

Phillip Asia Pacific Growth Fund

OCTOBER 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 OCT 2018)



	FUND	BENCHMARK
TOTAL RETURNS		
Since Inception	108.22%	25.69%
1 month	-6.04%	-8.30%
3 months	-6.17%	-8.79%
Year To Date	-9.40%	-10.80%

ANNUALISED RETURNS

	FUND	BENCHMARK
1 year	-11.63%	-9.48%
3 years	-2.13%	3.23%
5 years	0.14%	3.25%
10 years	3.58%	4.98%
Annualised Returns Since Inception	3.25%	1.00%

Fund Performance are cumulative returns and calculated on a Single pricing basis, with any income or dividends reinvested as of 31 Oct 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\$18.15 million
NAV Price	S\$1.9760
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	95.92%
Cash and Accruals	4.08%

**GEOGRAPHICAL ALLOCATION
(TOP TEN)**

Japan	38.03%
China	14.62%
Singapore	13.20%
South Korea	6.02%
Australia	4.44%
Hong Kong	4.24%
Taiwan	3.54%
Thailand	3.44%
United Kingdom	3.31%
India	2.67%

SECTOR ALLOCATION

Financial	26.98%
Consumer, Non-cyclical	18.32%
Funds	13.99%
Industrial	11.91%
Consumer, Cyclical	11.59%
Basic Materials	5.18%
Communications	4.80%
Technology	4.45%
Energy	2.78%

TOP TEN HOLDINGS

Phillip SING Income ETF
Sony Corp
Hyphens Pharma International
Sumitomo Mitsui Financial Group
Mitsubishi Electric Corp
China Construction Bank Corp
Keyence Corp
Takeda Pharmaceutical Co Ltd
Samsung Electronics Co Ltd
China Life Insurance Co Ltd

All figures above as at 31 Oct 2018 unless stated otherwise.

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

MANAGER'S COMMENTARY

Asia-Pacific markets saw a broad-based correction in October on the back of trade and rate hike worries. For the month, the MSCI AC Asia Pacific Index was down 8.3% in Singapore dollar terms. Among major Asia-Pacific markets, two of the worst performers were Korea and Taiwan. On the other hand, emerging ASEAN markets such as Indonesia, Malaysia and the Philippines were the most resilient during this period.

The Fund dropped 6.0% for October. Given that technology stocks were among the worst performers, the Fund benefited by being less exposed to this sector. Our larger exposure to ASEAN and lesser exposure to Korea and Taiwan (relative to the benchmark) also helped cushion performance. Within the month, we subscribed to the **Phillip SING Income ETF**, which tracks the Morningstar Singapore Yield Focus index, an index that selects a basket of 30 quality Singapore-listed stocks with attractive and sustainable dividend. Major constituents include the three Singapore banks, the three telcos, ST Engineering, SATS, supermarket operators such as Dairy Farm and Sheng Siong, and major REITs such as Capitaland Mall Trust and Capitaland Commercial Trust. In Japan, we sold out of steel stock **NSSMC** given thinning steel margins, and took advantage of attractive prices to buy into blue-chip technology companies **Fujitsu**, **Murata Manufacturing** and **Panasonic Corp**. We also took profit on **Rio Tinto** in Australia, and sold **China Shenhua** in Hong Kong.

Recent quarterly results have been mixed, with muted guidance from Taiwanese semiconductor giant TSMC and Chinese social media and gaming leader Tencent indicating that growth is likely to slow going forward. Overall, our approach is two-pronged: the first is to focus on quality companies with strong competitiveness, because trade war or not, their products should still see resilient demand as customers will find it hard to replace their products or services with others. Secondly, we are constantly on the lookout for 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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