

Phillip Select Fund

SEMI-ANNUAL REPORT

For the period ended 31 March 2022 (unaudited)



Phillip Capital Management

(A member of PhillipCapital)

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Phillip Select Fund

Manager

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Trustee & Registrar

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Custodian and Fund Administrator

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MANAGER'S INVESTMENT REPORT

For the half-year ended 31 March 2022, the Fund (Class I SGD) achieved a total return of +1.01% (net of distribution, fees, and withholding tax). For the half-year, the Fund paid out a distribution of 3.55 cents.

For the same period, the major contributors to the Fund's return were from positions Suntec Reit (+26.91%), CDL Hospitality Trusts (+27.18%), Capitaland integrated Commercial Trust (+13.71%), and Mapletree North Asia Commercial Trust (+31.87%). The detractors were Keppel-DC REIT (-6.56%) and Ascendas India Trust which lost 6.56% and 14.37% respectively.

The overall S-REIT performance was mostly attributed to the implementation of the streamlined COVID measures and borders reopening that were positive for the S-REIT sectors affected by the pandemic. The reopening plays, such as retail, office, and hospitality, which have benefitted from the relaxation of COVID-19 measures and reopening of travel borders, have outperformed industrials and data centers despite macroeconomic concerns. Overall, industrial REITs underperformed, falling 3.4% even Mapletree Industrials Reits and Mapletree Logistics Trusts reported strong 10.0% and 5.5% YoY growth in FY22 DPU. They lagged due to investors rotating into reopening plays. Meanwhile, higher electricity costs weighed on the Data center's REIT given concerns over downside risk to DPU and potential difficulties faced by their co-location tenants.

Since the beginning of the year, market volatility has been looming as global economies are confronted with three major shocks. SREITs have not been spared. The first shock was China's Omicron wave and related lockdowns, and the second shock was the war in Ukraine and the related higher commodity prices. The FED tightening is a negative shock for Asian economies where the impact Asia and Singapore's growth and sectors can be significant. The global economy move to a new era of global shortages and inflationary pressures will continue to push the Fed on a Quantitative overdrive, setting in motion further spikes in short-and-long-yields.

Market Outlook & strategy

We are taking a more cautious view on SREITs given the near-term developments. With significant outperformance of reopening trades and corporate actions over the last 6-12 months and a majority of COVID relaxation already announced, the fund recently took profits on Suntec Reit, Fraser Hospitality Reit, and Mapletree North Asia Commercial Trust.

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 expect the demand for industrial spaces to be sustainable in 2022 due to structural trends such as e-commerce and supply-chain diversification/expansion. Data centers are also expected to have a growth in expansion due to the growing appetite for digital solutions and 5G. The number of 5G subscriptions is expected to exceed 660m as of end-2021 (Ericsson, Nov 2021) while Data centre systems spending in 2022 was already forecasted to reach US\$207b, a 5.8% YoY growth (Garner, Oct 2021). Retail segment valuation is relatively fair at 1 Price-to book while its dividend yield of 5.15% is among the best. Its performance and rental growth will remain to be in favour of the suburban malls until sizable inbound traffic returned to support the central malls.

Nevertheless, SREITS inorganic growth will be limited and selective acquisitions as cap rate spreads continue to tighten. Some are concerned mainly about the rise of short yields which could impact DPUs when refinancing occurs, mainly S-REITs have 30-50% of the debts due for refinancing over the course of 2H22 -2023. While the SREITs are not spared by the rising interest rate environment, they can still outperform in instances when the yield curve flattens (i.e., fear of recession sets in), which we might see in 2H22-2023.

Against a backdrop of recessionary concerns, we think SREITs remain a haven. In the longer term, SREITs remain a good asset class as they represent ownership of real estate. REITs pay high and relatively sustainable dividends and hence are a haven through heightened volatility.

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2022 (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 page 12 to 13.

2. Schedule of investments by asset class

Phillip Singapore Real Estate Income Fund

Asset Class	Fair value at 31 March 2022 S\$	Percentage of total net assets attributable to unitholders at 31 March 2022 %
Real Estate Investment Trusts	54,644,483	94.19
Exchange Traded Funds / Investment Funds	1,693,115	2.92
Cash and cash equivalents	2,823,726	4.87
Other net assets	(1,146,299)	(1.98)
	58,015,025	100.00

3. Top 10 holdings

10 largest holdings at 31 March 2022	Fair value at 31 March 2022 S\$	Percentage of total net assets attributable to unitholders at 31 March 2022 %
Capitaland Integrated Commercial Trust	6,371,773	10.98
Ascendas Real Estate Investment Trust	6,159,777	10.62
Mapletree Logistics Trust	5,400,379	9.31
Mapletree Industrial Trust	5,391,384	9.29
Keppel DC REIT	4,838,064	8.34
Mapletree Commercial Trust	4,368,357	7.53
Frasers Centrepoint Trust	2,910,688	5.02
Suntec Real Estate Investment Trust	1,813,000	3.13
Capitaland China Trust	1,769,054	3.05
Manulife US Real Estate Investment Trust	1,756,474	3.03

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2022 (unaudited)

3. Top 10 holdings (continued)

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

4. Exposure to financial derivatives

	Fair value at 31 March 2022 S\$	Percentage of total net assets attributable to unitholders 31 March 2022 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Futures contracts	-	-	-	(70,000)
Share purchase rights	18,773	0.03	(11,873)	-

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:

- the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangement;
- the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- the sum of the values of cash collateral received pursuant to:
 - the reduction of exposure to counterparties of OTC financial derivatives; and
 - EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

6. Collateral

Nil

7. Securities lending or repurchase transactions

Nil.

Report to Unitholders

For the period ended 31 March 2022 (unaudited)

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 page 12 to 13.

9. Amount and percentage of borrowings of total fund size as at 31 March 2022

Nil.

10. Amount of units created and cancelled for the financial period ended 31 March 2022

	Class A SGD	Class A USD	Class I SGD	Class I USD
	S\$	S\$	S\$	S\$
Total amount of redemptions	(18,123,236)	(134,919)	(5,695,121)	-
Total amount of subscriptions	13,934,512	428,015	552,039	2,965

11. Turnover ratio

		31 March 2022	31 March 2021
Lower of total value of purchases or sales	S\$	12,479,013	10,606,200
Average daily net asset value	S\$	59,763,631	60,647,091
Total turnover ratio ^{Note 2}	%	<u>20.88</u>	<u>17.49</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 2022	31 March 2021
Class A SGD Units			
Total operating expenses	S\$	685,102	460,231
Average daily net asset value	S\$	44,378,465	30,524,623
Total expense ratio ^{Note 1}	%	<u>1.54</u>	<u>1.51</u>

		31 March 2022	31 March 2021
Class A USD Units			
Total operating expenses	S\$	15,161	12,555
Average daily net asset value	S\$	990,594	824,017
Total expense ratio ^{Note 1}	%	<u>1.53</u>	<u>1.52</u>

		31 March 2022	31 March 2021
Class I SGD Units			
Total operating expenses	S\$	180,863	267,146
Average daily net asset value	S\$	16,921,813	25,745,899
Total expense ratio ^{Note 1}	%	<u>1.07</u>	<u>1.04</u>

Report to Unitholders
For the period ended 31 March 2022 (unaudited)**12. Expense ratio (continued)**

		31 March 2022	31 March 2021
Class I USD Units			
Total operating expenses	S\$	2,003	1,869
Average daily net asset value	S\$	188,845	180,351
Total expense ratio ^{Note 1}	%	<u>1.06</u>	<u>1.04</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.

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2022 (unaudited)

13. Performance of the Sub-Fund as at 31 March 2022

	Class A SGD	Class A USD	Class I SGD	Class I USD	Benchmark Performance (Net Total Return) SGD	Benchmark Performance (Price Return) SGD
Cumulative (%)*						
3 months	0.71	0.25	0.76	0.40	0.94	-0.12
6 months	0.98	1.08	1.01	1.41	2.36	0.26
1 year	1.56	0.62	1.78	1.12	3.72	-0.36
3 years	6.38	11.77	7.65	13.09	14.93	1.72
5 years	27.35	38.62	30.12	41.57	46.25	16.72
10 years	97.09	-	104.96	-	139.35	43.88
Since inception **	109.98	43.63	118.86	51.35	149.54	45.19
Annualised (%)						
1 year	1.56	0.62	1.78	1.12	3.72	-0.36
3 years	2.08	3.78	2.49	4.18	4.75	0.57
5 years	4.95	6.75	5.41	7.20	7.90	3.14
10 years	7.02	-	7.44	-	9.12	3.70
Since inception **	7.29	4.20	7.72	5.37	9.07	3.60

* Cumulative returns are calculated on a bid to bid basis, while offering quarterly distributions to unitholders. The Benchmark for which the Sub-Fund is measured against is the iEdge S-REIT Index (Net Total Return) 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.

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:

Report to Unitholders**For the period ended 31 March 2022 (unaudited)****14. Related party transactions (continued)**

	Phillip Singapore Real Estate Income Fund	
	31 March 2022	31 March 2021
	S\$	S\$
Brokerage fees paid to:		
- a related party of the Manager	4,040	15,424
- a related party of the Trustee	-	-
Bank balances held with related parties of the Trustee	<u>2,625,305</u>	<u>12,300,333</u>

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 2022 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2022	31 March 2021
	S\$	S\$
Income		
Dividends	1,317,354	1,276,383
Interest on cash and bank balances	7	-
	<u>1,317,361</u>	<u>1,276,383</u>
Less: Expenses		
Management fee	325,407	304,001
Management fee rebate	-	(148)
Registrar fee	2,979	3,022
Trustee fee	11,916	12,089
Custody fee	28,597	31,830
Audit fee	7,479	7,440
Valuation fee	11,916	12,089
Transaction costs	71,643	85,917
Other expenses	24,534	30,660
	<u>484,471</u>	<u>486,900</u>
Net income	<u>832,890</u>	<u>789,483</u>
Net gains or losses on value of investments and financial derivatives		
Net gains on investments	414,058	1,978,081
Net losses on foreign exchange	(6,597)	(9,155)
Net losses on financial derivatives	(81,873)	(497,949)
	<u>325,588</u>	<u>1,470,977</u>
Total return for the financial period before income tax	1,158,478	2,260,460
Less: Income tax	(128,056)	(141,903)
Total return for the financial period after income tax	<u>1,030,422</u>	<u>2,118,557</u>

Statement of Financial Position
As at 31 March 2022 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2022	30 September 2021
	S\$	S\$
Assets		
Portfolio of investments	56,337,598	63,175,422
Sales awaiting settlement	-	680,484
Receivables	500,368	1,575,062
Cash and cash equivalents	2,823,726	5,243,128
Financial derivatives at fair value	18,773	-
Total assets	59,680,465	70,674,096
Liabilities		
Payables	1,665,440	1,633,533
Purchases awaiting settlement	-	2,032,170
Total liabilities	1,665,440	3,665,703
Equity		
Net assets attributable to unitholders	58,015,025	67,008,393

Statement of Movements of Unitholders' Funds
For the period ended 31 March 2022 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2022	30 September 2021
	S\$	S\$
Net assets attributable to unitholders at the beginning of the financial period/year	67,008,393	64,908,816
Operations		
Change in net assets attributable to unitholders resulting from operations	1,030,422	1,986,519
Unitholders' contributions/(withdrawals)		
Creation of units	14,917,531	53,704,100
Cancellation of units	(23,953,276)	(51,016,892)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(9,035,745)	2,687,208
Distributions	(988,045)	(2,574,150)
Total (decrease)/increase in net assets attributable to unitholders	(8,993,368)	2,099,577
Net assets attributable to unitholders at the end of the financial period/year	58,015,025	67,008,393

Statement of Portfolio
As at 31 March 2022 (unaudited)

Phillip Singapore Real Estate Income Fund

By Geography (Primary)

	Holdings at 31 March 2022	Fair value at 31 March 2022 S\$	Percentage of total net assets attributable to unitholders at 31 March 2022 %
Quoted			
HONG KONG SAR			
Hui Xian Real Estate Investment Trust	300,000	72,968	0.13
Link REIT	64,000	741,011	1.28
		<u>813,979</u>	<u>1.41</u>
SINGAPORE			
AIMS APAC REIT	517,175	718,873	1.24
ARA LOGOS Logistics Trust	204,600	173,910	0.30
Ascendas India Trust	1,251,600	1,489,404	2.57
Ascendas Real Estate Investment Trust	2,102,313	6,159,777	10.62
Ascott Residence Trust	500,061	565,069	0.97
Capitaland China Trust	1,462,028	1,769,054	3.05
Capitaland Integrated Commercial Trust	2,831,899	6,371,773	10.98
CDL Hospitality Trusts	1,028,420	1,326,662	2.29
Cromwell European Real Estate Investment Trust	128,700	441,856	0.76
Digital Core REIT Management Pte Limited	30,000	45,066	0.07
EC World Real Estate Investment Trust	300,000	219,000	0.38
ESR-REIT	1,586,974	682,399	1.18
Far East Hospitality Trust	1,576,100	1,024,465	1.77
Frasers Centrepoint Trust	1,192,905	2,910,688	5.02
Frasers Hospitality Trust	743,013	397,512	0.69
Frasers Logistics & Commercial Trust	259,731	379,207	0.65
IREIT Global	546,500	344,295	0.59
Keppel DC REIT	2,121,958	4,838,064	8.34
Keppel Pacific Oak US REIT	888,000	883,301	1.52
Keppel REIT	227,094	277,055	0.48
Lendlease Global Commercial REIT	1,177,000	912,175	1.57
Lippo Malls Indonesia Retail Trust	17	1	-
Manulife US Real Estate Investment Trust	1,922,780	1,756,474	3.03
Mapletree Commercial Trust	2,311,300	4,368,357	7.53
Mapletree Industrial Trust	2,004,232	5,391,384	9.29
Mapletree Logistics Trust	2,919,124	5,400,379	9.31
Mapletree North Asia Commercial Trust	28,751	35,364	0.05
OUE Commercial Real Estate Investment Trust	2,286,640	960,389	1.66
Parkway Life Real Estate Investment Trust	170,612	801,876	1.38
Phillip SGX APAC Dividend Leaders REIT ETF	1,127,600	1,597,809	2.75
Prime US REIT	350,000	357,621	0.62
Sasseur Real Estate Investment Trust	562,300	475,144	0.82
Starhill Global REIT	886,738	540,910	0.93
Suntec Real Estate Investment Trust	1,036,000	1,813,000	3.13
		<u>55,428,313</u>	<u>95.54</u>
UNITED STATES OF AMERICA			
Proshares VIX Short-Term Futures ETF	4,250	95,306	0.16
		<u>95,306</u>	<u>0.16</u>
Portfolio of investments		56,337,598	97.11
Other net assets		1,677,427	2.89
Net assets attributable to unitholders		<u>58,015,025</u>	<u>100.00</u>

Statement of Portfolio
As at 31 March 2022 (unaudited)

Phillip Singapore Real Estate Income Fund

By Geography (Summary)

	Fair value at 31 March 2022 S\$	Percentage of total net assets attributable to unitholders at 31 March 2022 %	Percentage of total net assets attributable to unitholders at 30 September 2021 %
Quoted			
Hong Kong SAR	813,979	1.41	1.25
Singapore	55,428,313	95.54	92.88
United States of America	95,306	0.16	0.15
Portfolio of investments	56,337,598	97.11	94.28
Other net assets	1,677,427	2.89	5.72
Net assets attributable to unitholders	58,015,025	100.00	100.00

Phillip Singapore Real Estate Income Fund

By Industry (Secondary)

	Fair value at 31 March 2022 S\$	Percentage of total net assets attributable to unitholders at 31 March 2022 %	Percentage of total net assets attributable to unitholders at 30 September 2021 %
Real Estate Investment Trust*	56,242,292	96.95	94.13
Financial	95,306	0.16	0.15
Portfolio of investments	56,337,598	97.11	94.28
Other net assets	1,677,427	2.89	5.72
Net assets attributable to unitholders	58,015,025	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.

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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