

PHILLIP ASIAPAC INCOME FUND

SEMI-ANNUAL REPORT

For the financial period 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 AsiaPac Income Fund
Manager Of Fund	: Phillip Mutual Berhad 200201002746 (570409-K)
Investment Manager	: Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	: 28 November 2006
Category Of Fund	: Balanced
Type Of Fund	: Income and growth
Investment Objective	: Phillip AsiaPac Income Fund aims to provide steady and attractive income [□] and moderate growth in the medium* to long term* by investing in a portfolio of Malaysian and foreign securities. [□] <i>Income is in reference to the Fund's distribution, which could be in the form of cash or units.</i> [*] <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	: Composite benchmark: 40% MSCI All Countries Asia Pacific Ex-Japan Index (MXAPJ) 60% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR)
Distribution Policy	: Investors will receive income distributions once a year subject to the availability of income.
Fund Size	: 16.09 million units

PHILLIP ASIAPAC INCOME FUND

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	63	19.81	0.17
	5,001-10,000 units	56	17.61	0.40
	10,001-50,000 units	139	43.71	3.41
	50,001-500,000 units	57	17.93	6.90
	500,001 units & above	3	0.94	5.21
	Total	318	100.00	16.09

FUND PERFORMANCE**Financial Highlights**

Category	6 Months	Financial Year Ended		
	to	31.12.2021	31.12.2020	31.12.2019
	30.6.2022			
Local Quoted Equity Securities	%	%	%	%
Banks	0.22	-	-	0.47
Capital goods	0.66	1.65	-	-
Food, Beverage & Tobacco	1.35	1.66	-	-
Industrials	2.94	1.81	-	-
Insurance	-	0.97	-	-
Retailing	0.91	3.50	-	-
Semiconductors & Semi. Equipment	3.31	2.47	-	-
Telecommunication services	2.11	1.45	-	-
Transportation	0.58	-	-	-
Foreign Quoted Equity Securities				
- Australia	1.82	2.23	7.39	10.07
- Hong Kong	18.35	9.41	22.18	20.78
- Indonesia	1.07	4.09	0.75	1.06
- Philippines	-	2.69	-	0.39
- Singapore	6.18	5.36	1.48	1.47
- South Korea	-	2.73	6.09	4.89
- Thailand	7.33	6.93	0.41	1.27
- United States of America	1.73	-	-	-
	48.56	46.95	38.30	40.40
Fixed Income Securities	23.75	24.26	25.98	35.02
Collective Investment Scheme	19.09	19.94	17.21	23.04
Warrant	0.13	-	-	-
Cash And Liquid Assets	8.47	8.85	18.51	1.54
Total	100.00	100.00	100.00	100.00
Net Asset Value (RM'000)	8,315	9,506	11,545	16,334
Number Of Units In Circulation (Units '000)	16,093	17,464	19,340	29,920
Net Asset Value Per Unit (RM)	0.5167	0.5444*	0.5970	0.5460*
Total Expense Ratio ("TER") ¹	0.80%	1.90%	1.52%	1.43%
Portfolio Turnover Ratio (times)	0.62	0.56	0.44	0.22

The Total Expense Ratio for the current financial period is lower due to higher percentage of decrease in expenses compared with the average net asset value attributable to unitholders. (30 June 2021: 0.94%)

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

The Portfolio Turnover Ratio for the current financial period is higher due to increase in investing activities. (30 June 2021: 0.19 times)

Notes:

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

* Price quoted is ex-distribution.

Performance Data

	Phillip AsiaPac Income Fund		Composite benchmark [#]	
	Total Return	Average Annual Return	Total Return	Average Annual Return
6 Months' Period to 30.6.2022	-5.09%	-	-4.73%	-
1 Year's Period to 31.12.2021	-5.58%	-5.58%	0.40%	0.40%
3 Years' Period to 31.12.2021	7.49%	2.50%	12.88%	4.29%
5 Years' Period to 31.12.2021	22.71%	4.54%	24.52%	4.90%

	6 Months to		Financial Year Ended			
	30.6.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Phillip AsiaPac Income Fund						
- Capital Return	-5.09%	-8.81%	9.34%	5.55%	-10.02%	9.40%
- Income Return	-	3.67%	-	4.58%	4.83%	4.35%
- Total Return	-5.09%	-5.58%	9.34%	10.38%	-5.67%	14.16%
Composite benchmark [#]	-4.73%	0.40%	11.88%	7.97%	-3.77%	9.99%

	6 Months to		Financial Year Ended	
	30.6.2022	31.12.2021	31.12.2020	31.12.2019
Unit Prices				
Highest NAV(RM)	0.5485	0.6276	0.5977	0.5753
Lowest NAV (RM)	0.5049	0.5444*	0.4843	0.5117

Distributions

Gross Distribution Per Unit (sen)	-	1.00	-	2.50
	(30.6.2022)	(29.1.2021)	(31.12.2020)	(31.12.2019)
		1.00		
		(31.12.2021)		

Net Distribution Per Unit (sen)	-	1.00	-	2.50
	(30.6.2022)	(29.1.2021)	(31.12.2020)	(31.12.2019)
		1.00		
		(31.12.2021)		

Source Of Distribution	RM'000	RM'000	RM'000	RM'000
- Net realised income	-	530	-	1,474
- Capital (distribution equalisation)	-	(166)	-	(726)
Total distributions	-	364	-	748
	%	%	%	%
- Net realised income	-	145.60	-	197.06
- Capital (distribution equalisation)	-	(45.60)	-	(97.06)
Total distributions	-	100.00	-	100.00

Unit Splits	-	-	-	-
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* Price quoted is ex-distribution price.

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

Notes:

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

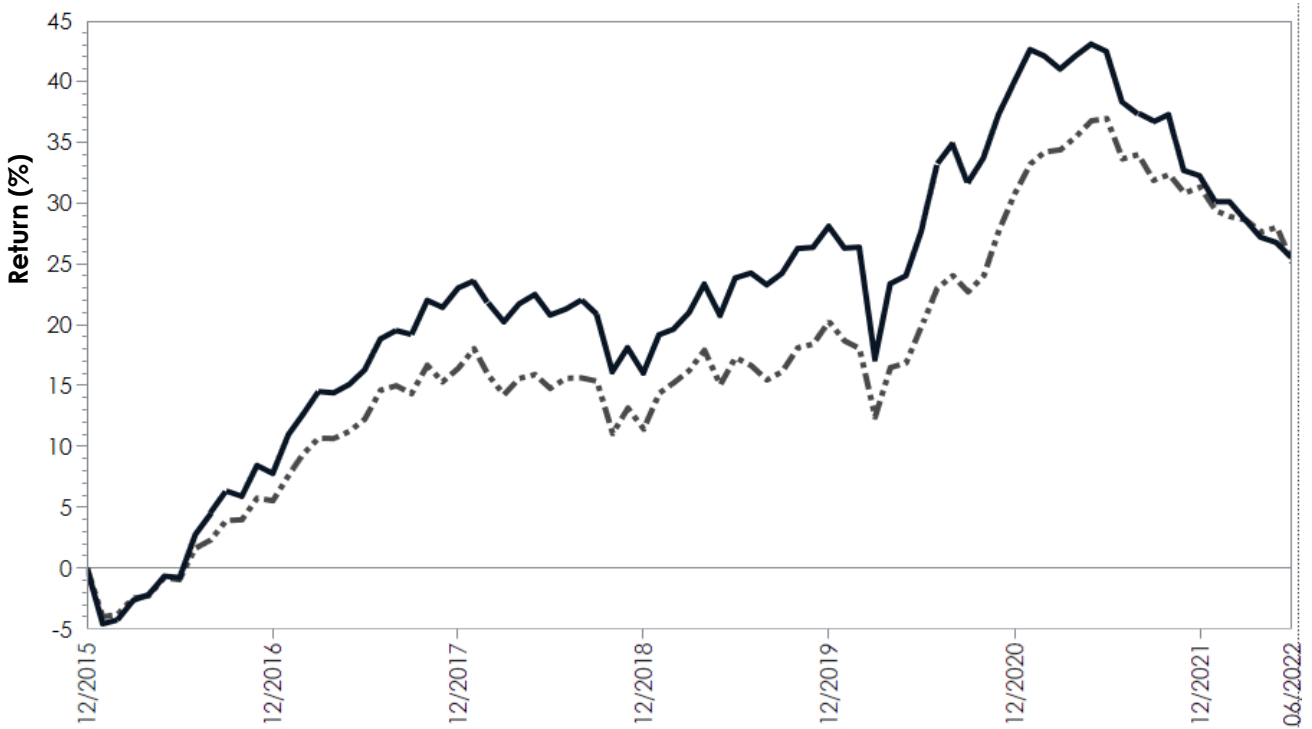
**MANAGER'S REPORT
30 June 2022**



Performance Review

From 31 December 2015 to 30 June 2022, the Phillip AsiaPac Income Fund registered a total return of 25.48%, while its composite benchmark (40% MSCI All Countries Asia Pacific Ex-Japan Index [MXAPJ] and 60% 3-Month Kuala Lumpur Interbank Offer Rate [KLIBOR]), rose 25.15%.

For the financial period under review (1 January 2022 to 30 June 2022), the Fund registered a total return of -5.09%. In comparison, its composite benchmark fell 4.73%.

Comparison Between Fund's Performance And Benchmark (Past 6 years)



	Phillip AsiaPac Income Fund	+25.48%
	Composite Benchmark (40% MXAPJ & 60% 3-Month KLIBOR)	+25.15%

Source: Lipper

Notes:

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

Investment Strategy Review

Equity Strategy Review

Our high exposure to fixed income and selective good dividend paying names helped cushioned the fund during volatile market, and at the same time rewarding investors with stable dividends. The fund is appropriately positioned in many bank names that should see further upside from rising interest rate environment. That aside, in a bear market, dividend stocks are less likely to drop as much as fast-growing stocks, thus preserving their capital values.

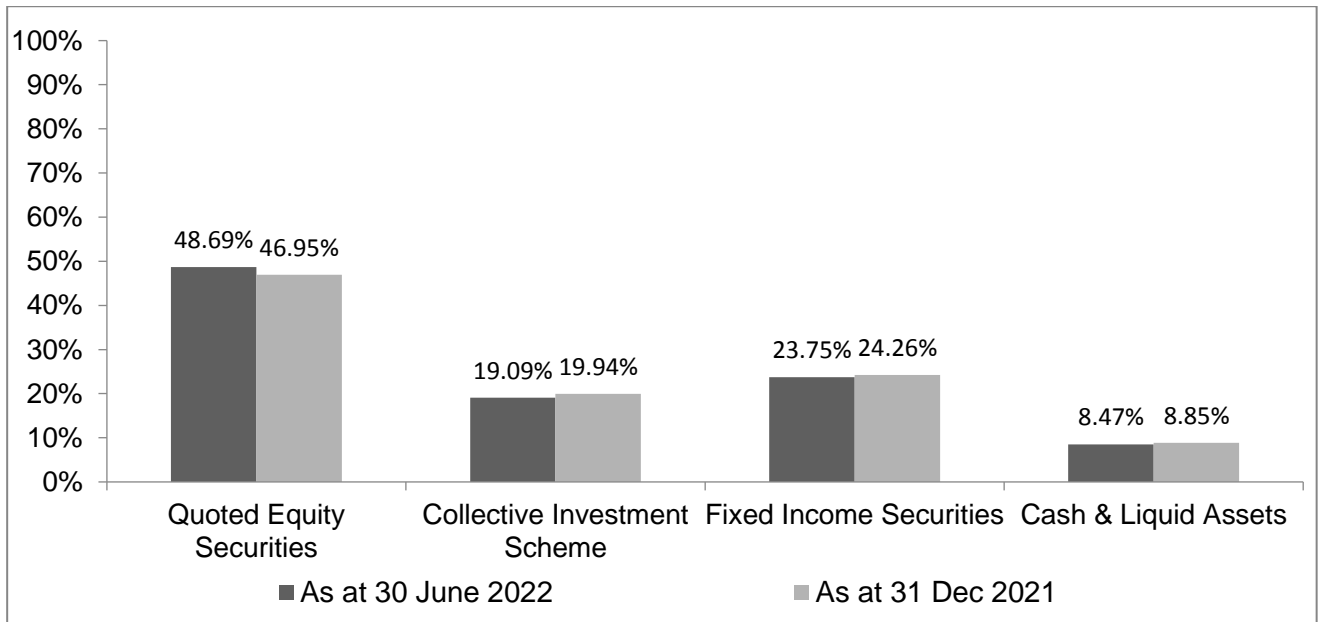
Notwithstanding the challenges currently facing the economy, we see some light at end of tunnel. For example, the China market has rebounded from the low amid easing of policy scrutinies and less stringent mobility restrictions after a series of lockdown, JP Morgan predicted emerging markets to rebound by 20% in 2H22 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, work-from-home becoming a norm. The higher vaccination rate worldwide should also keep hospitalisation numbers at a controllable level.

Fixed Income Strategy Review

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 securities allocation (inclusive of warrant) of Phillip AsiaPac Income Fund increased to 48.69% as at 30 June 2022 from 46.95% recorded at the beginning of the financial period under review due to net equity purchases.

The fixed income securities and collective investment scheme allocation of Phillip AsiaPac Income Fund decreased to 42.84% as at 30 June 2022 from 44.20% recorded at the beginning of the financial period under review due to the maturity of certain fixed income securities and disposal of collective investment scheme. The 19.09% in collective investment scheme was placed in the Phillip Dana Murni, a sukuk fund, managed by the Manager.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Phillip AsiaPac Income Fund decreased from RM0.5444 as of 31 December 2021 to RM0.5167 as of 30 June 2022. Meanwhile, total NAV of the Fund decreased from RM9,506,244 to RM8,315,042 mainly due to net fund redemptions and unfavourable market movements.

Market Review

Equity Markets Review

In February 2022, tensions between Russia and Ukraine escalated when Russia recognised the independence of two separatist regions in eastern Ukraine, in response to Ukraine's attempt to join NATO. This culminated into Russia 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 fertiliser.

Over in US, to combat red hot inflation, the Federal Reserve hiked interest rates by 25bps in March 2022, its first increase since Dec 2018. In May 2022, it raised rates by 50 bps, the highest increase in 22 years. In June 2022, the US Fed increased rates by another 75 bps. Fed 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.

Locally, Bank Negara Malaysia BNM increased the OPR by 25bps to 2% in May 2022, its first hike since January 2018. Markets are expecting another 50bps hike in 2H22. On the other hand, China has continued to ease its monetary policy to support its economy. In January, 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.

Most equity markets in Asia Pacific were choppy during the period under review, however a trend that stood out was the outperformances of financial sectors as bank names saw gains on the back of rising interest rates environment, which should boost banks' overall earnings. Countries such as Malaysia and Indonesia in particular, experienced foreign fund net inflows as both countries were the top producers of crude palm oil, and were net beneficiaries when the commodity price surged to over RM7,000/MT, although it quickly retreated to RM4,800/mt level by end June 2022. Similarly, oil and gas related names posted strong gains on the back of commodities upcycle as economies reopened and demand outstripped supplies due to the aforementioned tensions between Russian and Ukraine.

Over in China, share prices were sharply lower in the 1Q22 while shares in Hong Kong and Taiwan also fell. The number of Covid-19 cases in Hong Kong and China spiked to their highest level in more than two years during the quarter despite the Chinese government pursuing one of the world strictest virus elimination policies. The city of Shanghai, China financial capital with a population of 25 million people, went into a partial lockdown at the end of the 1Q22 in a bid to curb a surge in Omicron Covid-19 cases, although the lockdown were subsequently relaxed in the 2Q22, which paved way for the strong rebound China equity markets for the quarter. That aside, strong policy support by government, easing of policy scrutinies and seemingly improving relationship with the US also saw investors flocking back to the China market for the quarter.

Bond Markets Review

In the beginning of the financial period under review, the UST's yield curve started to steepen following the hawkish signals in the Fed 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 30 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, the Malaysian sovereign debt yield traded higher following the movement of the global bonds market during the 1Q22. However, in March 22, 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 financial period 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.

Securities Financing Transactions

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

Cross Trade

There was a cross-trade transaction undertaken by the Fund during the financial period under review. The transaction was executed through brokers/dealers on an arm's length and fair value basis and in the best interest of Unitholders.

Soft Commissions

During the financial period 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 UNIT HOLDERS OF PHILLIP ASIAPAC INCOME FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period 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 period covered by these financial statements in accordance with the following:

- (a) Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trusts 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 unaudited financial statements set out on pages 13 to 33 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 AsiaPac Income Fund** as at 30 June 2022 and of its financial performance, changes in net asset value and cash flows for the financial period 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

UNAUDITED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	30.6.2022 RM	30.6.2021 RM
Assets			
Investments	3	7,611,059	9,649,724
Dividend receivable		7,730	5,640
Interest receivable		15,843	31,392
Amount due from Manager	6	105	105
Cash and cash equivalents	5	700,354	1,112,199
Total Assets		<u>8,335,091</u>	<u>10,799,060</u>
Liabilities			
Amount due to Manager	6	8,996	17,714
Other payables		11,053	22,758
Total Liabilities		<u>20,049</u>	<u>40,472</u>
Net Asset Value (“NAV”) Of The Fund		<u>8,315,042</u>	<u>10,758,588</u>
Equity			
Unitholders’ capital		3,987,096	4,971,404
Retained earnings		4,327,946	5,787,184
NAV Attributable To Unitholders	14	<u>8,315,042</u>	<u>10,758,588</u>
Total Equity And Liabilities		<u>8,335,091</u>	<u>10,799,060</u>
Number Of Units In Circulation (Units)	15	<u>16,092,976</u>	<u>18,003,377</u>
NAV Per Unit (ex-distribution)	14	<u>0.5167</u>	<u>0.5976</u>

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 30 June 2022

		1.1.2022	1.1.2021
		To	To
	Note	30.6.2022	30.6.2021
		RM	RM
Investment Income/(Loss)			
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")		110,030	120,111
Interest income		44,603	75,513
Net gain on investments			
- Financial assets at FVTPL		26,234	577,999
- Foreign exchange		(26,894)	6,498
Net unrealised gain on foreign exchange		13,564	10,408
Net unrealised loss on changes in value of financial assets at FVTPL		(541,053)	(455,406)
		<u>(373,516)</u>	<u>335,123</u>
Expenses			
Audit fee		3,945	4,168
Tax agent's fee		1,677	1,687
Manager's fee	7	57,129	73,936
Trustee's fee	8	4,166	4,165
Custodian's fee	9	567	644
Brokerage and other transaction fees		31,351	16,089
Administration expenses		3,720	21,235
		<u>102,555</u>	<u>121,924</u>
Net (Loss)/Income Before Taxation		(476,071)	213,199
Taxation	12	-	-
Net (Loss)/Income After Taxation		<u>(476,071)</u>	<u>213,199</u>
Total Comprehensive (Loss)/Income		<u>(476,071)</u>	<u>213,199</u>
Total Comprehensive (Loss)/Income Comprises the following:			
Realised gain		51,418	658,198
Unrealised loss		(527,489)	(444,999)
		<u>(476,071)</u>	<u>213,199</u>
Distribution For The Financial Period			
Gross/net distribution (RM)	15	-	192,735
Gross/net distribution per unit (sen)	15	-	1.00

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

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

	Note	Unitholders' capital RM	Retained earnings RM	NAV attributable to unitholders RM
At 1 January 2021		5,662,198	5,882,319	11,544,517
Net income after taxation		-	213,199	213,199
Creation of units	15	309,022	-	309,022
Cancellation of units	15	(1,115,415)	-	(1,115,415)
Distribution		115,599	(308,334)	(192,735)
At 30 June 2021		<u>4,971,404</u>	<u>5,787,184</u>	<u>10,758,588</u>
At 1 January 2022		4,702,228	4,804,017	9,506,245
Net loss after taxation		-	(476,071)	(476,071)
Creation of units	15	54,958	-	54,958
Cancellation of units	15	(770,090)	-	(770,090)
At 30 June 2022		<u>3,987,096</u>	<u>4,327,946</u>	<u>8,315,042</u>

The accompanying notes form an integral part of the financial statement

UNAUDITED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2022

	1.1.2022 to 30.6.2022 RM	1.1.2021 to 30.6.2021 RM
Cash Flows From/(Used In) Operating And Investing Activities		
Proceeds from sale of investments	5,823,259	2,165,383
Purchase of investments	(5,281,779)	(2,205,172)
Dividends received	64,877	47,787
Interest received	54,895	80,526
Manager's fee paid	(58,714)	(71,897)
Trustee's fee paid	(4,189)	(4,664)
Custodian's fee paid	(567)	(644)
Payment for other fees and expenses	(18,961)	(31,597)
Net cash from/(used in) operating and investing activities	<u>578,821</u>	<u>(20,277)</u>
Cash Flows From/(Used In) Financing Activities		
Cash proceeds from units created	54,959	352,206
Cash paid on units cancelled	(781,166)	(1,097,702)
Distributions paid	(2,049)	(192,736)
Net cash used in financing activities	<u>(728,256)</u>	<u>(938,232)</u>
Net Decreases In Cash And Cash Equivalents	(149,435)	(958,509)
Effect Of Exchange Rate Changes	2,429	(5,870)
Cash And Cash Equivalents At Beginning Of Financial Period	<u>847,360</u>	<u>2,076,578</u>
Cash And Cash Equivalents At End Of Financial Period	<u>700,354</u>	<u>1,112,199</u>
Cash And Cash Equivalents Comprise (Note 5):		
Cash at banks	240,354	1,112,199
Deposits with financial institutions	460,000	-
	<u>700,354</u>	<u>1,112,199</u>

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

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

Phillip AsiaPac Income Fund, formerly known as Pacific AsiaPac Income Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 6 November 2006 as amended by the First Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 25 June 2010, Third Supplemental Master Deed dated 12 July 2017, Fourth Supplemental Master Deeds dated 12 July 2017, Fifth Supplemental Master Deed dated 5 October 2020, Sixth Supplemental Master Deed dated 5 October 2020 made between the previous Manager, BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Bhd, the Manager prior to 1 December 2020) and the Trustees, HSBC (Malaysia) Trustee Berhad (the Trustee prior to 1 October 2017) and CIMB Commerce Trustee Berhad (the new Trustee with effect from 1 October 2017), Seventh Supplemental Master Deed dated 6 November 2020, Eighth 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, CIMB Commerce Trustee Berhad and Ninth 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 28 November 2006.

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, foreign securities, unlisted securities, futures contracts and any other investments 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.

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 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 years beginning on or after 1 January 2022, 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 of the date of authorisation of these financial statements, the Amendments to MFRSs that are relevant to the Fund which were in issue but not yet effective and not early adopted by the Fund's operation 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 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) Foreign currency translation

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

Transactions in foreign currencies are translated into RM at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

(e) Financial instruments

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

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

Financial assets

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

(i) Financial assets at amortised cost

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

(ii) Financial assets at FVTPL

A financial asset is measured at FVTPL if:

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

The Fund includes in this category its Permitted Investments. 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 amounts due to Manager and Trustee 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.

(f) Derecognition of financial assets and liabilities

Financial assets

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

Financial liabilities

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

(g) Impairment of financial assets

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

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund’s financial statements. For balances which are short-term in nature and with not financing component (e.g. interest receivable and dividend receivable and amount due from Manager), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(h) Income recognition

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

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.

(i) Unrealised reserves/(deficits)

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

(j) Cash and cash equivalents

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

(k) Taxation

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

(l) Fair value measurement

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

(m) Distributions

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.

(n) 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.

(o) 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

	30.6.2022 RM	30.6.2021 RM
Financial Assets At FVTPL		
Fixed income securities	1,975,030	2,468,052
Quoted investments		
- Equity securities	4,037,396	5,013,521
- Collective investment scheme	1,587,503	2,168,151
- Warrant	11,130	-
	<u>5,636,029</u>	<u>7,181,672</u>
Total Investments	<u>7,611,059</u>	<u>9,649,724</u>

Fixed income securities

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

Name Of Counter	Credit rating	Nominal value RM	Cost RM	Fair value RM	Fair value as a % of NAV %
2022					
Cenergi Sea Berhad 5.30% 23/12/2026	A1	1,000,000	988,410	985,070	11.85
Tan Chong Motor Holdings Berhad 5.00% 14/03/2025	A+	1,000,000	1,001,197	989,960	11.90
		<u>2,000,000</u>	<u>1,989,607</u>	<u>1,975,030</u>	<u>23.75</u>
Unrealised loss from fixed income securities as at 30 June 2022				<u>(14,577)</u>	

Equity securities

The composition of quoted investments at the end of 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 %
<u>Australia</u>				
<u>Banks</u>				
553	Commonwealth Bank of Australia	126,678	151,535	1.82
Total equity securities - Australia		<u>126,678</u>	<u>151,535</u>	<u>1.82</u>
<u>Hong Kong</u>				
<u>Automobiles & Components</u>				
15,000	Geely Automobile Holdings Limited	128,164	150,311	1.81
<u>Banks</u>				
3,000	China Merchants Bank Co., Ltd.	83,688	88,468	1.06

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
	Consumer Durables & Apparel			
1,500	ANTA Sports Products Limited	82,133	81,222	0.98
	Insurance			
15,000	China Life Insurance Company Ltd.	149,405	115,092	1.38
2,500	Ping An Insurance (Group) Company of China Limited	87,431	74,917	0.90
		<u>236,836</u>	<u>190,009</u>	<u>2.28</u>
	Media & Entertainment			
750	Tencent Holdings Limited	158,640	149,300	1.80
	Retailing			
6,500	Alibaba Group Holding Limited	562,236	408,553	4.91
1,900	Meituan	173,244	207,256	2.49
		<u>735,480</u>	<u>615,809</u>	<u>7.40</u>
	Technology Hardware & Equipment			
1,000	Sunny Optical Technology Group Co., Limited	77,000	71,841	0.86
	Telecommunication Services			
21,000	TravelSky Technology Limited	152,635	179,766	2.16
	Total Equity Securities - Hong Kong	<u>1,654,576</u>	<u>1,526,726</u>	<u>18.35</u>
	Indonesia			
	Telecommunication Services			
75,000	PT Telekomunikasi Indonesia Persero Tbk	99,818	88,710	1.07
	Total equity securities - Indonesia	<u>99,818</u>	<u>88,710</u>	<u>1.07</u>
	Malaysia			
	Banks			
9,700	AFFIN Bank Bhd	18,060	18,236	0.22
	Capital Goods			
70,000	Dagang Nexchange Berhad	71,617	55,300	0.66
	Food, Beverage & Tobacco			
67,000	Power Root Berhad	120,668	111,890	1.35
	Industrials			
159,000	Jentayu Sustainables Berhad	109,334	71,550	0.86
145,000	Kelington Group Bhd	224,738	172,550	2.08
		<u>334,071</u>	<u>244,100</u>	<u>2.94</u>
	Retailing			
188,500	MyNews Holdings Berhad	173,516	75,400	0.91

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
Semiconductors & Semi. Equipment				
70,000	Globetronics Technology Berhad	152,620	84,000	1.01
72,600	Inari Amertron Berhad	240,673	191,664	2.30
		<u>393,293</u>	<u>275,664</u>	<u>3.31</u>
Telecommunication Services				
40,000	Time Dotcom Berhad	171,908	175,200	2.11
Transportation				
10,000	Lingkar Trans Kota Holdings Berhad	47,400	48,000	0.58
Total equity securities - Malaysia		<u>1,330,533</u>	<u>1,003,790</u>	<u>12.08</u>
Singapore				
Banks				
1,200	DBS Group Holdings Limited	131,023	112,796	1.36
1,400	United Overseas Bank Limited	115,676	116,387	1.40
		<u>246,699</u>	<u>229,183</u>	<u>2.76</u>
Food, Beverage & Tobacco				
93,300	Thai Beverage Public Company Limited	208,479	190,585	2.29
Real Estate				
38,000	Sasseur Real Estate Investment Trust	99,960	93,870	1.13
Total equity securities - Singapore		<u>555,138</u>	<u>513,638</u>	<u>6.18</u>
Thailand				
Automobiles & Components				
18,000	Somboon Advance Technology PCL - NVDR	42,658	40,840	0.49
Banks				
8,000	Kasikornbank Public Company Limited - NVDR	139,112	150,095	1.81
Food & Staples Retailing				
20,700	CP All Public Company Limited - NVDR	159,054	154,833	1.86
Industrials				
2,500	Delta Electronics Thailand PCL	143,138	103,783	1.25
Transportation				
18,000	Airports of Thailand Public Company Limited - NVDR	161,280	159,321	1.92
Total equity securities - Thailand		<u>645,242</u>	<u>608,872</u>	<u>7.33</u>

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
	<u>United States of America</u>			
	Semiconductors & Semi. Equipment			
400	Taiwan Semiconductor Manufacturing Company Limited	175,132	144,125	1.73
	Total equity securities - United States of America	175,132	144,125	1.73
	Total equity securities	4,587,117	4,037,396	48.56

Warrant

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2022				
	<u>Malaysia</u>			
79,500	Jentayu Sustainables Berhad - WB 20/02/2032	-	11,130	0.13

Collective investment scheme

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2022				
	<u>Malaysia</u>			
2,959,000	Phillip Dana Murni*	1,569,550	1,587,503	19.09

* Managed by the Manager

Total quoted investments

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

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
2022				
	Total quoted investments as at 30 June 2022	6,156,667	5,636,029	67.78
	Unrealised loss from quoted investments as at 30 June 2022		(520,638)	

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
30.6.2022			
Financial assets at FVTPL			
Fixed income securities	-	1,975,030	1,975,030
Quoted investments	5,636,029	-	5,636,029
30.6.2021			
Financial assets at FVTPL			
Fixed income securities	-	2,468,052	2,468,052
Quoted investments	7,181,672	-	7,181,672

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.

	30.6.2022 RM	30.6.2021 RM
Cash at banks:		
- Malaysia	1,861	78,627
- Outside Malaysia	238,493	1,033,572
	<u>240,354</u>	<u>1,112,199</u>
Deposits with licensed financial institutions:		
- Commercial Bank	460,000	-
	<u>460,000</u>	<u>-</u>
Cash and cash equivalents	<u>700,354</u>	<u>1,112,199</u>

The weighted average rate of return and remaining maturity of deposits with financial institutions at the reporting date were as follows:

	Weighted average effective interest rate (% per annum)		Weighted average remaining maturity (Days)	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Deposits with licensed financial institutions:				
- Commercial bank	1.95	-	1	-
	<u>1.95</u>	<u>-</u>	<u>1</u>	<u>-</u>

6. Amount due from/to Manager

Amount due from Manager represents amount receivable for units created, while amount due to Manager represents amount payable for units cancelled and/or amount payable for management fee.

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

7. 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>

8. Trustee's fee

The Trustee's fee provided in the financial statements is computed at 0.05% (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 RM8,400 per annum.

9. Custodian's fee

The custodian's fee provided in the financial statements ranges from 0.01% to 0.30% (2021: 0.01% to 0.30%) per annum, computed based on the NAV attributable to unitholders of the Fund of the respective foreign portfolio at the end of the month.

10. Portfolio Turnover Ratio ("PTR")

	1.1.2022	1.1.2021
	to	to
	30.6.2022	30.6.2021
Portfolio turnover ratio ("PTR")	<u>0.62 times</u>	<u>0.19 times</u>

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

11. Total Expense Ratio (“TER”)

	1.1.2022 to 30.6.2022	1.1.2021 to 30.6.2021
Total expense ratio (“TER”) ¹	<u>0.80%</u>	<u>0.94%</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 period calculated on a daily basis. The TER for the current financial period is lower due to higher percentage of decrease in expenses compared with the average net asset value attributable to unitholders.

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

12. Income tax expense

	1.1.2022 to 30.6.2022 RM	1.1.2021 to 30.6.2021 RM
Estimated Malaysian income tax: Current period's provision	<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 period.

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

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

	1.1.2022 to 30.6.2022 RM	1.1.2021 to 30.6.2021 RM
Net (loss)/income before taxation	<u>(476,071)</u>	<u>213,199</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(114,257)	51,168
Tax effects of:		
Income not subject to tax	(46,664)	(189,727)
Losses not subject to tax	136,307	109,297
Expenses not deductible for tax purpose	9,956	10,517
Restriction on tax deductible expenses for unit trust funds	<u>14,658</u>	<u>18,745</u>
Tax expense for the period	<u>-</u>	<u>-</u>

13. Distribution

	30.6.2022	30.6.2021
	RM	RM
Net final distribution paid on 4 February 2021	-	192,735
Distribution to unitholders is from the following sources:		
Dividend income	-	25,014
Interest income	-	34,931
Realised gain on sale of investments	-	284,318
Distribution equalisation	-	(115,601)
	<u>-</u>	<u>228,662</u>
Less:		
Expenses	-	(35,927)
	<u>-</u>	<u>192,735</u>
Gross distribution per unit (sen)	-	1.00
Net distribution per unit (sen)	<u>-</u>	<u>1.00</u>

The net unrealized loss arising from investments at the end of the reporting period was RM535,215 (2021: RM1,456,912).

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

	30.6.2022	30.6.2021
	RM	RM
Unitholders' capital	3,987,096	4,971,404
Retained earnings:		
- Realised reserves	4,869,374	4,337,823
- Unrealised reserves	(541,428)	1,449,361
	<u>4,327,946</u>	<u>5,787,184</u>
NAV attributable to unitholders	<u>8,315,042</u>	<u>10,758,588</u>

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

15. Number of units in circulation

	30.6.2022		30.6.2021	
	No. Of Units	RM	No. Of Units	RM
At beginning of the financial period	17,464,059	4,702,228	19,340,079	5,662,198
Creation	102,635	54,958	514,357	309,022
Cancellation	(1,473,718)	(770,090)	(1,851,059)	(1,115,415)
Distribution	-	-	-	115,599
At end of the financial period	<u>16,092,976</u>	<u>3,987,096</u>	<u>18,003,377</u>	<u>4,971,404</u>

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 period are as follows:

Brokers/dealers	Value of trade[#] RM	% of total trades %	Brokerage fee* RM	% of total brokerage fees %
RHB Investment Bank Bhd	3,294,520	37.53	-	-
Credit Suisse Securities (Malaysia) Sdn Bhd	2,620,791	29.86	7,201	47.44
Affin Hwang Investment Bank Bhd	1,243,371	14.17	3,270	21.54
Maybank Investment Bank Bhd	1,095,407	12.48	3,286	21.65
CIMB Investment Bank Bhd	294,750	3.36	738	4.86
Kenanga Investment Bank Bhd	228,137	2.60	684	4.51
	<u>8,776,976</u>	<u>100.00</u>	<u>15,179</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 guidelines.

(i) Market risk

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

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

(a) Price risk

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 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)	
	30.6.2022 RM	30.6.2021 RM
+5	281,801	359,084
(5)	<u>(281,801)</u>	<u>(359,084)</u>

(b) Interest rate risk

This risk refers to the effect of interest rate changes on the market value of fixed income securities returns on deposits with financial institutions. In the event of reduction in interest rates, the returns on deposits with financial institutions will decrease while prices of fixed income securities 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 financial institutions.

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

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

The table below indicates the currencies to which the Fund had significant exposure at the end of the reporting period on its net asset value. The analysis shows the currency risk concentration and calculates the effect on NAV attributable to unitholders due to fluctuations in currency rates against the functional currency, with all other variables held constant.

	Currency risk RM	Concentration as a % of NAV	Changes in currency rates %	Effect on net income before tax and NAV attributable to unitholders RM
30.6.2022				
HKD	1,527,408	18.37	+5	76,370
THB	608,871	7.32	+5	30,444
SGD	513,638	6.18	+5	25,682
USD	382,163	4.60	+5	19,108
AUD	151,535	1.82	+5	7,577
IDR	<u>88,710</u>	<u>1.07</u>	<u>+5</u>	<u>4,436</u>

An equivalent decrease in the currency rates shown above would have resulted in an equivalent, but opposite impact.

(ii) Credit risk

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

Credit risk generally arises from investments, cash and cash equivalents, dividend receivable, interest receivable, amount due from manager and other receivables. The maximum exposure to credit risk is presented in the Statement of Financial Position. None of these balances are impaired. Cash and cash equivalents are placed in financial institutions with strong credit ratings. The Investment Committee of the Fund will invest in a portfolio of local and foreign securities that have potential capital growth and income in the medium to long term.

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

	RAM Credit Rating	MARC Credit Rating	Government Guaranteed	As a % of NAV
30.06.2022	A1	A+	-	23.76
				<u>23.76</u>
30.06.2021	-	AA-	-	13.52
	A1	-	-	9.41
				<u>22.94</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 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 net asset value. 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**

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Registered Office

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CIMB Commerce Trustee Berhad (Registration No: 199401027349)(313031-A)

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

Datuk Ir. Hamzah Bin Hasan

Datin Hajjah Nona Binti Salleh

Mr. Andy Lim Say Kiat

En. Mohd Fadzli Bin Mohd Anas

Mr. Lim Wen Sheong

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

INVESTMENT MANAGER

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

COMPANY SECRETARY

Mr. Tan Boon Seng (MAICSA 0749659)

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