

Phillip Global Opportunities Funds

Annual Report

Year ended 31 March 2016



Phillip Capital Management

(A member of PhillipCapital)

Contents

	Page
Directory	2
Manager's Investment Report	4
Report to Unitholders	5
Report of the Trustee	11
Statement by the Manager	12
Independent auditors' report	13
FINANCIAL STATEMENTS	
Statement of Total Return	15
Statement of Financial Position	16
Statement of Movement in Unitholders' Funds	17
Statement of Portfolio	18
Notes to the Financial Statements	22
Important Information	31

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SOLICITORS TO THE MANAGER

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10 Collyer Quay
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Manager's Investment Report

Global Opportunities Fund

The Fund, as a balanced portfolio of bonds and equities, was down 8.45% for the above full-year period. For the same period, the MSCI World total return index for global equities was down 4.71% while the MSCI Emerging Market total return index for emerging market equities was down 13.4% in SGD terms. For bonds, the JP Morgan Global Bond Index returned 2.51%.

During the period, short-term bonds funds outperformed equities markets. The weakness in global equities markets started in mid-year 2015, amidst the sharp drop in oil price, bad debt concerns among oil majors and Chinese properties, as well as the uncertainty of negative Japanese interest rates. These concerns dragged the world equity markets down by 15% to 35% to new lows in February 2016.

In March this year, we saw a significant broad-based rebound across equity markets. With Chinese markets stabilising, March 2016 saw strong performance in Asian credits. High-yield bonds recovered from the weakness earlier in the year and many oil related names rallied. China property also remained well supported, despite rising event risk in the sector.

By end April, most global markets had recovered their sharp losses for the year. Year-to-date, S&P 500 is marginally up 1.1 %, Euro Stoxx 50 is down -7.3%, MSCI Asia ex-Japan is up 1.2% and FSSTO is down slightly at -1.5%. In terms of valuation, equity markets across US and Europe are currently reasonably valued. Over in Asia, Japan remains attractively valued, while Hong Kong's valuation has gone up from bargain to attractive in the recent market recovery. Conditions in emerging markets have stabilised and we do not see further downside to the emerging markets in the near term.

In the fixed income space, the Fund has reduced fixed income exposure, especially Asian High-Yields. The Fund stays selectively defensive in Asia, where credit metrics are deteriorating and currencies are relatively rich. To reduce overall credit risk in the fund, we increased the weighting in US Treasuries.

We think the main risk to market is still the impending rate hike by the US Federal Reserve. Markets are currently beset by worry. Cash and long yen positions are at multi-year highs in most managers' portfolios. Furthermore, scenarios are becoming somewhat inconsistent, fearing at the same time too much US growth leading to several Fed rate hikes, and weak economic activity leading to deflation risks. Meanwhile, most economists have revised down their US growth expectations. We see ample opportunity to achieve positive returns in 2016 as slower growth and less policy tightening mean the cycle could go longer. Historically, the market recovered to its previous high in the long run. As a consequence, we maintain our balanced allocation which comprised 47% in debt, 40% in equities with the remainder in cash as at end March 2016.

PHILLIP GLOBAL OPPORTUNITIES FUNDS

Report to unitholders¹

a) I Investments classified by geography

	Fair Value at 31/03/2016 S\$	Percentage of Net Assets Attributable to Unitholders at 31/03/2016 %
Germany	521,671	10.21
Hong Kong	119,399	2.34
Luxembourg	668,652	13.09
Singapore	1,415,471	27.71
United States of America	1,923,715	37.66
Portfolio of investments	4,648,908	91.01
Other net assets	458,940	8.99
Net assets attributable to unitholders	5,107,848	100.00

a) II Investments classified by industry

	Fair Value at 31/03/2016 S\$	Percentage of Net Assets Attributable to Unitholders at 31/03/2016 %
Debt Fund	2,398,352	46.95
Equity Fund	2,050,317	40.14
Money Market Fund	200,239	3.92
Portfolio of investments	4,648,908	91.01
Other net assets	458,940	8.99
Net assets attributable to unitholders	5,107,848	100.00

¹ As required by the Code on Collective Investment Schemes

PHILLIP GLOBAL OPPORTUNITIES FUNDS

a) **III Investmentds classified by asset class**

	Fair Value at 31/03/2016 S\$	Percentage of Net Assets Attributable to Unitholders at 31/03/2016 %
Debt Fund	2,398,352	46.95
Equity Fund	2,050,317	40.14
Money Market Fund	200,239	3.92
Portfolio of investments	4,648,908	91.01
Other net assets	458,940	8.99
Net assets attributable to unitholders	5,107,848	100.00

b) **Top Ten Holdings**

<u>10 Largest Holdings at 31 March 2016</u>	Fair Value at 31/03/2016 S\$	Percentage of Net Assets Attributable to Unitholders at 31/03/2016 %
Aviva Investors SICAV - Global High Yield Bond Fund-AX SGD	668,652	13.09
UOB United SGD Fund - Class B	657,104	12.86
iShares Asia High Yield Bond Index ETF	558,128	10.93
iShares Stoxx Global Select Dividend 100 UCITS ETF	521,671	10.21
iShares Europe ETF	521,255	10.20
iShares MSCI World ETF	513,495	10.05
Proshares MSCI Europe Dividend Growers ETF	203,118	3.98
Phillip Money Market Fund	200,239	3.92
iShares Core 1-5 Year Usd Bond ETF	196,331	3.84
iShares GNMA Bond ETF	194,232	3.80

PHILLIP GLOBAL OPPORTUNITIES FUNDS

<u>10 Largest Holdings at 31 March 2015</u>	Fair Value at 31/03/2015	Percentage of Net Assets Attributable to Unitholders at 31/03/2015
	S\$	%
iShares Global Corporate Bond UCITS ETF	874,005	13.61
iShares MSCI AC Far East Ex-Japan ETF	841,958	13.11
Fullerton Asian Bond Fund	735,226	11.45
iShares Global Corporate Bond UCITS ETF	556,735	8.67
iShares MSCI Japan USD-H-A	507,553	7.90
iShares S&P Global Healthcare Sector Index Fund	381,651	5.94
DB X-Trackers FTSE Vietnam ETF	335,692	5.23
iShares Global Industrials E ETF	313,890	4.89
iShares Hedged MSCI Germany ETF	299,184	4.66
Hang Seng Investment Index Funds Series – H-Share Index ETF	250,906	3.91

- c) (i) Exposure to Derivatives as at 31 March 2016.

Global Opportunities Fund

	Fair value assets	Percentage of net assets
	S\$	%
Futures contracts	2,695	0.05

- c) (ii) Gains on derivative contracts realised for the year ended 31 March 2016
S\$37,261

- c) (iii) Gains on outstanding derivative contracts marked to market as at 31 March 2016
S\$2,695

- d) Description of the method used to calculate the global exposure of financial derivatives

The global exposure relating to derivative instruments is calculated using the commitment approach. The global exposure of the sub-fund is calculated as the sum of:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received pursuant to:

PHILLIP GLOBAL OPPORTUNITIES FUNDS

- (a) the reduction of exposure to counterparties of OTC financial derivatives; and
- (b) efficient portfolio management techniques relating to securities lending and repurchase transactions, and that are reinvested.
- e) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 March 2016.

	S\$	%
Debt Fund	2,398,352	46.95
Equity Fund	2,050,317	40.14
Money Market Fund	200,239	3.92

- f) Amount and percentage of borrowings of total fund size as at 31 March 2016.
Nil

- g) Amount of redemptions and subscriptions for the year ended 31 March 2016.

Total amount of redemptions	S\$ 2,988,479
Total amount of subscriptions	S\$ 2,168,227

- h) Amount of related party transactions for the year ended 31 March 2016.

Interest income received from a related party of the Trustee	S\$44
Bank balances held with a related party of the Trustee	S\$402,484
Amounts held with a related party of the Manager	S\$163,057

- i) **Performance of the Fund as at 31 March 2016**

	3 months	6 months	1 year	3 years	Since Inception 1 August 2011
Cumulative return	-3.47%	-3.77%	-8.45%	-2.54%	1.58%
Annualised return	-	-	-8.45%	-0.85%	0.34%

Returns are in Singapore dollar calculated on a bid-to-bid basis, with net dividends reinvested. Source: Bloomberg

- j) **Expense Ratio**

		2016	2015
Total operating expenses	S\$	189,592	248,057
Average daily net asset value	S\$	5,496,932	8,849,948
Prorated expense ratio of the underlying funds ^(Note 1)	%	0.53	0.56
Expense ratio ^(Note 1)	%	3.97	3.36

PHILLIP GLOBAL OPPORTUNITIES FUNDS

The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS").

In the case of funds of funds, which are generally defined as funds with more than 50% of their total assets in other underlying funds, a summarised expense ratio of the target funds and the fund of funds is calculated as of the closing date of the financial year. This corresponds to the sum of:

- The prorated ratio of the individual target funds, weighted according to the share they represent in the assets of the fund of funds as of the closing date, and;
- Expense ratio of the fund of funds minus any rebates of management fees and commissions received from the target funds during the reporting period.

The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

k) Turnover Ratio

		2016	2015
Lower of total value of purchases or sales	S\$	7,093,908	6,831,206
Average daily net asset value	S\$	5,496,932	8,849,948
Turnover ratio	%	129.05	77.19

The turnover ratio is calculated in accordance with the formula stated in the Code. The calculation of the turnover ratio is based on the total value of purchases (or sales) of the underlying investments divided by the weighted average daily net asset value. The total value of purchase (or sales) do not include brokerage and other transaction cost.

- l) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts.
Nil.
- m) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme") should be disclosed as well.
 - (i) Top 10 holdings at market value and as percentage of NAV as at 31 March 2016
Not applicable.

- (ii) Expense ratios for the period ended 31 March 2016 . A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

Not applicable.

- (iii) Turnover ratios for the period ended 31 March 2016.

Not applicable.

n) Soft dollar arrangements

The Manager is entitled to and intends to receive or enter into soft-dollar commissions or arrangements. The Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Manager may receive include research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis and custodial service in relation to the investments managed for clients. The soft dollar credits utilised are not allocated on a specific client basis. The brokers also execute trades for other funds managed by the Manager.

The Manager does not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Manager, assist the Manager in its management of clients' funds, provided that the Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

The Manager does not, and is not entitled to, retain cash rebates for its own account in respect of rebates earned when transacting in securities for account of clients' funds.

During the year, soft dollar services received from each broker were investment research and publications, data and quotation services. Soft dollar services were received from the Manager's panel of brokers which executed transactions for the Fund and other funds managed by the Manager.

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip Global Opportunities Funds in trust for the unitholders. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Phillip Global Opportunities Funds during the period covered by these financial statements, set out on pages 15 to 30, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC Institutional Trust Services (Singapore) Limited

Authorised signatory

16 June 2016

Statement by the Manager

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages 15 to 30, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Phillip Global Opportunities Funds as at 31 March 2016, and the total return and changes in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that Phillip Global Opportunities Funds will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of the Manager
Phillip Capital Management (S) Ltd

Jeffrey Lee Chay Khiong
Director

16 June 2016

Independent auditors' report

Auditors' Report to the Unitholders of Phillip Global Opportunities Funds

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the financial statements of Phillip Global Opportunities Funds (the "Fund"), which comprise the Statement of Financial Position and Statement of Portfolio as at 31 March 2016, the Statement of Total Return and Statement of Movements of Unitholders' Funds for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 30.

Manager's responsibility for the financial statements

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2016 and the total return and movement in unitholders' funds for the year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

16 June 2016

**Statement of Total Return
Year ended 31 March 2016**

	Note	Global Opportunities Fund	
		2016	2015
		S\$	S\$
Income			
Dividends		100,906	181,975
Interest income		44	92
		<u>100,950</u>	<u>182,067</u>
Less:			
Expenses			
Management fees		82,671	132,638
Management fee rebate		(2,042)	(3,324)
Trustee fees		20,456	20,400
Custody fees		1,399	2,650
Valuation fees		20,456	20,400
Transaction costs		19,515	21,101
Audit fees		13,510	19,998
Other expenses		55,459	56,105
		<u>211,424</u>	<u>269,968</u>
Net income		<u>(110,474)</u>	<u>(87,901)</u>
Net gains or losses on value of investments and financial derivatives			
Net (loss) / gain on investments		(399,012)	508,070
Net gain on financial derivatives		39,956	71,226
Net loss on foreign exchange		(13,686)	(14,208)
		<u>(372,742)</u>	<u>565,088</u>
Total (deficit)/return for the year before income tax		(483,216)	477,187
Less: (Income tax) / rebate	8	(10,134)	5,079
Total (deficit)/return for the year after income tax before distribution		<u>(493,350)</u>	<u>482,266</u>

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position
As at 31 March 2016

		Global Opportunities Fund	
	Note	2016	2015
		S\$	S\$
Assets			
Portfolio of investments		4,648,908	6,262,667
Receivables	3	635	42,548
Cash and cash equivalents	4	565,541	232,662
Financial derivatives, at fair value	5	2,695	–
Total assets		<u>5,217,779</u>	<u>6,537,877</u>
Liabilities			
Payables	6	109,931	116,427
Total liabilities		<u>109,931</u>	<u>116,427</u>
Equity			
Net assets attributable to unitholders	7	<u>5,107,848</u>	<u>6,421,450</u>

The accompanying notes form an integral part of these financial statements.

**Statement of Movement of Unitholders' Funds
Year ended 31 March 2016**

	Note	Global Opportunities Fund	
		2016	2015
		S\$	S\$
Net assets attributable to unitholders at the beginning of financial year		6,421,450	11,265,972
Operations			
Changes in net assets attributable to unitholders resulting from operations		(493,350)	482,266
Unitholders' contributions/(withdrawals)			
Creation of units		2,168,227	620,214
Cancellation of units		(2,988,479)	(5,947,002)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(820,252)	(5,326,788)
Total decrease in net assets attributable to unitholders		(1,313,602)	(4,844,522)
Net assets attributable to unitholders at the end of financial year	7	5,107,848	6,421,450

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio
As at 31 March 2016

	Holdings as at 31/3/2016	Fair value as at 31/3/2016 S\$	Percentage of total net assets attributable to unitholders as at 31/3/2016 %
Global Opportunities Fund			
By Geography (Primary)			
Quoted			
Germany			
iShares Stoxx Global Select Dividend 100 UCITS ETF	13,316	521,671	10.21
		<hr/> 521,671	<hr/> 10.21
Hong Kong			
Vanguard FTSE Asia Ex Japan High Dividend Yield Index ETF	38,900	119,399	2.34
		<hr/> 119,399	<hr/> 2.34
Luxembourg			
Aviva Investors SICAV - Global High Yield Bond Fund-AX SGD	65,908	668,652	13.09
		<hr/> 668,652	<hr/> 13.09
Singapore			
iShares Asia High Yield Bond Index ETF	41,200	558,128	10.93
Phillip Money Market Fund	170,576	200,239	3.92
UOB United SGD Fund - Class B	591,985	657,104	12.86
		<hr/> 1,415,471	<hr/> 27.71

The accompanying notes form an integral part of these financial statements.

	Holdings as at 31/3/2016	Fair value as at 31/3/2016 S\$	Percentage of total net assets attributable to unitholders as at 31/3/2016 %
Global Opportunities Fund By Geography (Primary)			
United States of America			
iShares 1-3 Year Treasury Bond ETF	1,082	123,905	2.43
iShares Core 1-5 Year USD Bond ETF	1,450	196,331	3.84
iShares Europe ETF	9,900	521,255	10.20
iShares GNMA Bond ETF	2,850	194,232	3.80
iShares Hedged MSCI Germany ETF	5,531	171,379	3.36
iShares MSCI World ETF	5,497	513,495	10.05
Proshares MSCI Europe Dividend Growers ETF	3,959	203,118	3.98
		<hr/> 1,923,715	<hr/> 37.66
Portfolio of investments		4,648,908	91.01
Other net assets		458,940	8.99
Net assets attributable to unitholders		<hr/> <hr/> 5,107,848	<hr/> <hr/> 100.00

The accompanying notes form an integral part of these financial statements.

	Fair value as at 31/3/2016 S\$	Percentage of total net assets attributable to unitholders as at 31/3/2016 %	Percentage of total net assets attributable to unitholders as at 31/3/2015 %
Global Opportunities Fund By Geography (Summary)			
Quoted			
Germany	521,671	10.21	3.18
Hong Kong	119,399	2.34	5.40
Ireland	–	–	43.29
Luxembourg	668,652	13.09	5.23
Singapore	1,415,471	27.71	14.56
South Korea	–	–	3.39
United States of America	1,923,715	37.66	22.48
Portfolio of investments	4,648,908	91.01	97.53
Other net assets	458,940	8.99	2.47
Net assets attributable to unitholders	5,107,848	100.00	100.00

The accompanying notes form an integral part of these financial statements.

	Fair value as at 31/3/2016 S\$	Percentage of total net assets attributable to unitholders as at 31/3/2016 %	Percentage of total net assets attributable to unitholders as at 31/3/2015 %
Global Opportunities Fund By Industry (Secondary)			
Oil & Gas	–	–	1.60
Real Estate Investment Trust	–	–	3.11
Debt Fund	2,398,352	46.95	33.73
Equity Fund	2,050,317	40.14	59.09
Money Market Fund	200,239	3.92	-
Portfolio of investments	4,648,908	91.01	97.53
Other net assets	458,940	8.99	2.47
Net assets attributable to unitholders	<u>5,107,848</u>	<u>100.00</u>	<u>100.00</u>

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

1 Domicile and activities

Phillip Global Opportunities Funds (“the Fund”) is an open ended umbrella unit trust constituted pursuant to a Trust Deed dated 26 May 2011 together with its Supplemental Deeds thereon (hereafter referred to as the “Trust Deed”) between Phillip Capital Management (S) Ltd (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The Fund comprises one sub-fund, Global Opportunities Fund (the “Sub-Fund”), which was launched on 13 June 2011.

The investment objective of the Sub-Fund is to aim to achieve medium to long term capital appreciation. The Sub-Fund will invest primarily in collective investment schemes including Exchanged Traded Funds (“ETFs”) and Real Estate Investment Trusts (“REITs”). The Sub-Fund may only invest in REITs which are constituted in Singapore and such investment into REITs are capped at 20% of the net asset value of the Sub-Fund. The Sub-Fund may also invest into business trusts and individual securities (including equities and bonds) in accordance with the Sub-Fund’s investment objective.

2 Significant accounting policies

a) *Basis of financial statements preparation*

The financial statements, expressed in Singapore Dollars, have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

For the purposes of preparation of these financial statements, the basis used for calculating the expense ratio and turnover ratio are in accordance with the guidelines issued by the Investment Management Association of Singapore (“IMAS”) and the Code on Collective Investment Schemes under the Securities and Futures Act (Cap 289) (“Code”) respectively.

b) *Basis of valuation of investments*

Quoted investments are stated at fair value based on the bid prices at the reporting date. Unrealised gains/losses on investments are represented by the difference between the fair value and the carrying value of investments and are recognised in the Statement of Total Return. Realised gains and losses upon disposal of investments are computed on the basis of the difference between the carrying value and the selling price of investments on trade date and are taken to the Statement of Total Return.

c) *Financial derivatives*

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value therein are recognised in the Statement of Total Return.

d) *Recognition of income*

Dividend income is recognised when declared and is stated gross of tax credits.

Interest income is recognised using the effective interest method.

e) *Foreign currency translation*

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at exchange rates at the reporting date. All exchange differences are recognised in the Statement of Total Return.

f) *Income tax expense*

The Sub-Fund is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following sources of income are not subjected to Singapore tax at the Sub-Fund level:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which Singapore tax has been withheld); and
- (iii) dividends derived from outside Singapore and received in Singapore.

g) *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances and amounts held with brokers. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

h) *Net assets attributable to unitholders*

Net assets attributable to unitholders are classified as equity.

3 Receivables

	Global Opportunities Fund	
	2016	2015
	S\$	S\$
Receivable from unitholders for creation of units	–	42,548
Dividends receivable	635	–
	<u>635</u>	<u>42,548</u>

4 Cash and cash equivalents

	Global Opportunities Fund	
	2016	2015
	S\$	S\$
Bank balances	402,484	171,781
Amounts held with broker	163,057	60,881
	<u>565,541</u>	<u>232,662</u>

The bank balances are placed with a financial institution related to the Trustee.

5 Financial derivatives at fair value

Financial derivative contracts comprise futures contracts due for settlement within 3 months from the reporting date (2015: nil). The contract or underlying principal amount of these financial derivatives and their corresponding gross fair value at the reporting date are analysed below.

Global Opportunities Fund	Notional amount	Fair value assets	Fair value liabilities
	S\$	S\$	S\$
2016			
Futures contracts	<u>510,152</u>	<u>2,695</u>	<u>–</u>

6 Payables

	Global Opportunities Fund	
	2016	2015
	S\$	S\$
Payable to unitholders for cancellation of units	27,450	45,776
Accrued operating expenses	82,481	70,651
	<u>109,931</u>	<u>116,427</u>

7 Units in issue

During the year, the number of shares issued, redeemed and outstanding were as follows:

	Global Opportunities Fund	
	2016	2015
Units at beginning of the year	5,790,790	10,800,388
Units created	2,047,869	580,011
Units cancelled	(2,792,816)	(5,589,609)
Units at end of the year	<u>5,045,843</u>	<u>5,790,790</u>

	Global Opportunities Fund	
	2016	2015
Net assets attributable to unitholders – S\$	5,107,848	6,421,450
Net asset value per unit – S\$	1.0123	1.1089

For subscriptions and redemption and for various fee calculations, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit while for reporting purpose, the investments are valued at the relevant bid market prices as at the reporting date.

The effect of last traded price in the net assets attributable to unitholders is as follows:

	Global Opportunities Fund	
	2016	2015
	S\$	S\$
Net assets attributable to unitholders per financial statements	5,107,848	6,421,450
Effect of adopting last traded price	17,960	4,446
Net assets attributable to unitholders for issuing/redeeming	5,125,808	6,425,896

8 Income tax

	Global Opportunities Fund	
	2016	2015
	S\$	S\$
Singapore income tax	(1,143)	(5,929)
Overseas income tax	11,277	850
	10,134	(5,079)

The overseas income tax charge relates to withholding tax suffered on receipt of distributions from overseas investments.

9 Financial risk management

The Sub-Fund's activities expose it to a variety of market risks (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Sub-Fund's overall risk management programme seeks to minimise potential adverse effects on the Sub-Fund's financial performance. The Sub-Fund may use financial derivative instruments, subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Sub-Fund at any time as part of the overall financial risk management to reduce the Sub-Fund's risk exposures.

a) **Market risks**

Market risk is the risk of potential adverse change to the value of financial instruments because of changes in market conditions such as interest rate movements and volatility in securities' prices. The Manager manages the Sub-Fund's exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

i. *Price risk*

Price risk is the risk that the fair values of equities or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The investments of the Sub-Fund are subject to normal market fluctuations and the risks inherent in investing in securities markets and there can be no assurance that appreciation will occur. It is the policy of the Manager to maintain a diversified portfolio of investments so as to minimise the risk. The Manager's preferred strategy is to hold investments for the medium to long term. The Manager is therefore not concerned about the short-term price volatility with respect to its investments provided that the underlying business, economic and management characteristics of its investments remain favourable.

ii. *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Sub-Fund is not subject to significant risk of fluctuations in market interest rates as the Sub-Fund's financial assets and liabilities are largely non-interest bearing other than the cash balances.

iii. *Currency risk*

The Sub-Fund is denominated in Singapore Dollars. The Sub-Fund invests in underlying securities which are denominated in foreign currencies where fluctuations in the relevant exchange rates may have an impact on the income and value of the Sub-Fund. The Manager may seek to minimise exposure to foreign currency fluctuation to the extent practicable.

As at 31 March 2016 and 2015, the concentration of the Sub-Fund's investments is set out in the Portfolio Statement.

Investments denominated in currencies other than the Sub-Fund's functional currency comprise the following:

	Global Opportunities Fund	
	2016	2015
	S\$	S\$
Euro	521,671	203,931
British Pound	–	841,958
Hong Kong Dollar	119,399	346,442
Korean Won	–	217,595
US Dollar	2,481,843	3,717,509

Cash and cash equivalents denominated in currencies other than the Sub-Fund's functional currency comprise the following:

	Global Opportunities Fund	
	2016	2015
	S\$	S\$
British Pound	-	8,759
Hong Kong Dollar	27,519	-
US Dollar	103,915	66,049
	<u>103,915</u>	<u>66,049</u>

The Sub-Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Sub-Fund.

As at 31 March 2016 and 2015, with respect to the monetary assets and monetary liabilities of the Sub-Fund, had the Singapore Dollar increased/decreased by 10% against foreign currencies, with all other variables remaining constant, the decrease/increase in net assets attributable to unitholders would be as follows:

	Global Opportunities Fund	
	Increase/(Decrease) in net assets	
	attributable to unitholders	
	2016	2015
	S\$	S\$
Euro	52,167	20,393
British Pound	-	85,072
Hong Kong Dollar	14,692	34,644
Korean Won	-	21,760
US Dollar	258,576	378,356
	<u>258,576</u>	<u>378,356</u>

b) *Liquidity risk*

The Sub-Fund is exposed to daily redemption of units in the Sub-Fund. Therefore the majority of its assets are invested in investments that are traded in an active market and can be readily disposed of.

c) *Credit risk*

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The Sub-Fund is exposed to counterparty credit risk on trading derivative products, cash and bank balances and other receivable balances.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund may also enter into derivative contracts to manage exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Sub-Fund is also exposed to the risk that amounts held with counterparties for derivative contracts may not be recoverable in the event of any default by the parties concerned.

d) Fair value estimation

Except for investments which are measured at fair value, at 31 March 2016 and 2015, the fair values of assets and liabilities approximate their carrying values on the Statement of Financial Position due to their short period to maturity.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Sub-Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Sub-Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 31 March 2016 and 2015:

Global Opportunities Fund	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2016				
Assets				
Portfolio of investments	4,648,908	–	–	4,648,908
Financial derivatives, at fair value	–	2,695	–	2,695
	<u>4,648,908</u>	<u>2,695</u>	<u>–</u>	<u>4,651,603</u>
2015				
Assets				
Portfolio of investments	<u>6,262,667</u>	–	–	<u>6,262,667</u>

10 Related parties

In the normal course of business of the Sub-Fund, management fees and trustee fees have been paid or are payable to the Manager and the Trustee respectively as noted in the Statement of Total Return.

In addition, the bank holding company and related parties of the Trustee have also provided custodian, banking, foreign exchange, fund administration and brokerage services to the Sub-Fund in the normal course of business at terms agreed between the parties and within the provisions of the Trust Deed.

The Manager may also uses the services of related parties to carry out transactions involving the purchase and sale of securities.

Except as disclosed elsewhere in the financial statements, the following significant transactions took place between the Sub-Fund and its related parties during the year:

		Global Opportunities Fund	
	Note	2016	2015
		S\$	S\$
Interest income received from a related party of the Trustee		44	92
		<hr/>	<hr/>
Bank balances held with a related party of the Trustee	4	402,484	171,781
Amounts held with a related party of the Manager	4	163,057	60,881
		<hr/> <hr/>	<hr/> <hr/>

11 Financial ratios

		Global Opportunities Fund	
		2016	2015
Expense ratio			
Total operating expenses	S\$	189,592	248,057
Average daily net asset value	S\$	5,496,932	8,849,948
Prorated expense ratio of the underlying funds ^(Note 1)	%	0.53	0.56
Expense ratio ^(Note 1)	%	3.97	3.36
Turnover ratio			
Lower of total value of purchases or sales	S\$	7,324,437	6,831,206
Average daily net asset value	S\$	5,496,932	8,849,948
Turnover ratio ^(Note 2)	%	133.25	77.19

Note 1: The expense ratio has been computed based on the guidelines laid down by the IMAS.

The calculation of expenses ratio is based on total operating expenses divided by average net assets value for the year.

The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

In the case of funds of funds, which are generally defined as funds with more than 50% of their total assets in other underlying funds, a summarised expense ratio of the target funds and the fund of funds is calculated as of the closing date of the financial year. This corresponds to the sum of:

- The prorated ratio of the individual target funds, weighted according to the share they represent in the assets of the fund of funds as of the closing date, and the
- Expense ratio of the fund of funds minus any rebates of management fees and commissions received from the target funds during the reporting period.

Note 2: The turnover ratio is calculated in accordance with the formula stated in the Code. The calculation of the turnover ratio is based on the total value of purchases (or sales) of the underlying investments divided by the weighted average daily net asset value. The total value of purchase (or sales) do not include brokerage and other transaction cost.

Important Information

Global Opportunities Fund (the “Sub-Fund”) is a sub-fund of Phillip Global Opportunities Funds (the “Fund”), an open ended umbrella unit trust authorised under the Securities and Futures Act, Chapter 289, by the Monetary Authority of Singapore

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