

Phillip Asia Pacific Growth Fund

JUNE 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 29 JUNE 2018)



| TOTAL RETURNS | FUND | BENCHMARK |
|-----------------|---------|-----------|
| Since Inception | 121.18% | 37.25% |
| 1 month | -0.85% | -1.85% |
| 3 months | 1.50% | -0.04% |
| Year To Date | -3.76% | -2.59% |

ANNUALISED RETURNS

| | | |
|------------------------------------|--------|-------|
| 1 year | -4.20% | 6.34% |
| 3 years | -1.49% | 4.71% |
| 5 years | 0.79% | 6.45% |
| 10 years | 0.60% | 1.97% |
| Annualised Returns Since Inception | 3.57% | 1.41% |

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\$19.43 million |
| NAV Price | S\$2.10 |
| 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 | 92.89% |
| Cash and Accruals | 7.11% |

Fund Performance are cumulative returns and calculated on a Single pricing basis, with any income or dividends reinvested as of 29 June 2018. Source: Bloomberg & Phillip Capital Management (S) Ltd.

**GEOGRAPHICAL ALLOCATION
(TOP TEN)**

| | |
|----------------|--------|
| Japan | 35.83% |
| China | 20.72% |
| Australia | 6.13% |
| Singapore | 5.84% |
| Hong Kong | 4.30% |
| India | 4.30% |
| United Kingdom | 3.48% |
| South Korea | 3.42% |
| Taiwan | 3.00% |
| Thailand | 2.77% |

SECTOR ALLOCATION

| | |
|------------------------|--------|
| Financial | 28.51% |
| Consumer, Non-cyclical | 15.14% |
| Consumer, Cyclical | 12.92% |
| Industrial | 10.51% |
| Basic Materials | 8.30% |
| Communications | 7.95% |
| Energy | 3.52% |
| Technology | 2.45% |
| Utilities | 2.18% |
| Funds | 1.41% |

TOP TEN HOLDINGS

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

All figures above as at 29 June 2018 unless stated otherwise.

Sources: Phillip Capital Management (S) Ltd & Bloomberg.

MANAGER'S COMMENTARY

Amidst a brewing trade war between the US and the rest of the world (especially China), Asian equity markets have been weak the last few months, and June was no exception. The promise of peace following a historic US-North Korea summit did not help. The US Federal Reserve hiked rates in its June meeting as expected, but also lifted its projection to four rate hikes for the year from three previously, as it gave an optimistic assessment of the economy. However, globally the growth momentum appears to have slowed, as suggested by the Markit Purchasing Managers indices for both global and emerging markets. For the month, the MSCI AC Asia Pacific Index was down 1.9% in Singapore dollar terms. Australia and India were among the more resilient markets within the month, while the China domestic A-shares market (and to a lesser extent the Hong Kong market) took a tumble due to concerns about the looming trade war with the US.

The Fund dropped 0.9% for June, with sector exposures in the more defensive utilities, healthcare and consumer space doing well in the subdued investment climate. Within the month, we took profit on CNOOC, Murata Manufacturing, China Resources Gas and Land & House after strong price runs. We added to our Australia exposure as we believe value has emerged, with new stocks added being Wesfarmers, Sonic Healthcare and Insurance Australia Group. Wesfarmers is a blue-chip retail conglomerate in Australia, with market leaders such as the Coles supermarket chain and the Bunnings home improvement chain under its umbrella. The planned spinoff of its Coles arm is an immediate catalyst. Sonic Healthcare is one of the world's leading providers of medical diagnostic services, with strong market positions in regions such as the US, Europe and its home market Australia. The stock provides reasonable growth that has limited correlation with current market troubles, and its strong cashflows also permit sustainable dividends. Insurance Australia Group is Australia's leading general insurance company, in products such as motor, home and commercial insurance. It has a solid track record in managing expenses and delivering profit over the years, and is poised to benefit from an upturn in the underwriting cycle.

We maintain that current market valuations are fairly attractive, but we are increasingly concerned that a trade war could do considerable damage to global economic confidence and derail the cyclical recovery. The current US Federal Reserve under new head Jerome Powell also seems more hawkish than predecessor Janet Yellen. Nonetheless, the current sombre market mood has thrown out opportunities for selective buying.

IMPORTANT INFORMATION

This factsheet and information herein is provided by Phillip Capital Management (S) Ltd ("PCM") for general information only and does not constitute a recommendation, an offer to sell, or a solicitation to invest in the fund(s) mentioned herein. It does not have any regard to your specific investment objectives, financial situation and any of your particular needs. The information is subject to change at any time without notice. The value of the units and the income accruing to the units may fall or rise. You should read the relevant prospectus and the accompanying product highlights sheet ("PHS") for disclosure of key features, key risks and other important information of the relevant fund (s) and obtain advice from a financial adviser ("FA") before making a commitment to invest in the fund(s). In the event that you choose not to obtain advice from a FA, you should assess whether the fund(s) is/are suitable for you before proceeding to invest. A copy of the prospectus and PHS are available from PCM or any of its authorized distributors.

Investments are subject to investment risks including the possible loss of the principal amount invested. Past performance is not necessarily indicative of the future or likely performance of the fund(s). There can be no assurance that investment objectives will be achieved. Any use of financial derivative instruments will be for hedging and/or for efficient portfolio management. Investments in the fund(s) managed by PCM are not obligations of, deposits in, or guaranteed by PCM or any of its affiliates.

PhillipCapital Group of Companies, including PCM, their affiliates and/or their officers, directors and/or employees may own or have positions in the investments mentioned herein or related thereto. This publication and Information herein are not for any person in any jurisdiction or country where such distribution or availability for use would contravene any applicable law or regulation or would subject PCM to any registration or licensing requirement in such jurisdiction or country. The fund(s) is/are not offered to U.S. Persons

The information provided herein is based on certain information, conditions and/or assumptions available as at the date of this publication that may be obtained, provided or compiled from public and/or third party sources which PCM has no reason to believe are unreliable; and may contain optimistic statements/opinions/views regarding future events or future financial performance of countries, markets or companies. Any opinion or view herein is an expression of belief of the individual author or the indicated source (as applicable) only. PCM makes no representation or warranty that such information is accurate, complete, verified or should be relied upon as such. You must make your own financial assessment of the relevance, accuracy and adequacy of the information in this factsheet. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss or consequences arising whether directly or indirectly as a result of your acting based on the Information in this factsheet.

The information does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The information should not be relied upon exclusively or as authoritative without further being subject to your own independent verification and exercise of judgement.

Phillip Capital Management (S) Ltd (Co. Reg. No. 199905233W)

250 North Bridge Road #06-00, Raffles City Tower, Singapore 179101

Tel: (65) 6230 8133 Fax: (65) 65383066 www.phillipfunds.com

 **Phillip Capital Management**