

# **Phillip Global Opportunities Funds**

## **Annual Report**

Year ended 31 March 2019



**Phillip Capital Management**

(A member of PhillipCapital)

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## **PHILLIP GLOBAL OPPORTUNITIES FUNDS**

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### **MANAGER**

Phillip Capital Management (S) Ltd  
250 North Bridge Road  
#06-00 Raffles City Tower  
Singapore 179101  
(Company Registration Number: 199905233W)

### **DIRECTORS OF THE MANAGER**

Lim Hua Min  
Jeffrey Lee Chay Khiong  
Linus Lim Wen Sheong  
Lim Wah Sai  
Louis Wong Wai Kit

### **TRUSTEE & REGISTRAR**

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay  
#10-02 HSBC Building  
Singapore 049320  
(Company Registration Number: 194900022R)

### **CUSTODIAN AND FUND ADMINISTRATOR**

The Hong Kong and Shanghai Banking Corporation  
1 Queen's Road  
Central  
Hong Kong

### **AUDITORS**

KPMG LLP  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

### **SOLICITORS TO THE MANAGER**

Chan & Goh LLP  
50 Craig Road #03-01  
Singapore 089688

### **SOLICITORS TO THE TRUSTEE**

Allen & Gledhill LLP  
One Marina Boulevard #28-00  
Singapore 018989

### Manager's Investment Report

The investment objective of the Global Opportunities Fund is aimed to achieve medium to long-term capital appreciation. It is target at investors with a moderate risk appetite, with a balanced allocation of equities, commodities, REITs and bonds.

It has been a roller coaster ride over the 6 months ended 31 March 2019 where the fund dipped more than 6% over the initial 3 months ended 31 Dec 2018 and throttle into a full recovery with almost a 8% gain in the following quarter. Hence, the Phillip Global Opportunities Fund has achieved a net total return of 0.75% over the half-year period.

The manager's risk off mode on equities in 2018 pays off during the last 3 months of the year where global and regional equity indices like MSCI World Index and MSCI Asia Pacific Ex Japan Index declined 13.3% and 8.8% respectively. During that period, the manager has also shifted the equity allocation from 25% to more than 50%. The sell-off in the market has been plagued by worries from investors on the global economic outlook as well as lingering trade tension between the United States and China. The projection of the weakness in the macros has also been illustrated in the US 10 years treasury yield curve which has declined from 3.2% to 2.6% in the last quarter of 2018.

As investors began to realize the sell down in the prior quarter is overdone, they started to realign their focus back to fundamentals as US GDP is still growing by 5.2 % and unemployment rate is still testing new lows at 3.8%. Furthermore, exuberant heat-up in the economy is also not evident with CPI warming at 2.0% at the end of 2018. The melt-up in the equities market in 1<sup>st</sup> quarter of 2019 has turned out to be the best quarters in history. There are a number of attributes towards this market optimism; US Federal Reserve's dovish stance after the 25 basis points hike in December 2018, which indicated there will only be 2 interest rate hikes in 2019. Growth in US corporate earnings continue to roll in with S&P 500 index registering a 6% growth in EPS year on year in Q1 FY2019. The truce in the trade tension between US and China in the 1<sup>st</sup> quarter of 2019 has also fueled the melt-up in the equities during the same period.

Towards the end of 2018, the manager has make a shift in its fixed income holdings from short duration and floating theme towards the investment grade and high yield play in the fixed income space. ETFs in the likes of iShares iBoxx High Yield Corp ETF (HYG US) and Wisdomtree Fundamentals US High Yield Corp Bond ETF (WFHY US) are some of the names which the managers have selected to take advantage of the strong correlation between the high yield fixed income space and equities. Both funds have registered strong gains 7.5%-8.2% on average during the 1<sup>st</sup> quarter of 2019.

The appearance of an inverted yield curve in the month of March 2019 shook the market a bit with the expectation of a recession looming in closer within the next 12-18 months. Historically when the short term treasury are yielding higher than long term treasury (invested yield), it is a sign of weakening economic conditions which will lead to a full blown recession in the near term. Currently, the fund's equity allocation is still skewed towards developed markets geographically, with US accounting for 66% and Europe at 17%. Due to the rally in Q1 FY2019, these 2 markets are no longer as attractive as they were as at the end of 2018. In the coming 6 months, the manager will continue to monitor economic data coming from US as the implication from trade tension will be felt more evidently on the US side. The manager will gradually risk off its equities exposure by shifting towards better valued geographic. As high yield fixed income space is getting more expensive, investment grade space will be a better option to look at in the near term.

## Report to unitholders<sup>1</sup>

### a) I Investments classified by geography

	Fair Value at 31/03/2019 S\$	Percentage of Net Assets Attributable to Unitholders at 31/03/2019 %
Hong Kong	1,736,276	8.25
Ireland	1,634,765	7.76
Luxembourg	2,005,872	9.53
United States of America	13,854,244	65.81
<b>Portfolio of investments</b>	<b>19,231,157</b>	<b>91.35</b>
<b>Other net assets</b>	<b>1,826,711</b>	<b>8.65</b>
<b>Net assets attributable to unitholders</b>	<b>21,057,868</b>	<b>100.00</b>

### II Investments classified by industry

	Fair Value at 31/03/2019 S\$	Percentage of Net Assets Attributable to Unitholders at 31/03/2019 %
Equity Fund	19,231,157	91.35
<b>Portfolio of investments</b>	<b>19,231,157</b>	<b>91.35</b>
<b>Other net assets</b>	<b>1,826,711</b>	<b>8.65</b>
<b>Net assets attributable to unitholders</b>	<b>21,057,868</b>	<b>100.00</b>

<sup>1</sup> As required by the Code on Collective Investment Schemes

i  
**III Investments classified by asset class**

	<b>Fair Value at 31/03/2019 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 31/03/2019 %</b>
Equity Fund	19,231,157	91.35
<b>Portfolio of investments</b>	<b>19,231,157</b>	<b>91.35</b>
<b>Other net assets</b>	<b>1,826,711</b>	<b>8.65</b>
<b>Net assets attributable to unitholders</b>	<b>21,057,868</b>	<b>100.00</b>

b) **Top Ten Holdings**

<b><u>10 Largest Holdings at 31 March 2019</u></b>	<b>Fair Value at 31/03/2019 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 31/03/2019 %</b>
Fidelity Nasdaq Composite Index Tracking Stock	2,020,837	9.60
Threadneedle Lux-Pan European Small Cap Opportunities	2,005,872	9.53
Vanguard S&P 500 ETF	1,967,305	9.34
SPDR Dow Jones Industrial Average ETF Trust	1,951,087	9.27
iShares iBoxx \$ High Yield Corp Bond ETF	1,846,027	8.77
iShares MSCI AC Asia Ex Japan Index ETF	1,736,276	8.25
iShares USD Short Duration High Yield Corp Bond Ucits ETF USD Dist	1,634,765	7.76
iShares Lehman Aggregate Bond Fund ETF	1,233,920	5.86
iShares India 50 ETF	1,174,905	5.58
iShares MSCI China ETF	1,127,796	5.36

<b><u>10 Largest Holdings at 31 March 2018</u></b>	<b>Fair Value at 31/03/2018 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 31/03/2018 %</b>
Phillip Money Market Fund	3,001,299	24.83
Threadneedle Lux-Pan European Small Cap Opportunities	2,039,018	16.86
iShares MSCI AC Asia Ex Japan Index ETF	1,617,446	13.38
Vanguard S&P 500 ETF	1,127,266	9.32
SPDR Dow Jones Industrial Average ETF Trust	1,124,685	9.30
Fidelity Nasdaq Composite Index Tracking Stock	725,883	6.00
Overseas-Chinese Banking Corporation Ltd ECP 06/06/2018	489,700	4.05
iShares MSCI China ETF	442,231	3.66
iShares India 50 ETF	409,426	3.39

c) (i) Exposure to Derivatives as at 31 March 2019.  
Nil

c) (ii) Loss on derivative contracts realised for the year ended 31 March 2019  
S\$37,016

c) (iii) Loss on outstanding derivative contracts marked to market as at 31 March 2019  
Nil

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:

(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 2019.

	S\$	%
Equity Fund	19,231,157	91.35

f) Amount and percentage of borrowings of total fund size as at 31 March 2019.  
Nil

g) Amount of redemptions and subscriptions for the year ended 31 March 2019.

Total amount of redemptions	S\$ 8,124,648
Total amount of subscriptions	S\$ 16,348,728

h) Amount of related party transactions for the year ended 31 March 2019.

Interest income received from a related party of the Trustee	S\$	34
Bank balances held with a related party of the Trustee	S\$	1,837,661

i) **Performance of the Fund as at 31 March 2019**

	3 months	6 months	1 year	3 years	5 years	Since Inception 1 August 2011
Cumulative return	7.61%	0.75%	4.68%	15.06%	11.95%	16.88%
Annualised return	-	-	4.68%	4.79%	2.28%	2.06%

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

j) **Expense Ratio**

Please refer to Note 11 of Notes to Financial Statements.

k) **Turnover Ratio**

Please refer to Note 11 of Notes to Financial Statements.

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 2019

Not applicable.

(ii) Expense ratios for the period ended 31 March 2019.

Not applicable.

(iii) Turnover ratios for the period ended 31 March 2019

Not applicable



n) **Soft dollar 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 FS1 to FS15, 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**

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**Authorised signatory**

26 June 2019

**Statement by the Manager**

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages FS1 to FS15, 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 and portfolio holdings of Phillip Global Opportunities Funds as at 31 March 2019, and the financial performance 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. 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**

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**Jeffrey Lee Chay Khiong**  
*Director*

26 June 2019

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## **Independent auditors' report**

Unitholders  
Phillip Global Opportunities Funds  
(Constituted under a Trust Deed in the Republic of Singapore)

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Phillip Global Opportunities Funds ("the Fund"), which comprise the Statements of Financial Position and Statements of Portfolio as at 31 March 2019, the Statements of Total Return and Statement of Movement of Unitholders' Funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS15.

In our opinion, the accompanying financial statements are properly drawn up 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 so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 March 2019 and the financial performance and movements in unitholders' funds for the year ended on that date.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements*' section of our report. We are independent of the Fund in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Phillip Capital Management (S) Ltd, the Manager of the Fund (the "Manager") is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Manager for the financial statements*

The Manager is responsible for the preparation and fair representation of these financial statements in accordance with the recommendations of the 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.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**

26 June 2019

**Statement of Total Return**  
**Year ended 31 March 2019**

	<b>Note</b>	<b>Global Opportunities Fund</b>	
		<b>2019</b>	<b>2018</b>
		<b>S\$</b>	<b>S\$</b>
<b>Income</b>			
Dividends		241,207	317,928
Interest income		34	2,620
		241,241	320,548
Less:			
<b>Expenses</b>			
Management fees		241,929	182,001
Management fee rebate		(1,203)	(918)
Trustee fees		20,400	20,400
Custody fees		3,289	4,181
Valuation fees		20,400	20,400
Transaction costs		28,009	30,222
Audit fees		15,973	15,000
Other expenses		33,913	43,503
		388,752	314,789
<b>Net income</b>		<b>(147,511)</b>	<b>5,759</b>
<b>Net gains/(losses) on value of investments and financial derivatives</b>			
Net gain on investments		1,036,854	348,915
Net loss on financial derivatives		(37,016)	(4)
Net loss on foreign exchange		(45,678)	(27,936)
		954,160	320,975
<b>Total return for the year before income tax</b>		806,649	326,734
Less: Income tax	8	(63,599)	(33,151)
<b>Total return for the year after income tax before distribution</b>		<b>743,050</b>	<b>293,583</b>

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

**Statement of Financial Position**  
**As at 31 March 2019**

		<b>Global Opportunities Fund</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>S\$</b>	<b>S\$</b>
<b>Assets</b>			
Portfolio of investments		19,231,157	10,976,954
Receivables	3	102,459	286,583
Cash and cash equivalents	4	1,885,412	2,053,828
<b>Total assets</b>		<b>21,219,028</b>	<b>13,317,365</b>
<b>Liabilities</b>			
Payables	6	161,160	1,226,623
Financial derivatives, at fair value		–	4
<b>Total liabilities</b>		<b>161,160</b>	<b>1,226,627</b>
<b>Equity</b>			
Net assets attributable to unitholders	7	<b>21,057,868</b>	<b>12,090,738</b>

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



**Statement of Movement of Unitholders' Funds**  
**Year ended 31 March 2019**

	Note	Global Opportunities Fund	
		2019 S\$	2018 S\$
<b>Net assets attributable to unitholders at the beginning of financial year</b>		12,090,738	10,535,790
<b>Operations</b>			
Changes in net assets attributable to unitholders resulting from operations		743,050	293,583
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		16,348,728	6,938,734
Cancellation of units		(8,124,648)	(5,677,369)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		8,224,080	1,261,365
Total increase in net assets attributable to unitholders		8,967,130	1,554,948
<b>Net assets attributable to unitholders at the end of financial year</b>	7	21,057,868	12,090,738

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

**Statement of Portfolio**  
**As at 31 March 2019**

	<b>Holdings as at 31/3/2019</b>	<b>Fair value as at 31/3/2019 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/3/2019 %</b>
<b>Global Opportunities Fund</b>			
<b>By Geography (Primary)</b>			
<b>Quoted</b>			
<b>Hong Kong</b>			
iShares MSCI AC Asia Ex Japan Index ETF	192,400	1,736,276	8.25
		<u>1,736,276</u>	<u>8.25</u>
<b>Ireland</b>			
iShares USD Short Duration High Yield Corp Bond UCITS ETF USD Dist	12,940	1,634,765	7.76
		<u>1,634,765</u>	<u>7.76</u>
<b>Luxembourg</b>			
Threadneedle Lux – Pan European Small Cap Opportunities	79,947	2,005,872	9.53
		<u>2,005,872</u>	<u>9.53</u>
<b>United States of America</b>			
Fidelity Nasdaq Composite Index Tracking Stock	4,934	2,020,837	9.60
iShares Core S&P 500 ETF	1,630	628,151	2.98
iShares Dow Jones U.S. ETF	3,280	627,318	2.98
iShares iBoxx \$ High Yield Corp Bond ETF	15,765	1,846,027	8.77
iShares India 50 ETF	22,917	1,174,905	5.58
iShares Lehman Aggregate Bond Fund ETF	8,353	1,233,920	5.86
iShares MSCI China ETF	13,337	1,127,796	5.36
SPDR Dow Jones Industrial Average ETF Trust	5,559	1,951,087	9.27
Technology Select Sector SPDR Fund ETF	6,630	664,455	3.16
Vanguard S&P 500 ETF	5,597	1,967,305	9.34
Wisdomtree Fundamental US High Yield D Corporate Bond Fund ETF	8,920	612,443	2.91
		<u>13,854,244</u>	<u>65.81</u>
<b>Portfolio of investments</b>		19,231,157	91.35
<b>Other net assets</b>		1,826,711	8.65
<b>Net assets attributable to unitholders</b>		<u><u>21,057,868</u></u>	<u><u>100.00</u></u>

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

**Statement of Portfolio**  
**As at 31 March 2019**

	<b>Fair value as at 31/3/2019 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/3/2019 %</b>	<b>Percentage of total net assets attributable to unitholders as at 31/3/2018 %</b>
<b>Global Opportunities Fund By Geography (Summary)</b>			
<b>Quoted</b>			
Hong Kong	1,736,276	8.25	13.38
Ireland	1,634,765	7.76	–
Luxembourg	2,005,872	9.53	16.86
Singapore	–	–	28.88
United States of America	13,854,244	65.81	31.67
Portfolio of investments	19,231,157	91.35	90.79
Other net assets	1,826,711	8.65	9.21
Net assets attributable to unitholders	21,057,868	100.00	100.00

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

**Statement of Portfolio**  
**As at 31 March 2019**

	<b>Fair value as at 31/3/2019 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/3/2019 %</b>	<b>Percentage of total net assets attributable to unitholders as at 31/3/2018 %</b>
<b>Global Opportunities Fund By Industry (Secondary)</b>			
Equity Fund	19,231,157	91.35	86.74
Debt Securities	—	—	4.05
<b>Portfolio of investments</b>	<b>19,231,157</b>	<b>91.35</b>	<b>90.79</b>
<b>Other net assets</b>	<b>1,826,711</b>	<b>8.65</b>	<b>9.21</b>
<b>Net assets attributable to unitholders</b>	<b>21,057,868</b>	<b>100.00</b>	<b>100.00</b>

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 Exchange 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**

#### **2.1 *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.

On 1 April 2017, the Fund has adopted the recommendations of revised RAP 7 (revised March 2017) issued by the Institute of Singapore Chartered Accountants effective for the financial year beginning 1 April 2017.

RAP 7 was revised in March 2017 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. RAP 7 (Revised March 2017) (“Revised RAP 7”) is applicable to unit trusts with annual periods beginning on or after 1 July 2016. The adoption of the Revised RAP 7 did not result in any significant changes to the accounting policies of the Trust and had no material effect on the amounts reported for current or prior financial years.

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.

2.2 *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.

2.3 *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.

2.4 *Recognition of income*

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

Interest income is recognised as it accrues in the Statement of Total Return using the effective interest method.

2.5 *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.

2.6 *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.

2.7 *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.

2.8 *Net assets attributable to unitholders*

Net assets attributable to unitholders are classified as equity.

**3. Receivables**

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Receivable from unitholders for creation of units	94,962	284,329
Dividends receivable	2,871	2,254
Interest receivable	1	–
Other receivable	4,625	–
	<b>102,459</b>	<b>286,583</b>

**4. Cash and cash equivalents**

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Bank balances	1,837,661	1,963,790
Amounts held with broker	47,751	90,038
	<b>1,885,412</b>	<b>2,053,828</b>

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. The contract or underlying principal amount of these financial derivatives and their corresponding gross fair value at the reporting date are analysed below.

<b>Global Opportunities Fund</b>	<b>Notional amount S\$</b>	<b>Fair value assets S\$</b>	<b>Fair value liabilities S\$</b>
<b>2018</b>			
Futures contracts	3,529	–	4
	<b>3,529</b>	<b>–</b>	<b>4</b>

**6. Payables**

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	65,459	1,157,160
Accrued operating expenses	95,701	69,463
	<b>161,160</b>	<b>1,226,623</b>

**7. Units in issue**

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

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
Units at beginning of the year	10,836,540	9,753,082
Units created	14,310,619	6,147,864
Units cancelled	(7,119,818)	(5,064,406)
Units at end of the year	<u>18,027,341</u>	<u>10,836,540</u>
<b>Net assets attributable to unitholders – S\$</b>	<u>21,057,868</u>	<u>12,090,738</u>
<b>Net asset value per unit – S\$</b>	<u>1.1681</u>	<u>1.1157</u>

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:

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Net assets attributable to unitholders per financial statements	1.1681	1.1157
Effect of adopting last traded price	0.0005	0.0006
Effect for movement in the net asset value between the last dealing date and the end of the reporting period	0.0002	0.0002
Net assets attributable to unitholders for issuing/redeeming	<u>1.1688</u>	<u>1.1165</u>

**8. Income tax**

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Overseas income tax	<u>63,599</u>	<u>33,151</u>

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.

A 10% increase in the market prices of investments at the reporting date would increase the fair value of investments by the following amount:

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Equity securities	<u>1,923,116</u>	<u>1,048,725</u>

*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 2019 and 2018, 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:

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Hong Kong Dollar	1,736,276	1,617,446
US Dollar	15,489,009	3,829,491
	15,489,009	3,829,491

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

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
US Dollar	1,355	4,845
	1,355	4,845

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 2019 and 2018, 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:

	<b>Global Opportunities Fund</b>	
	<b>Increase/(Decrease) in net assets attributable to unitholders</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Hong Kong Dollar	173,628	161,745
US Dollar	1,549,036	383,434
	1,549,036	383,434

**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 Sub-Fund has received payment. Payment is made on a purchase once the securities have been received by the Sub-Fund. 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, future 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 2019 and 2018, 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 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 2019 and 2018:

<b>Global Opportunities Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>2019</b>				
<b>Assets</b>				
Equity Fund	19,231,157	–	–	19,231,157

Global Opportunities Fund	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>2018</b>				
<b>Assets</b>				
Debt Securities	–	489,700	–	489,700
Equity Fund	10,487,254	–	–	10,487,254
	<u>10,487,254</u>	<u>489,700</u>	<u>–</u>	<u>10,976,954</u>
<b>Liabilities</b>				
Financial derivatives, at fair value	–	(4)	–	(4)
	<u>–</u>	<u>(4)</u>	<u>–</u>	<u>(4)</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 use the services of related parties to carry out transactions involving the purchase and sale of securities.

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

	Note	Global Opportunities Fund	
		2019 S\$	2018 S\$
Interest income received from a related party of the Trustee		<u>34</u>	<u>2,620</u>
Bank balances held with a related party of the Trustee	4	<u>1,837,661</u>	<u>1,963,790</u>

**11. Financial ratios**

	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
<b>Expense ratio</b>		
Total operating expenses	S\$ 355,512	284,567
Average daily net asset value	S\$ 16,107,130	12,146,154
Prorated expense ratio of the underlying funds <sup>(Note 1)</sup>	%	0.20
Expense ratio <sup>(Note 1)</sup>	%	2.40
	2.65	
	<b>Global Opportunities Fund</b>	
	<b>2019</b>	<b>2018</b>
<b>Turnover ratio</b>		
Lower of total value of purchases or sales	S\$ 19,131,806	31,573,683
Average daily net asset value	S\$ 16,107,130	12,146,154
Turnover ratio <sup>(Note 2)</sup>	%	118.78
	259.95	

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

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

The total operating expenses do not include (where applicable) brokerage and other transaction 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 costs.

## **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

This document is published by Phillip Capital Management (S) Ltd, the manager of the Fund (the "Manager"), for information only and it does not constitute a prospectus nor form part of any offer or invitation to subscribe for or to purchase, or solicitation of any offer to subscribe for or to purchase, any units in the Sub-Fund. All applications for units in the Sub-Fund must be made on the application forms accompanying the latest prospectus of the Fund (the "Prospectus").

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Given the economic and market risks, there can be no assurance that the Sub-Fund will achieve its investment objectives. Investments in the Sub-Fund are not deposits or other obligations of, or guaranteed, or insured by the Manager or the distributors or their affiliates and are subject to investment risks, including the possible loss of the full principal amount invested. Returns may be affected by, among other things, the investment strategies or objectives of the Sub-Fund and material market and economic conditions. The value of the units and the income from them can fall as well as rise. Past performance is not necessarily indicative of the future performance of the Sub-Fund.

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