

# Phillip Asia Pacific Growth Fund

JULY 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 JULY 2018)



TOTAL RETURNS	FUND	BENCHMARK
Since Inception	121.92%	37.80%
1 month	0.33%	0.40%
3 months	-0.05%	-1.45%
Year To Date	-3.44%	-2.20%

ANNUALISED RETURNS	FUND	BENCHMARK
1 year	-5.35%	4.46%
3 years	-0.59%	5.28%
5 years	0.85%	6.15%
10 years	0.78%	2.30%
Annualised Returns Since Inception	3.57%	1.42%

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

## 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\$19.45 million
NAV Price	S\$2.106
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	94.21%
Cash and Accruals	5.79%

**GEOGRAPHICAL ALLOCATION  
(TOP TEN)**

Japan	35.28%
China	21.06%
Singapore	5.92%
South Korea	5.03%
Australia	4.78%
India	4.37%
Hong Kong	4.20%
Thailand	4.07%
United Kingdom	3.51%
Taiwan	2.99%

**SECTOR ALLOCATION**

Financial	29.02%
Consumer, Non-cyclical	16.35%
Industrial	12.00%
Consumer, Cyclical	10.95%
Communications	7.61%
Basic Materials	7.08%
Technology	4.56%
Energy	4.02%
Funds	1.45%
Utilities	1.17%

**TOP TEN HOLDINGS**

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

*All figures above as at 31 July 2018 unless stated otherwise.*

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

**MANAGER'S COMMENTARY**

July was a month of partial recovery for global equity markets, which rallied after a series of concerns ranging from rate hikes to looming trade wars. For the month, the MSCI AC Asia Pacific Index was up 0.4% in Singapore dollar terms. India and emerging ASEAN (especially Thailand, Malaysia and the Philippines) were among the top performers within the month, while the China domestic A-shares market and the Hong Kong market continued to lag due to trade war concerns.

The Fund rose 0.3% for July. Within the month, we took profit on Murata Manufacturing, Panasonic and Sony in Japan, China Resources Gas in Hong Kong and BHP Billiton in Australia. New stocks added included Keyence in Japan, CK Infrastructure in Hong Kong, CP Foods in Thailand and Samsung Electronics in Korea. Keyence is a leader in sensors both domestically and globally with industry-leading profit margins, and we bought it after a selloff following concerns about slowing growth in Asia. CK Infrastructure is the infrastructure flagship company under Lee Kar Shing's Cheung Kong group of companies with infrastructure assets across the Asia-Pacific and Europe; after price weakness over the past year we think valuation is attractive. CP Foods is the leading agro-industrial and food conglomerate in the Asia Pacific region; we think its pan-Asia integrated agribusiness model has solid long-term growth and profits look poised for a strong recovery from recent weakness. We added Samsung Electronics back into the fund, as we think the expected correction in semiconductor stocks have played out; the company still looks well-positioned to benefit from big technology trends (such as Internet of Things and cutting-edge display panels) over the long term.

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. We are on the lookout for those stocks that will nonetheless benefit from long-term consumption and urbanisation trends in Asia, particularly those with a domestic consumption bent.

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