

# **Phillip Universal Funds - Phillip Global Quality Fund**

## **Semi-Annual Report**

*Period from 1 January 2022 to 30 June 2022 (Unaudited)*

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

The Phillip Global Quality Fund delivered a negative half-year performance as at end-June 2022. The "SGD Dis" class was delivered total return of -15.2 % while the "SGD Hedged Dis" class had total return of -18.1%.

The calendar year 2022 started on a generally bright note. Concerns around the spread of Covid-19 and its variants, at least where the markets are concerned, had more or less dissipated as social restrictions globally are being progressively liberalised. However, the spectre of inflation loomed larger and larger as the year progressed. High inflation rates, and indeed in relation the aggressive rate hikes that global central banks led by the US Federal Reserve had initiated to combat this, have continued to haunt markets through the year so far. Inflation was worsened further due to the Russia-Ukraine conflict that erupted during this period. In recent weeks, talk of recession has increasingly come to the fore. There are increasing fears that tightening monetary policy which becomes too aggressive is going to overly sap demand and crimp economic growth; these fears are further exacerbated by the leveraging that has occurred over the past decade due to easy monetary policy.

The investment climate has thus not been favourable for equity markets, including US markets where the Fund has majority exposure to, through this half year, hence culminating in the negative fund performance over this period. For comparison, the S&P 500 index in the US has dropped 18.1% (in Singapore dollar terms) over this period.

The Fund is a feeder fund into the GMO Quality Investment Fund domiciled in Ireland, which seeks to invest primarily in quality global stocks. 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. We believe their resilient nature means the investor should have confidence in the performance of such a portfolio over the long term.

Report to unitholders<sup>1</sup>

a) I Investments classified by geography

	Fair Value at 30/06/2022 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2022 %
<b>By Geography (Summary)</b>		
Singapore	11,899,815	98.50
<b>Portfolio of investments</b>	11,899,815	98.50
<b>Other net assets</b>	181,558	1.50
<b>Net assets attributable to unitholders</b>	12,081,373	100.00

a) II Investments classified by industry

	Fair Value at 30/06/2022 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2022 %
<b>By Industry (Summary)</b>		
Equity Funds	11,899,815	98.50
<b>Portfolio of investments</b>	11,899,815	98.50
<b>Other net assets</b>	181,558	1.50
<b>Net assets attributable to unitholders</b>	12,081,373	100.00

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

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

	<b>Fair Value at 30/06/2022 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2022 %</b>
Equity funds	11,899,815	98.50
<b>Portfolio of investments</b>	11,899,815	98.50
<b>Other net assets</b>	181,558	1.50
<b>Net assets attributable to unitholders</b>	12,081,373	100.00

b) **Top Ten Holdings**

<b><u>10 Largest Holdings at 30 June 2022</u></b>	<b>Fair Value at 30/06/2022 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2022 %</b>
GMO Quality Investment Fund - Class ZH	10,313,651	85.37
GMO Quality Investment Fund - Class Z	1,586,164	13.13

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

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- c) (i) Exposure to Derivatives as at 30 June 2022.  
Nil
- c) (ii) Gains/Losses on derivative contracts realised for the period from 1 January 2022 to 30 June 2022  
Nil
- c) (iii) Gains/Losses on outstanding derivative contracts marked to market as at 30 June 2022  
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 2022.
- |       | S\$        | %     |
|-------|------------|-------|
| Funds | 11,899,815 | 98.50 |
- f) Amount and percentage of borrowings of total fund size as at 30 June 2022.  
Nil
- g) Amount of redemptions and subscriptions for the period from 1 January 2022 to 30 June 2022.
- |                               |                |
|-------------------------------|----------------|
| Total amount of redemptions   | S\$ 12,416,506 |
| Total amount of subscriptions | S\$ 7,448,261  |
- h) Amount of related party transactions for the period from 1 January 2022 to 30 June 2022
- |  |             |
|--|-------------|
| Bank balances held with a related party of the Trustee | S\$ 261,689 |
|--|-------------|

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i) **Performance of the Fund as at 30 June 2022**

	<b>Class Dis</b>	<b>Class Hedged Dis</b>
	<b>SGD</b>	<b>SGD</b>
<b>Cumulative (%)*</b>		
3 months	-9.94	-12.61
6 months	-15.87	-18.75
1 year	-8.92	-13.04
Since inception	2.50	-3.70
<b>Annualised (%)</b>		
1 year	-8.92	-13.04
Since inception	1.85	-2.76

\*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**

		<b>2022</b>	<b>2021</b>
<b>Class Dis</b>			
Total operating expenses	S\$	68,283	33,148
Average daily net asset value	S\$	2,924,596	3,136,897
Expense ratio (annualised) <sup>(Note 1)</sup>	%	2.41	3.11
<b>Class SGD Hedged Dis</b>			
Total operating expenses	S\$	337,443	104,043
Average daily net asset value	S\$	14,233,595	9,064,279
Expense ratio (annualised) <sup>(Note 1)</sup>	%	2.45	3.37

Note 1: 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.



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k) **Turnover Ratio**

		<b>2022</b>	<b>2021</b>
Lower of total value of purchases or sales	S\$	5,801,854	195,000
Average daily net asset value	S\$	15,607,005	12,201,176
Turnover ratio <sup>(Note 2)</sup>	%	<u>37.17</u>	<u>1.60</u>

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 lower of purchases (or sales) of the underlying investments expressed as a percentage of average daily net asset value. The total value of purchase (or sales) do 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 2022

<u><b>10 Largest Holdings at 30 June 2022</b></u>	<b>Fair Value at 30/06/2022 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2022 %</b>
Microsoft Corp	40,302,769.58	6.8
UnitedHealth Group Inc	28,805,056.04	4.9
Apple Inc	26,855,162.84	4.5
US Bancorp	21,083,185.84	3.6
Coca-Cola Co/The	19,871,555.16	3.3
Wells Fargo & Co	19,238,525.25	3.2
Alphabet Inc	18,743,174.56	3.2
Johnson & Johnson	18,735,564.19	3.2
Texas Instrument Inc	18,573,254.81	3.1
Accenture PLC	17,593,042.64	3.0

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(ii) Expense ratios for the period ended 30 June 2022

		<b>2022</b>
<b>Class SGD Dis</b>		
Total operating expenses	S\$	834
Average daily net asset value	S\$	2,291,276.54
Expense ratio <sup>(*)</sup> (annualised)	%	0.076
<b>Class SGD Hedged Dis</b>		
Total operating expenses	S\$	4,830
Average daily net asset value	S\$	13,018,332.12
Expense ratio <sup>(*)</sup> (annualised)	%	0.076

\*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 2022

		<b>2022</b>
Lower of total value of purchases or sales	S\$	129,068,658.81
Average daily net asset value	S\$	584,822,135.99
Turnover ratio	%	<u>22.1</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.

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**Statement of Total Return**

Period ended 30 June 2022

	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>S\$</b>	<b>S\$</b>
<b>Income</b>		
Dividends	-	-
	-	-
Less:		
<b>Expenses</b>		
Management fees	116,545	64,047
Trustee fees	6,168	1,281
Custody fees	5,507	1,632
Administration fees	6,168	1,281
Registrar fees	27,527	10,229
Audit fees	7,439	6,125
Establishment costs	-	40,500
Other expenses	25,185	12,096
	194,539	137,191
<b>Net loss</b>	<b>(194,539)</b>	<b>(137,191)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net (losses)/gains on investments	(2,797,546)	1,155,490
	(2,797,546)	1,155,490
<b>Total return for the period before income tax</b>	<b>(2,992,085)</b>	<b>1,018,299</b>
Income tax expense	-	-
<b>Total return for the period after income tax before distribution</b>	<b>(2,992,085)</b>	<b>1,018,299</b>
Distribution	(169,930)	-
<b>Total return for the period after income tax and distribution</b>	<b>(3,162,015)</b>	<b>1,018,299</b>

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**Statement of Financial Position**

As at 30 June 2022

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>S\$</b>	<b>S\$</b>
<b>Assets</b>		
Portfolio of investments	11,899,815	19,743,507
Cash and cash equivalents	261,689	552,616
<b>Total assets</b>	<u>12,161,504</u>	<u>20,296,123</u>
<b>Liabilities</b>		
Payables	80,131	84,490
<b>Total liabilities</b>	<u>80,131</u>	<u>84,490</u>
<b>Equity</b>		
Net assets attributable to unitholders	<u>12,081,373</u>	<u>20,211,633</u>

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**Statement of Movement in Unitholders' Funds**

Period ended 30 June 2022

	<b>30/06/2022</b>	<b>31/12/2021</b>
	<b>S\$</b>	<b>S\$</b>
<b>Net assets attributable to unitholders at the beginning of financial period</b>	20,211,633	-
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	(3,162,015)	2,413,940
<b>Unitholders' Contributions/(withdrawals)</b>		
Creation of units	7,448,261	20,786,572
Cancellation of units	(12,416,506)	(2,988,879)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(4,968,245)	17,797,693
Total (decrease)/increase in net assets attributable to unitholders	(8,130,260)	20,211,633
<b>Net assets attributable to unitholders at the end of financial period</b>	<u>12,081,373</u>	<u>20,211,633</u>

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**Statement of Portfolio**

As at 30 June 2022

	<b>Holdings as at 30/06/2022</b>	<b>Fair value as at 30/06/2022 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2022 %</b>
<b>By Geography (Primary)</b>			
<b>Quoted Investment Funds</b>			
<b>Singapore</b>			
GMO Quality Investment Fund - Class Z	74,503	1,586,164	13.13
GMO Quality Investment Fund - Class ZH	512,098	10,313,651	85.37
		<u>11,899,815</u>	<u>98.50</u>
<b>Portfolio of investments</b>		11,899,815	98.50
<b>Other net assets</b>		181,558	1.50
<b>Net assets attributable to unitholders</b>		<u>12,081,373</u>	<u>100.00</u>

**PHILLIP UNIVERSAL FUNDS  
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**Statement of Portfolio (continued)**

As at 30 June 2022

	Fair value as at 30/06/2022 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2022 %	Percentage of total net assets attributable to unitholders as at 31/12/2021 %
<b>By Geography (Summary)</b>			
<b>Quoted Investment Funds</b>			
Singapore	11,899,815	98.50	97.68
<b>Portfolio of investments</b>	11,899,815	98.50	97.68
<b>Other net assets</b>	181,558	1.50	2.32
<b>Net assets attributable to unitholders</b>	12,081,373	100.00	100.00

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**Statement of Portfolio (continued)**

As at 30 June 2022

	Fair value as at 30/06/2022 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2022 %	Percentage of total net assets attributable to unitholders as at 31/12/2021 %
<b>By Industry (Secondary)</b>			
<b>Quoted</b>			
Equity Funds	11,899,815	98.50	97.68
<b>Portfolio of investments</b>	11,899,815	98.50	97.68
<b>Other net assets</b>	181,558	1.50	2.32
<b>Net assets attributable to unitholders</b>	12,081,373	100.00	100.00



### **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

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Given the economic and market risks, there can be no assurance that the Sub-Fund will achieve its investment objectives. Investments in the Sub-Fund are not deposits or other obligations of, or guaranteed, or insured by the Manager or the distributors or their affiliates and are subject to investment risks, including the possible loss of the full principal amount invested. Returns may be affected by, among other things, the investment strategies or objectives of the Sub-Fund and material market and economic conditions. The value of the units and the income from them can fall as well as rise. Past performance is not necessarily indicative of the future performance of the Sub-Fund.

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