

# **Phillip Treasury Fund**

Semi-annual report  
For the period ended 30 September 2017 (unaudited)

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# Phillip Treasury Fund

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## Directory

### MANAGER

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Singapore 179101  
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### DIRECTORS OF THE MANAGER

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Jeffrey Lee Chay Khiong  
Linus Lim Wen Sheong  
Lee Ken Hoon  
Lim Wah Sai  
Louis Wong Wai Kit

### TRUSTEE & REGISTRAR

BNP Paribas Trust Services Singapore Limited  
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Singapore 049319  
(Company Registration No. 200800851W)

### CUSTODIAN AND FUND ADMINISTRATOR

BNP Paribas Securities Services Singapore Branch  
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Singapore 049319  
(Company Registration No. T08FC7287D)

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### SOLICITORS TO THE MANAGER

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Singapore 089688

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80 Raffles Place  
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Singapore 048624

## Phillip Treasury Fund

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### MANAGER'S INVESTMENT REPORT

The US Dollar Money Market Fund returned 0.49% for the six-month period, compared to 0.31% in the corresponding period last year. The Fund's return underperformed the average 1-week US\$ Libor benchmark rate of 0.55% over the same period.

The United States Department of Commerce reported two consecutive quarters of impressive GDP growth of 3%, fuelling market expectation that the Fed intends to raise rates in December. However, sentiments in the market are also somewhat tempered by concerns that the US growth data was mainly due to inventory accumulation caused by storm outages inflating the overall result. During the period, import growth data from the US trailed off, which seems inconsistent with a strengthening growth demand. Consumer spending growth, which has been a core driver of GDP in recent years is showing signs of deceleration. During the same period, the US treasuries (UST) curve flattened, with 2-year US treasury yields ending at 1.48% on 30 September 2017, an increase of 23 bps from the 1.25% in March, while UST 10- year yields fell marginally from 2.39% in March to 2.33% in September.

The 31 Oct-1 Nov FOMC meeting minutes confirmed the Fed's intention to raise rates in December, as substantial concerns about a build-up of financial imbalances were evident. The policy path beyond December will greatly depend on how financial conditions evolve. Our view is that US inflation will pick up gradually next year but remain well below the FOMC's target of 2.0%. Additionally, fiscal stimulus in the form of tax cuts should add further inflationary pressure to an already stretched economy, while also lifting UST term premium. We expect the short-term yields to trend higher and provide dollar support going into the year-end.

As at 30 September 2017, the portfolio's Weighted Average Maturity ("WAM") stood at 231 days for non-deposit investments. Cash, bonds and deposits maturing within one month accounted for 36% of the portfolio value. The Fund's bond portfolio has credit ratings of A or above with its portfolio of high credit quality issues. The Fund maintains a conservative portfolio with holdings diversified across countries, sector and issuers.

Our liquidity strategy will focus on investing in cash deposits with three-month maturities and securities of one-year maturities. Our strategy is to have a target WAM of less than 1 year, with overnight and 7 days liquidity of 10% and 20% respectively, for the portfolio. The Fund will continue to focus its investments in high-quality short-term corporate papers of issuers with strong balance sheets, robust business models and steady operating cash flows.

## Phillip Treasury Fund

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### Report to Unitholders Period ended 30 September 2017 (unaudited)

The following contains additional information relating to the US Dollar Money market Fund (the "Sub Fund"):

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 12 to 14.

#### 2. Schedule of investments by asset class

	Fair value as at 30 September 2017 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2017 %
Fixed Income Securities	113,543,334	55.10
Term Deposits	68,143,511	33.06
Cash & Bank Balances	23,405,232	11.36
Other Net Current Assets	988,210	0.48
	<u>206,080,287</u>	<u>100.00</u>

#### 3. Types of Money Market Instruments and Debt Securities

	Fair value as at 30 September 2017 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2017 %
Floating Rate Notes	14,143,202	6.87
Fixed Rate Notes	98,545,527	47.82
Accrued Interest On Debt Securities	854,605	0.41
	<u>113,543,334</u>	<u>55.10</u>

#### 4. Credit rating of debt securities

	Fair value as at 30 September 2017 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2017 %
AA	7,556,604	3.67
A	71,723,702	34.80
Aaa*	399,308	0.20
Aa*	8,172,729	3.97
A*	18,893,996	9.17
Not Rated	5,942,390	2.88
Accrued Interest On Debt Securities	854,605	0.41
<b>Total</b>	<u>113,543,334</u>	<u>55.10</u>

Source of the credit rating is from Standard & Poor's except the following:

\* Credit rating is from Moody's

## Phillip Treasury Fund

Report to Unitholders  
Period ended 30 September 2017 (unaudited)

### 5. Top 10 holdings

10 largest holdings at 30 September 2017	Fair value as at 30 September 2017 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2017 %
CMT MTN Private Limited 3.731% due 21/03/2018	9,469,372	4.59
Eastern Creation II Investment Holdings Limited 2.625% due 20/11/2017	9,004,140	4.37
Japan Bank For International Cooperation 1.75% due 13/11/2018	7,994,320	3.88
Want Want China Finance Limited 1.875% due 14/05/2018	7,980,240	3.87
Mizuho Bank Limited 1.55% due 17/10/2017	6,649,800	3.23
Harvest Operations Corporation 2.125% due 14/05/2018	6,250,810	3.03
Bank Of China Limited 0% due 27/03/2018	5,942,390	2.88
State Grid Overseas Investment 2013 Limited 1.75% due 22/05/2018	5,487,020	2.66
Korea Housing Finance Corporation 1.625% due 15/09/2018	5,172,729	2.51
Swire Pacific MTN Financing Limited 6.25% due 18/04/2018	5,110,300	2.48

10 largest holdings at 30 September 2016	Fair value as at 30 September 2016 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2016 %
Agricultural Bank Of China Ltd Singapore 1% due 23 November 2016	10,000,000	5.66
Kookmin Bank 1.9146% due 11/10/2016	7,001,400	3.96
Mizuho Bank Ltd 1.55% due 17/10/2017	6,649,933	3.76
Hutchison Whampoa International 11 Ltd 3.5% due 13/01/2017	5,744,431	3.25
Korea Development Bank 3.5% due 22/08/2017	5,606,260	3.17
Westpac Banking Corp 2% due 14/08/2017	5,030,100	2.84
Horsepower Finance Ltd 2.1% due 03/03/2017	5,010,300	2.83
Advance Wisdom Investments Ltd 2.1% due 16/10/2017	3,864,938	2.19
Tencent Holdings Ltd 4.625% due 12/12/2016	3,521,210	1.99
Korea Land & Housing Corp 1.875% due 02/08/2017	3,410,098	1.93

## Phillip Treasury Fund

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Report to Unitholders  
Period ended 30 September 2017 (unaudited)

### 6. Maturity Profile of Investments

	Fair value as at 30 September 2017 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2017 %
Up to 30 days	49,854,809	24.20
31 - 90 days	36,001,591	17.47
91 - 180 days	33,429,126	16.22
181 - 365 days	54,901,518	26.64
366 - 732 days	6,645,196	3.22
Accrued Interest On Debt Securities	854,605	0.41
Accrued Interest On Term Deposit	123,781	0.06
	<u>181,810,626</u>	<u>88.22</u>

### 7. (i) Exposure to derivatives as at 30 September 2017

Nil

### (ii) Gain/Loss on derivative contracts realised for the year ended 30 September 2017

Nil

### (iii) Net gain/loss on outstanding derivative contracts marked to market as at 30 September 2017

Nil

### 8. Global exposure to financial derivatives

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

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangement;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
  - i. the reduction of exposure to counterparties of OTC financial derivatives; and
  - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

## Phillip Treasury Fund

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### Report to Unitholders

Period ended 30 September 2017 (unaudited)

**9. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment as at 30 September 2017**

Nil

**10. Amount and percentage of borrowings of total fund size as at 30 September 2017**

Nil

**11. Amount of units created and cancelled for the year 30 September 2017**

**US\$**

Units created	274,570,929
Units cancelled	(253,557,797)

**12. Turnover ratio**

		<b>2017</b>	<b>2016</b>
Lower of total value of purchases or sales	US\$	-	1,003,530
Average daily net asset value	US\$	192,503,095	168,135,461
Total turnover ratio <sup>Note</sup>	%	-	0.60

Note: The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value for the preceding 6 months at the close of the semi-annual financial statements. Total value of purchases (or sales) does not include brokerage and other transaction costs. The total value of bonds matured during the period is not included in the computation of turnover ratio.

**13. Expense ratio**

		<b>2017</b>	<b>2016</b>
Total operating expenses	US\$	910,617	741,060
Average daily net asset value	US\$	184,908,004	153,201,009
Total expense ratio <sup>Note</sup>	%	0.49	0.48

Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio was based on total operating expenses divided by the average net asset value for the preceding 12 months at the close of the semi-annual financial statements. 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.



## Phillip Treasury Fund

### Report to Unitholders Period ended 30 September 2017 (unaudited)

#### 14. Performance of the Fund

As at 30 September 2017	Performance of the Fund (bid-to-bid)	Benchmark performance
Cumulative (%)*	US\$	US\$
3 months	0.26%	0.29%
6 months	0.49%	0.55%
1 year	0.86%	0.88%
3 years	1.95%	1.39%
5 years	3.16%	1.68%
Since inception (6 May 2009)	5.95%	2.46%
Annualised (%)	US\$	US\$
1 year	0.86%	0.88%
3 years	0.65%	0.46%
5 years	0.63%	0.33%
Since inception (6 May 2009)	0.69%	0.29%

Note:\*Cumulative returns are in US dollars calculated on a bid to bid basis, with net dividends reinvested Benchmark: 1-week US\$ Libor (Source: Bloomberg)

#### 15. Related party transactions

In the normal course of the business of the Sub-Fund, trustee fees and management fees have been paid or are payable to the Trustee and the Manager 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 following significant transactions took place between the Fund and its related parties during the period :

To disclose related party transactions in tabular form as format recommended below

	30 September 2017 US\$	31 March 2017 US\$
Bank balances held with a related party of the Trustee	13,405,232	11,240,572

#### 16. Any other material information that will adversely impact the valuation of the Fund

Nil

## Phillip Treasury Fund

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### Report to Unitholders Period ended 30 September 2017 (unaudited)

#### 17. Soft dollar commissions

The Manager shall be 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 will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions/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/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.

The Manager did not receive any soft dollar commissions during the period.

**Statement of Total Return**  
**Period ended 30 September 2017 (unaudited)**

**Phillip USD Money Market Fund**

	<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>US\$</b>	<b>US\$</b>
<b>Income</b>		
Interest income	447,756	253,541
	<hr/>	<hr/>
	447,756	253,541
Less:		
<b>Expenses</b>		
Management fee	386,329	336,985
Trustee and administration fees	62,784	54,763
Audit fee	3,977	4,192
Other expenses	14,483	21,560
	<hr/>	<hr/>
	467,573	417,500
<b>Net losses</b>	<hr/> <hr/>	<hr/> <hr/>
	(19,817)	(163,959)
<b>Net gains or losses on value of investments</b>		
Net gains on investments	965,239	667,341
Net gains/(losses) on foreign exchange	3,073	(875)
	<hr/>	<hr/>
	968,312	666,466
<b>Total return for the period before income tax</b>	948,495	502,507
Less: Income tax	-	-
<b>Total return for the period after income tax before distribution</b>	<hr/> <hr/>	<hr/> <hr/>
	948,495	502,507

**Statement of Financial Position**  
**As at 30 September 2017 (unaudited)**

**Phillip USD Money Market Fund**

	<b>30 September 2017</b>	<b>31 March 2017</b>
	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>		
Portfolio of investments	113,543,334	103,630,777
Receivables	2,313,516	2,268,319
Cash and cash equivalents	91,548,743	80,506,984
<b>Total assets</b>	<b>207,405,593</b>	<b>186,406,080</b>
<b>Liabilities</b>		
Payables	1,325,306	1,369,814
Purchases awaiting settlement	-	917,606
<b>Total liabilities</b>	<b>1,325,306</b>	<b>2,287,420</b>
<b>Equity</b>		
Net assets attributable to unitholders	206,080,287	184,118,660

**Statement of Movements of Unitholders' Funds**  
**Period ended 30 September 2017 (unaudited)**

**Phillip USD Money Market Fund**

	<b>30 September 2017</b>	<b>31 March 2017</b>
	<b>US\$</b>	<b>US\$</b>
<b>Net assets attributable to unitholders at the beginning of financial period/year</b>	184,118,660	156,823,356
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	948,495	1,031,207
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	274,570,929	459,968,369
Cancellation of units	(253,557,797)	(433,704,272)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	21,013,132	26,264,097
Total increase in net assets attributable to unitholders	21,961,627	27,295,304
<b>Net assets attributable to unitholders at the end of financial period/year</b>	206,080,287	184,118,660

**Statement of Portfolio**  
**As at 30 September 2017 (unaudited)**

**Phillip USD Money Market Fund**

**By Geography (Primary)**

	<b>Holdings as at 30 September 2017</b>	<b>Fair value as at 30 September 2017 US\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30 September 2017 %</b>
<b>Quoted Debt Securities</b>			
<b>BAHAMAS</b>			
Competition Team Technologies Limited 2.125% due 13/12/2017	3,000,000	2,999,280	1.46
		2,999,280	1.46
<b>BRITISH VIRGIN ISLANDS</b>			
Advance Wisdom Investments Limited 2.1% due 16/10/2017	3,850,000	3,850,038	1.87
CNPC General Capital Limited 1.95% due 25/11/2017	850,000	850,068	0.42
Eastern Creation II Investment Holdings Limited 2.625% due 20/11/2017	9,000,000	9,004,140	4.37
Sinopec Capital 2013 Limited 1.875% due 24/04/2018	3,105,000	3,101,243	1.50
State Grid Overseas Investment 2013 Limited 1.75% due 22/05/2018	5,500,000	5,487,020	2.66
Want Want China Finance Limited 1.875% due 14/05/2018	8,000,000	7,980,240	3.87
		30,272,749	14.69
<b>CANADA</b>			
Harvest Operations Corporation 2.125% due 14/05/2018	6,254,000	6,250,810	3.03
		6,250,810	3.03
<b>CAYMAN ISLANDS</b>			
Alibaba Group Holding Limited 1.625% due 28/11/2017	674,000	673,750	0.33
Amber Circle Funding Limited 2% due 04/12/2017	500,000	500,060	0.24
Baidu Incorporation 2.75% due 09/06/2019	1,435,000	1,444,384	0.70
Hutchison Whampoa International 12 II Limited 2% due 08/11/2017	2,100,000	2,100,315	1.02
Hutchison Whampoa International 14 Limited 1.625% due 31/10/2017	4,300,000	4,299,226	2.09
Swire Pacific MTN Financing Limited 6.25% due 18/04/2018	5,000,000	5,110,300	2.48
		14,128,035	6.86
<b>CHINA</b>			
Bank Of China Limited 2.03522% due 11/07/2019	5,000,000	5,000,650	2.43
Bank Of China Limited 0% due 27/03/2018	6,000,000	5,942,390	2.88
Industrial & Commercial Bank Of China Limited 2.351% due 13/11/2017	800,000	800,296	0.39
		11,743,336	5.70

**Statement of Portfolio**  
**As at 30 September 2017 (unaudited)**

**Phillip USD Money Market Fund**

**By Geography (Primary)**

	<b>Holdings as at 30 September 2017</b>	<b>Fair value as at 30 September 2017 US\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30 September 2017 %</b>
<b>Quoted Debt Securities</b>			
<b>HONG KONG</b>			
HKCG Finance Limited 6.25% due 07/08/2018	3,000,000	3,102,360	1.51
		3,102,360	1.51
<b>JAPAN</b>			
Japan Bank For International Cooperation 1.75% due 13/11/2018	8,000,000	7,994,320	3.88
Mizuho Bank Limited 1.55% due 17/10/2017	6,650,000	6,649,800	3.23
		14,644,120	7.11
<b>SINGAPORE</b>			
CMT MTN Private Limited 3.731% due 21/03/2018	9,400,000	9,469,372	4.59
DBS Bank Limited 1.625% due 06/08/2018	400,000	399,308	0.19
		9,868,680	4.78
<b>SOUTH KOREA</b>			
Export-Import Bank Of Korea 1.69056% due 01/11/2018	3,000,000	3,000,000	1.46
Export-Import Bank Of Korea 2.01722% due 26/05/2019	200,000	200,162	0.10
KEB Hana Bank 3.5% due 25/10/2017	4,000,000	4,003,280	1.94
Korea Housing Finance Corporation 1.625% due 15/09/2018	5,205,000	5,172,729	2.51
Korea Hydro & Nuclear Power Company Limited 2.875% due 02/10/2018	1,100,000	1,105,632	0.53
SK Telecom Company Limited 2.125% due 01/05/2018	2,782,000	2,779,774	1.35
Woori Bank 2.875% due 02/10/2018	3,400,000	3,417,782	1.66
		19,679,359	9.55
<b>Accrued interest on debt securities</b>		854,605	0.41
<b>Portfolio of investments</b>		113,543,334	55.10
<b>Other net assets</b>		92,536,953	44.90
<b>Net assets attributable to unit holders</b>		206,080,287	100.00

**Statement of Portfolio**  
**As at 30 September 2017 (unaudited)**

<b>Phillip USD Money Market Fund By Geography (Summary)</b>	<b>Fair value as at 30 September 2017 US\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30 September 2017 %</b>	<b>Percentage of total net assets attributable to unitholders as at 31 March 2017 %</b>
<b>Quoted Debt Securities</b>			
Australia	-	-	2.72
Bahamas	2,999,280	1.46	1.63
British Virgin Islands	30,272,749	14.69	5.07
Canada	6,250,810	3.03	3.40
Cayman Islands	14,128,035	6.86	6.35
China	11,743,336	5.70	5.14
Hong Kong	3,102,360	1.51	-
Japan	14,644,120	7.11	4.70
Singapore	9,868,680	4.78	6.76
South Korea	19,679,359	9.55	20.21
	<hr/> 112,688,729	<hr/> 54.69	<hr/> 55.98
<b>Accrued interest on debt securities</b>	854,605	0.41	0.30
<b>Portfolio of investments</b>	113,543,334	55.10	56.28
<b>Other net assets</b>	92,536,953	44.90	43.72
<b>Net assets attributable to unit holders</b>	<hr/> <hr/> 206,080,287	<hr/> <hr/> 100.00	<hr/> <hr/> 100.00

<b>Phillip USD Money Market Fund By Industry (Secondary)</b>	<b>Fair value as at 30 September 2017 US\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30 September 2017 %</b>	<b>Percentage of total net assets attributable to unitholders as at 31 March 2017 %</b>
Communications	4,897,908	2.38	4.39
Consumer, Non-cyclical	7,980,240	3.87	0.27
Diversified	11,509,841	5.59	3.47
Energy	10,202,121	4.95	4.21
Financials	40,032,976	19.43	29.94
Government agency	16,367,211	7.94	6.05
Industrial	12,003,420	5.83	2.99
Utilities	9,695,012	4.70	4.66
	<hr/> 112,688,729	<hr/> 54.69	<hr/> 55.98
<b>Accrued interest on debt securities</b>	854,605	0.41	0.30
<b>Portfolio of investments</b>	113,543,334	55.10	56.28
<b>Other net assets</b>	92,536,953	44.90	43.72
<b>Net assets attributable to unitholders</b>	<hr/> <hr/> 206,080,287	<hr/> <hr/> 100.00	<hr/> <hr/> 100.00



## Phillip Treasury Fund

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### IMPORTANT INFORMATION

Phillip USD Money Market Fund (the “Sub-Fund”) is a sub-fund of Phillip Treasury Fund (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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