

Phillip Asia Pacific Growth Fund

DECEMBER 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 DEC 2018)



TOTAL RETURNS	FUND	BENCHMARK
Since Inception	100.32%	21.27%
1 month	-5.00%	-5.15%
3 months	-9.61%	-11.52%
Year To Date	-12.84%	-13.93%

ANNUALISED RETURNS

	FUND	BENCHMARK
1 year	-12.84%	-13.93%
3 years	-2.12%	2.26%
5 years	-0.26%	2.30%
10 years	3.22%	4.51%
Annualised Returns Since Inception	3.05%	0.84%

Fund Performance are cumulative returns and calculated on a Single pricing basis, with any income or dividends reinvested as of 31 Dec 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\$17.45 million
NAV Price	S\$1.901
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	90.75%
Cash and Accruals	9.25%

**GEOGRAPHICAL ALLOCATION
(TOP TEN)**

Japan	35.28%
China	16.29%
Singapore	13.54%
Thailand	4.39%
South Korea	4.35%
Hong Kong	3.63%
Taiwan	3.48%
United Kingdom	3.41%
India	2.95%
Vietnam	1.27%

SECTOR ALLOCATION

Financial	24.36%
Consumer, Non-cyclical	14.67%
Consumer, Cyclical	14.14%
Industrial	11.06%
Funds	10.33%
Communications	5.85%
Energy	3.48%
Technology	3.36%
Basic Materials	2.55%
Diversified	0.97%

TOP TEN HOLDINGS

Phillip SING Income ETF
China Construction Bank Corp
Sony Corp
HSBC Holdings PLC
Mitsubishi Corp
Kao Corp
Tencent Holdings Ltd
China Life Insurance Co Ltd
PetroChina Co Ltd
Toyota Motor Corp

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

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

MANAGER'S COMMENTARY

There was no Santa Claus rally for Asia-Pacific markets in December, as there was another broad-based drop across equity markets. The current plethora of uncertainties and risk factors sparked extreme volatility in the US market while weak China economic data confirmed a long-predicted slowdown. With the two largest economies facing market and economic stress, the pressure on Asia-Pacific equity markets was on the downside. For the month, the MSCI AC Asia Pacific Index was down 5.2% in Singapore dollar terms. Among major Asia-Pacific markets, emerging ASEAN markets such as Indonesia, Malaysia and the Philippines were among the best performing markets, while on the other hand Japan was a significant laggard.

The Fund dropped 5.0% for December. Within the month, we added to existing stocks in the portfolio on price weakness: these included Toyota Motor, Mitsubishi Corp, Fanuc, Murata Manufacturing, Japan Airport Terminal and Tencent. We sold out of Astellas Pharma, Mitsubishi Electric, Fujitsu, Daikin Industries, LG Chem, CK Infrastructure and Insurance Australia in order to reallocate to the above picks. Generally, this is a move towards sharpening our focus on a streamlined portfolio of quality stocks.

As has been outlined last month, our approach in navigating current market uncertainty is two-pronged: the first is to focus on quality companies with strong competitiveness, and secondly to buy stocks that will benefit from long-term consumption and urbanisation trends in Asia, particularly those with a domestic consumption bent. A volatile trading environment also throws up opportunities to capture short-term trading gains; we will also look to capture these opportunities where they become available.

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