

PHILLIP RECOVERY FUND

AUDITED
ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2022

Manager:

PHILLIP MUTUAL BERHAD
(200201002746)(570409-K)

Trustee:

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

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FUND INFORMATION
As At 30 June 2022

Name Of Fund	:	Phillip Recovery Fund
Manager Of Fund	:	Phillip Mutual Berhad 200201002746 (570409-K)
Investment Manager	:	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	:	15 April 1999
Category Of Fund	:	Equity
Type Of Fund	:	Growth
Investment Objective	:	Phillip Recovery Fund aims to provide above average returns in the form of capital growth over a medium* to long-term* period by investing mainly in cyclical stocks, stocks that are likely to be crisis survivors as well as stocks that are undergoing restructuring, which may offer considerable recovery prospects and also any other investment as may be permitted by the Securities Commission from time to time. As this Fund concentrates on capital appreciation, there will be little or no income distribution.
		<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>
Performance Benchmark	:	Since inception until 5 July 2009 – Kuala Lumpur Composite Index (KLCI) From 6 July 2009 onwards – FTSE Bursa Malaysia Top 100 Index (FBM 100)
Distribution Policy	:	Distribution of income, if any, will be made once a year.
Fund Size	:	59.90 million units

Breakdown : Of Unitholdings	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	193	16.44	0.55
	5,001-10,000 units	195	16.61	1.48
	10,001-50,000 units	520	44.29	13.36
	50,001-500,000 units	258	21.98	31.10
	500,001 units & above	8	0.68	13.41
	Total	1,174	100.00	59.90

FUND PERFORMANCE

Financial Highlights

Category	As At 30.6.2022	As At 30.6.2021	As At 30.6.2020
Quoted Equity Securities	%	%	%
Automobiles & Components	0.41	-	-
Banks	8.77	11.53	9.43
Capital Goods	11.67	13.99	11.22
Construction & Engineering	1.53	-	-
Consumer Durables & Apparel	0.69	0.65	1.24
Consumer Services	2.42	0.36	1.94
Diversified Financials	1.04	-	-
Energy	3.04	3.80	11.11
Food, Beverage & Tobacco	3.89	3.62	9.63
Health Care Equipment & Services	5.66	10.93	9.98
Household & Personal Products	-	1.06	0.29
Industrials	6.71	2.91	-
Materials	4.88	1.20	1.80
Media & Entertainment	-	-	0.88
Pharma., Biotech. & Life Sciences	-	-	0.94
Properties	1.66	-	-
Real Estate	-	8.55	6.08
Retailing	2.58	5.95	7.86
Semiconductors & Semi. Equipment	13.47	4.29	2.57
Software & Services	4.59	1.20	-
Technology Hardware & Equipment	5.47	4.47	1.92
Telecommunication Services	-	5.48	4.58
Transportation	3.06	1.94	1.76
Utilities	1.51	8.23	5.05
	83.05	90.16	88.28
Warrants	-	-	0.34
Collective Investment Scheme	-	-	7.00
Cash And Liquid Assets	16.95	9.84	4.38
Total	100.00	100.00	100.00
Net Asset Value ("NAV") (RM'000)	17,389	22,794	31,769
Number Of Units In Circulation (Units'000)	59,901	64,959	98,672
Net Asset Value Per Unit (RM)	0.2903	0.3509	0.3220
Total Expense Ratio ("TER") ¹	1.65%	1.63%	1.58%
Portfolio Turnover Ratio (times)	0.89	1.02	0.91

The Total Expense Ratio for the current financial is higher due to a lower percentage of decrease 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 lower due to decrease in investing activities.

Note:

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.

Performance Data

	Phillip Recovery Fund		FBM 100		
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period to 30.6.2022	-17.27%	-17.27%		-7.61%	-7.61%
3 Years' Period to 30.6.2022	-29.62%	-9.87%		-13.62%	-4.54%
5 Years' Period to 30.6.2022	-31.41%	-6.28%		-17.88%	-3.58%
	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 Recovery Fund					
- Capital Return	-17.27%	8.98%	-21.94%	-6.65%	-6.75%
- Income Return	-	-	-	4.85%	6.79%
- Total Return	-17.27%	8.98%	-21.94%	-2.13%	-0.42%
FBM 100	-7.61%	4.44%	-10.48%	-1.07%	-3.90%
	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)	0.3754	0.3850	0.4225		
Lowest NAV (RM)	0.2861	0.3243	0.2494		
Distributions					
Gross Distribution Per Unit (sen)	-	-	-		
	(30.6.2022)	(30.6.2021)	(30.6.2020)		
Net Distribution Per Unit (sen)	-	-	-		
	(30.6.2022)	(30.6.2021)	(30.6.2020)		
Unit Splits	-	-	-		

Notes:

1. All figures pertaining to the Fund's return were extracted from Lipper.

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

MANAGER'S REPORT
30 June 2022

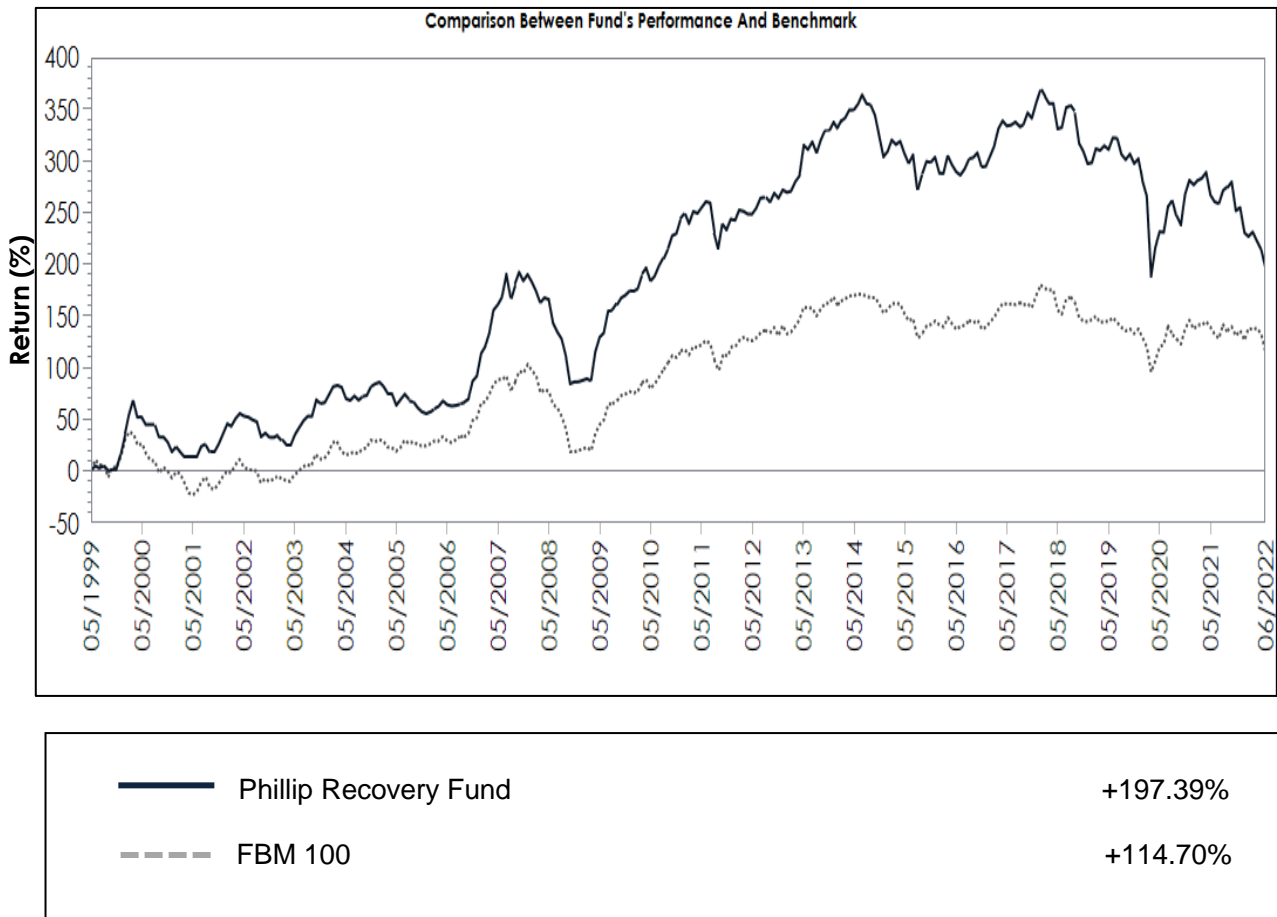
Performance Review

From 6 May 1999 (date of launch: 15 April 1999) to 30 June 2022, Phillip Recovery Fund registered a total return of 197.39%, while its benchmark, the FTSE Bursa Malaysia Top 100 Index (FBM 100), rose 114.70%.

For the financial year under review, the Fund registered a loss of 17.27%. In comparison, its benchmark fell 7.61%.

Based on the since inception annual average returns of the Fund, the Phillip Recovery Fund has met its investment objective of providing above average returns in the form of capital growth over a long-term period.

However, in terms of 3-years and 5-years period, the Fund did not meet its investment objective of providing above average returns in the form of capital growth.



Source: Lipper

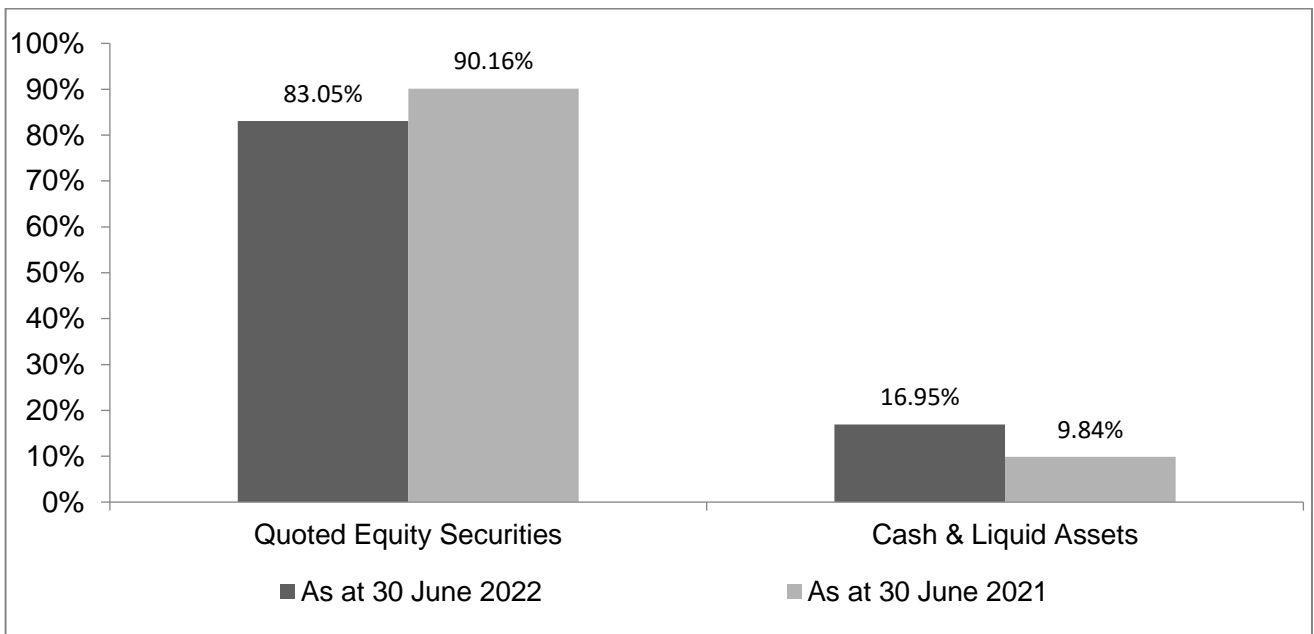
Investment Strategy Review

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.

The foreign selling pressure of Malaysian Ringgit (“RM”) was due to strengthened United States Dollar (“USD”) that partially lifted by the increased crude oil and palm oil price. Market remains volatile but investable and this could be an opportunity for the Fund to buy into undervalued companies with solid fundamentals which have potentials in gaining bigger market shares as small and non-efficient players may quit the market.

Going forward, our investment strategy remains focused on bottom-up stock selection for companies that will benefit from cyclical upturn in earnings. As share prices of some companies have not recovered to pre-Covid-19 levels, we believe it is a good opportunity to enter a position and benefit from the recovery. Overall, we will continue to nibble the dip on any market weakness to position for an eventual recovery scenario.

Asset Allocation



The quoted equity securities allocation of Phillip Recovery Fund decreased to 83.05% as at 30 June 2022 from 90.16% recorded at the beginning of the financial year under review due to the increase in sale of equities.

Analysis Of Net Asset Value

The net asset value (“NAV”) per unit of Phillip Recovery Fund decreased from RM0.3509 to RM0.2903 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM22,793,634 to RM17,388,787 due to fund redemptions by unitholders.

Market Review

Equity Market Review

During the first half of the Fund's financial year under review, Malaysians spent 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, the 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 did 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 hiked interest rates in March 2022, May 2022 and June 2022 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.

The Malaysia's Gross Domestic Product ("GDP") grew 3.6% year-on-year ("YoY") in the fourth quarter of 2021 from the 4.5% YoY contraction in the third quarter of 2021. The economic rebound was below expectations mainly due to the unsatisfactory private consumption recovery, which was primarily disrupted by floods in most states during the month of December 2021. The Malaysia Institute of Economic Research's Consumer Sentiment Index declined to 97.2 in the fourth quarter of 2021 from 101.7 in the previous quarter. Contrary to the Consumer Sentiment Index, the Business Condition Index increased to 122 from 97 previously.

In Malaysia, Bank Negara Malaysia ("BNM") increased the Overnight Policy Rate ("OPR") by 25 basis points (bps) to 2% 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 2021, 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 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 further downward pressure on its economy, which is still recovering from the pandemic.

Notwithstanding the challenges currently facing the economy, we see some light at end of tunnel. For example, China market has rebounded from its low following series of policy easing and less stringent mobility restrictions in the form of shorter quarantine period. JP Morgan recently predicted emerging markets to rebound by 20% in second 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.

(Forward)

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, work-from-home becoming a norm. The higher vaccination rate worldwide should also keep hospitalisation numbers at a controllable level.

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

Circumstances That Materially Affect Interest Of Unitholders

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

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 RECOVERY FUND ("Fund")**

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

- (a) Limitations imposed on the investment powers of the Management Company under the deed, 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
CIMB Commerce Trustee Berhad

Ezreen Eliza Zulkiplee
Chief Executive Officer

Kuala Lumpur, 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 15 to 34 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines so as to give a true and fair view of the financial position of **Phillip Recovery 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 RECOVERY FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Phillip Recovery 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 15 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and 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 the Manager and Trustee for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

(Forward)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of 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	14,441,570	20,550,154
Dividend receivable		33,796	74,928
Interest receivable		168	101
Cash and cash equivalents	5	<u>3,161,255</u>	<u>2,273,485</u>
Total assets		<u>17,636,789</u>	<u>22,898,668</u>
Liabilities			
Amount due to Manager	6	38,705	35,474
Amount due to brokers/dealers	7	196,872	56,130
Other payables		<u>12,425</u>	<u>13,430</u>
Total liabilities		<u>248,002</u>	<u>105,034</u>
Net Asset Value (“NAV”) of the Fund		<u>17,388,787</u>	<u>22,793,634</u>
Equity			
Unitholders’ capital		25,132,587	26,846,400
Accumulated losses		<u>(7,743,800)</u>	<u>(4,052,766)</u>
Total equity/ NAV attributable to unitholders	13	<u>17,388,787</u>	<u>22,793,634</u>
Total equity and liabilities		<u>17,636,789</u>	<u>22,898,668</u>
Number of units in circulation (units)	14	<u>59,900,951</u>	<u>64,958,701</u>
NAV per unit		<u>0.2903</u>	<u>0.3509</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")		481,147	746,764
Interest income		40,707	35,832
Net realised loss from sale of financial assets at FVTPL		(3,090,493)	(2,796,481)
Net unrealised (loss)/gain on changes in value of financial assets at FVTPL		(605,298)	5,432,188
		<u>(3,173,937)</u>	<u>3,418,303</u>
Expenses			
Audit fee		8,000	8,200
Tax agent's fee		3,400	3,400
Manager's fee	8	315,491	404,391
Trustee's fee	9	11,487	16,494
Brokerage and other transaction fees		169,181	232,465
Administration expenses		9,538	13,813
		<u>517,097</u>	<u>678,763</u>
Net (loss)/income before taxation		(3,691,034)	2,739,540
Taxation	12	-	-
Net (loss)/income after taxation		<u>(3,691,034)</u>	<u>2,739,540</u>
Total comprehensive(loss)/income		<u>(3,691,034)</u>	<u>2,739,540</u>
Total comprehensive (loss)/income comprises the following:			
Realised loss		(3,085,736)	(2,692,648)
Unrealised (loss)/gain		(605,298)	5,432,188
		<u>(3,691,034)</u>	<u>2,739,540</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	Accumulated Losses RM	NAV Attributable To Unitholders RM
At 1 July 2020		38,561,442	(6,792,306)	31,769,136
Net income after taxation		-	2,739,540	2,739,540
Creation of units	14	81,631	-	81,631
Cancellation of units	14	(11,796,673)	-	(11,796,673)
At 30 June 2021		<u>26,846,400</u>	<u>(4,052,766)</u>	<u>22,793,634</u>
At 1 July 2021		26,846,400	(4,052,766)	22,793,634
Net loss after taxation		-	(3,691,034)	(3,691,034)
Creation of units	14	142,956	-	142,956
Cancellation of units	14	(1,856,769)	-	(1,856,769)
At 30 June 2022		<u>25,132,587</u>	<u>(7,743,800)</u>	<u>17,388,787</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	19,876,857	34,278,709
Purchase of investments	(17,432,909)	(21,723,329)
Dividends received	461,235	657,505
Interest received	40,640	35,848
Manager's fee paid	(322,296)	(413,848)
Trustee's fee paid	(11,906)	(16,937)
Payment for other fees and expenses	(20,074)	(25,316)
Net cash from operating and investing activities	<u>2,591,547</u>	<u>12,792,632</u>
Cash flows from/(used in) financing activities		
Cash proceeds from units created	142,956	81,631
Cash paid on units cancelled	(1,846,733)	(11,790,041)
Net cash used in financing activities	<u>(1,703,777)</u>	<u>(11,708,410)</u>
Net increase in cash and cash equivalents	887,770	1,084,222
Cash and cash equivalents at beginning of the year	2,273,485	1,189,263
Cash and cash equivalents at end of the year	<u>3,161,255</u>	<u>2,273,485</u>
Cash and cash equivalents comprise (Note 5):		
Cash at banks	11,255	23,485
Deposit with a licensed financial institution	3,150,000	2,250,000
	<u>3,161,255</u>	<u>2,273,485</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 Recovery Fund, formerly known as Pacific Recovery Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 14 April 1999 as amended by the First Supplemental Deed dated 13 June 2000, Second Supplemental Deed dated 7 August 2000, Third Supplemental Deed dated 18 December 2000, Fourth Supplemental Deed dated 30 August 2007, Supplemental Master Deed dated 27 April 2011, Second Supplemental Master Deed dated 2 June 2011, Third Supplemental Master Deed dated 4 March 2013 and its Fourth Supplemental Master Deed dated 5 October 2020 made between the previous Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and the Trustee, CIMB Commerce Trustee Berhad, Fifth Supplemental Master Deed dated 6 November 2020, Sixth Supplemental Master Deed dated 25 November 2020 made between the Managers, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020), Phillip Mutual Berhad (the new Manager with effect from 1 December 2020) and the Trustee of the Fund, CIMB Commerce Trustee Berhad and Seventh Supplemental Master Deed dated 1 July 2021 made between the Manager, Phillip Mutual Berhad and the Trustee, CIMB Commerce Trustee Berhad (the Deed and all its supplemental hereinafter referred to as the “Deeds”). The Fund was launched on 15 April 1999.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Deeds, which include securities listed 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.

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 policiesAdoption of Amendments to MFRSs

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

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

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

Amendments to MFRSs in issue but not yet effective

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

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

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

(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 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, amount due to brokers/dealers and other payables. 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 and interest receivable), 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 method on an accrual basis.

(h) Unrealised reserves/(deficits)

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

(i) Cash and cash equivalents

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

(j) Taxation

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

(k) Fair value measurement

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

(l) 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.

(m) Significant accounting estimates and judgements

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements made in applying accounting policies

In the process of applying the Fund's accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

3. Investments

	2022 RM	2021 RM
Financial assets at FVTPL		
Quoted Investments		
- Equity securities	<u>14,441,570</u>	<u>20,550,154</u>

Equity securities

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

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2022				
Automobiles & Components				
23,200	UMW Holdings Berhad	<u>77,169</u>	<u>71,920</u>	<u>0.41</u>
Bank				
61,332	CIMB Group Holdings Berhad	337,553	304,207	1.75
22,900	Hong Leong Financial Group Berhad	421,948	423,650	2.44
59,002	Malayan Banking Berhad	529,853	506,827	2.91
66,400	Public Bank Berhad	<u>283,375</u>	<u>290,168</u>	<u>1.67</u>
		<u>1,572,729</u>	<u>1,524,852</u>	<u>8.77</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Capital Goods				
143,000	Dagang Nexchange Berhad	142,320	112,970	0.65
97,922	Gamuda Berhad	316,945	350,561	2.02
236,300	P.I.E. Industrial Berhad	508,918	741,982	4.27
90,000	Sime Darby Berhad	195,930	191,700	1.10
171,800	SKP Resources Berhad	272,316	269,726	1.55
110,000	UWC Berhad	419,729	361,900	2.08
		<u>1,856,158</u>	<u>2,028,839</u>	<u>11.67</u>
Construction & Engineering				
163,200	Ame Elite Consortium Berhad	274,359	266,016	1.53
Consumer Durables & Apparel				
62,400	Magni-Tech Industries Berhad	136,556	119,184	0.69
Consumer Services				
148,200	Genting Malaysia Berhad	428,880	420,888	2.42
Diversified Financials				
13,000	AEON Credit Service (M) Berhad	180,570	180,440	1.04
Energy				
945,600	Bumi Armada Bhd	406,892	364,056	2.09
77,800	Dialog Group Berhad	244,467	165,714	0.95
		<u>651,359</u>	<u>529,770</u>	<u>3.04</u>
Food, Beverage & Tobacco				
280,000	Able Global Berhad	494,374	358,400	2.06
190,300	Kawan Food Berhad	351,182	317,801	1.83
		<u>845,556</u>	<u>676,201</u>	<u>3.89</u>
Health Care Equipment & Services				
837,700	Focus Point Holdings Bhd	291,002	632,463	3.64
314,500	Supercomnet Technologies Berhad	522,925	352,240	2.02
		<u>813,927</u>	<u>984,703</u>	<u>5.66</u>
Industrials				
212,400	Aurelius Technologies Berhad	331,307	299,484	1.72
531,400	Kelington Group Bhd	779,948	632,366	3.64
850,000	Ta Win Holdings Bhd	104,495	76,500	0.44
120,300	UEM Edgenta Berhad	206,093	157,593	0.91
		<u>1,421,843</u>	<u>1,165,943</u>	<u>6.71</u>
Materials				
94,000	Press Metal Aluminium Holdings Berhad	485,519	447,440	2.57
80,000	Scientex Berhad	313,730	276,800	1.59
55,000	Thong Guan Industries Berhad	130,333	124,300	0.72
		<u>929,582</u>	<u>848,540</u>	<u>4.88</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Properties				
227,300	Lagenda Properties Berhad	315,754	288,671	1.66
Retailing				
117,600	Bermaz Auto Bhd	259,900	199,920	1.15
220,200	Innature Berhad	137,316	108,999	0.63
350,000	Mynews Holdings Berhad	320,100	140,000	0.80
		<u>717,316</u>	<u>448,919</u>	<u>2.58</u>
Semiconductors & Semi. Equipment				
25,000	D&O Green Technologies Berhad	101,750	96,250	0.55
191,700	Globetronics Technology Berhad	362,645	230,040	1.32
163,000	Greatch Technology Berhad	676,082	596,580	3.43
171,000	Inari Amertron Berhad	561,790	451,440	2.60
9,000	Malaysian Pacific Industries Berhad	310,339	252,000	1.45
100,000	Unisem (M) Berhad	300,648	230,000	1.32
67,700	Vitrox Corporation Bhd	515,956	487,440	2.80
		<u>2,829,210</u>	<u>2,343,750</u>	<u>13.47</u>
Software & Services				
50,400	Awanbiru Technology Berhad	45,059	19,404	0.11
270,900	CTOS Digital Berhad	460,810	344,043	1.98
403,600	Datasonic Group Bhd	211,738	187,674	1.08
280,000	My E.G. Services Bhd	251,759	246,400	1.42
		<u>969,366</u>	<u>797,521</u>	<u>4.59</u>
Technology Hardware & Equipment				
871,900	Aemulus Holdings Berhad	784,239	531,859	3.06
113,600	Pentamaster Corporation Berhad	402,262	419,184	2.41
		<u>1,186,501</u>	<u>951,043</u>	<u>5.47</u>
Transportation				
80,700	Malaysia Airports Holdings Berhad	481,623	532,620	3.06
Utilities				
75,000	Mega First Corporation Bhd	257,513	261,750	1.51
Total equity securities as at 30 June 2022		<u>15,945,971</u>	<u>14,441,570</u>	<u>83.05</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2021				
Banks				
115,084	CIMB Group Holdings Berhad	640,972	530,537	2.33
36,800	Hong Leong Financial Group Berhad	678,064	655,040	2.87
147,468	Malayan Banking Berhad	1,328,375	1,195,965	5.25
60,000	Public Bank Berhad	250,800	246,600	1.08
		<u>2,898,211</u>	<u>2,628,142</u>	<u>11.53</u>
Capital Goods				
2,481,200	Econpile Holdings Bhd	1,457,210	1,017,292	4.46
713,100	Gabungan AQRS Bhd	870,177	392,205	1.72
80,025	Gamuda Berhad	256,998	250,478	1.10
337,300	IJM Corporation Berhad	457,239	603,767	2.65
200,000	Jaks Resources Berhad	95,000	96,000	0.42
180,000	P.I.E. Industrial Berhad	286,736	504,000	2.21
200,000	SKP Resources Berhad	348,243	326,000	1.43
		<u>3,771,603</u>	<u>3,189,742</u>	<u>13.99</u>
Consumer Durables & Apparel				
62,400	Magni-Tech Industries Berhad	136,556	147,264	0.65
Consumer Services				
30,000	Genting Malaysia Berhad	84,796	83,100	0.36
Energy				
299,800	Dialog Group Berhad	942,046	866,422	3.80
Food, Beverage & Tobacco				
20,500	Heineken Malaysia Berhad	438,888	483,800	2.12
230,000	Johore Tin Bhd	409,716	342,700	1.50
		<u>848,604</u>	<u>826,500</u>	<u>3.62</u>
Health Care Equipment & Services				
2,210,100	Focus Point Holdings Bhd	767,749	1,679,676	7.37
19,400	Kossan Rubber Industries Berhad	130,788	62,468	0.27
79,500	Supercomnet Technologies Berhad	155,220	124,815	0.55
24,586	Supermax Corporation Berhad	207,574	81,134	0.36
130,300	Top Glove Corporation Bhd	538,633	543,351	2.38
		<u>1,799,964</u>	<u>2,491,444</u>	<u>10.93</u>
Household & Personal Products				
417,500	NTPM Holdings Berhad	299,389	240,063	1.06
Industrials				
80,000	ATA IMS Berhad	230,897	196,000	0.86
385,100	Berjaya Corporation Berhad	127,083	102,052	0.45
30,000	Chin Well Holdings Bhd	33,600	36,000	0.16
310,600	HPP Holdings Berhad	151,224	161,512	0.71
10,000	SAM Engineering and Equipment (M) Berhad	67,426	71,100	0.31
56,800	UEM Edgenta Berhad	102,064	95,992	0.42
		<u>712,294</u>	<u>662,656</u>	<u>2.91</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Materials				
80,000	Cahaya Mata Sarawak Berhad	125,700	91,200	0.40
395,900	Dnonce Technology Bhd	255,095	182,114	0.80
		<u>380,795</u>	<u>273,314</u>	<u>1.20</u>
Real Estate				
400,000	Axis Real Estate Investment Trust	743,550	764,000	3.35
180,000	IGB Real Estate Investment Trust	309,300	307,800	1.35
671,600	Sime Darby Property Berhad	669,579	402,960	1.77
330,800	Sunway Real Estate Investment Trust	524,347	473,044	2.08
		<u>2,246,776</u>	<u>1,947,804</u>	<u>8.55</u>
Retailing				
382,600	Bermaz Auto Bhd	845,560	585,378	2.57
275,100	Innature Berhad	162,731	178,815	0.78
165,200	MR D.I.Y. Group (M) Bhd.	288,858	593,068	2.60
		<u>1,297,149</u>	<u>1,357,261</u>	<u>5.95</u>
Semiconductors & Semi. Equipment				
66,700	Globetronics Technology Berhad	158,257	153,410	0.67
145,000	Greatech Technology Berhad	596,274	825,050	3.62
		<u>754,531</u>	<u>978,460</u>	<u>4.29</u>
Software & Services				
340,400	Awanbiru Technology Berhad	327,252	272,320	1.20
Technology Hardware & Equipment				
50,000	JHM Consolidation Bhd	85,000	92,500	0.41
200,000	Pentamaster Corporation Berhad	708,207	926,000	4.06
		<u>793,207</u>	<u>1,018,500</u>	<u>4.47</u>
Telecommunication Services				
204,165	Axiata Group Berhad	900,983	763,577	3.35
80,000	Telekom Malaysia Berhad	341,600	485,600	2.13
		<u>1,242,583</u>	<u>1,249,177</u>	<u>5.48</u>
Transportation				
30,000	Lingkar Trans Kota Holdings Berhad	114,000	111,000	0.49
100,000	MMC Corporation Berhad	181,000	181,000	0.79
240,000	Perak Transit Bhd	198,250	151,200	0.66
		<u>493,250</u>	<u>443,200</u>	<u>1.94</u>
Utilities				
191,500	Tenaga Nasional Berhad	2,420,251	1,874,785	8.23
Total equity securities as at 30 June 2021				
		<u>21,449,257</u>	<u>20,550,154</u>	<u>90.16</u>

Total quoted investments

Total quoted investments comprised investment in equity securities.

	Cost RM	Fair value RM	Fair value as a % of NAV %
2022			
Total quoted investments	<u>15,945,971</u>	<u>14,441,570</u>	<u>83.05</u>
Unrealised loss from quoted investments as at 30 June 2022		<u>(1,504,401)</u>	
2021			
Total quoted investments	<u>21,449,257</u>	<u>20,550,154</u>	<u>90.16</u>
Unrealised loss from quoted investments as at 30 June 2021		<u>(899,103)</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	Total RM
2022		
Financial assets at FVTPL		
Quoted investments	<u>14,441,570</u>	<u>14,441,570</u>
2021		
Financial assets at FVTPL		
Quoted investments	<u>20,550,154</u>	<u>20,550,154</u>

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

5. Cash and cash equivalents

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

	2022	2021
	RM	RM
Cash at banks	11,255	23,485
Deposit with a licensed financial institution:		
- Commercial bank	3,150,000	2,250,000
Cash and cash equivalents	<u>3,161,255</u>	<u>2,273,485</u>

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

	Weighted average		Weighted average	
	Effective interest rate		remaining maturity	
	(% per annum)		(Days)	
	2022	2021	2022	2021
Deposit with a licensed financial institution:				
- Commercial bank	<u>1.95</u>	<u>1.65</u>	<u>1</u>	<u>1</u>

6. Amount due to Manager

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

Management fee 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 to brokers/dealers

The amount due to brokers/dealers relate to purchase of investments which remain outstanding at the end of the reporting period. These are normally paid 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.

9. Trustee's fee

The Trustee's fee provided in the financial statements is computed at 0.06% (between 1 July 2021 to 30 November 2021) (2021: 0.06%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM12,000 per annum. Effective from 1 December 2021, the Trustee's fee was revised to 0.05% per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

10. Portfolio turnover ratio (“PTR”)

	2022	2021
Portfolio turnover ratio (“PTR”)	<u>0.89 times</u>	<u>1.02 times</u>

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year over the average NAV attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial year is lower due to decrease in investing activities.

11. Total expense ratio (“TER”)

	2022	2021
Total expense ratio (“TER”) ¹	<u>1.65%</u>	<u>1.63%</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 higher due to a lower percentage of decrease in expenses compared with the average NAV attributable to unitholders.

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

12. Taxation

	2022 RM	2021 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 RM	2021 RM
Net (loss)/income before taxation	<u>(3,691,034)</u>	<u>2,739,540</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(885,848)	657,490
Tax effects of:		
Income not subject to tax	(125,245)	(1,491,548)
Losses not subject to tax	886,990	671,155
Expenses not deductible for tax purpose	46,465	62,960
Restriction on tax deductible expenses for unit trust funds	<u>77,638</u>	<u>99,943</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

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

	2022	2021
	RM	RM
Unitholders’ capital	25,132,587	26,846,400
Accumulated losses:		
- Realised deficits	(6,239,399)	(3,153,663)
- Unrealised deficits	(1,504,401)	(899,103)
	<u>(7,743,800)</u>	<u>(4,052,766)</u>
NAV attributable to unitholders	<u>17,388,787</u>	<u>22,793,634</u>

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

14. Number of units in circulation

	2022		2021	
	No. of units	RM	No. of units	RM
At beginning of the financial year	64,958,701	26,846,400	98,672,359	38,561,442
Creation of units	396,708	142,956	226,726	81,631
Cancellation of units	(5,454,458)	(1,856,769)	(33,940,384)	(11,796,673)
At end of the financial year	<u>59,900,951</u>	<u>25,132,587</u>	<u>64,958,701</u>	<u>26,846,400</u>

15. Units held by the Manager and its related parties

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

16. Transactions with brokers/dealers

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

Brokers/dealers	Value of trade[#]	% of total trades	Brokerage fee*	% of total brokerage fees
	RM	%	RM	%
2022				
Kenanga Investment Bank Bhd	9,963,404	26.59	28,948	26.06
Maybank Investment Bank Bhd	9,691,663	25.87	28,795	25.92
Affin Hwang Investment Bank Bhd	8,330,132	22.24	25,586	23.04
CIMB Investment Bank Bhd	4,210,835	11.24	12,916	11.63
Credit Suisse Securities (Malaysia) Sdn Bhd	3,191,577	8.52	7,979	7.18
AmlInvestment Bank Bhd	1,139,312	3.04	4,541	4.09
Alliance Investment Bank Bhd	695,647	1.86	2,088	1.88
M&A Securities Sdn Bhd	217,000	0.58	-	-
RHB Investment Bank Bhd	22,000	0.06	220	0.20
	<u>37,461,570</u>	<u>100.00</u>	<u>111,073</u>	<u>100.00</u>

(Forward)

Brokers/dealers	Value of trade [#] RM	% of total trades %	Brokerage fee* RM	% of total brokerage fees %
2021				
CIMB Investment Bank Bhd	12,411,105	23.47	42,439	23.67
Hong Leong Investment Bank Bhd	8,375,894	15.84	29,403	16.40
RHB Investment Bank Bhd	6,723,351	12.72	25,175	14.04
Maybank Investment Bank Bhd	5,535,366	10.47	19,075	10.64
Affin Hwang Investment Bank Bhd	4,800,154	9.08	14,325	7.99
UOB Kay Hian Securities (M) Sdn Bhd	4,626,296	8.75	16,303	9.09
Credit Suisse Securities (Malaysia) Sdn Bhd	4,295,264	8.12	13,852	7.73
AmlInvestment Bank Bhd	2,929,484	5.54	9,900	5.52
Alliance Investment Bank Bhd	2,379,840	4.50	6,340	3.54
Nomura Securities Malaysia Sdn Bhd	701,105	1.33	2,469	1.38
Kenanga Investment Bank Bhd	95,000	0.18	-	-
	<u>52,872,859</u>	<u>100.00</u>	<u>179,281</u>	<u>100.00</u>

[#] Excludes brokerage and other transaction fees.

* Only applicable to equity securities.

The transactions above are with non related parties.

17. Financial risk management objectives and policies

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

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the relevant Securities Commission Malaysia 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 by the following risks:

(a) Price risk

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

The table below summarises the effect on 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	722,079	1,027,508
(5)	(722,079)	(1,027,508)

(b) Interest rate risk

This risk refers to the effect of interest rate changes on the returns on deposits with financial institutions. In the event of reduction in interest rates, the returns on deposits with financial institutions will decrease, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the deposits with financial institutions.

The Fund's exposure to interest rate risk with respect to deposit 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, 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 identifies companies that have a good likelihood of recovery from any cyclical downturn or some non-structural setback with strong possibility of earnings improvement as part of their investing decision-making process to achieve above average returns in the form of capital growth over a medium to long-term period.

(iii) Liquidity risk

This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of 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 are due within three months, while the NAV attributable to unitholders are payable on demand.

(iv) Specific risk

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

(v) Single issuer risk

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

18. 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.

19. Capital management

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

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

CORPORATE INFORMATION

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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

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