

Phillip International Funds

Annual Report

Period from 28 August 2020 (inception date) to 30 June 2021



Phillip Capital Management

(A member of PhillipCapital)

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PHILLIP INTERNATIONAL FUNDS

MANAGER

Phillip Capital Management (S) Ltd
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#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
(Company Registration Number: 199604601H)

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
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#18-00
AIA Tower
Singapore 048542

Manager's Investment Report

The Phillip Global Rising Yield Innovators Fund delivered a positive performance as at end-June 2021, since its inception in late August 2020. Since inception, the "B" class was up 16.3% while the "A" class was up 14.3%.

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. A policy-driven recovery, led by global central banks with aggressive monetary intervention, drove a market recovery from the lows since then.

It was against this uncertain backdrop that the Fund launched in the third quarter of 2020. Since then, positive vaccine news in November and a US Presidential result (a win for Joe Biden) that was generally viewed as positive for markets saw the rally accelerate around year-end. Turning the page to the year 2021, there was continued market strength especially 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 has benefited so far from a strong rebound in the global economy, as it has high exposure to developed market equities, particularly to those in developed Europe.

The Fund approach is to invest in global stocks with quality businesses who are resilient in economic downturns and generate long-term shareholders' returns. A focus will be on identifying companies that align strongly with the innovation theme, such as those that capitalise on innovation in offering faster, cheaper, more productive, more cost effective, more compelling products and services. Resilience is also a key criterion, along the lines of both business model resiliency and financial resiliency.

We are confident that this approach can continue to deliver sustainable returns to investors over the long term.

PHILLIP INTERNATIONAL FUNDS

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 %
Australia	184,171	0.43
Denmark	2,490,523	5.75
Finland	11,683,467	26.97
Germany	5,320,903	12.28
Norway	459,876	1.06
Singapore	400,736	0.92
Sweden	12,997,283	30.00
United Kingdom	1,456,773	3.36
United States of America	4,846,110	11.18
Portfolio of investments	39,839,842	91.95
Other net assets	3,485,832	8.05
Net assets attributable to unitholders	43,325,674	100.00

i II Investments classified by industry

	Fair Value at 30/06/2021 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2021 %
Basic Materials	293,671	0.68
Communications	4,909,137	11.33
Consumer, Cyclical	17,089,658	39.45
Consumer, Non-cyclical	6,249,378	14.42
Money Market Fund	400,736	0.92
Industrial	2,721,763	6.28
Technology	8,175,499	18.87
Portfolio of investments	39,839,842	91.95
Other net assets	3,485,832	8.05
Net assets attributable to unitholders	43,325,674	100.00

¹ As required by the Code on Collective Investment Schemes

i
)III Investments classified by asset class

	Fair Value at 30/06/2021 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2021 %
Equities	39,439,106	91.03
Exchange Traded Fund	400,736	0.92
Portfolio of investments	39,839,842	91.95
Other net assets	3,485,832	8.05
Net assets attributable to unitholders	43,325,674	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 %
SwedenCare AB	4,338,093	10.01
Mips AB	4,164,569	9.61
Maxar Technologies Inc	3,219,628	7.43
Eckert & Ziegler Strahlen- und Medizintechnik AG	3,071,806	7.09
Revenio Group Oyj	2,954,003	6.82
Verkkokauppa.Com Oyj	2,532,048	5.84
Cbrain A/S	2,490,523	5.75
Admicom Oyj	1,865,404	4.31
Harvia Oyj	1,788,566	4.13
Remedy Entertainment Oyj	1,732,374	4.00

PHILLIP INTERNATIONAL FUNDS

- c) (i) Exposure to derivatives as at 30 June 2021.
Nil.
- c) (ii) Gain on derivative contracts realised for the financial period ended 30 June 2021.
Nil.
- c) (iii) Loss 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.

Please refer to Statement of Portfolio on pages FS4 to FS6.

- 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 28 August 2020 (inception date) to 30 June 2021.

Total amount of redemptions	S\$ 7,730,891
Total amount of subscriptions	S\$ 45,162,551

- h) Amount of related party transactions for the period from 28 August 2020 (inception date) to 30 June 2021.

Bank balances held with a related party of the Trustee	S\$ 2,864,278
Brokerage fees paid to a related party of the Trustee	S\$ 13,451

PHILLIP INTERNATIONAL FUNDS

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

	Class A	Class B	Benchmark
	SGD	SGD	
Cumulative (%)*			
3 months	9.53	9.60	4.60
6 months	3.72	3.74	19.87
Since inception	14.31	16.31	45.78
Annualised (%)			
Since inception	17.30	19.53	56.77

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

Inception dates for Class A and Class B were 1 September 2020 and 28 August 2020 respectively.

j) **Expense Ratio**

Please refer to Note 10 of Notes to Financial Statements.

k) **Turnover Ratio**

Please refer to Note 10 of Notes to Financial Statements.

l) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts.

Nil.

m) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme") should be disclosed as well.

(i) Top 10 holdings at market value and as percentage of NAV as at 30 June 2021.

Not applicable.

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

Not applicable.

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

Not applicable.

n) Soft dollar arrangements

PHILLIP INTERNATIONAL FUNDS

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

The Manager does not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Manager, assist the Manager in its management of clients' funds, provided that the Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

The Manager does not, and is not entitled to, retain cash rebates for its own account in respect of rebates earned when transacting in securities for account of clients' funds.

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip International Funds in trust for the unitholders. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Phillip International Funds during the period covered by these financial statements, set out on pages FS1 to FS17, 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
Citicorp Trustee (Singapore) Limited

Authorised signatory

23 September 2021

Statement by the Manager

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages FS1 to FS17, 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 International Funds as at 30 June 2021, and the financial performance and movement in unitholders' funds for the period from 28 August 2020 (date of inception) to 30 June 2021 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that Phillip International Funds will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of the Manager
Phillip Capital Management (S) Ltd

Jeffrey Lee Chay Khiong
Director

23 September 2021

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Independent auditors' report

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Phillip International Funds ("the Fund"), which comprise the Statement of Financial Position and Statement of Portfolio as at 30 June 2021, the Statement of Total Return and Statement of Movement of Unitholders' Funds for the period from 28 August 2020 (date of inception) to 30 June 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS17.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" 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 30 June 2021 and the financial performance and movements in unitholders' funds for the year ended on that date.

Basis for opinion

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

Other information

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair representation of these financial statements in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ responsibilities for the audit of the financial statements

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

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

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

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

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

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore

23 September 2021

Statement of Total Return
Period from 28 August 2020 (inception date) to 30 June 2021

	Note	Global Rising Yield Innovators Fund 2021 S\$
Income		
Dividends		333,974
Other income		9
		333,983
Less:		
Expenses		
Management fees		401,786
Performance fees		1,557,535
Trustee fees		8,988
Custody fees		10,518
Administration fees		8,988
Transaction fees		161,165
Registrar fees		39,532
Audit fees		15,024
Establishment costs		32,000
Interest expense		821
Other expenses		65,813
		2,302,170
Net loss		(1,968,187)
 Net gains or losses on value of investments and financial derivatives		
Net gains on investments		8,104,597
Net losses on foreign exchange		(91,524)
		8,013,073
 Total return for the period before income tax		 6,044,886
Income tax expense	7	(150,872)
Total return for the period after income tax before distribution		5,894,014

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

Statement of Financial Position
As at 30 June 2021

	Note	Global Rising Yield Innovators Fund 2021 S\$
Assets		
Portfolio of investments		39,839,842
Sales awaiting settlement		2,117,521
Receivables	3	164,056
Cash and cash equivalents	4	2,864,278
Total assets		<u>44,985,697</u>
Liabilities		
Payables	5	<u>1,660,023</u>
Total liabilities		<u>1,660,023</u>
Equity		
Net assets attributable to unitholders	6	<u>43,325,674</u>

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

Statement of Movement of Unitholders' Funds
Period from 28 August 2020 (inception date) to 30 June 2021

	Note	Global Rising Yield Innovators Fund 2021 S\$
Net assets attributable to unitholders at the beginning of financial period		-
Operations		
Change in net assets attributable to unitholders resulting from operations		5,894,014
Unitholders' contributions/(withdrawals)		
Creation of units		45,162,551
Cancellation of units		(7,730,891)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		37,431,660
Total increase in net assets attributable to unitholders		43,325,674
Net assets attributable to unitholders at the end of financial period	6	43,325,674

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

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 %
Global Rising Yield Innovators Fund			
By Geography (Primary)			
Quoted Equities			
AUSTRALIA			
Dusk Group Ltd	50,000	184,171	0.43
		184,171	0.43
DENMARK			
Cbrain A/S	37,000	2,490,523	5.75
		2,490,523	5.75
FINLAND			
Admicom Oyj	13,607	1,865,404	4.31
Harvia Oyj	22,000	1,788,566	4.13
Remedy Entertainment Oyj	23,000	1,732,374	4.00
Revenio Group Oyj	29,000	2,954,003	6.82
Verkkokauppa.Com Oyj	190,000	2,532,048	5.84
Ponsse Oyj	12,000	811,072	1.87
		11,683,467	26.97
GERMANY			
CEWE Stiftung & Co KGaA	4,000	832,751	1.92
Einhell Germany AG	2,000	519,672	1.20
Secunet Security Networks AG	1,500	896,674	2.07
Eckert & Ziegler Strahlen- und Medizintechnik AG	20,000	3,071,806	7.09
		5,320,903	12.28
NORWAY			
Borregaard ASA	10,000	293,671	0.68
Kid ASA	10,000	166,205	0.38
		459,876	1.06

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

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 %
Global Rising Yield Innovators Fund			
By Geography (Primary) (continued)			
Quoted Equities (continued)			
SWEDEN			
Fortnox AB	18,000	1,190,524	2.75
Generic Sweden AB	187,266	1,689,509	3.90
Mips AB	36,000	4,164,569	9.61
SwedenCare AB	240,000	4,338,093	10.01
GARO AB	75,000	1,391,019	3.21
Vitrolife AB	4,000	223,569	0.52
		12,997,283	30.00
UNITED KINGDOM			
Focusrite PLC	60,000	1,456,773	3.36
		1,456,773	3.36
UNITED STATES OF AMERICA			
Johnson Outdoors Inc	10,000	1,626,482	3.75
Maxar Technologies Inc	60,000	3,219,628	7.43
		4,846,110	11.18
Total Equities		39,439,106	91.03
Quoted Exchange Traded Fund			
SINGAPORE			
Phillip SGD Money Market ETF	4,000	400,736	0.92
		400,736	0.92
Portfolio of investments		39,839,842	91.95
Other net assets		3,485,832	8.05
Net assets attributable to unitholders		43,325,674	100.00

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

Statement of Portfolio
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 %
Global Rising Yield Innovators Fund		
By Geography (Summary)		
Quoted Equities		
Australia	184,171	0.43
Denmark	2,490,523	5.75
Finland	11,683,467	26.97
Germany	5,320,903	12.28
Norway	459,876	1.06
Sweden	12,997,283	30.00
United Kingdom	1,456,773	3.36
United States of America	4,846,110	11.18
Total Equities	39,439,106	91.03
Quoted Exchange Traded Fund		
Singapore	400,736	0.92
Total Quoted Exchange Traded Fund	400,736	0.92
Portfolio of investments	39,839,842	91.95
Other net assets	3,485,832	8.05
Net assets attributable to unitholders	43,325,674	100.00

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

Statement of Portfolio
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 %
Global Rising Yield Innovators Fund By Industry (Secondary)		
Quoted Equities		
Basic Materials	293,671	0.68
Communications	4,909,137	11.33
Consumer, Cyclical	17,089,658	39.45
Consumer, Non-cyclical	6,249,378	14.42
Industrial	2,721,763	6.28
Technology	8,175,499	18.87
Total Equities	39,439,106	91.03
Quoted Exchange Traded Fund		
Money Market Fund	400,736	0.92
Portfolio of investments	39,839,842	91.95
Other net assets	3,485,832	8.05
Net assets attributable to unitholders	43,325,674	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 International Funds (“the Fund”) is an open ended umbrella unit trust constituted pursuant to a Trust Deed dated 30 July 2020 together with its Supplemental Deeds thereon (hereafter referred to as the “Trust Deed”) between Phillip Capital Management (S) Ltd (the “Manager”) and Citicorp Trustee (Singapore) Limited (the “Trustee”). The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The Fund comprises one sub-fund, Phillip Global Rising Yield Innovators Fund (the “Sub-Fund”), which was launched on 28 August 2020.

The investment objective of the Sub-Fund is to aim to achieve sustainable income streams and long-term capital growth. The Sub-Fund will invest primarily in global stocks with quality businesses who are resilient in economic downturns and generate sustainable long-term shareholders’ returns.

2. Significant accounting policies

2.1 Basis of financial statements preparation

The financial statements, expressed in Singapore Dollars, have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the *Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”* revised and issued by the Institute of Singapore Chartered Accountants.

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

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

For the purposes of preparation of these financial statements, the basis used for calculating the expense ratio and turnover ratio are in accordance with the guidelines issued by the Investment Management Association of Singapore (“IMAS”) and the Code on Collective Investment Schemes under the Securities and Futures Act (Cap 289) (“Code”) respectively.

2.2 *Basis of valuation of investments*

Quoted investments are stated at fair value based on the last traded prices for equities and bid 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.

2.3 *Recognition of income*

Dividend income is recognised in the Statement of Total Return on the date which the sub-fund's right to receive payment is established.

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 *Income tax expense*

The Sub-Fund is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following sources of income are not subjected to Singapore tax at the Sub-Fund level:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which Singapore tax has been withheld); and
- (iii) dividends derived from outside Singapore and received in Singapore.

2.6 *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances and amounts held with brokers. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.7 *Net assets attributable to unitholders*

Net assets attributable to unitholders are classified as equity.

3. Receivables

	Global Rising Yield Innovators Fund 2021 S\$
Receivable from unitholders for creation of units	155,810
Dividends receivable	1,246
Prepayments	7,000
	164,056
	164,056

4. Cash and cash equivalents

	Global Rising Yield Innovators Fund 2021 S\$
Bank balances	2,864,278
	2,864,278

The bank balances are placed with a financial institution related to the Trustee.

5. Payables

	Global Rising Yield Innovators Fund 2021 S\$
Payable to unitholders for cancellation of units	13,133
Accrued operating expenses	1,646,890
	1,660,023
	1,660,023

6. Units in issue

During the period ended 30 June 2021, the number of units issued, redeemed and outstanding were as follows:

	Global Rising Yield Innovators Fund		
	2021		
	Class A	Class B	Total
	SGD	SGD	SGD
Units at beginning of the financial period	-	-	-
Units created	472,650	44,015,009	44,487,659
Units cancelled	(242,725)	(6,798,642)	(7,041,367)
Units at end of the financial period	229,925	37,216,367	37,446,292
Net assets attributable to unitholders – S\$	262,695	43,062,979	43,325,674
Net asset value per unit – S\$	1.1425	1.1571	1.1570

Class A and B SGD Units are offered to investors who invest S\$1,000 and above. All classes constitute the Sub-Fund and are not separate sub-funds. Any expense, income and/or gain which is attributable to a particular class is deducted from or added to (as the case may be) the value of the sub-fund which is attributable to that class. A separate net asset value per unit is calculated for each class.

For subscriptions and redemption and for various fee calculations, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit. For reporting purpose, the investments are valued at the last traded price as at the reporting date.

7. Income tax

	Global Rising Yield Innovators Fund 2021 S\$
Capital gains tax	41,130
Overseas income tax	109,742
	150,872

The overseas income tax charge relates to withholding tax suffered on receipt of distributions from overseas investments.

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 risks

Market risk is the risk of potential adverse change to the value of financial instruments because of changes in market conditions such as interest rate movements and volatility in securities' prices. The Manager manages the Sub-Fund's exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

i. Price risk

Price risk is the risk that the fair values of equities or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The investments of the Sub-Fund are subject to normal market fluctuations and the risks inherent in investing in securities markets and there can be no assurance that appreciation will occur. It is the policy of the Manager to maintain a diversified portfolio of investments so as to minimise the risk. The Manager's preferred strategy is to hold investments for the medium to long term to mitigate the volatility arising from price risk

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

	Global Rising Yield Innovators Fund 2021 S\$
<u>Portfolio of investments:</u>	
Quoted equities	3,943,911
Quoted exchange traded fund	<u>40,074</u>
	<u><u>3,983,985</u></u>

ii. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Sub-Fund is not subject to significant risk of fluctuations in market interest rates as the Sub-Fund's financial assets and liabilities are largely non-interest bearing other than the cash and cash equivalents.

iii. Currency risk

The Sub-Fund is denominated in Singapore Dollars. The Sub-Fund invests in underlying securities which are denominated in foreign currencies where fluctuations in the relevant exchange rates may have an impact on the income and value of the Sub-Fund. The Manager may seek to minimise exposure to foreign currency fluctuation to the extent practicable.

As at 30 June 2021, the concentration of the Sub-Fund's investments is set out in the Statement of Portfolio.

Investments denominated in currencies other than the Sub-Fund's functional currency comprise the following:

	Global Rising Yield Innovators Fund 2021 S\$
Australian Dollar	184,171
Danish Krone	2,490,523
Euro	17,004,370
Norwegian Krone	459,876
Pound Sterling	1,456,773
Swedish Krona	12,997,283
United States Dollar	<u>4,846,110</u>

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

	Global Rising Yield Innovators Fund 2021 S\$
Chinese Yuan (offshore)	<u>760,157</u>

The Sub-Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Sub-Fund.

As at 30 June 2021, with respect to the monetary assets and monetary liabilities of the Sub-Fund, had the Singapore Dollar increased/decreased by 10% against foreign currencies, with all other variables remaining constant, the decrease/increase in net assets attributable to unitholders would be as follows:

	Global Rising Yield Innovators Fund
	Increase/ (Decrease) in net assets attributable to unitholders 2021 S\$
Australian Dollar	18,417
Chinese Yuan (offshore)	76,016
Danish Krone	249,052
Euro	1,700,437
Norwegian Krone	45,988
Pound Sterling	145,677
Swedish Krona	1,299,728
United States Dollar	484,611

b) *Liquidity risk*

The Sub-Fund is exposed to daily redemption of units in the Sub-Fund. Therefore the majority of its assets are invested in investments that are traded in an active market and can be readily disposed of.

c) *Credit risk*

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

The Sub-Fund is exposed to counterparty credit risk on trading derivative products, cash and bank balances and other receivable balances.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund may also enter into derivative contracts to manage exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Sub-Fund is also exposed to the risk that amounts held with counterparties for derivative contracts may not be recoverable in the event of any default by the parties concerned.

d) Fair value estimation

Except for investments which are measured at fair value, at 30 June 2021, the fair values of the other assets and liabilities approximate their carrying values on the Statement of Financial Position due to their short period to maturity.

The fair value of the investments 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 investments held by the Sub-fund are the last traded price for equity securities where the last traded price falls within the bid-ask spread.

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2021:

Global Rising Yield Innovators Fund	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2021				
Assets				
Quoted equities	39,439,106	-	-	39,439,106
Quoted exchange traded fund	400,736	-	-	400,736

9. Related parties

In the normal course of business of the Sub-Fund, management and performance fees and trustee fees have been paid or are payable to the Manager and the Trustee respectively as noted in the Statement of Total Return.

In addition, the bank holding company and related parties of the Trustee have also provided custodian, banking, foreign exchange, fund administration and brokerage services to the Sub-Fund in the normal course of business at terms agreed between the parties and within the provisions of the Trust Deed.

The Manager may also use the services of related parties to carry out transactions involving the purchase and sale of securities.

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

	Note	Global Rising Yield Innovators Fund 2021 S\$
Bank balances held with a related party of the Trustee	4	2,864,278
Brokerage fees paid to a related party of the Trustee		<u>13,451</u>

10. Financial ratios

		Global Rising Yield Innovators Fund 2021
Expense ratio		
Class A - SGD		
Total operating expenses	S\$	3,557
Average daily net asset value	S\$	207,501
Expense ratio (annualised) ^(Note 1)	%	<u>2.04</u>
Class B - SGD		
Total operating expenses	S\$	579,093
Average daily net asset value	S\$	37,935,951
Expense ratio (annualised) ^(Note 1)	%	<u>1.81</u>

**Global Rising
Yield Innovators
Fund
2021**

Turnover ratio

Lower of total value of purchases or sales	S\$	35,772,341
Average daily net asset value	S\$	38,143,452
Turnover ratio ^(Note 2)	%	93.78

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

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

The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The average net asset value is based on the daily balances.

Note 2: The turnover ratio is calculated in accordance with the formula stated in the Code. The calculation of the turnover ratio is based on the total value of purchases (or sales) of the underlying investments divided by the weighted average daily net asset value. The total value of purchase (or sales) do not include brokerage and other transaction costs.

11. Comparative Information

No comparative figures are presented as this is the first set of financial statements prepared by the Fund since its launch.

Important Information

Phillip Global Rising Yield Innovators Fund (the “Sub-Fund”) is a sub-fund of Phillip International 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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