

PHILLIP SELECT BALANCE FUND

**AUDITED
ANNUAL REPORT**

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

Manager:

PHILLIP MUTUAL BERHAD
(200201002746)(570409-K)

Trustee:

MTRUSTEE BERHAD
(198701004362)(163032-V)

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FUND INFORMATION

As At 30 June 2022

Name Of Fund	:	Phillip SELECT Balance Fund
Manager Of Fund	:	Phillip Mutual Berhad 200201002746 (570409-K)
Investment Manager	:	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	:	11 August 2003
Category Of Fund	:	Balanced
Type Of Fund	:	Growth and income
Investment Objective	:	Phillip SELECT Balance Fund aims to provide medium* to long-term* capital growth and some income [□] by actively allocating its assets among a diversified portfolio of equity and fixed income securities according to market conditions.
		<i>* Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
		<i>□ Income is in reference to the Fund's distribution, which could be in the form of cash or units.</i>
Performance Benchmark	:	Composite benchmark: Since inception until 5 July 2009 60% Kuala Lumpur Composite Index (KLCI) 40% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR) From 6 July 2009 onwards 60% FTSE Bursa Malaysia Top 100 Index (FBM 100) 40% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR)
Distribution Policy:	:	Income, if any, will be distributed annually.
Fund Size	:	61.15 million units

PHILLIP SELECT BALANCE FUND

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	360	20.86	0.93
	5,001-10,000 units	452	26.19	2.76
	10,001-50,000 units	687	39.80	14.72
	50,001-500,000 units	218	12.63	24.11
	500,001 units & above	9	0.52	18.63
	Total	1726	100.00	61.15

FUND PERFORMANCE

Financial Highlights

Category	As At 30.6.2022	As At 30.6.2021	As At 30.6.2020
Quoted Equity Securities	%	%	%
Banks	7.78	8.85	8.09
Capital Goods	3.17	3.68	4.22
Consumer Durables & Apparel	-	-	1.50
Consumer Services	3.22	-	2.43
Diversified Financials	-	3.37	5.32
Energy	3.15	2.86	9.50
Food, Beverage & Tobacco	-	2.95	3.31
Health Care Equipment & Services	1.41	4.94	6.81
Household & Personal Products	-	-	0.29
Industrials	2.87	2.26	-
Materials	-	2.87	-
Real Estate	3.68	2.44	1.61
Retailing	2.13	1.83	3.23
Semiconductors & Semi. Equipment	9.90	-	3.33
Software & Services	4.46	3.13	-
Technology Hardware & Equipment	1.07	-	-
Telecommunication Services	2.32	2.63	3.52
Transportation	5.72	-	-
Utilities	3.21	6.67	4.23
	54.09	48.48	57.39
Fixed Income Securities	24.46	20.74	27.81
Collective Investment Scheme	14.19	8.17	13.65
Cash And Liquid Assets	7.26	22.61	1.15
Total	100.00	100.00	100.00
Net Asset Value ("NAV") (RM'000) – ex-distribution	25,562	2,303	3,379
Number Of Units In Circulation (RM'000)	61,149	4,970	7,901
Net Asset Value Per Unit (RM)	0.4181	0.4635*	0.4277
Total Expense Ratio ("TER") ¹	1.51%	2.54%	2.25%
Portfolio Turnover Ratio (times)	1.49	0.92	0.70

The Total Expense Ratio for the current financial year is lower due to a lower percentage of increase in expenses compared with average net asset value attributable to unitholders.

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

The Portfolio Turnover Ratio for the current financial year is higher due to transfer of securities from Phillip Income Fund and Phillip SELECT Income Fund to Phillip SELECT Balance Fund under a transfer scheme exercise.

Notes:

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

* Price quoted is ex-distribution price

Performance Data

	Phillip SELECT Balance Fund		Composite Benchmark	
	Total Return	Average Annual Return	Total Return	Average Annual Return
1 Year's Period to 30.6.2022	-9.80%	-9.80%	-3.66%	-3.66%
3 Years' Period to 30.6.2022	-8.15%	-2.72%	-5.09%	-1.70%
5 Years' Period to 30.6.2022	-3.60%	-0.72%	-5.03%	-1.01%
	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 SELECT Balance Fund				
- Capital Return	-9.80%	8.37%	-8.02%	-4.63%
- Income Return	-	2.16%	0.00%	6.45%
- Total Return	-9.80%	10.71%	-8.02%	1.52%
Composite Benchmark	-3.66%	3.48%	-4.93%	0.89%
	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)	0.4725	0.5041	0.4803	
Lowest NAV (RM)	0.4150	0.4298*	0.3635	
Distributions				
Gross Distribution Per Unit (sen)	- (30.6.2022)	1.00 (30.6.2021)	- (30.6.2020)	
Net Distribution Per Unit (sen)	- (30.6.2022)	1.00 (30.6.2021)	- (30.6.2020)	
Source Of Distribution	RM'000	RM'000	RM'000	
- Net realised income	-	2,855	-	
- Capital (distribution equalisation)	-	(2,806)	-	
Total distributions	-	49	-	
	%	%	%	
- Net realised income	-	5,812.35	-	
- Capital (distribution equalisation)	-	(5,712.35)	-	
Total distributions	-	100.00	-	
Unit Splits	-	-	-	

Notes:

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

* Price quoted is ex-distribution price

MANAGER'S REPORT
30 June 2022

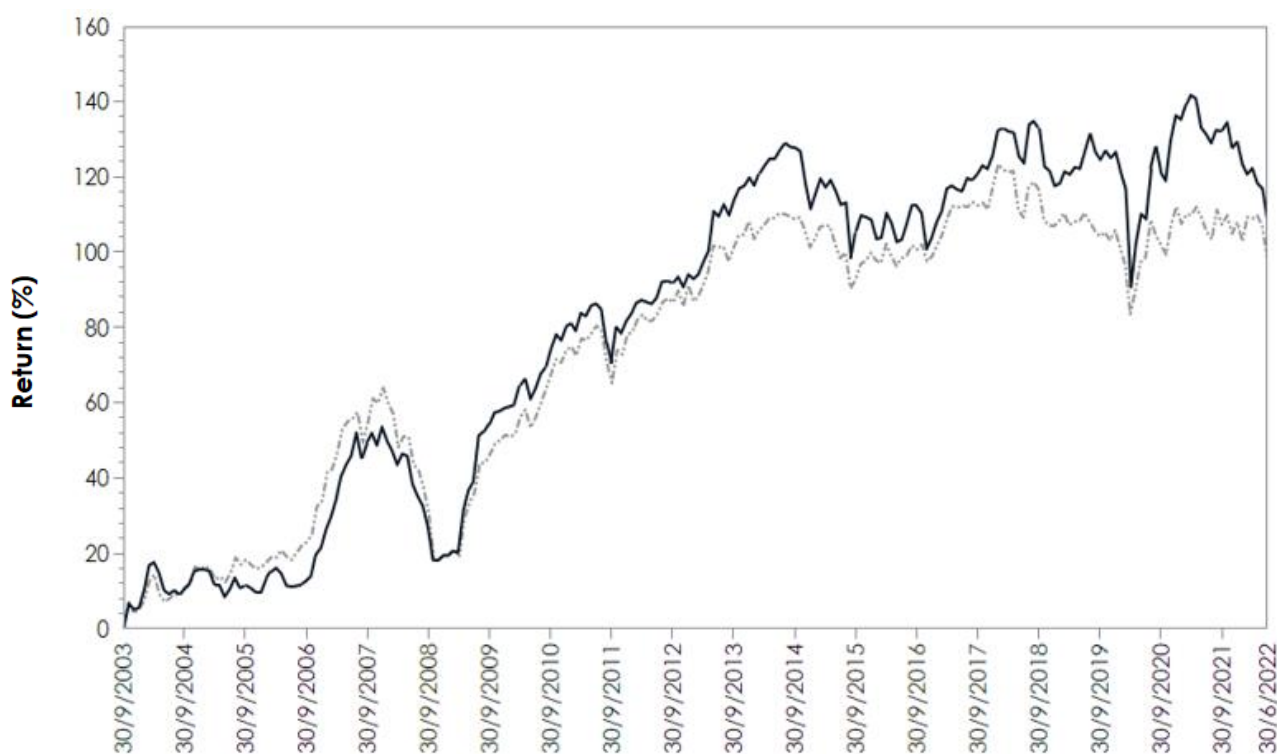
Performance Review

From 2 September 2003 (date of launch: 11 August 2003) to 30 June 2022, the Phillip SELECT Balance Fund registered a total return of 108.50%, while its composite benchmark (60% FTSE Bursa Malaysia Top 100 Index [FBM 100] and 40% 3-Month Kuala Lumpur Interbank Offer Rate [KLIBOR]), rose 97.63%.

For the financial year under review, the Fund registered a loss of 9.80%. In comparison, its benchmark dropped by 3.66%.

Based on the since inception total return of the Fund, Phillip SELECT Balance Fund has met its investment objective of providing capital growth and income.

Comparison Between Fund's Performance and Benchmark



— Phillip SELECT Balance Fund	+108.50%
..... Composite Benchmark (60% FBM 100 & 40% 3-Month KLIBOR)	+97.63%

Source: Lipper

Investment Strategy Review

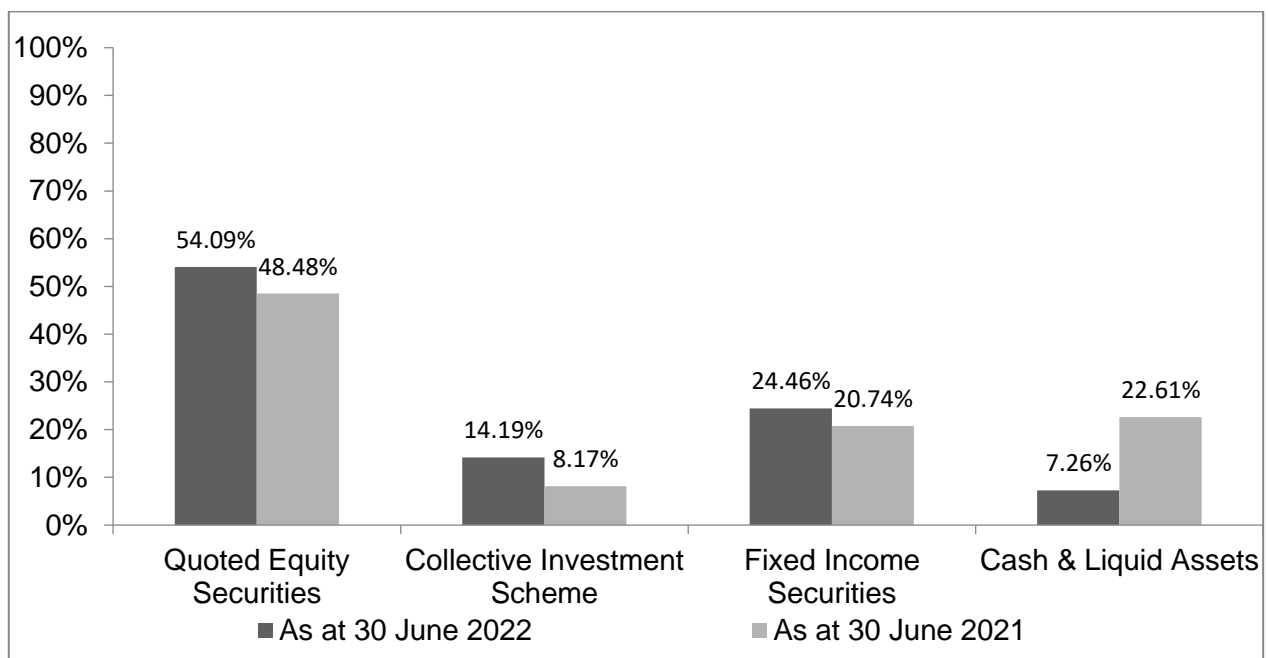
For the financial year under review, the Fund registered a return of -9.80% against its benchmark of -3.66%. The underperformance was mainly due to our high exposure to certain sectors during the uncertain market condition.

Notwithstanding the macro concerns of high inflation, rising interest rates and the risk of economic slowdown worldwide, our investment strategy focuses on bottom-up stock selection in companies led by strong management teams with proven track records and high reinvestment rates of return.

Going forward, we intend to keep our equity exposure high on fundamentally strong small-and-mid-cap companies with good growth prospects to generate alpha. At the same time, we will remain meticulous in our approach and continuously look out for any headwinds that could derail market performance this year.

As for the fixed income strategy, we will continue to be defensively positioned as we intend to capture opportunities in selected quality bonds with better yields.

Asset Allocation



The quoted equity exposure of Phillip SELECT Balance Fund increased to 54.09% as of 30 June 2022 from 48.48% recorded at the beginning of the financial year under review due to net equity purchases and portfolio restructuring activities.

The fixed income securities allocation increased to 24.46% as at 30 June 2022 from 20.74% recorded at the beginning of the financial year under review. Higher allocation was mainly due to transfer scheme exercise where the assets of Phillip Income Fund and Phillip SELECT Income Fund which have higher weightages in fixed income securities were transferred to Phillip SELECT Balance Fund.

The 14.19% in collective investment scheme was placed in the Phillip Dana Murni, a Sukuk fund managed by the Manager. Such investment is in line with the objective of Phillip SELECT Balance Fund and is an efficient way to manage the exposure of Phillip SELECT Balance Fund in fixed income securities. The exposure of Phillip SELECT Balance Fund in the collective investment scheme is taken into account when assessing the asset allocation of Phillip SELECT Balance Fund in fixed income securities. The management fee on the collective investment scheme managed by the Manager is rebated to the Fund.

Analysis Of Net Asset Value

The net asset value (“NAV”) per unit of Phillip SELECT Balance decreased from RM0.4635 to RM0.4181 during the financial year under review. Meanwhile, the total NAV of the Fund significantly increased from RM2,303,289 to RM25,562,234 mainly due to the transfer scheme exercise where the assets of Phillip Income Fund and Phillip SELECT Income Fund were transferred to Phillip SELECT Balance Fund.

Market Review

Equity Market Review

During the first half of the Fund financial year under review, Malaysians spend half their time under lockdown and the number of Covid-19 infections reached its peak in late August 2021. After the vaccination rate had picked up significantly, movement controls were gradually relaxed in September 2021, which allowed more companies to operate at full production capacity. The Malaysia Parliament reconvened on 26 July 2021 after a 7-month halt in proceedings during the state of emergency. On 16 August 2021, then Prime Minister Tan Sri Dato Haji Muhyiddin Bin Yassin eventually tendered his resignation after losing his support from coalition members. On 21 August 2021, Tan Sri Muhyiddin’s deputy Dato’ Sri Ismail Sabri Bin Yaakob was sworn in as Malaysia’s 9th Prime Minister. The markets reacted positively to this news as this meant a temporary end to political uncertainty. During the 2022 Budget, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz tabled government plans to spend RM332 billion on revitalizing the national economy. However, the markets reacted negatively to prosperity tax on companies earning more than RM100 million profits, higher stamp duty for the trading of shares and taxation on foreign sourced income.

In February 2022, tensions between Russia and Ukraine escalated when Russia does not recognize the independence of two separatist regions in eastern Ukraine, in response to Ukraine’s attempt to join NATO. This culminated in Russian President Vladimir Putin launching a full-scale attack on 24 February 2022. Russia was immediately hit with a series of economic sanctions from the US and its allies. To inflict maximum economic pain on Russia, western governments imposed punitive sanctions, and this led to a surge in commodity prices, as Russia and Ukraine are major producers of wheat, sunflower oil, corn and fertilizer. To combat rising inflation in the US, the Federal Reserve (“Fed”) hiked interest rates in March, May and June meetings by 25bps, 50bps and 75bps respectively. In late June 2022, Chairman Jerome Powell signalled that “it is certainly a possibility” that the interest rate hikes could push the US economy into a recession, even though it is not the US Fed’s intended outcome.

In Malaysia, Bank Negara Malaysia (“BNM”) increased the Overnight Policy Rate (“OPR”) by 25 basis points (bps) to 2.00% in May 2022, its first hike since January 2018. Markets are expecting another 50bps hike in second half of 2022. On the other hand, China has continued to ease its monetary policy to support its economy. In January 2022, China lowered its five-year loan prime rate (5-yr LPR) to 4.6% from 4.65%, and further reduced it to 4.45% in May 2022– its largest cut on the record. Despite the rising inflation, the Bank of Japan (BOJ) is still keeping its ultra-loose monetary policy, as it feels that tightening it now would add downward pressure on its economy, which is still recovering from the pandemic.

Bond Market Review

The Fed initially announced that its decision to raise the interest rate will only happen after there is a clear sign of recovery in the job market and the economy. Fast forward, with a strong gross domestic product (“GDP”) forecast of 6% in Q4 vs 2.3% in Q3, a strong bounce back in the economy from the pandemic level and an all-time high inflation rate of 7% as of the end of December 2021, the decision to call for interest rate hike seemed imminent.

At the annual Jackson Hole Symposium in August 2021, Fed Chairman Powell assured investors that the tapering in some of the economic support will not constitute tightening in the coming months. To support the US's economic recovery from the pandemic, the Fed will be making USD120 billion monthly asset purchases. US Fed also reinforced its guidance to keep interest rates low until late 2022 to support the economy, which now ceased to be the case as the Fed is now preparing to raise interest rates to curb inflation and has indicated that it may raise rates three times in 2022, beginning as early as March 2022.

In the second half of the Fund financial year under review, the US Treasury's yield curve ("UST") started to steepen following the hawkish signals in the Fed's January 2022 meeting. The Fed raised its key rates during the FOMC meeting in March 2022 to a target range of 0.25% to 0.50% for the first increase since 2018. The rates have been holding near zero to support the economy during the pandemic due to Covid-19. The UST surged higher after the remark from Fed Chairman Jerome Powell indicating the Fed is prepared to be more aggressive with rate hikes to combat inflation. The negative impact of the war between Russia and Ukraine disrupted the supply chain and pushed all commodities prices higher. The US recorded high inflation in May 2022 at 8.60% and increased further in June 2022 at 9.10%. The CPI increase was largely contributed by energy, food and shelter. To ease inflationary pressure, the Fed increased the interest rate by 75 bps in June's FOMC meeting to a target range of 1.50%-1.75% instead of 50bps as initially expected. As of 30th June 2022, the 3-yr UST increased by 253bps to close at 2.99% to catch up with the increase in Fed Fund Rate. The 10-yr and 30-yr UST increased by 153bps and 108bps to close at 2.98% and 3.14% respectively.

Locally, during the first half of the Fund financial year under review, Malaysia continued to adhere to the Full Movement Control Order (FMCO, also known as 'total lockdown') nationwide after a series of MCO in areas where high positive Covid-19 cases were recorded. The World Bank cuts Malaysia's GDP growth projection to 4.50% on the premise of a spike in Covid-19 cases and a slower than expected vaccine rollout. In August 2021, Dato' Sri Ismail Sabri Bin Yaacob was appointed as the new Prime Minister following the resignation of Tan Sri Dato Haji Muhyiddin Bin Yassin. Foreign investors turned net buyers in the Malaysian Debt Securities +RM6.6 billion (August 2021) after 2 consecutive months of outflows -RM0.5 billion (June 2021) and RM3.6 billion (July 2021) due to political instability and high Covid-19 positive cases. The cumulative inflows of +RM33.6 billion (2020: +RM18.3 billion) for 2021 were the strongest since 2012 despite the US Federal Reserve quantitative easing programme.

Malaysia economy grew by 3.6% in the 4Q2021, 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. Malaysia annual inflation rate increased to 3.2% in December 2021 due to the rise in food and fuel prices. For the full year of 2021, the annual inflation rate went up 2.5%, compared with a 1.2% drop in 2020. Fitch Solution believed that the rate will remain elevated over 2022, forecast to end the year at 3.0%.

In the 1Q2022, the Malaysian sovereign debt yield traded higher following the movement of the global bonds market. However, in March 2022, the demand for government bonds returned amid the release of BNM Annual Report. BNM has lowered its 2022 GDP forecast to a 5.3 - 6.3% range from the 5.5 - 6.3% range previously as the balance of risks is still biased to the downside and higher forecasts for inflations with headline CPI 2.2 - 3.2% range and core CPI 2 - 3% range due to both supply-pushed and demand-pulled factors. In June 2022, the S&P Global Ratings revised Malaysia rating outlook back to stable from negative while reaffirming the rating at A-. The revised outlook was reflecting its expectation that Malaysia's steady growth momentum and strong external position will remain in place for the next two years. During the Fund's financial year under review, the 3-yr MGS increased by 123bps to close at 3.49%. The 10-yr MGS increased by 95 basis points while the 30-yr MGS increased by 65 basis points to close at 4.23% and 4.95% respectively.

Equity Market Outlook

Notwithstanding the challenges currently facing the economy, we see some light at end of the tunnel. For example, China market has rebounded, JP Morgan predicted emerging markets to rebound by 20% in 2nd half of 2022 and many commodity prices such as oil, metal and wheat prices have come down from their peak, which will ease inflationary pressure and recession fears. Any less negative news will be viewed as a positive for the market.

The world will continue to recover from the Covid-19 pandemic, as we transition to endemic and a new economic growth cycle emerge. Although there are risks of new Covid-19 variants emerging, we believe the world is better prepared this time due to public health measures such as wearing face masks, social distancing, and work-from-home becoming a norm. The higher vaccination rate worldwide should also keep hospitalization numbers at a controllable level.

Bond Market Outlook and Strategy

On the domestic front, the OPR was increased by 25bps to 2.00% during the Fund financial period under review on the back of an increase in inflationary pressure from higher commodity prices, strained supply chain and strong demand conditions. The OPR is anticipated to be increased further in 2022 in line with the global interest rate hike. We will continue to evaluate the prospects of a recovery in the domestic economy and its implications on the domestic bond market, while closely monitoring global bond yields and the Ringgit's movements.

We continue to overweight corporate bonds over the sovereign bond as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. We will also look into new primary issuances that offer higher yields pick up to deliver the required performance.

Securities Financing Transactions

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

Income Distribution Nil**Unit Split Nil****Significant Changes In The State Of Affairs Of The Fund**

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

Circumstances That Materially Affect Interest Of Unitholders

Phillip Mutual Berhad, being the Manager of Phillip SELECT Balance Fund, Phillip Income Fund and Phillip SELECT Income Fund, consolidated the funds into one fund under a transfer scheme exercise. Pursuant to the unitholders' meeting of the Phillip SELECT Income Fund held on 30 August 2021 and adjourned meetings of unitholders of Phillip Income Fund and Phillip SELECT Balance Fund held on 22 September 2021 and 23 September 2021 respectively, the special resolutions in relation to the transfer scheme were passed.

On 30 September 2021, Phillip SELECT Balance Fund (transferee fund) received assets from the transferor funds, namely Phillip Income Fund amounting to RM31,966,235 and Phillip SELECT Income Fund amounting to RM568,398 (transferor funds).

Cross Trade

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

Soft Commissions

During the financial year under review, the Investment Manager has received soft commissions from brokers in compliance with applicable legal, regulatory and industry standards. The brokers from whom the soft commission are received had also executed trades for other funds or investment managed by the Investment Manager. Examples of goods and services under such soft commission arrangement include research and advisory services, computer software or any other information facilities to the extent that they are used to support the investment decision making process, data and quotation and there was no churning of trades.

**TRUSTEE'S REPORT
TO THE UNITHOLDERS OF PHILLIP SELECT BALANCE 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** ("Management Company") 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, the 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.

For and on behalf of
MTRUSTEE BERHAD

NURIZAN JALIL
Chief Executive Officer

Selangor, Malaysia
29 August 2022

STATEMENT BY THE MANAGER

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 17 to 38 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 SELECT Balance 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 SELECT BALANCE FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Phillip SELECT Balance 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 of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 38.

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 cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis For Opinion

We conducted our audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence And Other Ethical Responsibilities

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

(Forward)

Information Other Than The Financial Statements And Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Fund, our responsibility is to read the Fund Manager's Report and, in doing so, consider whether the Fund Manager's Report is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Fund Manager's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Manager and Trustee For The Financial Statements

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

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

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

Auditors' Responsibilities For The Audit Of The Financial Statements

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

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

(Forward)

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter

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

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

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

29 August 2022

STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	2022 RM	2021 RM
Assets			
Investments	3	23,706,799	1,782,588
Tax recoverable		17,138	17,138
Dividend receivable		8,564	3,056
Interest receivable		75,925	4,134
Amount due from brokers/dealers	7	310,156	-
Cash and cash equivalents	5	1,522,240	534,742
Total assets		<u>25,640,822</u>	<u>2,341,658</u>
Liabilities			
Amount due to Manager	6	66,182	2,750
Other payables		12,406	13,050
Distribution payable	13	-	22,569
Total liabilities		<u>78,588</u>	<u>38,369</u>
Net Asset Value (“NAV”) of the Fund		<u>25,562,234</u>	<u>2,303,289</u>
Equity			
Unitholders’ capital		28,358,276	1,760,484
(Accumulated loss)/Retained earnings		(2,796,042)	542,805
Total equity/NAV attributable to unitholders	14	<u>25,562,234</u>	<u>2,303,289</u>
Total equity and liabilities		<u>25,640,822</u>	<u>2,341,658</u>
Number of units in circulation (units)	15	<u>61,149,258</u>	<u>4,969,698</u>
NAV per unit (ex-distribution)		<u>0.4181</u>	<u>0.4635</u>

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2022

	Note	2022 RM	2021 RM
Investment (loss)/income			
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")		339,523	54,141
Interest income		372,095	39,742
Net realised losses from sale of financial assets at FVTPL		(922,680)	(3,255)
Net unrealised (loss)/gain on changes in value of financial assets at FVTPL		<u>(2,622,239)</u>	<u>315,644</u>
		<u>(2,833,301)</u>	<u>406,272</u>
Expenses			
Audit fee		8,000	8,200
Tax agent's fee		3,400	3,400
Manager's fee	8	338,244	38,341
Trustee's fee	9	9,491	9,000
Brokerage and other transaction fees		131,250	17,761
Administration expenses		14,374	10,015
Custodian's fee		787	132
		<u>505,546</u>	<u>86,849</u>
Net (loss)/income before taxation		(3,338,847)	319,423
Taxation	12	<u>-</u>	<u>-</u>
Net (loss)/income after taxation		<u>(3,338,847)</u>	<u>319,423</u>
Total comprehensive (loss)/income		<u>(3,338,847)</u>	<u>319,423</u>
Total comprehensive (loss)/income comprises the following:			
Realised (loss)/gain		(716,608)	3,779
Unrealised (loss)/gain		<u>(2,622,239)</u>	<u>315,644</u>
		<u>(3,338,847)</u>	<u>319,423</u>
Distribution for the year			
Gross/net distribution (RM)	13	<u>-</u>	<u>49,124</u>
Gross/net distribution per unit (sen)	13	<u>-</u>	<u>1.00</u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE
For the financial year ended 30 June 2022

	Note	Unitholders' capital RM	Retained earnings/ (Accumulated loss) RM	NAV attributable to unitholders RM
At 1 July 2020		300,176	3,078,639	3,378,815
Net income after taxation		-	319,423	319,423
Creation of units	15	27,832	-	27,832
Cancellation of units	15	(1,373,657)	-	(1,373,657)
Distribution	13	2,806,133	(2,855,257)	(49,124)
At 30 June 2021		<u>1,760,484</u>	<u>542,805</u>	<u>2,303,289</u>
At 1 July 2021		1,760,484	542,805	2,303,289
Net loss after taxation		-	(3,338,847)	(3,338,847)
Creation of units	15	32,610,645	-	32,610,645
Cancellation of units	15	(6,012,853)	-	(6,012,853)
At 30 June 2022		<u>28,358,276</u>	<u>(2,796,042)</u>	<u>25,562,234</u>

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

STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2022

	2022	2021
	RM	RM
Cash flows from/(used in) operating and investing activities		
Proceeds from sale of investments	23,646,820	3,436,066
Purchase of investments	(49,521,411)	(1,563,160)
Dividends received	243,766	42,256
Interest received	354,923	51,287
Manager's fee paid	(309,430)	(39,466)
Trustee's fee paid	(9,539)	(9,000)
Payment for other fees and expenses	(26,685)	(26,385)
Custodian's fee paid	(787)	(132)
Net cash (used in)/from operating and investing activities	<u>(25,622,343)</u>	<u>1,891,466</u>
Cash flows from/(used in) financing activities		
Cash proceeds from units created	32,610,645	27,832
Cash paid on units cancelled	(5,978,235)	(1,374,544)
Distributions paid	(22,569)	(26,555)
Net cash from/(used in) financing activities	<u>26,609,841</u>	<u>(1,373,267)</u>
Net increase in cash and cash equivalents	987,498	518,199
Cash and cash equivalents at beginning of the year	<u>534,742</u>	<u>16,543</u>
Cash and cash equivalents at end of the year	<u>1,522,240</u>	<u>534,742</u>
Cash and cash equivalents comprise (Note 5):		
Cash at banks	2,240	74,742
Deposits with a licensed financial institution	1,520,000	460,000
	<u>1,522,240</u>	<u>534,742</u>

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

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

Phillip SELECT Balance Fund, formerly known as Pacific SELECT Balance Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 4 August 2003 as amended by the First Supplemental Deed dated 23 September 2005, Second Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 14 December 2009, Third Supplemental Master Deed dated 26 April 2010, Fourth Supplemental Master Deed dated 8 January 2014, Fifth Supplemental Master Deed dated 7 July 2017, Sixth Supplemental Master Deed dated 22 November 2018, Seventh Supplemental Master Deed dated 22 January 2019, Eighth Supplemental Master Deed dated 17 June 2020 made between the Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and the Trustee of the Fund, MTrustee Berhad, Ninth Supplemental Master Deed dated 6 November 2020, Tenth Supplemental Master Deed dated 25 November 2020, made between the Managers, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and Phillip Mutual Berhad (the new Manager with effect from 1 December 2020) and the Trustee of the Fund, MTrustee Berhad and Eleventh Supplemental Master Deed dated 6 July 2021 made between the Manager, Phillip Mutual Berhad and the Trustee, MTrustee Berhad (the Deed and all its supplemental hereinafter referred to as the “Deeds”). The Fund was launched on 11 August 2003.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Deeds, which include stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, fixed income securities and money market instruments as approved by the Securities Commission Malaysia.

The 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.

Phillip Mutual Berhad, being the Manager of Phillip SELECT Balance Fund, Phillip Income Fund and Phillip SELECT Income Fund, consolidated the funds into one fund under a transfer scheme exercise. Pursuant to the unitholders’ meeting of the Phillip SELECT Income Fund held on 30 August 2021 and adjourned meetings of unitholders of Phillip Income Fund and Phillip SELECT Balance Fund held on 22 September 2021 and 23 September 2021 respectively, the special resolutions in relation to the transfer scheme were passed.

On 30 September 2021, Phillip SELECT Balance Fund (transferee fund) received assets from the transferor funds, namely Phillip Income Fund amounting to RM31,966,235 and Phillip SELECT Income Fund amounting to RM568,398 (transferor funds).

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

(a) Basis of preparation

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

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

(b) Changes in accounting policies

Adoption of Amendments to MFRSs

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

Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform - Phase 2
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The adoption of the Amendments to MFRSs did not have any impact on the financial statements of the Fund.

Amendments to MFRSs in issue but not yet effective

As 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>Disclosure of Accounting Estimates</i>	1 January 2023

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

(c) Functional and presentation currency

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

(d) Financial instruments

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

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

Financial assets

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

(i) Financial assets at amortised cost

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

(ii) Financial assets at FVTPL

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

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

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

Financial liabilities

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

(e) Derecognition of financial assets and liabilitiesFinancial assets

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

Financial liabilities

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

(f) Impairment of financial assets

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

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund's financial statements. For balances which are short-term in nature and with no financing component (e.g. dividend receivable, interest receivable and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(g) Income recognition

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

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

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

(h) Unrealised reserves/(deficits)

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

(i) Cash and cash equivalents

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

(j) Taxation

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

(k) Fair value measurement

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

(l) Distribution

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

(m) Unitholders' capital

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

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

(n) Significant accounting estimates and 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.

3. Investments

	2022 RM	2021 RM
Financial assets at FVTPL		
Fixed income securities	6,252,684	477,823
Quoted investments		
- Equity securities	13,827,905	1,116,596
- Collective investment scheme	3,626,210	188,169
	<u>17,454,115</u>	<u>1,304,765</u>
Total investments	<u>23,706,799</u>	<u>1,782,588</u>

Fixed Income Securities

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

Name Of Counter	Credit rating	Nominal value RM	Cost RM	Fair value RM	Fair value as a % of NAV %
2022					
Alpha Circle Sdn Bhd 5.60% 18/11/2022	B	127,000	127,000	125,440	0.49
Cenergi Sea Berhad 5.30% 23/12/2026	A1	1,500,000	1,505,966	1,477,605	5.78
Jati Cakerawala Sdn Bhd 5.11% 31/01/2023	AA3	1,900,000	1,908,948	1,917,024	7.50
Tan Chong Motor Holdings Berhad 5.00% 14/03/2025	A+	1,500,000	1,501,797	1,484,940	5.81
UEM Sunrise Berhad 5.15% 31/10/2025	AA-	1,250,000	1,279,618	1,247,675	4.88
		<u>6,277,000</u>	<u>6,323,329</u>	<u>6,252,684</u>	<u>24.46</u>
Unrealised loss from fixed income securities as at 30 June 2022				<u>(70,645)</u>	
2021					
Alpha Circle Sdn Bhd 5.60% 18/11/2022	A	127,000	127,000	126,507	5.49
WCT Holdings Berhad 4.95% 22/10/2021	AA-	350,000	350,034	351,316	15.25
		<u>477,000</u>	<u>477,034</u>	<u>477,823</u>	<u>20.74</u>
Unrealised gain from fixed income securities as at 30 June 2021				<u>789</u>	

Quoted Investments

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

Equity securities

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2022				
Banks				
114,464	Malayan Banking Berhad	931,538	983,246	3.85
230,000	Public Bank Berhad	956,970	1,005,100	3.93
		<u>1,888,508</u>	<u>1,988,346</u>	<u>7.78</u>
Capital Goods				
550,000	Dagang Nexchange Berhad	581,985	434,500	1.70
100,000	Sime Darby Berhad	223,000	213,000	0.83
50,000	UWC Berhad	198,655	164,500	0.64
		<u>1,003,640</u>	<u>812,000</u>	<u>3.17</u>
Consumer Services				
137,300	Genting Berhad	696,291	623,342	2.44
70,000	Genting Malaysia Berhad	202,000	198,800	0.78
		<u>898,291</u>	<u>822,142</u>	<u>3.22</u>
Energy				
88,400	Dialog Group Berhad	240,059	188,292	0.74
308,000	Yinson Holdings Berhad	645,303	616,000	2.41
		<u>885,362</u>	<u>804,292</u>	<u>3.15</u>
Health Care Equipment & Services				
322,000	Supercomnet Technologies Berhad	562,002	360,640	1.41
Industrials				
200,000	Aurelius Technologies Berhad	422,750	282,000	1.10
380,000	Kelington Group Bhd	584,282	452,200	1.77
		<u>1,007,032</u>	<u>734,200</u>	<u>2.87</u>
Real Estate				
57,900	IGB Real Estate Investment Trust	97,851	92,640	0.36
569,000	Sunway Real Estate Investment Trust	803,915	847,810	3.32
		<u>901,766</u>	<u>940,450</u>	<u>3.68</u>
Retailing				
209,200	Innature Berhad	147,276	103,554	0.40
213,600	MR D.I.Y. Group (M) Bhd	533,160	442,152	1.73
		<u>680,436</u>	<u>545,706</u>	<u>2.13</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Semiconductors & Semi. Equipment				
115,000	D&O Green Technologies Berhad	517,544	442,750	1.73
317,500	Greotech Technology Berhad	1,769,311	1,162,050	4.55
150,000	Unisem (M) Berhad	482,250	345,000	1.35
80,800	Vitrox Corporation Bhd	648,604	581,760	2.27
		<u>3,417,709</u>	<u>2,531,560</u>	<u>9.90</u>
Software & Services				
1,140,000	Awanbiru Technology Berhad	789,035	438,900	1.72
399,600	CTOS Digital Berhad	651,765	507,492	1.98
417,200	Datasonic Group Bhd	186,365	193,998	0.76
		<u>1,627,165</u>	<u>1,140,390</u>	<u>4.46</u>
Technology Hardware & Equipment				
450,000	Aemulus Holdings Berhad	466,305	274,500	1.07
Telecommunication Services				
35,100	Telekom Malaysia Berhad	185,770	184,275	0.72
93,100	Time Dotcom Berhad	407,005	407,778	1.60
		<u>592,775</u>	<u>592,053</u>	<u>2.32</u>
Transportation				
304,600	Lingkar Trans Kota Holdings Berhad	1,369,799	1,462,080	5.72
Utilities				
102,700	Tenaga Nasional Berhad	1,028,555	819,546	3.21
Total equity securities as at 30 June 2022		<u>16,329,345</u>	<u>13,827,905</u>	<u>54.09</u>
2021				
Banks				
14,600	BIMB Holdings Berhad	52,690	56,648	2.46
4,500	Hong Leong Financial Group Berhad	86,142	80,100	3.48
8,274	Malayan Banking Berhad	75,978	67,102	2.91
		<u>214,810</u>	<u>203,850</u>	<u>8.85</u>
Capital Goods				
47,300	IJM Corporation Berhad	64,378	84,667	3.68
Diversified Financials				
9,800	Bursa Malaysia Bhd	67,117	77,714	3.37

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Energy				
22,800	Dialog Group Berhad	77,113	65,892	2.86
Food, Beverage & Tobacco				
10,200	Guan Chong Bhd	26,943	27,846	1.21
1,700	Heineken Malaysia Berhad	36,242	40,120	1.74
		63,185	67,966	2.95
Health Care Equipment & Services				
122,800	Focus Point Holdings Bhd Supercomnet Technologies Berhad	40,455	93,328	4.05
13,000		25,383	20,410	0.89
		65,838	113,738	4.94
Industrials				
100,000	HPP Holdings Berhad	61,450	52,000	2.26
Materials				
8,200	Petronas Chemicals Group Bhd	46,882	66,092	2.87
Real Estate				
39,300	Sunway Real Estate Investment Trust	62,335	56,199	2.44
Retailing				
27,500	Bermaz Auto Bhd	62,246	42,075	1.83
Software & Services				
90,000	Awanbiru Technology Berhad	77,103	72,000	3.13
Telecommunication Services				
10,000	Telekom Malaysia Berhad	42,700	60,700	2.63
Utilities				
15,700	Tenaga Nasional Berhad	203,152	153,703	6.67
Total equity securities as at 30 June 2021		1,108,309	1,116,596	48.48

Collective investment scheme

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2022				
6,759,011	Phillip Dana Murni*	<u>3,673,444</u>	<u>3,626,210</u>	<u>14.19</u>
2021				
349,302	Phillip Dana Murni*	<u>194,325</u>	<u>188,169</u>	<u>8.17</u>

* Managed by the Manager

Total Quoted Investments

Total quoted investments comprised investments in equity securities and collective investment scheme.

	Cost RM	Fair value RM	Fair value as a % of NAV %
2022			
Total quoted investments	<u>20,002,789</u>	<u>17,454,115</u>	<u>68.28</u>
Unrealised loss from quoted investments as at 30 June 2022		<u>(2,548,674)</u>	
2021			
Total quoted investments	<u>1,302,634</u>	<u>1,304,765</u>	<u>56.65</u>
Unrealised gain from quoted investments as at 30 June 2021		<u>2,131</u>	

4. Fair value hierarchy

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

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

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

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

	Level 1 RM	Level 2 RM	Total RM
2022			
Financial assets at FVTPL			
Fixed income securities	-	6,252,684	6,252,684
Quoted investments	17,454,115	-	17,454,115
2021			
Financial assets at FVTPL			
Fixed income securities	-	477,823	477,823
Quoted investments	1,304,765	-	1,304,765

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

5. Cash and cash equivalents

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

	2022 RM	2021 RM
Cash at banks	2,240	74,742
Deposits with a licensed financial institution:		
- Commercial bank	-	460,000
- Investment bank	1,520,000	-
Cash and cash equivalents	1,522,240	534,742

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

	Weighted average effective interest rate (% per annum)		Weighted average remaining maturity (Days)	
	2022	2021	2022	2021
Deposits with a licensed financial institution:				
- Commercial bank	-	1.65	-	1
- Investment bank	1.95	-	1	-

6. Amount due to Manager

The amount due to Manager represents amount payable for units cancelled and amount payable for management fee.

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

7. Amount due from brokers/dealers

The amount due from brokers/dealers relates to disposal of investments which remain outstanding at the end of the reporting period. These are normally received within 2 business days from the transaction dates.

8. Manager's fee

The Manager's fee provided in the financial statements is computed at 1.50% (2021: 1.50%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis net of Manager's fee rebate on the collective investment scheme as agreed by the Trustee and the Manager as follows:

Name of Fund	Rate p.a
Phillip Dana Murni	<u>1.00%</u>

9. 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 0.03% (2021: 0.03%) 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 RM 9,000 per annum.

The Trustee's fee charged for the year ended 30 June 2022 is RM9,491 (2021: RM9,000), which was calculated in accordance with the above trustee fee rate.

10. Portfolio turnover ratio ("PTR")

	2022	2021
Portfolio turnover ratio ("PTR")	<u>1.49 times</u>	<u>0.92 times</u>

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year over the average NAV attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial year is higher due to transfer of securities from Phillip Income Fund and Phillip SELECT Income Fund under a transfer scheme exercise.

11. Total expense ratio ("TER")

	2022	2021
Total expense ratio ("TER") ¹	<u>1.51%</u>	<u>2.54%</u>

TER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial year calculated on a daily basis. The TER for the current financial year is lower due to a lower percentage of increase in expenses compared with average NAV attributable to unitholders.

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

12. Taxation

	2022	2021
	RM	RM
Estimated Malaysian income tax:		
Current financial year	<u>-</u>	<u>-</u>

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

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

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

	2022	2021
	RM	RM
Net (loss)/income before taxation	<u>(3,338,847)</u>	<u>319,423</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(801,323)	76,662
Tax effects of:		
Income not subject to tax	(170,788)	(98,286)
Losses not deductible for tax purpose	850,780	781
Expenses not deductible for tax purpose	38,233	8,416
Restriction on tax deductible expenses for unit trust funds	<u>83,098</u>	<u>12,427</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

13. Distribution

	2022	2021
	RM	RM
Reinvestment of income distribution	-	26,555
Distribution payable	-	22,569
Net final distribution paid on 7 July 2021	<u>-</u>	<u>49,124</u>
Distribution to unitholders is from the following sources:		
Dividend income	-	54,141
Interest income	-	39,742
Realised loss on sale of investments	-	(3,255)
Previous years' realised income	-	4,388,017
Distribution equalisation	<u>-</u>	<u>(2,806,133)</u>
	-	1,672,512
Less:		
Expenses	-	(1,623,388)
Net income distribution	<u>-</u>	<u>49,124</u>
Gross distribution per unit (sen)	-	1.00
Net distribution per unit (sen)	<u>-</u>	<u>1.00</u>

The net unrealised loss arising from total investments at the end of the reporting period was RM2,619,319 (2021: net unrealised gain was RM2,920).

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

	2022	2021
	RM	RM
Unitholders’ capital	28,358,276	1,760,484
(Accumulated loss)/Retained earnings:		
- Realised (deficit)/reserve	(176,723)	539,885
- Unrealised (deficit)/reserve	(2,619,319)	2,920
	(2,796,042)	542,805
NAV attributable to unitholders	25,562,234	2,303,289

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

15. Number of units in circulation

	2022		2021	
	No. of units	RM	No. of units	RM
At beginning of the year	4,969,698	1,760,484	7,900,841	300,176
Creation of units	70,090,444	32,610,645	60,065	27,832
Cancellation of units	(13,910,884)	(6,012,853)	(2,991,208)	(1,373,657)
Distribution	-	-	-	2,806,133
At end of the year	61,149,258	28,358,276	4,969,698	1,760,484

16. Units held by the Manager and its related parties

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

17. Transactions with brokers/dealers

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

	Value of trade# RM	% of total trades %	Brokerage fee* RM	% of total brokerage fees %
2022				
Brokers/dealers				
Maybank Investment Bank Bhd	13,144,952	34.64	37,031	45.21
RHB Investment Bank Bhd	7,623,774	20.09	110	0.13
Kenanga Investment Bank Bhd	5,304,103	13.98	15,913	19.43
Credit Suisse Securities (Malaysia) Sdn Bhd	3,939,849	10.38	9,850	12.03
CIMB Investment Bank Bhd	3,792,640	10.00	6,647	8.12
Affin Hwang Investment Bank Bhd	2,456,378	6.47	7,369	9.00
AmInvestment Bank Bhd	1,659,879	4.38	4,980	6.08
M & A Securities Sdn Bhd	21,700	0.06	-	-
	<u>37,943,275</u>	<u>100.00</u>	<u>81,900</u>	<u>100.00</u>
2021				
Brokers/dealers				
RHB Investment Bank Bhd	963,177	24.03	1,921	16.37
Maybank Investment Bank Bhd	712,003	17.77	1,331	11.34
CIMB Investment Bank Bhd	708,056	17.67	2,551	21.73
Hong Leong Investment Bank Bhd	504,821	12.60	1,743	14.85
UOB Kay Hian Securities (M) Sdn Bhd	405,447	10.12	1,632	13.90
Affin Hwang Investment Bank Bhd	277,172	6.92	819	6.98
Credit Suisse Securities (Malaysia) Sdn Bhd	191,570	4.78	929	7.91
Alliance Investment Bank Berhad	133,821	3.34	432	3.68
AmInvestment Bank Berhad	79,766	1.99	239	2.04
Nomura Securities Malaysia Sdn Bhd	31,442	0.78	141	1.20
	<u>4,007,275</u>	<u>100.00</u>	<u>11,738</u>	<u>100.00</u>

#Excludes brokerage and other transaction fees.

* Only applicable to equity securities.

The transactions above are with non-related parties.

18. Financial risk management objectives and policies

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

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the Securities Commission Malaysia's Guidelines on Unit Trust Funds in Malaysia.

(i) Market risk

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

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

(a) Price risk

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

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

Change in price (%)	Effect on net income before tax and NAV attributable to unitholders	
	Increase/(Decrease)	
	2022 RM	2021 RM
+5	872,706	65,238
(5)	(872,706)	(65,238)

(b) Interest rate risk

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

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

(ii) Credit risk

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

Credit risk is generally arising from investments, cash and cash equivalents, amount due from brokers/dealers, dividend receivable and interest receivable. The maximum exposure to credit risk is presented in the statement of financial position. Cash and cash equivalents are placed in financial institutions with strong credit ratings. The Investment Committee of the Fund targeted in a diversified portfolio of equity and fixed income which could provide medium to long-term capital growth.

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

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

	RAM Credit Rating	MARC Credit Rating	As a % of NAV
2022	AA3	AA-	12.38
	A1	A+	11.59
	-	B	0.49
			<u>24.46</u>
2021	-	AA-	15.25
	-	A	5.49
			<u>20.74</u>

(iii) Liquidity risk

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

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

(iv) Specific risk

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

(v) Single issuer risk

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

19. Operating segment

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

20. Capital management

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

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

CORPORATE INFORMATION

THE MANAGER

Phillip Mutual Berhad (Registration No: 200201002746)(570409-K)

Registered Office

No 3-1 Jalan Indrahana 2, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

Tel : 603-7983 0354/ 0948/ 6128

Fax : 603-7981 9912

Business Office

B-18-6, Block B Level 18 Unit 6, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

Tel : 603-2783 0300

Fax : 603-2711 3036

Website : <https://www.phillipmutual.com>

TRUSTEE

MTrustee Berhad (Registration No: 198701004362)(163032-V)

Registered Office

B-2-9 (2nd Floor), Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama 58200 Kuala Lumpur

Tel: 603-7954 6862

Fax: 603-7954 3712

Website: <http://www.mtrustee.com>

Business Office

15th Floor, Menara AmFIRST, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor

Tel: 603-7954 6862

Fax: 603-7954 3712

BOARD OF DIRECTORS

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, No 3-1, Jalan Indrahana 2, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

Tel: 603-7983 0354/ 0277/ 0948/ 6128

Fax: 603-7981 9912

Email: compac.cosec@gmail.com

AUDITOR

Deloitte PLT (LLP0010145-LCA)(AF0080)

Level 16, Menara LGB, 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

Tel: 603-7610 8888

Fax: 603-7726 8986

Website: www.deloitte.com/my

TAX ADVISER

Deloitte Tax Services Sdn Bhd (Registration No: 197701005407)(36421-T)
Level 16, Menara LGB, 1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.
Tel: 603-7610 8888
Fax: 603-7725 7768

ENQUIRIES

Customer Service Hotline Tel: 603-2783 0300
Email: phillipmutual@phillipcapital.com.my



PHILLIP MUTUAL BERHAD

(200201002746)(570409-K)

B-18-6, Block B Level 18 Unit 6, Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450, Kuala Lumpur

Tel: (603) 2783 0300 | Fax: (603) 2711 3036

website:

<https://www.phillipmutual.com> | <https://www.eunittrust.com.my> | <https://www.fame.com.my>

email: phillipmutual@phillipcapital.com.my