

PHILLIP GLOBAL DISRUPTIVE INNOVATION 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 Global Disruptive Innovation Fund
Manager Of Fund	: Phillip Mutual Berhad 200201002746 (570409-K)
Investment Manager	: Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Name of Target Fund	: LionGlobal New Wealth Series - LionGlobal Disruptive Innovation Fund
Investment Manager Of Target Fund	: Lion Global Investors Limited (198601745D)
Launch Date	: Class MYR-Hedged – 22 April 2019
Category Of Fund	: Equity – feeder fund
Type Of Fund	: Growth
Investment Objective	: Phillip Global Disruptive Innovation Fund aims to provide long term* capital growth by investing into the Target Fund
	<i>* Long term is defined as a period of more than three years.</i>
Performance Benchmark	: MSCI World Net Total Return Index
Distribution Policy	: Incidental, subject to the Manager's discretion
Fund Size	: 6.32 million units

PHILLIP GLOBAL DISRUPTIVE INNOVATION FUND

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	271	57.66	0.48
	5,001-10,000 units	68	14.47	0.50
	10,001-50,000 units	106	22.55	2.17
	50,001-500,000 units	24	5.11	2.46
	500,001 units & above	1	0.21	0.71
	Total	470	100.00	6.32

FUND PERFORMANCE

Financial Highlights

Category	As at 30.6.2022	As at 31.12.2021	As at 31.12.2020	As at 31.12.2019
	%	%	%	%
Collective Investment Scheme	101.80	98.00	86.81	95.82
Cash And Liquid Assets	(1.80)	2.00	13.19	4.18
Total	100.00	100.00	100.00	100.00
		Class MYR-Hedged		
Net Asset Value (USD'000)	1,690	2,607	1,767	962
Number Of Units In Circulation (Units '000)	6,323	6,404	4,332	3,580
Net Asset Value Per Unit (USD)	0.2673	0.4072	0.4078	0.2687
Net Asset Value Per Unit In Class Currency (RM)	1.1777	1.6957	1.6385	1.0989
Total Expense Ratio ("TER") ¹	1.01%	2.32%	2.44%	2.13%
Portfolio Turnover Ratio (times)	0.01	0.19	0.44	0.68

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: 1.13%)

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

The Portfolio Turnover Ratio for the current financial period is lower due to decrease in investing activities. (30 June 2021: 0.18 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.

Performance Data

	Phillip Global Disruptive Innovation Fund		MSCI World Net Total Return Index [#]	
	Total Return	Average Annual Return	Total Return	Average Annual Return
6 Months' Period to 30.6.2022	-30.55%	-	-15.90%	-
1 Year's Period to 31.12.2021	3.49%	3.49%	26.16%	26.16%
Since inception (22.4.2019 to 31.12.2021)	69.57%	26.09%	57.36%	21.51%

	Since Inception			
	6 Months to 30.6.2022	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	22.4.2019 to 31.12.2019
Phillip Global Disruptive Innovation Fund				
- Capital Return	-30.55%	3.49%	49.10%	9.89%
- Income Return	0.00%	0.00%	0.00%	0.00%
- Total Return	-30.55%	3.49%	49.10%	9.89%
MSCI World Net Total Return Index [#]	-15.90%	26.16%	13.98%	9.49%

	Since Inception			
	6 Months to 30.6.2022	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	22.4.2019 to 31.12.2019
Unit Prices				
Highest NAV(RM)	1.7116	1.7740	1.6385	1.1030
Lowest NAV (RM)	1.1777	1.6297	0.8318	0.9786

Distributions

Gross Distribution Per Unit (sen)	-	-	-	-
	(30.6.2022)	(31.12.2021)	(31.12.2020)	(31.12.2019)
Net Distribution Per Unit (sen)	-	-	-	-
	(30.6.2022)	(31.12.2021)	(31.12.2020)	(31.12.2019)

Unit Splits	-	-	-	-
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[#] 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.

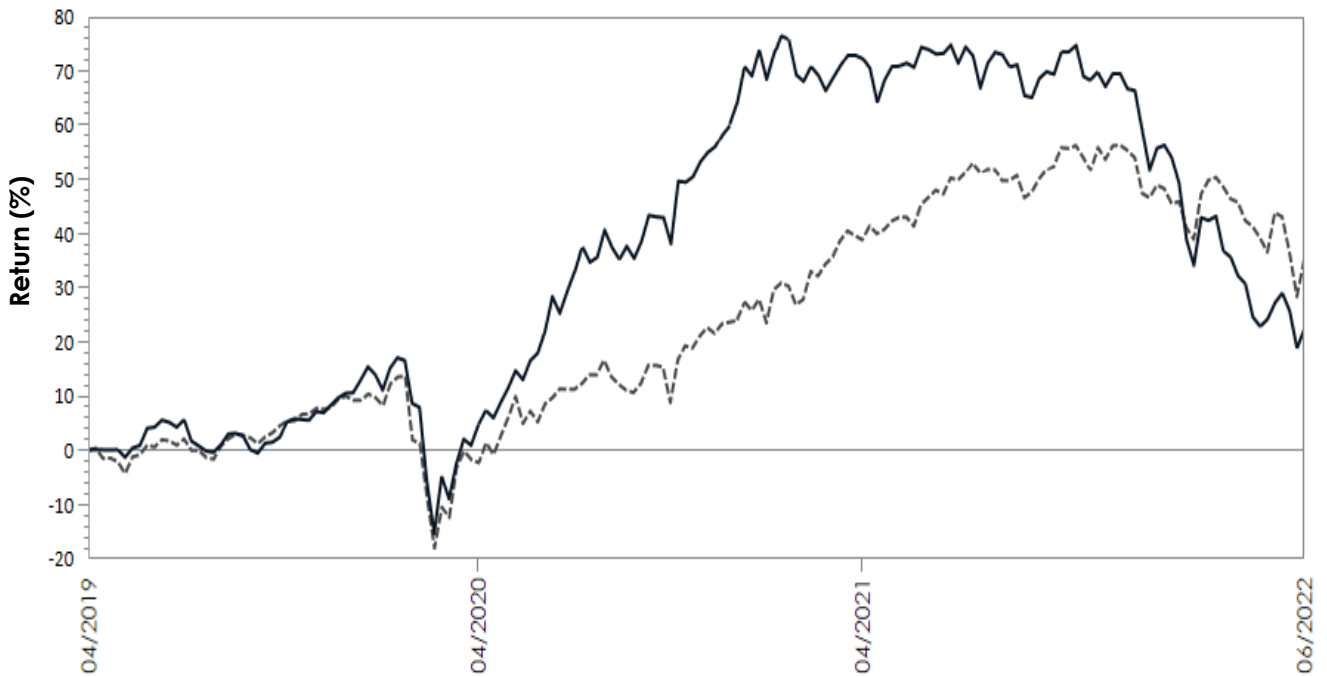
MANAGER'S REPORT
30 June 2022

Performance Review

From 22 April 2019 (date of launch: 22 April 2019) to 30 June 2022, the Phillip Global Disruptive Innovation Fund registered a total return of 22.50%, while its benchmark, the MSCI World Net Total Return Index, rose 35.12%.

For the financial period under review (1 January 2022 to 30 June 2022), the Fund registered a total return of -30.55%. In comparison, its benchmark fell 15.90%.

Comparison Between Fund's Performance And Benchmark Since Inception



—	Phillip Global Disruptive Innovation Fund	+22.50%
- - -	MSCI World Net Total Return Index	+35.12%

Source: Lipper

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

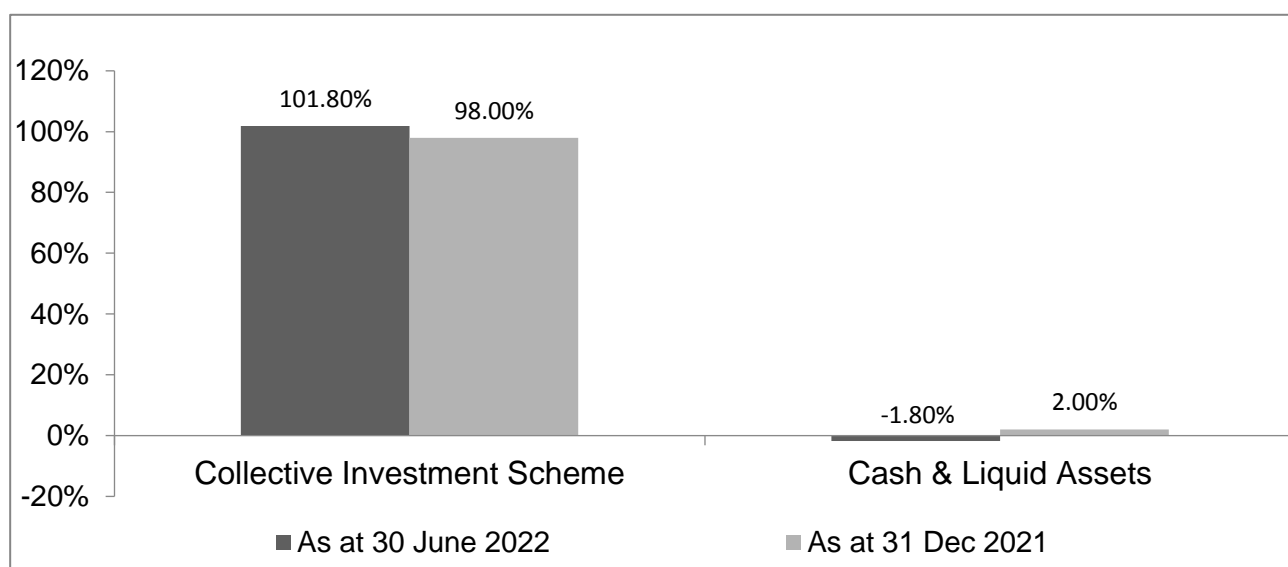
Investment Strategy Review

Equity Strategy Review

For the 6-month period under review, the fund saw a sharp decline in NAV due to the drop in share prices of its core holdings in line with risk off sentiment of the global markets following the escalation of Russian Ukraine war, as well as rising interest rate environment, prompting investors to flock to safe haven assets instead of high growth/ risky assets. The fund, being entrenched in high growth sectors such as e-commerce, smart payments, cloud computing, electric vehicles was not spared the negative sentiment.

However, we view this as merely a blip and opined that over the longer term, the demand for technology consumption will remain to be on an uptrend. To illustrate, investment in IT and in digital transformation in particular has been recovering steadily. With inflation and an ongoing polarisation of demand, our focus remains on the competitiveness of individual companies that are using product appeal or capacity for innovation to secure strong margins and gain market share rather than on the overall cycle. All in, investment has been solid in B2B markets, reflecting how crucial green transformation and digital transformation have become. Hence, we expect favorable business conditions to continue for the technology industry overall with HPC, 5G, electrification, and other B2B segments entering a structural demand growth phase.

Asset Allocation



The collective investment scheme allocation of Phillip Global Disruptive Innovation Fund increased to 101.80% as at 30 June 2022 from 98% recorded at the beginning of the financial period under review.

Phillip Global Disruptive Innovation Fund is a retail feeder fund. The Fund feeds into LionGlobal New Wealth Series – LionGlobal Disruptive Innovation Fund, which is managed by Lion Global Investors Limited.

The cash and liquid assets of the Fund decreased to -1.80% as at 30 June 2022 from 2% mainly due to unrealised loss on forward foreign currency contract.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Phillip Global Disruptive Innovation Fund decreased from USD 0.4072 (RM1.6957) to USD 0.2673 (RM1.1777) during the financial period. Meanwhile, total NAV of the Fund decreased from USD 2,607,403 to USD 1,689,577 due to unfavourable market movements and net redemptions.

Market Review

Equity Markets Review

Global economic condition was tested with a slew of negative black swan events during the financial period under 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. That aside, chip supply chain disruption was exacerbated as Ukraine also happens to be the producer of neon gas, an essential component in the chip supply chain; while Russia produces Palladium for memory and sensors products.

To make matter worse, rising interest environment to combat soaring inflation numbers had caused further market jitters. To recap, Federal Reserve hiked interest rates by 25bps in March 2022, its first increase since December 2018. In May, it raised rates by 50 bps, the highest increase in 22 years. In June 2022, the US Fed increased rates by a whopping 75bps, reacting to 9.1% June 2022 inflation data, its highest level in 41 years. 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 intended outcome.

On the other hand, reemergence of Covid-19 cases in China had prompted the country to impose strict lockdown on its Shanghai financial hub, forcing the city's 25 million residents to be confined to their homes for 2 months, causing panic selling across sectors, with tech names taking the brunt. Shanghai, Beijing ultimately eased its lockdown on 1 June 2022 before reversing its action by reimposing lockdowns after case number, again soared. Such challenging global economic condition and the Covid-19 pandemic continued with no end in sight, causing an overall volatile market.

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

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

Soft Commissions

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

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF PHILLIP GLOBAL DISRUPTIVE INNOVATION 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 Manager 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 11 to 26 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 Global Disruptive Innovation 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 USD	30.6.2021 USD
Assets			
Investments	3	1,719,932	2,526,772
Interest receivable		2	4
Amount due from Manager	6	2,088	4,947
Cash and cash equivalents	5	33,351	91,987
Total Assets		<u>1,755,373</u>	<u>2,623,710</u>
Liabilities			
Financial derivatives liability	7	47,306	1,209
Amount due to Manager	6	16,211	3,819
Other payables		2,279	2,655
Total Liabilities		<u>65,796</u>	<u>7,683</u>
Net Asset Value (“NAV”) Of The Fund		<u>1,689,577</u>	<u>2,616,027</u>
Equity			
Unitholders’ capital		1,990,305	1,948,668
(Accumulated loss)/Retained earnings		(300,728)	667,359
NAV Attributable To Unitholders	13	<u>1,689,577</u>	<u>2,616,027</u>
Total Equity And Liabilities		<u>1,755,373</u>	<u>2,623,710</u>
NAV Attributable To Unitholders			
Class MYR Hedged		<u>1,689,577</u>	<u>2,616,027</u>
Number Of Units In Circulation (Units)			
Class MYR Hedged	14	<u>6,323,215</u>	<u>6,232,534</u>
NAV Per Unit in USD			
Class MYR Hedged		<u>0.2673</u>	<u>0.4198</u>
NAV Per Unit in Class Currency			
Class MYR Hedged		<u>1.1777</u>	<u>1.7411</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

	Note	1.1.2022 to 30.6.2022 USD	1.1.2021 to 30.6.2021 USD
Investment Income			
Interest income		165	2,458
Net losses on investments			
- Financial assets at FVTPL		776	-
- Foreign exchange		(962)	(21,108)
- Forward contracts		(6,280)	(10,472)
Net unrealised losses on foreign exchange		(51,169)	(20,053)
Net unrealised (loss)/gain on changes in value of financial assets at FVTPL		<u>(810,326)</u>	<u>133,151</u>
		<u>(867,796)</u>	<u>83,976</u>
Expenses			
Audit fee		924	1,091
Tax agent's fee		393	412
Manager's fee	8	18,655	21,407
Trustee's fee	9	976	1,017
Administration expenses		214	3,111
		<u>21,162</u>	<u>27,038</u>
Net (Loss)/Income Before Taxation		(888,958)	56,938
Taxation	12	-	-
Net (Loss)/Income After Taxation		<u>(888,958)</u>	<u>56,938</u>
Total Comprehensive (Loss)/Income		<u>(888,958)</u>	<u>56,938</u>
Total Comprehensive (Loss)/Income Comprises the Following:			
Realised (losses)		(27,463)	(56,160)
Unrealised (loss)/gain		<u>(861,495)</u>	<u>113,098</u>
		<u>(888,958)</u>	<u>56,938</u>

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 USD	Retained earnings USD	NAV attributable to unitholders USD
At 1 January 2021		1,156,121	610,421	1,766,542
Net income after taxation		-	56,938	56,938
Creation of units	14	1,112,781	-	1,112,781
Cancellation of units	14	(320,234)	-	(320,234)
At 30 June 2021		<u>1,948,668</u>	<u>667,359</u>	<u>2,616,027</u>
At 1 January 2022		2,019,173	588,230	2,607,403
Net income after taxation		-	(888,958)	(888,958)
Creation of units	14	48,920	-	48,920
Cancellation of units	14	(77,788)	-	(77,788)
At 30 June 2022		<u>1,990,305</u>	<u>(300,728)</u>	<u>1,689,577</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 USD	1.1.2021 to 30.6.2021 USD
Cash Flows From/(Used In) Operating And Investing Activities		
Proceeds from sale of investments	25,806	-
Purchase of investments	-	(860,000)
Settlement of forward contracts	(6,280)	(10,472)
Interest received	166	2,463
Manager's fee paid	(19,976)	(20,002)
Trustee's fee paid	(988)	(1,192)
Payment for other fees and expenses	(2,626)	(4,726)
Net cash used in operating and investing activities	<u>(3,898)</u>	<u>(893,929)</u>
Cash Flows From/(Used In) Financing Activities		
Cash proceeds from units created	49,555	1,111,730
Cash paid on units cancelled	(76,398)	(319,806)
Net cash (used in)/from financing activities	<u>(26,843)</u>	<u>791,924</u>
Net Decrease In Cash And Cash Equivalents	(30,741)	(102,005)
Effect Of Exchange Rate Changes	(985)	(21,646)
Cash And Cash Equivalents At Beginning Of Financial Period	<u>65,077</u>	<u>215,638</u>
Cash And Cash Equivalents At End Of Financial Period	<u>33,351</u>	<u>91,987</u>
Cash And Cash Equivalents Comprise (Note 5):		
Cash at banks	1,587	7,609
Deposit with financial institution	31,764	84,378
	<u>33,351</u>	<u>91,987</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 Global Disruptive Innovation Fund, formerly known as Pacific Global Disruptive Innovation Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 4 October 2018, First Supplemental Deed dated 5 October 2020, made between the Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and the Trustee of the Fund, CIMB Commerce Trustee Berhad, Second Supplemental Deed dated 6 November 2020, Third Supplemental 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 Fourth 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 22 April 2019.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Deeds, which include the USD Class L of the LionGlobal Disruptive Innovation Fund (Target Fund), or a Collective Investment Scheme with a similar investment objective, money market instruments 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 Manager 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 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 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
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The adoption of the Amendments to MFRSs did not have any impact on the financial statements of the Fund.

Amendments to MFRSs in issue but not yet effective

As 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 United States Dollar ("USD"), which is also the Fund's functional currency.

(d) Foreign currency translation

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

Transactions in foreign currencies are translated into USD 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 interest receivable, amount due from Manager, amount due from brokers/dealers, other receivables 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 and derivative assets. 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, 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 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.

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 a licensed financial institution 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) Unitholders' capital

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

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

(n) Significant accounting estimates and judgements

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

Judgements made in applying accounting policies

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

Key sources of estimation uncertainty

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

3. Investments

	30.6.2022 USD	30.6.2021 USD
Financial Assets At FVTPL		
Quoted investments		
- Collective Investment Scheme	<u>1,719,932</u>	<u>2,526,772</u>

The composition of quoted investments at the end of reporting period is as detailed below. The industry classifications are based on MSCI's Global Industry Classification Standard.

Collective Investment Scheme

Quantity	Name of counter	Cost USD	Fair value USD	Fair value as a % of NAV %
	<u>Singapore</u>			
1,325,063	LionGlobal Disruptive Innovation Fund	<u>1,950,976</u>	<u>1,719,932</u>	<u>101.80</u>
	Unrealised loss from quoted investments		<u>(231,044)</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 USD	Total USD
30.6.2022		
Financial assets at FVTPL		
Quoted investments	<u>1,719,932</u>	<u>1,719,932</u>

	Level 1 USD	Total USD
30.6.2021		
Financial assets at FVTPL		
Quoted investments	<u>2,526,772</u>	<u>2,526,772</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 deposits with a licensed financial institution.

	30.6.2022 USD	30.6.2021 USD
Cash at banks:		
- Malaysia	<u>1,587</u>	<u>7,609</u>
Deposits with licensed financial institutions:		
- Commercial Bank	<u>31,764</u>	<u>84,378</u>
Cash and cash equivalents	<u>33,351</u>	<u>91,987</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	<u>1.95</u>	<u>1.65</u>	<u>1</u>	<u>1</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. Financial derivatives

Financial derivatives contracts comprise forward foreign currency contracts due for settlement within 3 months from the end of reporting period. The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in Target Fund which is denominated in US Dollar ("USD"). The contract amounts and their corresponding gross fair values at the reporting date were as follows:

	Maturity date	Contracts or Underlying Principal Amounts USD	Contract Value At End Of The Reporting Period USD	Unrealised Gain From Forward Foreign Currency Contracts* USD
30.6.2022				
USD	30/09/2022	1,102,121	1,149,427	(47,306)
		<u>1,102,121</u>	<u>1,149,427</u>	<u>(47,306)</u>
30.6.2021				
USD	30/09/2021	1,153,465	1,154,674	(1,209)
		<u>1,153,465</u>	<u>1,154,674</u>	<u>(1,209)</u>

*Recognised as a derivative liability on the statement of financial position as at the end of the reporting period.

8. Manager's fee

The Manager's fee provided in the financial statements is computed at 1.80% (2021: 1.80%) 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 0.05% (2021: 0.05%) 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.

10. Portfolio turnover ratio ("PTR")

	1.1.2022 to 30.6.2022	1.1.2021 to 30.6.2021
Portfolio turnover ratio ("PTR")	<u>0.01 times</u>	<u>0.18 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 lower due to decrease 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>1.01%</u>	<u>1.13%</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 USD	1.1.2021 to 30.6.2021 USD
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 USD	1.1.2021 to 30.6.2021 USD
Net (loss)/income before taxation	<u>(888,958)</u>	<u>56,938</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(213,350)	13,665
Tax effects of:		
Income not subject to tax	(226)	(32,546)
Losses not subject to tax	208,497	12,392
Expenses not deductible for tax purpose	380	1,090
Restriction on tax deductible expenses for unit trust funds	<u>4,699</u>	<u>5,399</u>
Tax expense for the period	<u>-</u>	<u>-</u>

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

	30.6.2022	30.6.2021
	USD	USD
Unitholders' capital	1,990,305	1,948,668
(Accumulated loss)/Retained earnings:		
- Realised (deficit)/reserve	(22,620)	37,718
- Unrealised (deficit)/reserve	(278,108)	629,641
NAV attributable to unitholders	<u>1,689,577</u>	<u>2,616,027</u>

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

14. Number of units in circulation

	30.6.2022		30.6.2021	
	No. Of Units	USD	No. Of Units	USD
At beginning of the financial period	6,404,420	2,019,173	4,332,084	1,156,121
Creation	153,556	48,920	2,663,725	1,112,781
Cancellation	(234,761)	(77,788)	(763,275)	(320,234)
At end of the financial period	<u>6,323,215</u>	<u>1,990,305</u>	<u>6,232,534</u>	<u>1,948,668</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 period are as follows:

Brokers/dealers	Value of trade	% of total trades
	USD	%
Lion Global Investors Limited*	<u>25,806</u>	<u>100.00</u>

* The Fund is a feeder fund into the target fund, LionGlobal Disruptive Innovation Fund, hence transactions were wholly made with the foreign fund manager of the target fund, Lion Global Investors Limited.

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’s 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

The Manager manages this risk by monitoring the performance of the investment portfolio. The price risk exposure arises from the Fund's investment in collective investment scheme.

The table below summarises the effect on the net income before tax and NAV attributable to unitholders of the Fund at the end of 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 USD	30.6.2021 USD
+5	85,997	126,339
(5)	(85,997)	(126,339)

(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 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 Fund Manager employs forward foreign currency contracts to reduce the Fund's exposure to foreign exchange fluctuations of the Target Fund as part of its currency risk management.

The table below indicates the currencies to which the Fund had significant exposure at the end of 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 USD	Concentration as a % of NAV	Changes in currency rates %	Effect on net income before tax and NAV attributable to unitholders USD
30.6.2022				
USD	<u>1,719,932</u>	<u>101.80</u>	<u>+5</u>	<u>85,997</u>
30.6.2021				
USD	<u>2,526,772</u>	<u>96.59</u>	<u>+5</u>	<u>126,339</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, interest receivables, 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.

(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) Target Fund risk

The Fund is exposed to target fund risk as it feeds into a single target fund. This risk may occur when there is an underperformance or non-performance due to less optimal investment management at the target fund level in terms of securities selection and market, sector and economic analysis. This risk is mitigated by selecting a target fund which has a long track record and managed by a reputable investment manager.

18. Operating segment

The Fund is a feeder fund whose assets are primarily invested in the target fund, LionGlobal Disruptive Innovation Fund. The target fund is domiciled in Singapore and managed by Lion Global Investors Limited

As the Fund is a feeder fund, it only has one business segment.

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' redemptions.

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Mr. Lim Wen Sheong

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