

Phillip Treasury Fund

Annual Report
Year ended 31 March 2020

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Phillip Treasury Fund

MANAGER

Phillip Capital Management (S) Ltd
250 North Bridge Road
#06-00, Raffles City Tower,
Singapore 179101
(Company Registration No. 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

BNP Paribas Trust Services Singapore Limited
20 Collyer Quay, #01-01,
Singapore 049319
(Company Registration No. 200800851W)

CUSTODIAN AND FUND ADMINISTRATOR

BNP Paribas Securities Services operating through its Singapore Branch
20 Collyer Quay, #01-01,
Singapore 049319
(Company Registration No. T08FC7287D)

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

Dentons Rodyk & Davidson LLP
80 Raffles Place,
#33-00, UOB Plaza 1,
Singapore 048624

Phillip Treasury Fund

MANAGER'S INVESTMENT REPORT

The US Dollar Money Market Fund returned 1.79% (bid-to-bid basis), after fees and expenses, over the 1 year ended 31 March 2020. This compares with the average 1-week US\$ Libor benchmark return of 1.89% over the same period.

As at 31 March 2020, the overall portfolio's Weighted Average Maturity ("WAM") stood at 49 days, while the non-deposit investment segment's WAM stood at 171 days. The portfolio remains well diversified across countries, sectors and issuers, with debt issues in financial services constituting the largest non-deposit investment allocation at 13% of the total portfolio.

Subsequent to the 3 rounds of rate cuts totaling 75 basis points in 2019, the US Federal Reserve implemented two further rounds of emergency interest rate cuts in March 2020 of 50 basis points and 100 basis points respectively, bringing the target US Federal Fund Rate (upper bound) down to 0.25%, from 2.50% in March 2019. The Federal Reserve cited the rapidly escalating impact of the global Covid-19 pandemic in depressing economic activities and the economic outlook as justification for reducing benchmark rates. Further efforts to support the US economy included stimulus packages and a quantitative easing programme totaling over 3 trillion US dollars.

Based on the United States Department of Commerce's advance estimate report in April 2020, GDP contracted at an annual rate of 4.8% for the first quarter of 2020. Declines across consumer spending, non-residential fixed investments, exports and inventory levels were the main drivers. The enforced shutdowns of economies around the world due to Covid-19 are expected to cast a pall over global growth prospects for the rest of calendar year 2020, and even beyond.

US dollar Interest rates across the whole range of maturities has come down tremendously over the past fund year as a result, in the region of 200 basis points or thereabouts for both US treasuries and bank LIBOR rates. US Federal Reserve guidance is to keep policy rate at such low levels for the foreseeable future given the depressed economic outlook due to Covid-19.

Our strategy remains to buy and hold high-quality securities to maturity, and to manage interest rate risk by buying papers and placing deposits across a range of maturities (subject to the two-year maturity limit). We expect to target the overall portfolio WAM at between one to two months, with the non-deposit investment segment's WAM at between 140-170 days. Our liquidity strategy is to have overnight and weekly liquidity of at least 10% and 20% respectively, for the portfolio. We will continue with prudent management of concentration and liquidity risks with a wide diversification of issuers and banks for the portfolio. A focus on quality and ensuring diversification will be even more important now, in view of the uncertain economic climate.

Phillip Treasury Fund

Report to Unitholders Year ended 31 March 2020

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 16 to 20.

2. Schedule of investments by asset class

Asset class	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
Fixed Income Securities	97,169,702	28.85
Term Deposits	176,010,028	52.26
Cash and cash equivalents	72,669,943	21.58
Other net liabilities	(9,070,727)	(2.69)
	<u>336,779,599</u>	<u>100.00</u>

Types of money market instruments and debt securities

Asset class	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
Floating rate notes	21,749,622	6.46
Fixed rate notes	74,707,873	22.18
Accrued interest on debt securities	712,207	0.21
	<u>97,169,702</u>	<u>28.85</u>

3. Credit rating

i) Debt securities

Credit Ratings	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
Aaa	3,516,150	1.04
Aa2	8,007,095	2.38
Aa3	6,463,709	1.92
A1	54,530,259	16.19
A2	20,440,282	6.07
Not rated	3,500,000	1.04
Accrued interest on debt securities	712,207	0.21
Total	<u>97,169,702</u>	<u>28.85</u>

Source of the credit rating is from Moody's

Phillip Treasury Fund

Report to Unitholders
Year ended 31 March 2020

ii) Fixed deposits

Credit Ratings	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
P-1	175,811,394	52.20
Accrued interest on fixed deposits	198,634	0.06
Total	176,010,028	52.26

Source of the credit rating is from Moody's

4. Top 10 holdings

10 largest holdings at 31 March 2020	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
AVI Funding Company Limited 2.85% due 16/09/2020	8,854,819	2.63
Sinopec Group Overseas Development 2017 Limited 2.375% due 12/04/2020	5,999,966	1.78
CDBL Funding 2 2.625% due 01/08/2020	5,513,524	1.64
Cnooc Finance 2015 Australia Pty Limited 2.625% due 05/05/2020	5,300,449	1.57
CNPC HK Overseas Capital Limited 4.5% due 28/04/2021	5,110,704	1.52
Nonghyup Bank 2.875% due 22/07/2020	5,020,833	1.49
Agricultural Bank Of China Limited/New York 2.75% due 21/05/2020	4,662,640	1.38
China Construction Bank Corporation/Hong Kong 2.75% due 04/12/2020	4,339,041	1.29
State Grid Overseas Investment 2016 Limited 2.25% due 04/05/2020	4,199,877	1.25
Lotte Property & Development Company Limited 2.66663% due 07/08/2021	4,023,202	1.19

Phillip Treasury Fund

Report to Unitholders
Year ended 31 March 2020

10 largest holdings at 31 March 2019	Fair value at 31 March 2019 US\$	Percentage of total net assets attributable to unitholders at 31 March 2019 %
Hutchison Whampoa International 09 Limited 7.625% due 09/04/2019	7,004,550	3.26
PSA International Private Limited 4.625% due 11/09/2019	6,554,340	3.05
CNPC General Capital Limited 2.7% due 25/11/2019	5,992,080	2.79
Temasek Financial I Limited 4.3% due 25/10/2019	5,044,350	2.35
Korea International Bond 7.125% due 16/04/2019	5,008,500	2.33
Bank Of China Limited/Hong Kong 3.52888% due 11/07/2019	5,001,550	2.33
Korea Development Bank/The 2.5% due 11/03/2020	4,989,000	2.32
Sinopec Group Overseas Development 2016 Limited 1.75% due 29/09/2019	4,972,800	2.32
Bank Of China Limited/Sydney 2.64% due 28/05/2019	3,998,040	1.86
Kookmin Bank 1.625% due 01/08/2019	3,984,440	1.86

5. Maturity Profile of Investments

	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
Up to 30 days	84,047,135	24.96
31 - 90 days	94,201,094	27.97
91 - 180 days	65,351,910	19.40
181 - 365 days	10,949,114	3.25
366 - 732 days	17,719,636	5.26
Non-interest bearing	910,841	0.27
	273,179,730	81.11

6. (i) Exposure to derivatives as at 31 March 2020

Nil

(ii) Gain/loss on derivative contracts realised for the year ended 31 March 2020

Nil

(iii) Net gain/loss on outstanding derivative contracts marked to market as at 31 March 2020

Nil

Phillip Treasury Fund

Report to Unitholders
Year ended 31 March 2020

7. 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.

8. Collateral

Nil.

9. Securities lending or repurchase transactions

Nil.

10. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment

Nil

11. Amount of units created and cancelled for the year

**2020
US\$**

Units created	1,133,261,284
Units cancelled	(1,015,369,779)

12. Turnover ratio

Please refer to Note 10 of Notes to Financial Statements.

13. Expense ratio

Please refer to Note 10 of Notes to Financial Statements.

Phillip Treasury Fund

Report to Unitholders
Year ended 31 March 2020

14. Performance of the Fund

As at 31 March 2020	Performance of the Fund	Benchmark performance
Cumulative (%)*		
3 months	0.33%	0.29%
6 months	0.74%	0.67%
1 year	1.79%	1.74%
3 years	4.81%	5.14%
5 years	6.03%	5.96%
10 years	9.38%	6.91%
Since inception (6 May 2009)	10.5%	7.15%
Annualised (%)		
1 year	1.79%	1.74%
3 years	1.58%	1.69%
5 years	1.18%	1.16%
10 years	0.9%	0.67%
Since inception (6 May 2009)	0.92%	0.63%

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

Please refer to Note 9 of Notes to Financial Statements.

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

Nil

17. Soft dollar commissions

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 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.

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

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip Treasury Fund 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 Treasury Fund during the period covered by these financial statements, set out on pages 13 to 27 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
BNP Paribas Trust Services Singapore Limited

Authorised signatory
26 June 2020

STATEMENT BY THE MANAGER

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages 13 to 27, 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 Treasury Fund as at 31 March 2020, and the financial performance and movements 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 Treasury Fund 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
26 June 2020

Independent auditors' report

Unitholders
Phillip Treasury Fund
(Constituted under a Trust Deed in the Republic of Singapore)

Report on the audit of financial statements

Opinion

We have audited the financial statements of Phillip Treasury Fund (the "Fund"), which comprise the Statement of Financial Position and Statement of Portfolios as at 31 March 2020, the Statement of Total Return and Statement of Movements 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 13 to 27.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the recommendation 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 2020 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 '*Auditors' 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.

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 presentation of these financial statements in accordance with the recommendations of the Statement of Recommended Accounting Practices 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control 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.
- 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 auditors' 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 auditors' 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 2020

Statement of Total Return
Year ended 31 March 2020

Phillip USD Money Market Fund

	Note	2020 US\$	2019 US\$
Income			
Interest income		3,326,698	2,869,976
Less:			
Expenses			
Management fee		1,003,432	843,976
Trustee fee		62,722	52,755
Administration fee		87,810	73,856
Custody fee		12,064	11,033
Audit fee		8,410	8,080
Other expenses		34,080	10,417
		1,208,518	1,000,117
Net gains		2,118,180	1,869,859
Net gains or losses on value of investments			
Net gains on investments		2,131,526	2,180,455
Net losses on foreign exchange		(966)	(4,823)
		2,130,560	2,175,632
Total return for the year before income tax		4,248,740	4,045,491
Less: Income tax	7	-	-
Total return for the year after income tax before distribution		4,248,740	4,045,491

The accompanying notes form an integral part of these financial statements

Statement of Financial Position
As at 31 March 2020

Phillip USD Money Market Fund

	Note	2020 US\$	2019 US\$
Assets			
Portfolio of investments		273,179,730	206,398,908
Receivables	3	45,000	21,868
Cash and cash equivalents	4	72,669,943	8,426,521
Total assets		345,894,673	214,847,297
Liabilities			
Payables	5	330,346	207,943
Purchases awaiting settlement		8,784,728	-
Total liabilities		9,115,074	207,943
Equity			
Net assets attributable to unitholders	6	336,779,599	214,639,354

The accompanying notes form an integral part of these financial statements

Statement of Movements of Unitholders' Funds
Year ended 31 March 2020

Phillip USD Money Market Fund			
	Note	2020	2019
		US\$	US\$
Net assets attributable to unitholders at the beginning of financial year		214,639,354	212,020,681
Operations			
Change in net assets attributable to unitholders resulting from operations		4,248,740	4,045,491
Unitholders' contributions/(withdrawals)			
Creation of units		1,133,261,284	723,449,336
Cancellation of units		(1,015,369,779)	(724,876,154)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		117,891,505	(1,426,818)
Total increase in net assets attributable to unitholders		122,140,245	2,618,673
Net assets attributable to unitholders at the end of financial year	6	336,779,599	214,639,354

The accompanying notes form an integral part of these financial statements

Statement of Portfolio
As at 31 March 2020

Phillip USD Money Market Fund

By Geography - Primary

	Holdings at 31 March 2020	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
Quoted Debt Securities			
Australia			
Cnooc Finance 2015 Australia Pty Limited 2.625% due 05/05/2020	5,300,000	5,300,449	1.57
		<u>5,300,449</u>	<u>1.57</u>
Bermuda			
Kunlun Energy Company Limited 2.875% due 13/05/2020	3,000,000	3,002,957	0.89
		<u>3,002,957</u>	<u>0.89</u>
British Virgin Islands			
CNPC HK Overseas Capital Limited 4.5% due 28/04/2021	5,000,000	5,110,704	1.52
Guangzhou Metro Investment Finance BVI Limited 3.375% due 03/12/2020	3,000,000	3,015,865	0.89
Sinopec Group Overseas Development 2015 Limited 2.5% due 28/04/2020	3,000,000	3,000,495	0.89
Sinopec Group Overseas Development 2017 Limited 2.375% due 12/04/2020	6,000,000	5,999,966	1.78
State Grid Overseas Investment 2016 Limited 2.25% due 04/05/2020	4,200,000	4,199,877	1.25
		<u>21,326,907</u>	<u>6.33</u>
Canada			
Province Of Ontario Canada 1.875% due 21/05/2020	1,076,000	1,077,630	0.32
		<u>1,077,630</u>	<u>0.32</u>
Cayman Islands			
AVI Funding Company Limited 2.85% due 16/09/2020	8,826,000	8,854,819	2.63
CDBL Funding 2 2.97663% due 18/07/2021	2,200,000	2,213,788	0.66
CDBL Funding 2 2.625% due 01/08/2020	5,510,000	5,513,524	1.64
CSCEC Finance Cayman I Limited 2.95% due 19/11/2020	1,080,000	1,083,333	0.32
		<u>17,665,464</u>	<u>5.25</u>
China			
Agricultural Bank Of China Limited/New York 2.75% due 21/05/2020	4,660,000	4,662,640	1.38
Agricultural Bank Of China Limited 2.75% due 20/10/2020	2,500,000	2,510,873	0.75
Bank Of China Limited/Hong Kong 2.875% due 30/06/2020	2,625,000	2,630,670	0.78
Bank Of China Limited/Hong Kong 2.42263% due 16/01/2022	3,500,000	3,506,773	1.04
Bank Of China Limited/Luxembourg 2.25% due 12/07/2021	500,000	498,927	0.15
Bank Of China Limited/Singapore 2.58613% due 17/04/2021	1,000,000	1,003,365	0.30
Bank Of Communications Company Limited/Hong Kong 2.47175% due 15/05/2020	500,000	500,109	0.15
China Construction Bank Corporation/Hong Kong 2.75% due 04/12/2020	4,320,000	4,339,041	1.29
Export-Import Bank Of China/The/Paris 1.59888% due 08/06/2020	3,000,000	3,001,532	0.89
		<u>22,653,930</u>	<u>6.73</u>

The accompanying notes form an integral part of these financial statements

Statement of Portfolio
As at 31 March 2020

Phillip USD Money Market Fund

By Geography - Primary (continued)

	Holdings at 31 March 2020	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
Quoted Debt Securities (continued)			
France			
La Banque Postale Sa 2.26263% due 16/04/2020	3,500,000	3,500,000	1.04
		<u>3,500,000</u>	<u>1.04</u>
Hong Kong SAR			
Lotte Shopping Business Management Hong Kong Limited 2.375% due 05/09/2020	4,000,000	4,006,242	1.19
		<u>4,006,242</u>	<u>1.19</u>
South Korea			
Kookmin Bank 3.625% due 23/10/2021	1,335,000	1,362,877	0.41
Korea Expressway Corporation 2.51913% due 20/04/2020	4,000,000	4,000,853	1.19
Lotte Property & Development Company Limited 2.66663% due 07/08/2021	4,000,000	4,023,202	1.19
Nonghyup Bank 2.875% due 22/07/2020	5,000,000	5,020,833	1.49
		<u>14,407,765</u>	<u>4.28</u>
Supranational			
European Investment Bank 1.375% due 15/06/2020	3,511,000	3,516,151	1.04
		<u>3,516,151</u>	<u>1.04</u>
Accrued interest on debt securities		<u>712,207</u>	<u>0.21</u>
Total Quoted Debt Securities		<u>97,169,702</u>	<u>28.85</u>
Fixed Deposits			
Singapore			
China Construction Bank		30,348,635	9.01
Credit Suisse AG		25,891,183	7.69
First Abu Dhabi Bank		18,491,519	5.49
Industrial and Commercial Bank of China		25,061,833	7.44
Qatar National Bank		35,442,087	10.52
Sumitomo Mitsui Trust And Bank Ltd		20,476,543	6.08
Westpac		20,099,594	5.97
		<u>175,811,394</u>	<u>52.20</u>
Accrued interest on fixed deposits		<u>198,634</u>	<u>0.06</u>
Total Fixed Deposits		<u>176,010,028</u>	<u>52.26</u>
Portfolio of investments		273,179,730	81.11
Other net assets		63,599,869	18.89
Net assets attributable to unitholders		<u>336,779,599</u>	<u>100.00</u>

The accompanying notes form an integral part of these financial statements

Statement of Portfolio
As at 31 March 2020

Phillip USD Money Market Fund By Geography (Summary)	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %	Percentage of total net assets attributable to unitholders at 31 March 2019 %
Quoted Fixed Income Securities			
Australia	5,300,449	1.57	-
Bermuda	3,002,957	0.89	-
British Virgin Islands	21,326,907	6.33	6.04
Canada	1,077,630	0.32	-
Cayman Islands	17,665,464	5.25	6.28
China	22,653,930	6.73	4.19
France	3,500,000	1.04	1.63
Hong Kong SAR	4,006,242	1.19	-
Japan	-	-	0.93
Singapore	175,811,394	52.20	67.23
South Korea	14,407,765	4.28	9.30
Supranational	3,516,151	1.04	-
Total Quoted Fixed Income Securities	272,268,889	80.84	95.60
Accrued interest on debt securities	712,207	0.21	0.39
Accrued interest on fixed deposits	198,634	0.06	0.17
Portfolio of investments	273,179,730	81.11	96.16
Other net assets	63,599,869	18.89	3.84
Net assets attributable to unitholders	336,779,599	100.00	100.00

The accompanying notes form an integral part of these financial statements

Statement of Portfolio
As at 31 March 2020

Phillip USD Money Market Fund By Industry (Secondary)	Fair value at 31 March 2020 US\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %	Percentage of total net assets attributable to unitholders at 31 March 2019 %
Communications	-	-	3.02
Consumer, Cyclical	4,006,242	1.19	-
Consumer, Non-cyclical	4,000,853	1.19	-
Diversified	-	-	3.26
Energy	22,414,571	6.65	5.57
Financial	220,099,548	65.35	74.18
Government	13,448,600	3.99	6.05
Industrial	4,099,198	1.22	3.05
Utilities	4,199,877	1.25	0.47
	<hr/> 272,268,889	<hr/> 80.84	<hr/> 95.60
Accrued interest on debt securities	712,207	0.21	0.39
Accrued interest on fixed deposits	198,634	0.06	0.17
	<hr/>		
Portfolio of investments	273,179,730	81.11	96.16
Other net assets	63,599,869	18.89	3.84
	<hr/>		
Net assets attributable to unitholders	<hr/> 336,779,599	<hr/> 100.00	<hr/> 100.00

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 Treasury Fund (the "Fund") is an open ended umbrella unit trust constituted pursuant to a Trust Deed dated 17 February 2009 together with its Amended and Restated Deeds thereon (hereafter referred to as the "Trust Deed") between Phillip Capital Management (S) Ltd (the "Manager") and BNP Paribas 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 currently comprises one sub-fund, Phillip USD Money Market Fund (the "Sub-Fund"), which was launched on 4 May 2009.

The investment objective of the Sub-Fund is to provide liquidity and manage risk while looking to provide a return which is comparable to that of USD short-term deposits.

The Sub-Fund invests in high quality short-term money market instruments and debt securities. Some of the investments may include government and corporate bonds, commercial bills and deposits with financial institutions.

2 Significant accounting policies

2.1 Basis of financial statements preparation

The financial statements, expressed in United States 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 Investment Funds*" revised and issued by the Institute of Singapore Chartered Accountants.

The adoption of this revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior 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 last traded prices for debt securities at the reporting date. If there is no last bid price, the fair value is determined using valuation techniques that are commonly used by market participants. 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.

Fixed deposits 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.

2.3 *Recognition of income*

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

2.4 *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.

2.5 *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances and amounts held with broker. 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.

2.6 *Net assets attributable to unitholders*

Net assets attributable to unitholders are classified as equity.

3 Receivables

	Phillip USD Money Market Fund	
	2020	2019
	US\$	US\$
Receivable from unitholders for creation of units	34,347	21,139
Interest receivable	10,653	729
	45,000	21,868

4 Cash and cash equivalents

	Phillip USD Money Market Fund	
	2020	2019
	US\$	US\$
Cash and bank balances	72,669,943	8,426,521

5 Payables

	Phillip USD Money Market Fund	
	2020	2019
	US\$	US\$
Payable to unitholders for cancellation of units	33,756	-
Accrued expenses	296,590	207,943
	330,346	207,943

6 Units in issue

During the year the numbers of units issued, redeemed and outstanding are as follows:

	Phillip USD Money Market Fund	
	2020	2019
	US\$	US\$
Units at beginning of the year	197,642,483	199,004,218
Units created	1,031,588,392	672,856,715
Units cancelled	<u>(924,470,278)</u>	<u>(674,218,450)</u>
Units at end of the year	<u>304,760,597</u>	<u>197,642,483</u>
Net assets attributable to unitholders – US\$	<u>336,779,599</u>	<u>214,639,354</u>
Net asset value per unit – US\$	<u>1.1051</u>	<u>1.0860</u>

For subscriptions and redemptions and for various fee calculations, investments are stated at the last traded price/amortised cost 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 bid market prices/amortised cost in the net assets attributable to unitholders is as follows:

	Phillip USD Money Market Fund	
	2020	2019
	US\$	US\$
Net assets attributable to unitholders per financial statements	1.1051	1.0860
Effect of adopting amortised cost per unit	<u>(0.0001)</u>	<u>(0.0001)</u>
Net assets attributable to unitholders per unit for issuing/redeeming	<u>1.1050</u>	<u>1.0859</u>

7 Income tax

The Fund was approved for the Enhanced-Tier Fund Tax Incentive Scheme under Section 13X of the Income Tax Act by the Monetary Authority of Singapore (“MAS”) with effect from 16 August 2010. The tax exemption status will be for the life of the Fund, provided the Fund continues to meet all the terms and conditions set out by MAS and the relevant Income Tax legislations.

8 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 risk

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.

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 tables below summarise the Sub-Fund's exposure to interest rate risks. They include the Sub-Fund's assets and trading liabilities at fair value, categorised by interest rate types.

Phillip USD Money Market Fund

	Floating rate US\$	Fixed rate		Non-interest bearing US\$	Total US\$
		Up to 1 year US\$	1-5 years US\$		
2020					
Assets					
Portfolio of investments	21,749,622	243,546,759	6,972,508	910,841	273,179,730
Receivables	-	-	-	45,000	45,000
Cash and bank balances	20,061,004	-	-	52,608,939	72,669,943
	<u>41,810,626</u>	<u>243,546,759</u>	<u>6,972,508</u>	<u>53,564,780</u>	<u>345,894,673</u>
Liabilities					
Payables	-	-	-	330,346	330,346
Purchases awaiting settlement	-	-	-	8,784,728	8,784,728
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,115,074</u>	<u>9,115,074</u>
2019					
Assets					
Portfolio of investments	8,692,436	196,504,864	-	1,201,608	206,398,908
Receivables	-	-	-	21,868	21,868
Cash and bank balances	3,102,688	-	-	5,323,833	8,426,521
	<u>11,795,124</u>	<u>196,504,864</u>	<u>-</u>	<u>6,547,309</u>	<u>214,847,297</u>
Liabilities					
Payables	-	-	-	207,943	207,943
	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,943</u>	<u>207,943</u>

The duration, a measure of the sensitivity of the price of a fixed income security to a change in interest for the 12 month period is as disclosed below. As of 31 March, should interest rates rise or lower by 1% with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders would be as follows:

	Interest rates rise/lower by 1%	
	Increase/(decrease) in net assets attributable to unitholders	
	2020	2019
	US\$	US\$
Phillip USD Money Market Fund	291,004	243,157

iii Currency risk

The Sub-Fund's assets and liabilities are held in United States Dollars, which is also its functional currency, therefore no sensitivity analysis and currency exposure table are presented. In addition, the Sub-Fund invests in underlying securities which are denominated in its functional currency where the fluctuations in the relevant exchange rates would not have an impact on the income and value of the Sub-Fund.

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 off.

c) Credit risk

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

The main credit risk to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund is also exposed to counterparty credit risk on 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. 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.

The table below analyses the Sub-Fund's debt investments by credit ratings.

Phillip USD Money Market Fund

Debt securities by rating category	Percentage of total net assets attributable to unitholders at 31 March 2020 %	Percentage of total net assets attributable to unitholders at 31 March 2019 %
Aaa	1.04	2.35
Aa1	-	3.05
Aa2	2.38	7.45
Aa3	1.92	1.86
A1	16.19	10.25
A2	6.07	3.73
A3	-	2.29
Not rated	1.04	2.79
Total	28.64	33.78

Source of the credit rating is from Moody's

Phillip USD Money Market Fund

Fixed deposits by rating category	Percentage of total net assets attributable to unitholders at 31 March 2020 %	Percentage of total net assets attributable to unitholders at 31 March 2019 %
P-1	52.20	51.06
P-2	-	10.76
Total	52.20	61.82

Source of the credit rating is from Moody's

d) Fair value estimation

Except for investments which are measured at fair value, at 31 March 2020 and 2019, the fair values of assets and liabilities approximate their carrying values on the Statement of Financial Position due to the 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.

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). The fair value of financial instruments that are not traded in an active market is determined from information provided by financial institutions and issuers using valuation techniques with observable inputs that are based on market information existing at each reporting date.
- 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 2020 and 2019:

Phillip USD Money Market Fund

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2020				
Assets				
Debt securities*	-	96,457,495	-	96,457,495
Fixed deposits*	-	175,811,394	-	175,811,394
	-	272,268,889	-	272,268,889
2019				
Assets				
Debt securities*	-	72,496,877	-	72,496,877
Fixed deposits*	-	132,700,423	-	132,700,423
	-	205,197,300	-	205,197,300

*Excludes accrued interests

9. Related party transactions

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 also uses 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:

	Phillip USD Money Market Fund	
	2020 US\$	2019 US\$
Cash and cash equivalents held with a related party of the Trustee	52,608,939	5,323,833

10. Financial ratios

	Phillip USD Money Market Fund	
	2020	2019
Expense ratio		
Total operating expenses	US\$ 1,208,437	1,000,117
Average daily net asset value	US\$ 250,528,562	211,473,349
Expense ratio ^(Note 1)	%	<u>0.48</u>
		<u>0.47</u>
Turnover ratio		
Lower of total value of purchases or sales	US\$ -	-
Average daily net asset value	US\$ 250,528,562	211,473,349
Turnover ratio ^(Note 2)	%	<u>-</u>
		<u>-</u>

Note 1: The expense ratio has been computed based on the guidelines laid down by the IMAS. The calculation of the expense ratio was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fees, interest expenses, distributions 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 performance fee. The average net asset value is based on the daily balances.

Note 2: The portfolio turnover ratio is calculated in accordance with the formula stated in the Code. The calculation of the portfolio 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. Total value of purchases (or sales) does not include brokerage and other transaction costs. The total value of bonds matured during the year is not included in the computation of portfolio turnover ratio.

11. Covid'19 Risk Assessment

In March 2020, the novel coronavirus (COVID-19) pandemic created a high level of uncertainty to the near-term global economic prospects and volatility in the global capital markets. The NAV per unit of the Sub-Fund remains unchanged (As per 31 March 2020) as compared to February 2020, which is not impacted as seen in decrease in the index.

Subsequently on 29 May 2020, the NAV per unit of the Sub-Fund remained flat as compared to 31 March 2020. The Manager has been closely monitoring the impact to the Fund.

Phillip Treasury Fund

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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