

Phillip Universal Funds - Phillip Global Quality Fund

Semi-Annual Report

*Period from 24 February 2021 (inception date) to 30 June 2021
(Unaudited)*

CONTENTS	Page
Directory	2
Manager's Investment Report	3
Report to Unitholders	4
Statement of Total Return	10
Statement of Financial Position	11
Statement of Movement in Unitholders' Funds	12
Statement of Portfolio	13
Important information	16

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

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

TRUSTEE

Citicorp Trustee (Singapore) Limited
5 Changi Business Park Crescent Level 5
Singapore 486027

CUSTODIAN

Citibank, N.A., Singapore Branch
5 Changi Business Park Crescent Level 5
Singapore 486027

AUDITORS

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

SOLICITORS TO THE MANAGER

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

SOLICITORS TO THE TRUSTEE

Shook Lin & Bok LLP
1 Robinson Road
#18-00
AIA Tower
Singapore 048542

Manager's Investment Report

The Phillip Global Quality Fund delivered a positive performance as at end-June 2021, since its inception in late February 2021. The "SGD Dis" class was up 11.6% while the "SGD Hedged Dis" class was up 9.8%.

The calendar year 2020 was an extraordinary year, where the full impact of the Covid-19 outbreak triggered lockdowns across the world and collapsed stock markets in the early part of the year, but a policy-driven recovery, led by global central banks with aggressive monetary intervention, drove a market recovery from the lows since then through the rest of 2020 and then continuing into 2021.

It was against this positive backdrop that the Fund launched in late February 2021. Since then, what has been observed was continued market strength across developed markets, on the back of sustained vaccination progress, while in emerging markets the recovery from Covid-19 has been stop-start because of low vaccination rates and renewed community spread of Covid-19 variants.

Macro-wise, the global economy continued to rebound, albeit off a low base year on year, with exports and manufacturing data in particular performing well. Major central banks also maintained an accommodative stance in their monetary policy, with the US Federal Reserve for example articulating its tolerance of above-trend inflation in the short-term.

The Fund is a feeder fund into the GMO Quality Investment Fund domiciled in Ireland, which seeks to invest primarily in quality global stocks. It has benefited so far from a strong rebound in the US economy, as it has high exposure to the US market. Quality stocks are described as companies with high and stable profitability, and with strong balance sheets. The stocks are also picked with an eye on valuation. Currently, with market earnings multiples at high levels, some are concerned about the prospective returns for equities. The case for holding the shares in quality businesses, nonetheless, remains solid. Quality businesses will react to the constantly evolving world by reallocating their capital with purpose, hence giving the investor confidence in such a portfolio in delivering sustainable returns over the long term.

Report to unitholders¹

a) I Investments classified by geography

	Fair Value at 30/06/2021 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2021 %
By Geography (Summary)		
Singapore	18,061,271	99.03
Portfolio of investments	18,061,271	99.03
Other net assets	176,576	0.97
Net assets attributable to unitholders	18,237,847	100.00

a) II Investments classified by industry

	Fair Value at 30/06/2021 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2021 %
By Industry (Summary)		
Funds	18,061,271	99.03
Portfolio of investments	18,061,271	99.03
Other net assets	176,576	0.97
Net assets attributable to unitholders	18,237,847	100.00

¹ As required by the Code on Collective Investment Schemes

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

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

	Fair Value at 30/06/2021 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2021 %
Investment funds	18,061,271	99.03
Portfolio of investments	18,061,271	99.03
Other net assets	176,576	0.97
Net assets attributable to unitholders	18,237,847	100.00

b) **Top Ten Holdings**

<u>10 Largest Holdings at 30 June 2021</u>	Fair Value at 30/06/2021 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2021 %
GMO Quality Investment Fund - Class ZH	14,695,173	80.57
GMO Quality Investment Fund - Class Z	3,366,098	18.46

*As the fund only commenced on 24 February 2021, no comparatives are available.

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

- c) (i) Exposure to Derivatives as at 30 June 2021.
Nil
- c) (ii) Gains/Losses on derivative contracts realised for the period from 24 February 2021 (inception date) to 30 June 2021
Nil
- c) (iii) Gains/Losses on outstanding derivative contracts marked to market as at 30 June 2021
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 June 2021.

	S\$	%
Funds	18,061,271	99.03

- f) Amount and percentage of borrowings of total fund size as at 30 June 2021.
Nil
- g) Amount of redemptions and subscriptions for the period from 24 February 2021 (inception date) to 30 June 2021.
- | | |
|-------------------------------|----------------|
| Total amount of redemptions | S\$ 409,100 |
| Total amount of subscriptions | S\$ 17,628,648 |
- h) Amount of related party transactions for the period from 24 February 2021 (inception date) to 30 June 2021
- | | |
|--|-------------|
| Bank balances held with a related party of the Trustee | S\$ 324,084 |
|--|-------------|

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

i) **Performance of the Fund as at 30 June 2021**

	Class Dis	Class Hedged Dis
	SGD	SGD
Cumulative (%)*		
3 months	7.59	7.85
Since inception	12.54	10.74
Annualised (%)		
Since inception	41.19	34.70

*Returns are in Singapore dollar calculated on a bid-to-bid basis. Source: Bloomberg

Inception dates for both Class SGD Dis and Class SGD Hedged Dis were 24 February 2021.

j) **Expense Ratio**

		2021
Class SGD Dis		
Total operating expenses	S\$	33,148
Average daily net asset value	S\$	3,136,897
Expense ratio ^(*) (annualised)	%	3.11
Class SGD Hedged Dis		
Total operating expenses	S\$	104,043
Average daily net asset value	S\$	9,064,279
Expense ratio ^(*) (annualised)	%	3.37

*As the fund only commenced on 24 February 2021, no comparatives are available.

The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). Feeder funds typically invest substantially all of their assets in a single fund or a small number of designated funds which are managed by companies affiliated to the Manager.

- Annualised expense ratio of the parent–fund should be added to the annualised expense ratio of the Singapore feeder fund less any rebates of management fees and commissions received from the parent-fund during the reporting period, and;
- Expense ratio of the feeder 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.

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

k) **Turnover Ratio**

		2021
Lower of total value of purchases or sales	S\$	195,000
Average daily net asset value	S\$	12,201,176
Turnover ratio	%	<u>1.60</u>

*As the fund only commenced on 24 February 2021, no comparatives are available.

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 June 2021

<u>10 Largest Holdings at 30 June 2021</u>	Fair Value at 30/06/2021 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2021 %
Microsoft Corp	32,580,530	6.3
Alphabet Inc	26,285,325	5.1
UnitedHealth Group Inc	23,705,990	4.6
Apple Inc	21,322,788	4.1
US Bancorp	20,393,526	3.9
Accenture PLC	20,186,268	3.9
Coca-Cola Co	19,595,760	3.8
Oracle Corp	19,229,955	3.7
Taiwan Semiconductor Manufacturing Co Ltd	17,843,962	3.4
Lam Research Corp	17,218,610	3.3

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

(ii) Expense ratios for the period ended 30 June 2021

		2021
Class SGD Z		
Total operating expenses	S\$	761
Average daily net asset value	S\$	3,076,702
Expense ratio ^(*) (annualised)	%	0.07
Class SGD SGZH		
Total operating expenses	S\$	2,071
Average daily net asset value	S\$	8,790,923
Expense ratio ^(*) (annualised)	%	0.07

*Please note that the 40bps management fee per the IMA and Fee Schedule is charged outside of the Fund and not included in the above

(iii) Turnover ratios for the period ended 30 June 2021

		2021
Lower of total value of purchases or sales	S\$	41,488,668
Average daily net asset value	S\$	447,500,916
Turnover ratio	%	<u>9.3</u>

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.

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

Statement of Total Return

Period from 24 February 2021 (inception date) to 30 June 2021

	30/06/2021 S\$
Income	
Dividends	-
	<u>-</u>
Less:	
Expenses	
Management fees	64,047
Trustee fees	1,281
Custody fees	1,632
Administration fees	1,281
Registrar fees	10,229
Audit fees	6,125
Establishment costs	40,500
Other expenses	12,096
	<u>137,191</u>
Net loss	<u>(137,191)</u>
Net gains or losses on value of investments and financial derivatives	
Net gains on investments	1,155,490
	<u>1,155,490</u>
Total return for the period before income tax	1,018,299
Income tax expense	-
Total return for the period after income tax before distribution	<u><u>1,018,299</u></u>

*As the fund only commenced on 24 February 2021, no comparatives are available.

PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND

Statement of Financial Position

As at 30 June 2021

	30/06/2021 S\$
Assets	
Portfolio of investments	18,061,271
Cash and cash equivalents	<u>324,084</u>
Total assets	<u><u>18,385,355</u></u>
Liabilities	
Purchases awaiting settlement	78,300
Establishment costs payable	30,500
Payables	<u>38,708</u>
Total liabilities	<u><u>147,508</u></u>
Equity	
Net assets attributable to unitholders	<u><u>18,237,847</u></u>

*As the fund only commenced on 24 February 2021, no comparatives are available.

PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND

Statement of Movement in Unitholders' Funds

Period from 24 February 2021 (inception date) to 30 June 2021

	30/06/2021 S\$
Net assets attributable to unitholders at the beginning of financial period	-
Operations	
Change in net assets attributable to unitholders resulting from operations	1,018,299
Unitholders' Contributions/(withdrawals)	
Creation of units	17,628,648
Cancellation of units	(409,100)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	17,219,548
Total increase in net assets attributable to unitholders	18,237,847
Net assets attributable to unitholders at the end of financial period	<u>18,237,847</u>

*As the fund only commenced on 24 February 2021, no comparatives are available.

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

Statement of Portfolio

As at 30 June 2021

	Holdings as at 30/06/2021	Fair value as at 30/06/2021 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2021 %
By Geography (Primary)			
Quoted Investment Funds			
Singapore			
GMO Quality Investment Fund - Class Z	147,895	3,366,098	18.46
GMO Quality Investment Fund - Class ZH	657,796	14,695,173	80.57
		<u>18,061,271</u>	<u>99.03</u>
Portfolio of investments		18,061,271	99.03
Other net assets		176,576	0.97
Net assets attributable to unitholders		<u>18,237,847</u>	<u>100.00</u>

PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND

Statement of Portfolio (continued)

As at 30 June 2021

	Fair value as at 30/06/2021 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2021 %
By Geography (Summary)		
Quoted Investment Funds		
Singapore	18,061,271	99.03
Portfolio of investments	18,061,271	99.03
Other net assets	176,576	0.97
Net assets attributable to unitholders	18,237,847	100.00

**PHILLIP UNIVERSAL FUNDS
- PHILLIP GLOBAL QUALITY FUND**

Statement of Portfolio (continued)

As at 30 June 2021

	Fair value as at 30/06/2021 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2021 %
By Industry (Secondary)		
Quoted		
Equity Funds	18,061,271	99.03
Portfolio of investments	18,061,271	99.03
Other net assets	176,576	0.97
Net assets attributable to unitholders	18,237,847	100.00

*As the fund only commenced on 24 February 2021, no comparatives are available.

Note: Information on investment portfolio by industry segments is not presented as the sub-funds are invested wholly or substantially into other underlying funds.

Important Information

Phillip Global Quality Fund (the “Sub-Fund”) is a sub-fund of Phillip Universal Funds (the “Fund”), an 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”).

The information and opinions contained in this document have been obtained from public sources which the Manager believes to be reliable and accurate. However, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information and it should not be relied upon as such. Opinions included herein constitute the judgement of the Manager at the time specified and may be subject to change without notice, they are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient and are not intended to provide the sole basis of evaluation of any investment. Neither the Manager nor the Fund, nor any of their respective associates, directors, officers or employees, accepts any liability whatsoever for any loss arising directly or indirectly from any use of this document or any information contained herein.

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.