Phillip Capital Management

Phillip Asia Pacific Growth Fund

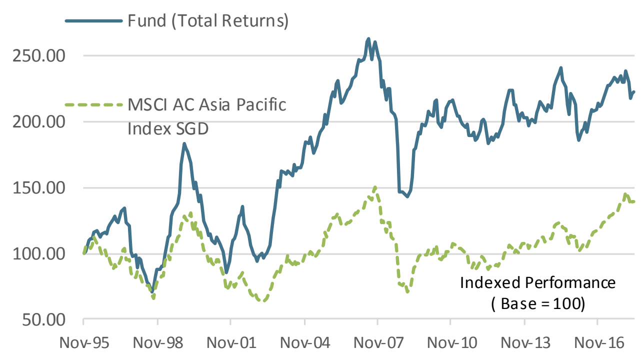
MAY 2018

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 31 MAY 2018)



TOTAL RETURNS	FUND	BENCHMARK
Since Inception	123.08%	39.84%
1 month	0.47%	0.01%
3 months	-2.85%	-1.75%
Year To Date	-2.93%	-0.75%
ANNUALISED RETURNS		
1 year	-2.08%	9.17%
3 years	-2.54%	4.13%
5 years	-0.12%	6.22%
10 years	-0.10%	1.21%
Annualised Returns Since Inception	3.62%	1.50%

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$19.66 million
NAV Price	S$2.117
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	92.81%
Cash and Accruals	7.19%

Fund Performance are cumulative returns and calculated on a Single pricing basis, with any income or dividends reinvested as of 31 May 2018. Source: Bloomberg & Phillip Capital Management (S) Ltd.

GEOGRAPHICAL ALLOCATION (TOP TEN)

Japan	35.28%
China	24.24%
Singapore	6.11%
Hong Kong	4.95%
India	4.32%
Thailand	3.75%
South Korea	3.48%
United Kingdom	3.48%
Taiwan	2.89%
Indonesia	1.65%

SECTOR ALLOCATION

Financial	27.74%
Consumer, Cyclical	13.41%
Industrial	11.55%
Consumer, Non-cyclical	10.85%
Communications	8.89%
Basic Materials	8.42%
Energy	5.06%
Utilities	2.87%
Technology	2.62%
Funds	1.40%

TOP TEN HOLDINGS

Tencent Holdings Ltd
HSBC Holdings PLC
Sony Corp
China Construction Bank Corp
HDFC Bank Ltd
China Life Insurance Co Ltd
Alibaba Group Holding Ltd
Kao Corp
Panasonic Corp
Mitsubishi Corp

All figures above as at 31 May 2018 unless stated otherwise.
Sources: Phillip Capital Management (S) Ltd & Bloomberg.

MANAGER'S COMMENTARY

Numerous worries have been plaguing investors in recent months. Concerns about rising yields and looming trade wars have troubled investors in earlier months, and now we add fund outflows and dramatically weakening currencies in certain emerging markets (Argentina, Turkey) to the mix, as well as worries about Italy's government debt and potential EU exit. To some extent, investor fatigue might have set in given the market volatility. For the month, the MSCI AC Asia Pacific Index was flat in Singapore dollar terms. Taiwan was one of the stronger markets for the month, while on the other end, ASEAN markets such as Malaysia, Singapore and the Philippines were laggards.

The Fund rose 0.5% for May. Within the month, we took profit on Rio Tinto, CNOOC and Sinopec after strong price runs year to date. New stocks added included China Shenhua and Uni-President Enterprises. The former is China's largest state-owned coal miner. China, despite its clampdown on pollution in recent years, is still highly dependent on coal-based power and Shenhua has been a beneficiary of stubbornly high coal prices. Uni-President Enterprises is a leading food and beverage conglomerate in Taiwan, having strong market share in food and snacks, beverages and dairy products, as well as running successful 7-Eleven and Starbucks franchises within the country. It also has a growing China operation selling beverages and instant noodles. We like its all-round strength and solid track record over the years.

We believe current market valuations are not excessive, and also that the current economic cycle upturn still has legs, with the caveat that a full-scale trade war does not develop. We also think it is important that the US Federal Reserve does not hike rates too aggressively, as recent currency problems in some emerging markets have shown that fund outflows as a result of a combination of rate hikes and US dollar strengthening can be destabilising. Nonetheless, the current sombre market mood has thrown out opportunities for selective buying.

IMPORTANT INFORMATION