

Phillip Select Fund

SEMI-ANNUAL REPORT

For the period ended 31 March 2021 (unaudited)

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Phillip Select Fund

Manager

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(Company Registration No. 199905233W)

Directors of the Manager

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

Trustee & Registrar

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

Custodian and Fund Administrator

BNP Paribas Securities Services operating through its Singapore Branch
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Auditors

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Solicitors to the Manager

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MANAGER'S INVESTMENT REPORT

For the half-year ended 31 March 2021, the Fund return +3.03% with dividend distribution per unit stood at 3.2 cents.

As of end-March 2021, the weighted average dividend yield of the portfolio was 4.01%. Yield spread between Singapore REITs and 10-year Singapore Government Securities (SGS) tighten to about 345bp.

Market review

In a bid to stem the spread of Covid-19 outbreak since March last year, many countries went into lockdown mode, severely impacting businesses and the economy. Governments and central banks rushed to unleash a slew of measures to cushion the blow of economic impact. In Singapore, economy contracted by 5.4% year-on-year ("YoY") for the entire 2020. For its part, Singapore government rolled out more than S\$100 billion to support affected households and industries.

Having undergone a tumultuous 2020, characterised cuts, cancellations and delays in dividends pay-out by various Reits. The dividends growth appears back on the agenda for the year ahead and even further into the horizon. Overall, Reits management tone are comparatively upbeat with economic recovery seen seeping into REIT earnings outlook as well as anticipate minimal rent rebates and deferments ahead. Most REITs have distributed back the income withheld in the previous quarters with Covid situation now well under control in Singapore. A growing proportion of the population gets vaccinated by 1H21, which will reduce safe distancing measures and bring back crowds and tourists to malls, offices and hotels. The government's carefully calibrated policies on tapering of support measures has boosted business confidence and minimised job losses. REITs continue to enjoy from ultra- low interest rates with at least 30-50bps reduction in interest cost seen upon refinancing. The sector average gearing stands at 37%. Interest cost savings from loan refinancing and issuance of perpetual securities. For 2021, REITs also expects to see earnings growth from positive contributions on the S\$10 billion worth of acquisitions done by S-Reits in 2020.

The recent Q12021's earnings updates from the SREITs were in line with the expectations. Demand for industrial, office sector has picked up since 4Q 2020. For retail while suburban remains strong demand for downtown malls continues to be under pressure. Hospitality segment recovery prospects remain uncertain amid the uneven pace of vaccine rollouts and easing of border restrictions.

Conclusion

In March 2021, economists upgrade Singapore's 2021 GDP growth forecast to 5.8%. To combat the repercussions of Covid-19, governments and central banks continued to be accommodative, with fiscal and monetary stimulus packages running full steam, with stimulus a far more significant percentage of GDP as compared to the GFC in 2007.

The recent resurgence of COVID-19 cases within and outside of Singapore, the rise in US Treasury yields and the equity fundraising from the SREITs during the past few months might have dampened investors' appetite for 2nd quarter 2021.

Our core assumption is that the current resurgence is temporary and will be contained within one month. We believe the new government restrictions, which are likely to curtail social interaction significantly, and the extensive contact-tracing infrastructure in place will be adequate to control the resurgence. We also reiterate that as long as inflation (and interest rate) trends are not too steep to trigger alarm of a self-sustaining upward spiral, we should not be too alarmed about rising bond yields. At the same time, there are powerful structural trends (such as demographics) that would keep a lid on yields.

Our top preference (by segment) for the large-cap industrial S-REITs, which are now trading at similar DPU yields as other segments but have proven in their operating performance in 2020 to be more resilient to COVID-19-related disruptions. We are still positive on the commercial/ integrated and retail REITs on valuations, which are likely to get even cheaper if daily news flow indicate higher unlinked community infections in the coming days.

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2021 (unaudited)

The following contains additional information relating to the Phillip Singapore Real Estate Income Fund (the "Sub-Fund"):

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 12 to 13.

2. Schedule of investments by asset class

Phillip Singapore Real Estate Income Fund

Asset Class	Fair value at 31 March 2021 S\$	Percentage of total net assets attributable to unitholders at 31 March 2021 %
Real Estate Investment Trusts	59,311,846	82.84
Exchange Traded Funds / Investment Funds	3,778,889	5.28
Cash and cash equivalents	12,423,435	17.35
Other net liabilities	(3,917,053)	(5.47)
Net assets attributable to unitholders	<u>71,597,117</u>	<u>100.00</u>

3. Top 10 holdings

10 largest holdings at 31 March 2021	Fair value at 31 March 2021 S\$	Percentage of total net assets attributable to unitholders at 31 March 2021 %
Capitaland Integrated Commercial Trust	9,687,494	13.53
Ascendas Real Estate Investment Trust	6,412,055	8.96
Mapletree Industrial Trust	5,869,425	8.20
Mapletree Commercial Trust	5,274,348	7.37
Phillip SGX APAC Dividend Leaders REIT ETF	3,615,578	5.05
Keppel DC REIT	3,357,391	4.69
Mapletree North Asia Commercial Trust	2,317,002	3.24
Suntec Real Estate Investment Trust	2,271,360	3.17
Ascott Residence Trust	1,942,115	2.71
Manulife US Real Estate Investment Trust	1,885,876	2.63

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2021 (unaudited)

3. Top 10 holdings (continued)

10 largest holdings at 31 March 2020	Fair value at 31 March 2020 S\$	Percentage of total net assets attributable to unitholders at 31 March 2020 %
Lion-Phillip S-Reit ETF	4,472,098	9.50
Ascendas Real Estate Investment Trust	3,879,565	8.24
Mapletree Commercial Trust	3,088,308	6.56
Capitaland Mall Trust	2,858,184	6.07
Mapletree Logistics Trust	2,486,018	5.28
Capitaland Commercial Trust	1,866,669	3.97
Suntec Real Estate Investment Trust	1,570,000	3.33
Mapletree North Asia Commercial Trust	1,332,960	2.83
Frasers Centrepoint Trust	1,264,939	2.69
Mapletree Industrial Trust	1,197,324	2.54

4. Exposure to derivatives as at 31 March 2021

	Fair value at 31 March 2021 S\$	Percentage of total net assets attributable to unitholders 31 March 2021 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Futures contracts	-	-	-	(497,949)

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which 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.

6. Collateral

Nil

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2021 (unaudited)

7. Securities lending or repurchase transactions

Nil.

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

Please refer to the Statement of Portfolio on pages 12 to 13.

9. Amount and percentage of borrowings of total fund size as at 31 March 2021

Nil.

10. Amount of units created and cancelled for the financial period ended 31 March 2021

	Class A SGD S\$	Class A USD S\$	Class I SGD S\$	Class I USD S\$
Total amount of redemptions	(17,669,256)	(259,131)	(7,429,825)	-
Total amount of subscriptions	29,180,177	278,354	1,108,266	4,350

11. Turnover ratio

		31 March 2021	31 March 2020
Lower of total value of purchases or sales	S\$	10,606,200	14,711,264
Average daily net asset value	S\$	60,647,091	54,250,951
Total turnover ratio ^{Note 2}	%	<u>17.49</u>	<u>27.12</u>

Note 2 The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio is based on the total value of purchases or sales of the underlying investments divided by the weighted average daily net asset value preceding 6 months at the close of the semi-annual financial statements.

12. Expense ratio

		31 March 2021	31 March 2020
Class A SGD Units			
Total operating expenses	S\$	460,231	301,213
Average daily net asset value	S\$	30,524,623	23,479,389
Total expense ratio ^{Note 1}	%	<u>1.51</u>	<u>1.28</u>
Class A USD Units			
Total operating expenses	S\$	12,555	12,826
Average daily net asset value	S\$	824,017	996,499
Total expense ratio ^{Note 1}	%	<u>1.52</u>	<u>1.29</u>

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2021 (unaudited)

12. Expense ratio (continued)

		31 March 2021	31 March 2020
Class I SGD Units			
Total operating expenses	S\$	267,146	219,327
Average daily net asset value	S\$	25,745,899	27,008,370
Total expense ratio ^{Note 1}	%	<u>1.04</u>	<u>0.81</u>
Class I USD Units			
Total operating expenses	S\$	1,869	1,541
Average daily net asset value	S\$	180,351	189,928
Total expense ratio ^{Note 1}	%	<u>1.04</u>	<u>0.81</u>

Note 1 The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio is 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 transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

**Report to Unitholders
For the period ended 31 March 2021 (unaudited)**

13. Performance of the Sub-Fund as at 31 March 2021

As at 31 March 2021

	Class A SGD	Class A USD	Class I SGD	Class I USD	Benchmark performance
	S\$	S\$	S\$	S\$	S\$
Cumulative (%)*					
3 months	0.50	-1.14	0.62	-1.03	1.92
6 months	3.03	5.93	3.28	6.10	-1.05
1 year	21.20	32.00	21.78	32.41	18.33
3 years	12.57	16.06	14.23	17.40	18.26
5 years	37.23	45.28	40.58	48.38	52.08
10 years	-	-	-	-	-
Since inception **	106.75	42.75	115.03	49.67	139.14
Annualised (%)					
1 year	21.20	32.00	21.78	32.41	18.33
3 years	4.03	5.09	4.53	5.49	5.75
5 years	6.53	7.76	7.05	8.21	8.75
10 years	-	-	-	-	-
Since inception **	7.91	4.67	8.36	6.00	9.57

* Cumulative returns are calculated on a bid to bid basis, with net dividends reinvested. The Benchmark for which the Sub-Fund is measured against is the FTSE Straits Times Real Estate Investment Trust Index.

** Inception Date: 19 September 2011 (Class A SGD Units and Class I SGD Units) / 29 April 2014 (Class I USD Units) / 17 July 2013 (Class A USD Units)
Source: Bloomberg

14. Related party transactions

In the normal course of the business of the Sub-Fund, management fees and trustee fees have been paid or are payable to the Manager and the Trustee respectively as disclosed 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 sales of securities.

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2021 (unaudited)

14. Related party transactions (continued)

Other than as disclosed elsewhere in the financial statements (including the Statement of Portfolio), the following significant transactions took place between the Sub-Fund and its related parties during the period:

	Phillip Singapore Real Estate Income Fund	
	31 March 2021	31 March 2020
	S\$	S\$
Brokerage fees paid to:		
- a related party of the Manager	15,424	11,567
- a related party of the Trustee	-	682
Bank balances held with related parties of the Trustee	12,300,333	6,550,960

15. Any other material information that will adversely impact the valuation of the Sub-Fund.

Nil.

16. Soft dollar commissions

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 services 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 the Sub-Fund.

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 Sub-Fund and other funds managed by the Manager.

Statement of Total Return
Period ended 31 March 2021 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2021	31 March 2020
	S\$	S\$
Income		
Dividends	1,276,383	1,127,403
Interest on cash and bank balances	-	129
	1,276,383	1,127,532
Less: Expenses		
Management fee	304,001	263,180
Management fee rebate	(148)	(60,257)
Registrar fee	3,022	2,709
Trustee fee	12,089	10,836
Custody fee	31,830	31,970
Audit fee	7,440	7,520
Valuation fee	12,089	10,836
Transaction costs	85,917	83,959
Other expenses	30,660	(13,026)
	486,900	337,727
Net income	789,483	789,805
Net gains or losses on value of investments and financial derivatives		
Net gains/(losses) on investments	1,978,081	(11,939,540)
Net (losses)/gains on foreign exchange	(9,155)	183,826
Net (losses)/gains on financial derivatives	(497,949)	3,609
	1,470,977	(11,752,105)
Total return/(deficit) for the financial period before income tax	2,260,460	(10,962,300)
Less: Income tax	(141,903)	(131,874)
Total return/(deficit) for the financial period after income tax	2,118,557	(11,094,174)

Statement of Financial Position
As at 31 March 2021 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2021	30 September 2020
	S\$	S\$
Assets		
Portfolio of investments	63,090,735	49,961,237
Sales awaiting settlement	2,610,418	-
Receivables	1,149,880	4,172,492
Cash and cash equivalents	12,423,435	11,941,181
Total assets	79,274,468	66,074,910
Liabilities		
Payables	2,285,965	1,166,094
Purchases awaiting settlement	5,391,386	-
Total liabilities	7,677,351	1,166,094
Equity		
Net assets attributable to unitholders	71,597,117	64,908,816

Statement of Movements of Unitholders' Funds
For the period ended 31 March 2021 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2021	30 September 2020
	S\$	S\$
Net assets attributable to unitholders at the beginning of the financial period/year	64,908,816	55,695,642
Operations		
Change in net assets attributable to unitholders resulting from operations	2,118,557	(3,051,504)
Unitholders' contributions/(withdrawals)		
Creation of units	30,571,147	43,882,816
Cancellation of units	(25,358,212)	(28,430,130)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	5,212,935	15,452,686
Distributions	(643,191)	(3,188,008)
Total increases in net assets attributable to unitholders	6,688,301	9,213,174
Net assets attributable to unitholders at the end of the financial period/year	71,597,117	64,908,816

Statement of Portfolio
As at 31 March 2021 (unaudited)

Phillip Singapore Real Estate Income Fund

By Geography (Primary)

	Holdings at 31 March 2021	Fair value at 31 March 2021 S\$	Percentage of total net assets attributable to unitholders at 31 March 2021 %
Quoted			
HONG KONG SAR			
Hui Xian Real Estate Investment Trust	300,000	108,839	0.15
Link REIT	64,000	783,078	1.09
		891,917	1.24
SINGAPORE			
AIMS APAC REIT	597,175	770,356	1.08
ARA LOGOS Logistics Trust	1,304,600	952,358	1.33
Ascendas India Trust	975,600	1,443,888	2.02
Ascendas Real Estate Investment Trust	2,102,313	6,412,055	8.96
Ascott Residence Trust	1,815,061	1,942,115	2.71
Capitaland China Trust	865,628	1,185,910	1.66
Capitaland Integrated Commercial Trust	4,464,283	9,687,494	13.53
CDL Hospitality Trusts	1,028,420	1,275,241	1.78
Cromwell European Real Estate Investment Trust	1,150,000	826,264	1.15
EC World Real Estate Investment Trust	350,700	250,750	0.35
ESR-REIT	3,180,000	1,240,200	1.73
Far East Hospitality Trust	1,226,100	772,443	1.08
Frasers Centrepoint Trust	752,905	1,852,146	2.59
Frasers Hospitality Trust	393,013	208,297	0.29
Frasers Logistics & Commercial Trust	149,296	216,479	0.30
Keppel DC REIT	1,243,478	3,357,391	4.69
Keppel Pacific OAK US REIT	1,355,000	1,310,788	1.83
Keppel REIT	864,694	1,054,927	1.47
Lendlease Global Commercial REIT	620,000	499,100	0.70
Lippo Malls Indonesia Retail Trust	17	1	0.00
Manulife US Real Estate Investment Trust	1,922,780	1,885,876	2.63
Mapletree Commercial Trust	2,487,900	5,274,348	7.37
Mapletree Industrial Trust	2,142,126	5,869,425	8.20
Mapletree Logistics Trust	766,364	1,479,083	2.07
Mapletree North Asia Commercial Trust	2,185,851	2,317,002	3.24
OUE Commercial Real Estate Investment Trust	1,086,640	429,223	0.60
Parkway Life Real Estate Investment Trust	91,612	373,777	0.52
Phillip SGX APAC Dividend Leaders REIT ETF	2,627,600	3,615,578	5.05
Prime US REIT	850,000	982,151	1.37
Soilbuild Business Space REIT	600,000	321,000	0.45
SPH REIT	1,180,000	1,032,500	1.44
Starhill Global REIT	1,653,538	925,981	1.29
Suntec Real Estate Investment Trust	1,456,000	2,271,360	3.17
		62,035,507	86.65
UNITED STATES OF AMERICA			
Proshares VIX Short-Term Futures ETF	13,000	163,311	0.23
		163,311	0.23
Portfolio of investments		63,090,735	88.12
Other net assets		8,506,382	11.88
Net assets attributable to unitholders		71,597,117	100.00

Phillip Singapore Real Estate Income Fund

By Geography (Summary)

	Fair value at 31 March 2021 S\$	Percentage of total net assets attributable to unitholders at 31 March 2021 %	Percentage of total net assets attributable to unitholders at 30 September 2020 %
Quoted			
Australia	-	-	1.08
Hong Kong SAR	891,917	1.24	0.79
Singapore	62,035,507	86.65	74.54
United States of America	163,311	0.23	0.56
Portfolio of investments	63,090,735	88.12	76.97
Other net assets	8,506,382	11.88	23.03
Net assets attributable to unitholders	71,597,117	100.00	100.00

Phillip Singapore Real Estate Income Fund

By Industry (Secondary)

	Fair value at 31 March 2021 S\$	Percentage of total net assets attributable to unitholders at 31 March 2021 %	Percentage of total net assets attributable to unitholders at 30 September 2020 %
Real Estate Investment Trust*	62,927,424	87.89	76.41
Financial	163,311	0.23	0.56
Portfolio of investments	63,090,735	88.12	76.97
Other net assets	8,506,382	11.88	23.03
Net assets attributable to unitholders	71,597,117	100.00	100.00

* A trust or company is defined as a Real Estate Investments Trusts, if such trust's or company's business sector is classified as "Residential and Commercial REITs" under the Thomson Reuters Business Classification.

Phillip Select Fund

Important Information

Phillip Singapore Real Estate Income Fund (the "Sub-Fund") is sub-fund of Phillip Select 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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