

Phillip Asia Pacific Growth Fund

FEBRUARY 2017

INVESTMENT OBJECTIVE & FOCUS

The investment objective of the Fund is to achieve medium to long term capital appreciation through investing the Deposited Property primarily in investments in or of companies with either assets wholly or partially in, or revenues wholly or partially derived from investment in countries and territories in the Asia Pacific region (including Japan, Australia and New Zealand) selected by the Managers for the purpose of investment of the Deposited Property. The total overall investment in equities or shares of companies in Emerging Markets is capped at 50% of the Value of the Deposited Property. The Fund is growth oriented and is authorised to invest in stocks and bonds, including but not limited to convertible bonds.

The Managers seek to identify emerging trends, underappreciated growth prospects and undervalued franchises. The Managers combine top-down and bottom-up approaches in managing the Fund; top-down approach tackles the asset and geographical allocation decisions while bottom-up approach tackles vigorous quantitative and qualitative analysis to determine the absolute and relative attractiveness of the securities. Subject to the provisions of the Code on Collective Investment Schemes issued by the MAS ("Code"), the Managers may also invest the Deposited Property into money market funds and collective investment schemes, including money market funds and collective investment schemes managed by the Managers during such time or times and on such terms as the Managers think fit in accordance with the investment objective and focus of the Fund. The management fees charged by the money market funds and collective investment schemes managed by the Managers will be rebated to the Fund, as may be agreed between the Managers and the Trustee. The Managers currently use financial derivative instruments ("FDIs") for the purpose of hedging and/or efficient portfolio management.

FUND PERFORMANCE (AS AT 28 FEB 2017)



TOTAL RETURNS	FUND	BENCHMARK
Since Inception	116.97%	23.09%
1 month	1.98%	1.53%
3 months	1.38%	4.39%
Year To Date	2.23%	3.87%
1 year	16.99%	21.10%
3 years	7.91%	16.16%
5 years	8.14%	26.15%
10 years	-12.27%	-7.92%
Annualised Returns Since Inception	3.71%	0.98%

Fund Performance are cumulative returns and calculated on a Single pricing basis, with any income or dividends reinvested as of 28 Feb 2017. Source: Bloomberg & Phillip Capital Management (S)

FUND AWARDS

Standard and Poor's Fund Awards

Winner in the Equity Asia Pacific - 3 years Category (2004, 2005 and 2006)
 Winner in the Equity Asia Pacific - 5 years Category (2004, 2005, 2006 and 2007)

The Edge Lipper Fund Awards

Lipper Singapore Unit Trust Fund Awards—Equity Asia Pacific over Five Years (2003)
 Best Fund over One Year - Equity Asia Pacific (2004)
 Best Fund over Three Years - Equity Asia Pacific (2004, 2005 & 2006)
 Best Fund over Five Years - Equity Asia Pacific (2004, 2006 & 2007)
 Best Fund over Ten Years - Equity Asia Pacific (2010)

FUND INFORMATION

Current Fund Size	S\$21.26 million
NAV Price	S\$2.059
Investment Manager	Phillip Capital Management (S) Ltd
Inception Date	23 November 1995
Inception Price	S\$0.95
Benchmark	MSCI AC Asia Pacific Index SGD
Subscription Mode	Cash/ SRS (UR 0131)
Bloomberg Ticker	AIBAPGI SP Equity
ISIN Code	SG9999006019
Minimum Initial Investment	S\$1,000
Minimum Subsequent Investment	S\$500
Minimum Holdings	1000 units or \$1000 equivalent
Initial Sales Charge	Currently up to 5%, maximum 5%
Management Fee (p.a.)	Currently 1.25%, maximum 1.75%
Switching Fee	Currently up to 1%, maximum 1%
Dealing Frequency	Daily SGT 3:30pm
Pricing	Forward Pricing
Realisation Fee	Currently NIL, maximum 1%
Trustee's Fee	Currently 0.2%, maximum 0.4%, subject to a minimum S\$25,000 p.a.

ASSET ALLOCATION

Equities	91.53%
Cash and Accruals	8.47%

**GEOGRAPHICAL ALLOCATION
(TOP TEN)**

Japan	16.85%
Singapore	15.57%
China	12.24%
India	10.97%
Hong Kong	9.73%
Australia	6.43%
South Korea	5.87%
Indonesia	3.65%
Taiwan	2.80%
Philippines	2.59%

SECTOR ALLOCATION

Financial	28.58%
Industrial	16.16%
Consumer, Non-cyclical	10.80%
Communications	10.26%
Consumer, Cyclical	7.26%
Funds	4.94%
Technology	4.07%
Basic Materials	3.49%
Utilities	1.81%
Energy	1.39%

TOP TEN HOLDINGS

Phillip SGX APAC Div Leaders REIT ETF
Kerry Logistics Network Ltd
SK Telecom Co Ltd
Toray Industries Inc
China Communications Construction
Panasonic Corp
Carsales.com Ltd
Hong Kong Exchanges and Clearing
SEEK Ltd
Takeda Pharmaceutical Co Ltd

All figures above as at 28 Feb 2017 unless stated otherwise. Sources: Phillip Capital Management (S) Ltd & Bloomberg.

MANAGER'S COMMENTARY

Asia-Pacific equity markets continued their positive performance in February. For the month, the MSCI AC Asia Pacific Index rose 1.5% in Singapore dollar terms. Currency-adjusted, India and Taiwan were the strongest performing markets for the month. On the other hand, ASEAN markets lagged, especially emerging ASEAN markets such as the Philippines and Thailand.

The Fund rose 2.0% in February. Positive contributions were broad-based, particularly from holdings in Singapore, Australia, and Hong Kong/China.

We cut long-time holdings Mitsubishi Heavy and Kawasaki Heavy, as results have continued to underwhelm. We took profit on Perusahaan Gas and Wheelock Properties, given their strong price performance, and we also sold Korea Electric Power and Singapore Exchange.

Given economic conditions that have transformed for the better compared to 2016, we think attractive investment propositions lie in sectors that are geared to such a new global environment. We bought into life insurance leaders in Taiwan and Hong Kong --- Cathay Financial and Ping An Insurance --- as the life insurance sector is among the biggest beneficiaries of rising interest rates through investment gains. We added to our exposure in Indian banks through HDFC Bank, while in Singapore we added Keppel Corp and Wing Tai Holdings, which trade at attractive valuations relative to their long-term average. In Korea, Samsung Electronics was a key addition: despite its widely-reported problems with its mobile phone division and possible political corruption charges against its founding family, the company retains strong global leads in key growth segments such as memory and display, which pose tremendous barriers to entry.

While many continue to be nervous about risks such as the negative side of Trumponomics, looming European elections and a hard Brexit, markets have continued to be buoyant given positive economic numbers from various key economies, all of which seem to point towards a long-awaited upturn in the global economy. While cyclical sectors are seen to benefit most from this environment, stocks in these sectors also tend to be the most volatile and vulnerable to shocks when they occur, hence we are careful in our stock-picking and have found a bottom-up approach to be useful as a complement.

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