

# **Phillip Global Opportunities Funds - Global Opportunities Fund**

## **Semi-Annual Report**

*Period ended 30 September 2020 (Unaudited)*



**Phillip Capital Management**

(A member of PhillipCapital)

**PHILLIP GLOBAL OPPORTUNITIES FUNDS  
- GLOBAL OPPORTUNITIES FUND**

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**PHILLIP GLOBAL OPPORTUNITIES FUNDS  
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**MANAGER**

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**DIRECTORS OF THE MANAGER**

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Louis Wong Wai Kit

**TRUSTEE & REGISTRAR**

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### **Manager's Investment Report**

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

By the end of March 2020, major developed markets have initiated countrywide lockdowns and most economic activities came to a standstill especially in the tourism, airline and retail industry. The aftermath is obvious and never in history have we seen so many jobs being axed in a matter of months in the world's largest economy, the United States of America. In the month of April, the US unemployment rate spiked to an all-time high of 14.7%, not to mention more than 20 million people that no longer earned a decent salary to make ends meet. By mid-May, the Trump administration tried to ease the country-wide lockdown and individual federal states acted on their own discretion to jumpstart the local economic activities. To a certain extent, the effort had reversed the devastating unemployment rate down to 8.8% by the end of September 2020.

The US\$650 billion PayCheck Protection Program that was established under the CARES ACT, which was meant to offset the payroll expenses of small medium businesses in the US up to a maximum of 6 months on average, has expired at the end of September 2020. This would mean that more jobs previously under furlough would be at risk of being cut in the coming two quarters. Similarly, the deferment efforts to retain jobs made by governments across the globe would face even greater political challenges when further stimulus are put into the constitutional bills.

Not all is doom and gloom when global financial systems are flushed with massive liquidity and the world major reserve currency, the US dollars, has ramped up another US\$ 3 trillion of cash to date. It is not surprising that much of these funds would flow into the hands of business owners and individuals will only get the crumbs of these pay-outs. Inevitably, we would expect greater disparity in wealth distribution in the coming decade, where income takers will see a muted or slower growth and assets owners will continue to enjoy price elevation on quality assets like equities, commodities and real estates etc.

Over the six months ended 30 September 2020, the Phillip Global Opportunity Fund gain 20.5%, while our internal reference composite indices, which comprises of MXWO (60%), LQD (20%) and HYG (20%) gained 16.9% (SGD terms) over the same period. The outperformance is mainly attributed to the manager's swift decision to risk off on the equities exposure by shifting the asset allocation (equities/fixed income) to 70%/30% from 80%/20%. This mix is further reduced 60%/40% by end August as S&P 500 climbs to a historical high of 3500 points in this liquidity fuelled rally.

Till date, Bank of Japan expanded its balance sheet from slightly above 100% to 133% of its annual GDP. The US Federal Reserve has also expanded its balance sheet from 20% to 33% of its annual GDP, not to mentioned its Europeans peers has also ramped up its balance sheet from 40% to 62% of its annual GDP during COVID-19. In the near term, more QE is expected from these major economies in order to spur growth in their respective country.

Another meaningful event worth taking note would be the outcome of the US Presidential Election. Should President Donald Trump get re-elected, the capital markets would somehow be disappointed to endure another four turbulent years. In addition, COVID-19 vaccines roll-out seem to be taking longer than expected and consensus on the availability would target 2H2021. With all these in mind, the manager would still hang on to the asset allocation of 60% (equities) and 40% (fixed income) at least until the end of 2020 tactically.

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

a) **I Investments classified by geography**

	<b>Fair Value at 30/09/2020 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/09/2020 %</b>
<b>By Geography (Summary)</b>		
Hong Kong	2,245,505	5.85
Ireland	2,633,294	6.86
Singapore	9,052,448	23.57
United States of America	22,608,122	58.88
<b>Portfolio of investments</b>	<u>36,539,369</u>	<u>95.16</u>
<b>Other net assets</b>	<u>1,856,874</u>	<u>4.84</u>
<b>Net assets attributable to unitholders</b>	<u><u>38,396,243</u></u>	<u><u>100.00</u></u>

a) **II Investments classified by industry**

	<b>Fair Value at 30/09/2020 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/09/2020 %</b>
<b>By Industry (Summary)</b>		
Fund	<u>36,539,369</u>	<u>95.16</u>
<b>Portfolio of investments</b>	<u>36,539,369</u>	<u>95.16</u>
<b>Other net assets</b>	<u>1,856,874</u>	<u>4.84</u>
<b>Net assets attributable to unitholders</b>	<u><u>38,396,243</u></u>	<u><u>100.00</u></u>

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

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

	<b>Fair Value at 30/09/2020 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/09/2020 %</b>
<b>Fund</b>	21,695,691	93.44
<b>Portfolio of investments</b>	21,695,691	93.44
<b>Other net assets</b>	1,525,958	6.56
<b>Net assets attributable to unitholders</b>	<u>23,221,649</u>	<u>100.00</u>

b) **Top Ten Holdings**

<b><u>10 Largest Holdings at 30 September 2020</u></b>	<b>Fair Value at 30/09/2020 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/09/2020 %</b>
United Global Quality Growth Fund	5,960,763	15.52
Wisdomtree Fundamental US High Yield D Corporate Bond Fund ETF	3,127,590	8.15
iShares Barclays USD Asia High Yield Bond Index ETF	3,091,685	8.05
Technology Select Sector SPDR Fund ETF	2,744,974	7.15
iShares Core USD Aggregate Bond Fund ETF	2,636,440	6.87
SPDR Bloomberg Barclays U.S. Aggregate Bond UCITS ETF	2,633,294	6.86
iShares Iboxx \$ Investment Grade Corporate Bond ETF	2,342,250	6.10
iShares MSCI AC Asia Ex Japan Index ETF	2,245,505	5.85
iShares Core MSCI Europe ETF	2,164,863	5.64
iShares Dow Jones U.S. ETF	2,088,254	5.44

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<b><u>10 Largest Holdings at 30 September 2019</u></b>	<b>Fair Value at 30/09/2019 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/09/2019 %</b>
Threadneedle Lux-Pan European Small Cap Opportunites	2,230,606	9.61
iShares Core US Aggregate Bond Fund ETF	1,844,235	7.94
iShares MSCI AC Asia Ex Japan Index ETF	1,350,553	5.82
SPDR Dow Jones Industrial Average ETF Trust	1,185,457	5.10
Vanguard S&P 500 ETF	1,183,336	5.10
iShares Iboxx \$ Investment Grade Corporate Bond ETF	1,164,853	5.02
Wisdomtree Yield Enhanced US Aggregate Bond ETF	1,163,998	5.01
iShares Broad USD Investment Grade Corporate Bond ETF	1,157,028	4.98
SPDR Bloomberg Barclays U.S. Aggregate Bond Ucits ETF	1,149,101	4.95
Fidelity Nasdaq Composite Index Tracking Stock	1,125,562	4.85

c) (i) Exposure to Derivatives as at 30 September 2020.  
Nil

c) (ii) Gain on derivative contracts realised for the period from 1 April 2019 to 30 September 2020  
S\$68,485

c) (iii) Gain on outstanding derivative contracts marked to market as at 30 September 2020  
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 30 September 2020.

Fund	S\$	%
	36,539,369	95.16

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- f) Amount and percentage of borrowings of total fund size as at 30 September 2020.  
Nil
- g) Amount of redemptions and subscriptions for the period from 1 April 2020 to 30 September 2020.  
Total amount of redemptions S\$ 7,506,636  
Total amount of subscriptions S\$ 9,849,466
- h) Amount of related party transactions for the period from 1 April 2020 to 30 September 2020  
Interest income received from a related party of the Trustee Nil  
Bank balances held with a related party of the Trustee S\$2,085,459

i) **Performance of the Fund as at 30 September 2020**

	3 months	6 months	1 year	3 years	5 years	Since Inception 1 August 2011
Cumulative return	4.35%	20.25%	10.49%	18.69%	25.97%	32.97%
Annualised return	-	-	10.49%	5.88%	4.73%	3.15%

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

j) **Expense Ratio**

		<b>2020</b>	<b>2019</b>
Total operating expenses	S\$	566,743	430,300
Average daily net asset value	S\$	30,189,667	20,465,474
Prorated expense ratio of the underlying funds <sup>(*)</sup>	%	0.21	0.31
Expense ratio <sup>(*)</sup>	%	2.09	2.42

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

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

- The prorated ratio of the individual target funds, weighted according to the share they represent in the assets of the fund of funds as of the closing date, and;
- Expense ratio of the fund of funds minus any rebates of management fees and commissions received from the target funds during the reporting period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.



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**k) Turnover Ratio**

		<b>2020</b>	<b>2019</b>
Lower of total value of purchases or sales	S\$	14,092,133	13,513,456
Average daily net asset value	S\$	35,818,641	22,029,354
Turnover ratio	%	<u>39.34</u>	<u>61.34</u>

The portfolio turnover ratio is calculated based on the lower of purchases or sales of the underlying investments expressed as a percentage of average daily net asset value for the preceding 6 months at the close of the semi-annual financial statements. Total value of purchases (or sales) does not include brokerage and other transaction costs.

- 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 30 September 2020

Not applicable.

- (ii) Expense ratios for the period ended 30 September 2020

Not applicable.

- (iii) Turnover ratios for the period ended 30 September 2020

Not applicable.

n) **Soft dollar arrangements**

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

The Manager will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions 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 period, 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.

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**Statement of Total Return**

Period ended 30 September 2020

	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>S\$</b>	<b>S\$</b>
<b>Income</b>		
Dividends	286,218	224,640
Interest	-	54
	<u>286,218</u>	<u>224,694</u>
Less:		
<b>Expenses</b>		
Management fees	268,954	165,701
Management fee rebate	(8,054)	(94)
Trustee fees	10,228	10,228
Custody fees	3,976	2,314
Valuation fees	10,228	10,228
Transaction fees	11,674	16,794
Audit fees	7,892	8,322
Other expenses	41,769	28,512
	<u>346,667</u>	<u>242,005</u>
<b>Net loss</b>	<u>(60,449)</u>	<u>(17,311)</u>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains on investments	6,159,790	722,848
Net gain/ (loss) on financial derivatives	68,485	(9,738)
Net losses on foreign exchange	(55,154)	(15,978)
	<u>6,173,121</u>	<u>697,132</u>
<b>Total return for the period before income tax</b>	6,112,672	679,821
Income tax expense	(7,201)	(41,771)
<b>Total return for the period after income tax before distribution</b>	<u>6,105,471</u>	<u>638,050</u>

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**Statement of Financial Position**

As at 30 September 2020

	<b>30/09/2020</b>	<b>31/03/2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Assets</b>		
Portfolio of investments	36,539,369	27,845,652
Receivables	1,548,914	838,320
Cash and cash equivalents	2,515,932	2,943,000
<b>Total assets</b>	<u>40,604,215</u>	<u>31,626,972</u>
<b>Liabilities</b>		
Payables	2,207,972	787,765
Financial derivatives, at fair value	-	891,268
<b>Total liabilities</b>	<u>2,207,972</u>	<u>1,679,033</u>
<b>Equity</b>		
Net assets attributable to unitholders	<u>38,396,243</u>	<u>29,947,939</u>

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**Statement of Movement in Unitholders' Funds**

Period ended 30 September 2020

	<b>30/09/2020</b>	<b>31/03/2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Net assets attributable to unitholders at the beginning of financial period/year</b>	29,947,939	21,057,868
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	6,105,471	(1,167,305)
<b>Unitholders' Contributions/(withdrawals)</b>		
Creation of units	9,849,468	20,974,533
Cancellation of units	(7,506,635)	(10,917,157)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	2,342,833	10,057,376
Total increase in net assets attributable to unitholders	8,448,304	8,890,071
<b>Net assets attributable to unitholders at the end of financial period/year</b>	<b>38,396,243</b>	<b>29,947,939</b>

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**Statement of Portfolio**

As at 30 September 2020

	Holdings as at 30/09/2020	Fair value as at 30/09/2020 S\$	Percentage of total net assets attributable to unitholders as at 30/09/2020 %
<b>By Geography (Primary)</b>			
<b>Quoted</b>			
<b>Hong Kong</b>			
iShares MSCI AC Asia Ex Japan Index ETF	228,300	2,245,505	5.85
		<u>2,245,505</u>	<u>5.85</u>
<b>Ireland</b>			
SPDR Bloomberg Barclays U.S. Aggregate Bond UCTS ETF	16,893	2,633,294	6.86
		<u>2,633,294</u>	<u>6.86</u>
<b>Singapore</b>			
iShares Barclays USD Asia High Yield Bond Index ETF	224,683	3,091,685	8.05
United Global Quality Growth Fund	4,715,793	5,960,763	15.52
		<u>9,052,448</u>	<u>23.57</u>
<b>United States of America</b>			
Fidelity Nasdaq Composite Index Tracking Stock	2,558	1,513,994	3.94
iShares Broad USD Investment Grade Corporate Bond ETF	9,419	781,116	2.03
iShares Core MSCI Europe ETF	35,470	2,164,863	5.64
iShares Core S&P 500 ETF	3,018	1,384,483	3.61
iShares Core USD Aggregate Bond Fund ETF	16,356	2,636,440	6.87
iShares Dow Jones U.S. ETF	9,186	2,088,254	5.44
iShares Europe ETF	16,517	944,058	2.45
iShares Iboxx \$ Investment Grade Corporate Bond ETF	12,738	2,342,250	6.10
iShares India 50 ETF	23,183	1,097,522	2.86
Kraneshares CSI China Internet Fund ETF	11,905	1,107,703	2.88
Technology Select Sector SPDR Fund ETF	17,244	2,744,974	7.15

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	<b>Holdings as at 30/09/2020</b>	<b>Fair value as at 30/09/2020 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/09/2020 %</b>
<b>By Geography (Primary)</b>			
Vanguard S&P 500 ETF	1,607	674,875	1.76
Wisdomtree Fundamental US High Yield D Corporate Bond Fund ETF	45,868	3,127,590	8.15
		<u>22,608,122</u>	<u>58.88</u>
<b>Portfolio of investments</b>		36,539,369	95.16
<b>Other net assets</b>		1,856,874	4.84
<b>Net assets attributable to unitholders</b>		<u>38,396,243</u>	<u>100.00</u>

	<b>Fair value as at 30/09/2020 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/09/2020 %</b>	<b>Percentage of total net assets attributable to unitholders as at 31/03/2020 %</b>
<b>By Geography (Summary)</b>			
<b>Quoted</b>			
Hong Kong	2,245,505	5.85	6.78
Ireland	2,633,294	6.86	1.98
Singapore	9,052,448	23.57	24.12
United States of America	22,608,122	58.88	60.10
		<u>95.16</u>	<u>92.98</u>
<b>Portfolio of investments</b>	36,539,369	95.16	92.98
<b>Other net assets</b>	1,856,874	4.84	7.02
<b>Net assets attributable to unitholders</b>	<u>38,396,243</u>	<u>100.00</u>	<u>100.00</u>

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	Fair value as at 30/09/2020 S\$	Percentage of total net assets attributable to unitholders as at 30/09/2020 %	Percentage of total net assets attributable to unitholders as at 31/03/2020 %
<b>By Industry (Secondary)</b>			
<b>Quoted</b>			
Equity Fund	36,539,369	95.16	92.98
<b>Portfolio of investments</b>	36,539,369	95.16	92.98
<b>Other net assets</b>	1,856,874	4.84	7.02
<b>Net assets attributable to unitholders</b>	<u>38,396,243</u>	<u>100.00</u>	<u>100.00</u>



**Important Information**

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

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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.

This document should not be taken as a recommendation to buy or sell since it does not take into account the specific investment objectives, financial situation and the particular needs of any particular recipient of this document. Investors should seek advice from a financial advisor before purchasing units in the Sub-Fund. In any case, investors should read the Prospectus and consider the risks as well as suitability of the Sub-Fund before deciding whether to subscribe for units in the Sub-Fund. Copies of the Prospectus are available and may be obtained from the Manager.