	2.85%	1.66%	0.55%
5 Years' Period Ended 30.6.2021	16.63%	3.13%	4.06%	0.81%

	6 Months to		Financial Year Ended			
	31.12.2021	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
- Capital Return	-	-	-	-	-	-
- Income Return	1.69%	1.83%	3.03%	3.68%	3.59%	3.50%
- Total Return (%)	1.69%	1.83%	3.03%	3.68%	3.59%	3.50%

	6 Months to		Financial Year Ended	
	31.12.2021	30.06.2021	30.06.2020	30.06.2019
Unit Prices				
Highest NAV(RM)	0.5000	0.5000	0.5000	0.5000
Lowest NAV (RM)	0.5000	0.5000	0.5000	0.5000
Distributions		2021	2020	2019
Gross/Net Distribution (%)				
- 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%

Disclaimer

Past performance is not necessarily indicative of future performance.

Unit prices and investment returns may go down, as well as up.

MANAGER’S REPORT

Performance Review

The Fund aims for return higher than Ringgit Malaysia savings deposits while maintaining the principal value and liquidity. For the purpose of benchmark comparison, we are using Maybank Kawanku Savings Rate as both provide similar liquidity.

From July 2021 to December 2021, the Fund has distributed income on a monthly basis. The Fund’s average monthly return was at 1.69% p.a while the returns offered by Maybank Kawanku Savings Rate were at 0.20% p.a. Thus, the Fund’s average monthly return was better than the returns offered by Maybank Kawanku Savings Rate. Beneath is the comparison table.

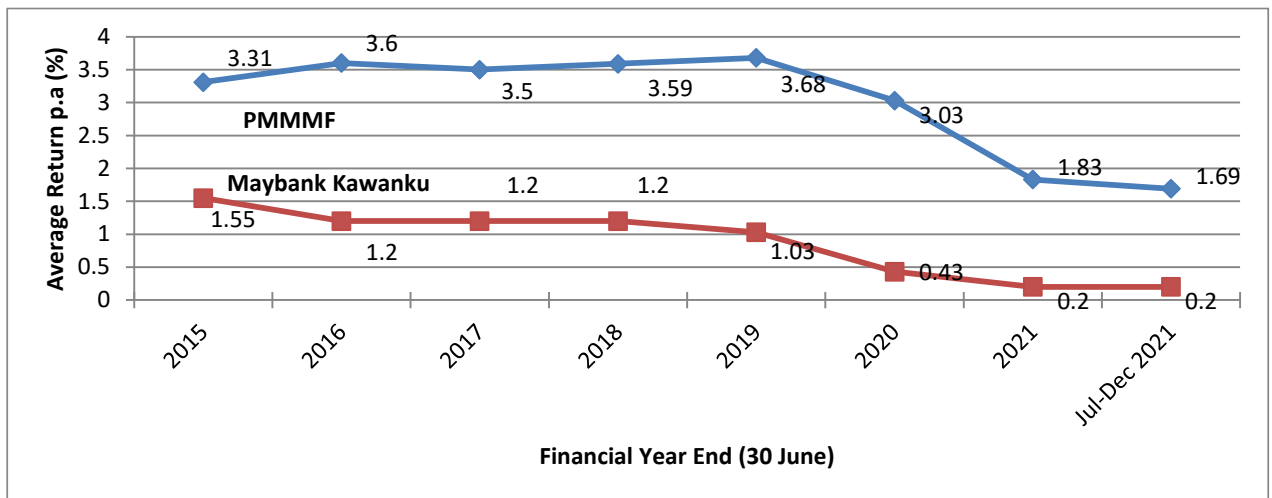
PMMMF vs Maybank Kawanku Savings Account Deposit Rates from July 2021 to December 2021

	PMMMF* (% p.a.)	MAYBANK** (% p.a.)	Difference (% p.a.)
BALANCE			
Up to RM10,000	1.69	0.20	1.49
Up to RM25,000	1.69	0.20	1.49
Up to RM50,000	1.69	0.20	1.49
Up to RM100,000	1.69	0.20	1.49
Up to RM200,000	1.69	0.20	1.49
Up to RM500,000	1.69	0.20	1.49
Above RM500,000	1.69	0.20	1.49

Source: *PMMMF average monthly distribution rate from July 2021 to December 2021
 **Maybank2u website (rates with effect from July 2021 to December 2021)

The line chart below shows the comparison between the performances of PMMMF and its benchmark, the Maybank Kawanku Savings Rate for the financial years ended 30 June.

PERFORMANCE COMPARISON OF PMMMF VS MAYBANK KAWANKU



Source: Audited Financial Statement and Maybank2u website

The Fund has distributed income on a monthly basis, averaging at 1.69% p.a. during the period under review. The Fund has convincingly out-performed the benchmark as illustrated in the chart above. As such, the Fund has achieved its objective to provide investors with higher than Ringgit Malaysia savings deposits while maintaining the principal value and high degree of liquidity.

DETAILS OF DISTRIBUTION AND UNIT SPLIT

1.70% p.a. for the period from 01.07.2021 to 31.07.2021
 1.70% p.a. for the period from 01.08.2021 to 31.08.2021
 1.70% p.a. for the period from 01.09.2021 to 30.09.2021
 1.70% p.a. for the period from 01.10.2021 to 31.10.2021
 1.68% p.a. for the period from 01.11.2021 to 30.11.2021
 1.63% p.a. for the period from 01.12.2021 to 31.12.2021

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

MARKET REVIEW

Malaysia's GDP in the third quarter has decreased 4.5% in 2021 while the quarter-on-quarter seasonally adjusted GDP contracted 3.6% (Q2 2021: -1.9%). Approaching year-end, Malaysia's economy grew 3.0%. This was largely attributable to the strict containment measures particularly in July 2021, under Phase 1 of the National Recovery Plan (NRP). Economic activity subsequently picked up as more states transitioned into Phase 2 with less restrictive containment measures. Many countries globally have seen inflationary pressures rising since the start of 2021, as base effects, higher commodity prices and supply-chain challenges create localized shortages. The rising consumer price inflation is a key risk to consumer spending over 2022, as it has the potential to erode purchasing power. Malaysia's annual inflation rate was at 3.2% in December 2021, due to the rise in food and fuel prices. For full 2021, the annual inflation rate went up 2.5%, compared with a 1.2% drop in 2020. Fitch Solution's believe that the rate will remain elevated over 2022, forecast to end the year at 3.0% y-o-y.

Whereas the core inflation measures changes in the prices of all goods and services excluding volatile items of fresh food as well as goods controlled by the government were registered an increase of 1.1% December 2021 as compared to the same month of the previous year. The high increase was recorded by the Furnishings, Household Equipment & Routine Household Maintenance group with 2.7%. In addition, the Food & Non-Alcoholic Beverages group also recorded an increase of 2.1% followed by Transport, 1.9%; Restaurants & Hotels, 1.3% and Housing, Water, Electricity, Gas & Other Fuels, 0.9%. The performance of the Leading Index (LI) surpassed 100.0 points and moved upwards in November 2021, signaling that Malaysia is staging a better economic recovery in the upcoming months. In November 2021, LI registered at 111.3 points (November 2020: 109.4 points) as the economy gradually recovered from disruptions caused by the Covid-19 pandemic. This corresponds to the growth of LI 1.7% y-o-y mainly contributed by the increment in the Number of Housing Units Approved. The Coincident Index (CI) which measures the overall current economic performance has been picking up since August 2021, reflecting an increase in economic activities as containment measures are progressively relaxed. The CI continued to climb by 3.0% y-o-y to attain 114.3 points in November 2021.

The unemployed person in November 2021 reduced to below 694 thousand persons compared to 764 thousand persons in November 2020. The unemployment rate for the month was 4.3% unchanged from October 2021. By comparing with the same month of the previous year, the

unemployment rate dropped by 0.5% (November 2020: 4.8%) while the unemployed persons fell by 9.2% or equivalent to 70 thousand persons (November 2020: 764.4 thousand persons). Government has launched few initiatives through the Wage Subsidy Programme (PSU) under the PRIHATIN Packages. Through PSU 1.0 a total of 322 thousands employers and 2.64 million registered employees benefitted with an approved value of RM 12.9 billion. In addition, through PSU 2.0 under the Kita PRIHATIN Packages, a total of RM 1.4 billion has been distributed to 81.0 thousand employers and 715.9 thousand employees. As for PSU 3.0, RM 3.5 billion was channeled to retain a total of 1.5 million employees while under PSU 4.0, a total of RM 1.9 billion was channeled to 139.7 thousand employers to continue operating and retained 1.7 million employees.

Meanwhile, as reported by Bank Negara Malaysia (BNM) in end-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. As expected, BNM has maintained the Overnight Policy Rate (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 their implications on the overall outlook for inflation and domestic growth. The central bank has maintained the OPR at 1.75% throughout the year of 2021. MGS ended 2021 on a good note, with 3-year, 5-year, 7-year and 10-year MGS yields closing at 2.81%, 3.14%, 3.40% and 3.58% respectively

Market Outlook

Domestic growth is expected to remain on track in meeting the 5.5% to 6.5% gross domestic product (GDP) targets in 2022. According to the central bank, the growth is expected to gain further momentum which driven by expansion of global demand and higher private sector expenditure amid improvements in the labour market and continued policy support. On another note, Bank Negara Malaysia (BNM) is expected to hike its overnight policy rate (OPR) by 50 basis points (bps) to 2.25% in 2022 to rebuild policy buffers and maintain ringgit stability.

Investment Strategy

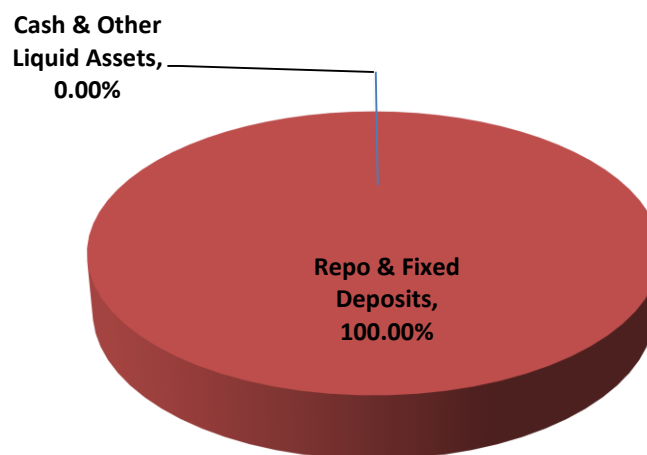
As at end of December 2021, the Fund had the following exposure:

- 100% in cash, fixed and short-term deposits & repurchase agreements (repos) with maturity of not more than 12 months;

The Fund will be mainly invested in short-term money market instruments with maturity in line with the Fund’s mandate. Looking ahead, growth is expected to gain further momentum in 2022. We are in view that there could be an increase in the interest rate in the second half of 2022 as economic activity moves towards normalcy. Hence, we are placing the fund in short to medium-term to earn higher interest. 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 unit holders and avoid liquidity risks.

ASSET ALLOCATION OF THE FUND

Asset Allocation as at 31.12.2021



Sector	December 2021 (%)	December 2020 (%)	December 2019 (%)
Cash & Other Liquid Assets	0.00	0.00	0.00
Repo & Fixed Deposits	100.00	100.00	100.00
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

Disclosure of Circumstances That Materially Affect Any Interest of the Unit holder

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

Soft Commission Received From Brokers

During the period under review, we neither received soft commission nor rebates from any brokers by virtue of transaction conducted by the Fund

TRUSTEE'S REPORT

To the Unitholders of Phillip Master Money Market Fund

We, **CIMB Commerce Trustee Berhad** being the trustee for **Phillip Master Money Market 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 period 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 Market 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;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) 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
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 state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 12 to 25 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission Malaysia Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of **Phillip Master Money Market Fund** as at 31 December 2021 and of its financial performance, changes in equity and cash flows for the period then ended.

For and on behalf of the Manager
Phillip Mutual Berhad (200201002746)(570409-K)

ANDY LIM SAY KIAT
Chief Executive Officer/ Managing Director

DATIN HAJJAH NONA BINTI SALLEH
Chairperson

Kuala Lumpur, Malaysia
25 February 2022

FINANCIAL STATEMENT

UNAUDITED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 RM	2020 RM
Assets			
Deposits with licensed financial institutions	3	979,700,350	4,386,684,162
Interest receivable		1,932,177	37,155,513
Cash at bank		43,211	40,967
Total assets		981,675,738	4,423,880,642
Liabilities			
Amount due to Unitholder's		307,880	-
Amount due to Manager		308,566	1,302,368
Amount due to Trustee		29,640	166,498
Distributions payable		-	7,508,382
Other payables		14,074	15,985
Total liabilities		660,160	8,993,233
Net Asset Value ("NAV") of the Fund		981,015,578	4,414,887,409
Equity			
Unitholders' capital/attributable to Unitholders	4	981,015,578	4,414,887,409
Total equity and liabilities		981,675,738	4,423,880,642
Number of units in circulation (Units)		1,962,031,156	8,829,774,819
NAV per unit		0.5000	0.5000

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 31 December 2021

	Note	1.7.2021 - 31.12.2021	1.7.2020 - 31.12.2020
		RM	RM
Income			
Interest income		20,485,420	52,753,075
Other income		7,483	-
		20,492,903	52,753,075
Expenses			
Manager's fee	5	2,732,069	8,481,067
Trustee's fee	6	207,198	449,364
Auditors' remuneration			
- current year		7,562	7,500
- overprovision in previous year		-	-
Tax agent's fee		1,915	1,900
Administrative fee & other expenses		9,525	11,950
		2,958,269	8,951,781
Net income before tax		17,534,634	43,801,294
Income tax expense		-	-
Net income after tax, representing total comprehensive income for the period		17,534,634	43,801,294
Net income after tax is made up of the following :			
Net realised income		17,534,634	43,801,294
		17,534,634	43,801,294
Distribution for the period			
Gross/Net Distribution (RM)		17,534,634	43,801,294
Gross/Net Distribution per unit (sen)		0.0042	0.0050

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

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial period ended 31 December 2021

	Note	Unit Holders' 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		-	43,801,294	43,801,294
Creation of units		4,269,460,314	-	4,269,460,314
Cancellation of units		(3,707,636,689)	-	(3,707,636,689)
Reinvestment of units		41,214,514	-	41,214,514
Income distribution	7	-	(43,801,294)	(43,801,294)
As at 31 December 2020		4,414,887,409	-	4,414,887,409
As at 1 July 2021		2,533,011,363		2,533,011,363
Total comprehensive income for the year		-	17,534,634	17,534,634
Creation of units		3,487,252,641	-	3,487,252,641
Cancellation of units		(5,058,798,405)	-	(5,058,798,405)
Reinvestment of units		19,549,979	-	19,549,979
Income distribution	7	-	(17,534,634)	(17,534,634)
As at 31 December 2021		981,015,578	-	981,015,578

The accompanying notes form an integral part of the financial statements

UNAUDITED STATEMENT OF CASH FLOWS
For the financial period ended 31 December 2021

	1.7.2021 - 31.12.2021	1.7.2020 - 31.12.2020
	RM	RM
Cash flows from operating activities		
Interest received	21,388,430	33,492,234
Placements of deposits with licensed financial institutions, net of withdrawals	1,555,458,269	(584,026,394)
Manager's fee paid	(3,004,553)	(8,259,901)
Trustee's fee paid	(229,560)	(346,099)
Payment of other fees and expenses	(28,189)	(25,293)
Net cash used in from operating and investing activities	1,573,584,397	(559,165,453)
Cash flows from financing activities		
Proceeds from creation of units	3,487,252,641	4,269,460,314
Payments for cancellations of units	(5,058,798,405)	(3,707,636,689)
Payments for income distribution	(2,026,035)	(2,685,049)
Net cash generated from financing activities	(1,573,571,799)	559,138,576
Net increase/(decrease) in cash and cash equivalents	12,598	(26,877)
Cash and cash equivalents at beginning of the period	30,613	67,844
Cash and cash equivalents at end of the period	43,211	40,967
Cash and cash equivalents comprise:		
Cash at bank	43,211	40,967

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the financial period ended 31 December 2021

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 authorised to market and distribute unit trust schemes of another party. The Company is engaged in the business of establishing and managing unit trust schemes, and marketing and distributing unit trust schemes of another party.

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 in Malaysia.

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. Summary of significant accounting policies (cont'd.)

2.2 Adoption of New and Revised MFRSs, Amendments to MFRSs and Issue Committee (“IC”) Interpretation

In the current financial year, the Fund adopted all the new and revised MFRSs, Amendments to the MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board (“MASB”) that are effective for annual periods beginning on or after 1 July 2019:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRSs	Annual Improvements to MFRSs 2015-2017 Cycle
IC Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of these new and revised MFRSs, Amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Fund and had no significant effect on the financial statements of the Fund.

New Standards and Amendments to MFRSs in issue but not yet effective

As of the date of authorisation for issue of these financial statements, the new Standards and Amendments to MFRSs that are related to the Fund 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 References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: <i>Reference to Conceptual Framework</i>	1 January 2022
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

2. Summary of significant accounting policies (cont'd.)

The Manager of the Fund anticipates that the abovementioned new Standards and Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these new Standards and 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.

2.3 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.

Financial assets

Classification of financial assets

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

2. Summary of significant accounting policies (cont'd.)

2.3 Financial assets and liabilities (cont'd.)

Amortisation cost and effective interest rate 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.

2. Summary of significant accounting policies (cont'd.)

2.3 Financial assets and liabilities (cont'd.)

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.

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.

Financial liabilities

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 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 rate method. The effective interest rate 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, amount due to unit holders, distribution payables and other payables. A financial liability is derecognised when it is settled.

2.4 Unitholders' capital

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

2.5 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.

2.6 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 rate method.

2.7 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 reporting date.

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

	2021 RM	2020 RM
Licensed investment banks	255,249,683	621,896,153
Licensed banks	724,450,667	3,764,788,009
	979,700,350	4,386,684,162

The weighted average interest rates of deposits at the reporting date and the average remaining maturity of deposits as at the reporting date were as follows:

	Weighted average interest rates (per annum)		Average remaining maturity	
	2021 %	2020 %	2021 Days	2020 Days
Licensed investment banks	1.91	2.10	6	92
Licensed banks	1.83	2.16	20	91

4. Unitholders' Capital

	Note	2021 RM	2020 RM
Unitholders' capital	(a)	<u>981,675,738</u>	<u>4,423,880,642</u>

	2021		2020	
	No. of units	RM	No. of units	RM
As at 1 July	5,066,022,726	2,533,011,363	7,623,698,541	3,811,849,270
Add : Creation of units	6,974,505,282	3,487,252,641	8,538,920,628	4,269,460,314
Add: Reinvestment of units	39,099,958	19,549,979	82,429,028	41,214,514
Less : Cancellation of units	(10,117,596,810)	(5,058,798,405)	(7,415,273,378)	(3,707,636,689)
As at 31 Dec	<u>1,962,031,156</u>	<u>981,015,578</u>	<u>8,829,774,819</u>	<u>4,414,887,409</u>

5. Manager's fee

Article 21.1 of the Deeds provides that the Manager's fee is computed on a daily basis, up to a maximum of 1.50% (2020: 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 effective fee charged may vary over the year at the discretion of the Manager.

The Manager's fee charged for the financial period ended 31 December 2021 is 0.27% (2020: is 0.38%) per annum of the NAV of the fund.

6. Trustee's fee

Article 21.1 of the Deeds provides that the Trustee's fee is computed on a daily basis, up to a maximum of 0.10% (2020: 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. Starting 1 December 2021, minimum Trustee's fee has been revised to RM10,000 per annum (the minimum was RM18,000 per annum until November 2021)

The Trustee's fee charged for the financial period ended 31 December 2021 is 0.02% (2020: 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.

7. Income distribution

Distributions to Unitholders were from the following sources:

	2021	2020
	RM	RM
Interest income	20,485,420	52,753,075
Other Income	7,483	-
Less : Expenses	(2,958,269)	(8,951,781)
	<u>17,534,634</u>	<u>43,801,294</u>

There was no distribution made from previous years' realised reserve (2020: RM Nil).

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

2021						
Month of accrual	Units in circulation	Gross distribution		Net distribution		Gross/net distribution per unit
		Units	RM	% [1]	RM	
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
		<u>17,534,634</u>		<u>17,534,634</u>		<u>0.0042</u>

2020						
Month of accrual	Units in circulation	Gross distribution		Net distribution		Gross/net distribution per unit
		Units	RM	% [1]	RM	
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
		<u>43,801,294</u>		<u>43,801,294</u>		<u>0.0050</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 monthly basis.

7. Income distribution (cont'd)

	2021	2020
	RM	RM
NAV per unit cum distribution	0.50	0.50
NAV per unit ex-distribution	<u>0.50</u>	<u>0.50</u>

8. Units held by related parties

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

2021	No. of Units	Market Value
		RM
Phillip Capital Management Sdn Bhd	36,725	18,363
PC Quote (M) Sdn Bhd	4,957	2,478
Phillip Research Sdn Bhd	4,273	2,137
FAME Platform Sdn Bhd	3,969	1,984
Pristine Strategy Sdn Bhd	2,992	1,496
RV Capital Sdn Bhd	2,556	1,278
Phillip Capital Holdings Sdn Bhd	2,119	1,059
Phillip Wealth Planners Sdn Bhd	1,183	592
Phillip Futures Sdn Bhd	454	227
Directors of the Manager	<u>2,188</u>	<u>1,094</u>
2020	No. of Units	Market Value
		RM
Phillip Capital Management Sdn Bhd	9,091,282	4,545,641
Phillip Research Sdn Bhd	3,817,239	1,908,619
Phillip Capital Holdings Sdn Bhd	3,436,845	1,718,422
FAME Platform Sdn Bhd	2,232,713	1,116,357
PC Quote (M) Sdn Bhd	2,081,564	1,040,782
RV Capital Sdn Bhd	1,895,437	947,719
Pristine Strategy Sdn Bhd	1,807,317	903,659
Phillip Wealth Planners Sdn Bhd	1,035,001	517,501
Phillip Futures Sdn Bhd	355,670	177,835
Directors of the Manager	<u>2,148</u>	<u>1,074</u>

The directors of the Manager are of the opinion that the transactions with the related parties 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.

9. Transaction with financial institutions

Details of transactions with financial institutions for the period ended 31 December 2021 are as follows:

<i>Financial institutions</i>	<i>Transaction value</i>	
	<i>RM</i>	<i>%</i>
Hong Leong Investment Bank Berhad	12,297,232,000	21.50
KAF Investment Bank Berhad	11,479,519,649	20.07
CIMB Bank Berhad	10,766,522,456	18.82
Malayan Banking Berhad	7,058,107,000	12.34
Public Bank Berhad	5,652,802,000	9.88
CIMB Islamic Bank Berhad	4,332,468,891	7.58
Kenanga Investment Bank Berhad	3,961,415,309	6.93
MBSB Bank Berhad	689,401,997	1.21
RHB Bank Berhad	362,373,846	0.64
Al-Rajhi Bank	225,504,384	0.39
AmBank Berhad	168,439,411	0.29
MIDF Amanah Investment Berhad	99,073,696	0.17
Affin Hwang Investment Bank Berhad	58,472,160	0.10
Kuwait Finance House (M) Berhad	30,000,000	0.05
Public Islamic Bank Berhad	20,000,000	0.03
	<u>57,201,332,799</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.

10. 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 NAV of the Fund. The portfolio turnover ratio for the current 6 months interim period is 28.17 times (2020: 8.16 times).

11. Management Expense Ratio

Management expense ratio is the ratio of the total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average NAV. The management expense ratio for the current 6 months interim period is 0.14% (2020: 0.20%).

12. 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.

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Datin Hajjah Nona Binti Salleh

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En. Mohd Fadzli Bin Mohd Anas

Mr. Lim Wen Sheong

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

INVESTMENT MANAGER

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

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