

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of the Phillip MSCI Singapore Daily (-1x) Inverse Product (the “Product”), a sub-fund of the Phillip Strategy Funds (the “Fund”), and complements the Prospectus<sup>1</sup>.
- It is important to read the Prospectus before deciding whether to purchase units in the Product (“Units”). If you do not have a copy, please contact us to ask for one.
- You should not invest in the Product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the Units, you will need to make an application in the manner set out in the Prospectus.

**PHILLIP MSCI SINGAPORE DAILY (-1X) INVERSE PRODUCT  
PHILLIP STRATEGY FUNDS**

|   |   |                            |                                    |
|---|---|----------------------------|------------------------------------|
| SGX-ST counter name (SGX-ST stock code) | Primary: PHIL Short SiMSCI-1X S\$ (SSS)<br>Secondary: PHIL Short SiMSCI-1X US\$ (SSU)   | SGX-ST Listing Date        | 1 December 2021                    |
| Product Type                            | Exchange Traded Fund<br>The Units are Specified Investment Products and capital markets products other than Prescribed Capital Markets Products | Designated Market Maker    | Phillip Securities Pte. Ltd.       |
| Manager                                 | Phillip Capital Management (S) Ltd  | Underlying Reference Asset | MSCI Singapore Index (the “Index”) |
| Investment Manager                      | N/A   | Traded Currency            | Primary: S\$<br>Secondary: US\$    |
| Expense ratio                           | N/A   | Board Lot Size             | 1 Unit                             |

**PRODUCT SUITABILITY**

**WHO IS THE PRODUCT SUITABLE FOR?**

- The Product is only suitable for investors who:
  - are sophisticated trading-oriented investors;
  - are able to constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in futures investments;
  - wish to gain inverse exposure to the Index; and
  - are prepared to lose the entire value of their investments
- The Product is designed to be used as a short term trading tool for market timing or hedging purposes and are not appropriate for long term (longer than one day) investment.

Further Information

Refer to Section A of Appendix II to the Prospectus for further information on product suitability.

**KEY PRODUCT FEATURES**

**WHAT ARE YOU INVESTING IN?**

- You are investing in a Product that provides investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the daily performance of the Index.
- The Index is compiled and maintained by MSCI Inc. and is designed to measure the performance of the large and mid-cap segments of the Singapore market. The Index is reviewed quarterly—in February, May,

Refer to <https://www.msci.com/index-methodology/> for information on the value of the Index and the Index's

<sup>1</sup> The Prospectus is available for collection at the Manager’s registered office at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, from Monday to Friday during normal business hours, or accessible at [www.phillipfunds.com](http://www.phillipfunds.com).

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| <p>August and November. During the May and November semi-annual index reviews, the Index is rebalanced and the large and mid capitalisation cutoff points are recalculated.</p> <ul style="list-style-type: none"> <li>The Manager will not be declaring any distributions to investors in respect of the Product.</li> </ul>  | <p>construction methodology.</p>  |
| <b>Investment Strategy</b>   |   |
| <ul style="list-style-type: none"> <li>The Manager employs a futures-based synthetic replication strategy through investing directly in the SiMSCI Futures (ie. taking short futures positions by selling the SiMSCI Futures in order to track the performance of a short position of the Index) to obtain the required exposure to the Index.</li> <li>In entering into the SiMSCI Futures, the Manager anticipates that no more than 20% of the Net Asset Value of the Product from time to time will be placed in the futures margin account balance to support the Product's positions in SiMSCI Futures.</li> <li>Subject to the provisions of the Code, the Manager may also invest into unlisted securities (such as fixed income/money market funds) and fixed income/money market ETFs. Such unlisted securities and/or ETFs may include those managed by the Manager.</li> <li>The Manager may invest 30% or more of the Net Asset Value of the Product in the Phillip Money Market Fund and/or the Phillip SGD Money Market ETF. The investment approach of the Manager in the Phillip Money Market Fund is to invest primarily in short term, high quality money market instruments and debt securities. The investment approach of the Manager in the Phillip SGD Money Market ETF is to invest all or substantially all of its assets in high quality debt and money market instruments, and deposits with eligible financial institutions.</li> <li>The Product's global exposure to financial derivative instruments will not exceed 100% of its Net Asset Value (i) at the time of daily rebalancing of the Product; and (ii) between each daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used.</li> <li>The Product will rebalance its position on a day when the SGX-ST and the SGX-DT are open for trading (i.e. a business day). On such days, the Product will seek to rebalance its portfolio at or near the close of trading of the T session on the SGX-DT, by increasing exposure in response to the Index's daily gains or reducing exposure in response to the Index's daily losses, so that its daily inverse exposure ratio to the Index is consistent with the Product's investment objective.</li> </ul> | <p>Refer to Section B of Appendix II to the Prospectus setting out the description of the investment objective, approach and strategy of the Product.</p>                                     |
| <b>Parties Involved</b>  |   |
| <p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>The Manager is Phillip Capital Management (S) Ltd.</li> <li>The Trustee and Registrar is HSBC Institutional Trust Services (Singapore) Limited.</li> <li>The Custodian is The Hongkong and Shanghai Banking Corporation Limited.</li> </ul>   | <p>Refer to Paragraphs 8.1, 8.2, 8.5, 8.6 and 8.8 of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p> |
| <b>KEY RISKS</b>   |   |
| <p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b></p>   | <p>Refer to Paragraphs 6 and 7 of, and</p>  |

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| <p><b>The price of Units and any income earned on the Units may go down as well as up, and you may not get back the amount you have invested in the Product. The risk factors below may cause you to lose some or all of your investment. However, these risk factors identified are not exhaustive and you should refer to the Prospectus for a fuller description of the risk factors.</b></p>  | <p>Section G of Appendix II to, the Prospectus for further information on the risks of the Product.</p>     |  |   |
| <p><b>Market and Credit Risks</b></p>   |   |  |   |
| <ul style="list-style-type: none"> <li>• <b>You are exposed to market risk.</b> <ul style="list-style-type: none"> <li>○ The Net Asset Value of the Units will fluctuate with changes in the market value of the securities and/or Futures Contracts held by the Product. Investors in the Product are exposed to the same risks that investors who invest directly in the securities and/or Futures Contracts would face.</li> </ul> </li> </ul>   |   |  |   |
| <p><b>Liquidity Risks</b></p>   |   |  |   |
| <ul style="list-style-type: none"> <li>• <b>Creation and Redemption through Participating Dealers.</b> <ul style="list-style-type: none"> <li>○ Investors may generally not create or redeem Units directly with the Manager and in any event can only create or redeem Units through Participating Dealers if investors are clients of the relevant Participating Dealer (subject to such terms and conditions as the Participating Dealer may impose). The Participating Dealers are under no obligation to agree to do so on behalf of any investor and may impose terms and conditions in connection with such creation or redemption orders from investors. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine.</li> </ul> </li> </ul>   | <p>Refer to Paragraph 6.10 of the Prospectus for situations in which trading of Units may be suspended.</p> |  |   |
| <p><b>Product-Specific Risks</b></p>  |   |  |   |
| <ul style="list-style-type: none"> <li>• <b>You are exposed to long term holding risk.</b> <ul style="list-style-type: none"> <li>○ The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than (-1x) the gain in the Index).</li> </ul> </li> <li>• <b>You are exposed to path dependency risk.</b> <ul style="list-style-type: none"> <li>○ The Product should not be equated with seeking an inverse position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical daily inverse performance of the Index over a certain period may not be “symmetrical” to the point-to-point performance of the Index over the same period of time due to the effect of “path dependency” and compounding of the daily returns of the Index.</li> <li>○ Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one business day. The performance of the Product, when held overnight, may deviate from the inverse performance of the Index.</li> <li>○ Investors should note that due to the effect of “path dependency” and compounding of the daily returns of the Index, the inverse performance of the Index (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may be completely uncorrelated to the extent of change of the Index over the same period.</li> </ul> </li> </ul> |   |  |   |
| <p><b>FEES AND CHARGES</b></p>  |   |  |   |
| <p><b>WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?</b><br/> <u>Payable directly by Participating Dealers</u></p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Creation of Units</td> <td style="width: 50%;"></td> </tr> </table>  | Creation of Units   |  | <p>Refer to Paragraph 19 and Section A of</p> |
| Creation of Units   |   |  |   |

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| Transaction Fee   | S\$450 per Application (in cash).  | Appendix II to the Prospectus for further information on fees and charges. |
| Application Cancellation Fee  | S\$2,500 per Application.  |  |
| Extension Fee   | S\$2,500 per Application.  |  |
| Redemption of Units   |  |  |
| Transaction Fee   | S\$450 per Application (in cash).  |  |
| Application Cancellation Fee  | S\$2,500 per Application.  |  |
| Extension Fee   | S\$2,500 per Application.  |  |
| <p>The above fees and charges payable by the Participating Dealers may be passed on to investors in full or in part, depending on the relevant Participating Dealer.</p> <p><u>Payable directly by Investors Dealing in Units on the SGX-ST</u></p> |  |  |
| Subscription/ Redemption Fee  | Nil.   |  |
| Brokerage   | Market rates. Investors will have to bear brokerage fees charged by their stockbrokers.  |  |
| Clearing fee and SGX access fee   | Currently the clearing fee and SGX access fee for trading Units on the SGX-ST are 0.0325% and 0.0075% of the transaction value respectively and subject to the prevailing goods and services tax. These fees are subject to change at SGX-ST's discretion.   |  |
| <u>Payable by the Product from invested proceeds</u>  |  |  |
| Manager's Fee   | 0.90% per annum of the Net Asset Value of the Product. Maximum of 1.20% per annum of the Net Asset Value   |  |
| Trustee's Fee   | Up to 0.04% per annum of the Net Asset Value of the Product, subject to a minimum of S\$10,000 per annum for Year 1 & Year 2, and S\$15,000 per annum for Year 3 onwards. Maximum of 0.05% per annum of the Net Asset Value  |  |
| Custodian Fee   | The Custodian Fee may exceed 0.10% per annum of the Net Asset Value of the Product depending on, amongst others, the size of the Product and the number of transactions carried out.   |  |
| Other fees and charges  | Other fees and charges include fund administration and valuation fees, legal fees, audit fees, transaction fees, accounting fees, licensing fees, transaction processing and cash processing fees. Such fees and charges are subject to agreement with the relevant parties and may amount to or exceed 0.10% per annum of the Net Asset Value of the Product, depending on the proportion each fee or charge bears to the Net Asset Value of the Product. |  |
| <b>CONTACT INFORMATION</b>  |  |  |
| <b>HOW DO YOU CONTACT US?</b>   |  |  |
| If you have questions concerning the Product, you may call the Manager at telephone number (65) 6230 8133.  |  |  |

| APPENDIX: GLOSSARY OF TERMS          |   |
|--------------------------------------|---|
| “Application”                        | means an application by a Participating Dealer for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines (as defined under the Trust Deed), the relevant Participation Agreement and the terms of the Trust Deed. |
| “Code”                               | means the Code on Collective Investment Schemes issued by the MAS (as may be amended from time to time).  |
| “Excluded Investment Product”        | means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018, issued by the MAS (as may be amended from time to time).  |
| “Futures Contract”                   | means any futures contract which is traded on any futures exchange.   |
| “Index Securities”                   | means securities of those companies which are at the relevant time the constituent companies of the Index, any securities used to track the performance of such securities constituting the Index at the relevant time or such other securities designated by the Manager.                                  |
| “MAS”                                | means the Monetary Authority of Singapore or its successors.  |
| “Net Asset Value”                    | means the net asset value of the Product or, as the context may require, the net asset value of a Unit of a Product calculated pursuant to the Trust Deed.  |
| “Participating Dealer”               | means a broker or dealer who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.  |
| “Participation Agreement”            | means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, amongst other things, the arrangements in respect of the Applications.   |
| “Prescribed Capital Markets Product” | means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.   |
| “SGX-DT”                             | means the Singapore Exchange Derivatives Trading Limited or its successors.   |
| “SGX-ST”                             | means the Singapore Exchange Securities Trading Limited or its successors.  |
| “SiMSCI Futures”                     | means the SGX MSCI Singapore Free Index Futures.  |
| “Specified Investment Product”       | means any capital markets product other than an Excluded Investment Product.  |
| “Trust Deed”                         | means the trust deed constituting the Fund dated 22 October 2021 between the Manager and the Trustee, as amended, supplemented or restated from time to time.   |