

Phillip Select Fund

SEMI-ANNUAL REPORT

For the period ended 31 March 2023 (unaudited)

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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

Phillip Singapore Real Estate Income Fund

For the half-year ended 31st March 2023, the Fund (Class I SGD) has achieved a total return of +2.27% (net of distribution, fees, and withholding tax). For the half-year, the Fund distributed 2.8 cents dividends per unit.

For the same period, the major contributors to the Fund's return were from positions in Keppel DC Reit (+24%), Mapletree Logistics Trusts (+13%), and Capitaland China Trust (+10%), while the significant detractors were Manulife US Real Estate Trust (-49%), Prime US REIT (-42%), and Digital Core REIT (-39%).

During the period under review, macroeconomic risks caused by high inflation and policy tightening pose downward pressure on the SREITs' dividends distributions. Even though the aviation and travel-related sectors' outlook improved, challenging operating environments such as high energy and utility costs, increased operating expenses, interest rate hikes, increased borrowing costs, and depressed growth hugely impacted earnings and US commercial assets' valuation.

The bright spot was on data centers as they continue receiving resilient demand due to alignment with structural growth drivers such as the growing appetite for digital solutions, public cloud services, data systems, and 5G. In comparison, the Office had been the hardest hit subsector due to the dim economic outlook and projected decrease in tenant companies' earnings that would trigger downsizing, relocation, and layoffs. U.S. commercial assets' valuation experienced further headwinds on the recessionary outlook in 2023, where the commercial space demand further dwindled and resulted in negative rental reversions.

On retails and hospitality segments' impact, travel momentum decelerated due to high inflation and fuel prices, resulting in surging airfares and overall travel costs in early 2023. The widely expected return of Chinese tourists that made up around 20% (or 3.62 million) of the total pre-pandemic arrivals here in 2019 was slower than anticipated, and inbound visitors had been recovering slower than expected as well, regaining only around 18% of pre-pandemic arrivals since August 2022.

Market Outlook

We are optimistic about SREITs on reducing macro risks impact in 2nd half of 2023, where witnesses of decelerating inflation are favorable. With the prospect of a Fed pauses rate hike, we could see a rotation from bank stocks to REITs as spreads product will outperform. Singapore property fundamentals have remained resilient, and Singapore REITs will be less impact on healthier fundamentals and strong sponsors. Singapore banks are on a healthier footing than regional US banks. SG banks are in a more advantageous financial position for not reducing the risk of severe credit rationing. Moreover, S-REITs' access to credit is supported mainly by ~70% having links to Temasek and the ability to pledge assets.

In the long-term, SREIT's upside potential remains attractive due to resilient structural demand and scarcity of real estate space in Singapore. The sector has also been the best inflation-adjusted asset class globally for the past 20 years and would be a good investment vehicle for investors as the property value and rental income will generally increase along with rising prices.

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2023 (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 pages 12 to 13.

2. Schedule of investments by asset class

Phillip Singapore Real Estate Income Fund

Asset Class	Fair value at 31 March 2023 S\$	Percentage of total net assets attributable to unitholders at 31 March 2023 %
Real Estate Investment Trusts	34,191,464	89.59
Exchange Traded Funds / Investment Funds	1,415,192	3.70
Cash and cash equivalents	3,128,546	8.20
Other net assets	(568,269)	(1.49)
	38,166,933	100.00

3. Top 10 holdings

10 largest holdings at 31 March 2023	Fair value at 31 March 2023 S\$	Percentage of total net assets attributable to unitholders at 31 March 2023 %
Capitaland Ascendas REIT	3,581,615	9.38
Mapletree Pan Asia Commercial Trust	3,350,340	8.78
Mapletree Logistics Trust	3,333,002	8.73
Mapletree Industrial Trust	3,185,830	8.35
Capitaland Integrated Commercial Trust	2,696,560	7.07
Keppel DC REIT	2,352,433	6.16
Frasers Logistics & Commercial Trust	2,043,248	5.35
Capitaland China Trust	1,637,471	4.29
Keppel REIT	1,572,728	4.12
Capitaland India Trust	1,364,244	3.57

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2023 (unaudited)

3. Top 10 holdings (continued)

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

4. Exposure to financial derivatives

	Fair value at 31 March 2023 S\$	Percentage of total net assets attributable to unitholders 31 March 2023 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Futures contracts	-	-	-	(70,945)

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.

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2023 (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 2023

Nil.

10. Amount of units created and cancelled for the financial period ended 31 March 2023

	Class A SGD	Class A USD	Class I SGD	Class I USD
Total amount of redemptions	(12,676,523)	(237,943)	(633,380)	-
Total amount of subscriptions	2,746,473	45,583	609,610	3,224

11. Turnover ratio

		31 March 2023	31 March 2022
Lower of total value of purchases or sales	S\$	1,389,084	12,479,013
Average daily net asset value	S\$	46,256,182	59,763,631
Total turnover ratio ^{Note 2}	%	3.00	20.88

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 2023	31 March 2022
Class A SGD Units			
Total operating expenses	S\$	501,139	685,102
Average daily net asset value	S\$	37,077,067	44,378,465
Total expense ratio ^{Note 1}	%	1.35	1.54

		31 March 2023	31 March 2022
Class A USD Units			
Total operating expenses	S\$	14,937	15,161
Average daily net asset value	S\$	1,103,572	990,594
Total expense ratio ^{Note 1}	%	1.35	1.53

		31 March 2023	31 March 2022
Class I SGD Units			
Total operating expenses	S\$	103,770	180,863
Average daily net asset value	S\$	12,014,552	16,921,813
Total expense ratio ^{Note 1}	%	0.86	1.07

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2023 (unaudited)

12. Expense ratio (continued)

		31 March 2023	31 March 2022
Class I USD Units			
Total operating expenses	S\$	1,535	2,003
Average daily net asset value	S\$	177,079	188,845
Total expense ratio ^{Note 1}	%	0.87	1.06

Note 1 The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). This is the sum of the Sub-Fund's expense ratio and the weighted average of the Underlying Sub-Fund's unaudited expense ratio. 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 2023 (unaudited)

13. Performance of the Sub-Fund as at 31 March 2023

	Class A		Class I		Benchmark
	SGD	USD	SGD	USD	
Cumulative (%)*					
3 months	3.7	4.62	3.82	4.72	3.83
6 months	2.03	10.11	2.27	10.37	2.20
1 year	-10.17	-8.57	-9.74	-8.13	-10.59
3 years	10.58	21.44	11.88	23.01	16.28
5 years	2.7	6.67	4.93	9.06	14.92
10 years	28.66	-	34.06	-	50.93
Since inception **	88.62	31.33	97.54	39.04	123.12
Annualised (%)					
1 year	-10.17	-8.57	-9.74	-8.13	-10.59
3 years	3.41	6.69	3.81	7.15	5.16
5 years	0.53	1.3	0.97	1.75	2.82
10 years	2.55	-	2.97	-	4.2
Since inception **	5.65	2.82	6.08	3.76	7.2

* Cumulative returns are calculated on a bid to bid basis, with net dividends reinvested. The Benchmark for which the Sub-Fund is measured against is the SGX S-REIT 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:

Phillip Select Fund

Report to Unitholders For the period ended 31 March 2023 (unaudited)

14. Related party transactions (continued)

	Phillip Singapore Real Estate Income Fund	
	31 March 2023	31 March 2022
	S\$	S\$
Brokerage fees paid to:		
- a related party of the Manager	1,991	4,040
- a related party of the Trustee	855	-
Bank balances held with a related party of the Trustee	<u>3,008,101</u>	<u>2,625,305</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 2023 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2023	31 March 2022
	S\$	S\$
Income		
Dividends	1,155,428	1,317,354
Interest on cash and bank balances	11,939	7
	1,167,367	1,317,361
Less: Expenses		
Management fee	251,461	325,407
Transfer agent fee	2,312	2,979
Trustee fee	9,246	11,916
Custody fee	17,523	28,597
Audit fee	8,584	7,479
Valuation fee	9,246	11,916
Transaction costs	50,987	71,643
Other expenses	(39,133)	24,534
	310,226	484,471
Net income	857,141	832,890
Net gains or losses on value of investments, financial derivatives and foreign exchange		
Net gains on investments	367,277	414,058
Net losses on foreign exchange	(4,717)	(6,597)
Net losses on financial derivatives	(70,945)	(81,873)
	291,615	325,588
Total return for the financial period before income tax	1,148,756	1,158,478
Less: Income tax	(113,613)	(128,056)
Total return for the financial period after income tax	1,035,143	1,030,422

Statement of Financial Position
As at 31 March 2023 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2023	30 September 2022
	S\$	S\$
Assets		
Portfolio of investments	35,606,656	48,705,072
Sales awaiting settlement	2,129	3,517
Receivables	241,335	195,757
Cash and cash equivalents	3,128,546	1,025,572
Amounts held with brokers	-	305,795
Total assets	38,978,666	50,235,713
Liabilities		
Payables	811,733	920,901
Total liabilities	811,733	920,901
Equity		
Net assets attributable to unitholders	38,166,933	49,314,812

Statement of Movements of Unitholders' Funds
For the period ended 31 March 2023 (unaudited)

	Phillip Singapore Real Estate Income Fund	
	31 March 2023	30 September 2022
	S\$	S\$
Net assets attributable to unitholders at the beginning of the financial period/year	49,314,812	67,008,393
Operations		
Change in net assets attributable to unitholders resulting from operations	1,035,143	(5,797,733)
Unitholders' contributions/(withdrawals)		
Creation of units	3,696,945	23,519,034
Cancellation of units	(14,808,287)	(33,156,061)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(11,111,342)	(9,637,027)
Distributions	(1,071,680)	(2,258,821)
Total decreases in net assets attributable to unitholders	(11,147,879)	(17,693,581)
Net assets attributable to unitholders at the end of the financial period/year	38,166,933	49,314,812

Statement of Portfolio
As at 31 March 2023 (unaudited)

Phillip Singapore Real Estate Income Fund

By Geography (Primary)

	Holdings at 31 March 2023	Fair value at 31 March 2023		Percentage of total net assets attributable to unitholders at 31 March 2023
		S\$		%
Quoted Investment Fund				
HONG KONG SAR				
Hui Xian Real Estate Investment Trust	300,000	62,687		0.17
Link REIT	76,800	656,893		1.72
		719,580		1.89
SINGAPORE				
AIMS APAC REIT	117,175	154,671		0.41
Capitaland Ascendas REIT	1,252,313	3,581,615		9.38
Capitaland Ascott Trust	301,161	299,655		0.79
Capitaland China Trust	1,462,028	1,637,471		4.29
Capitaland India Trust	1,251,600	1,364,244		3.57
Capitaland Integrated Commercial Trust	1,361,899	2,696,560		7.07
CDL Hospitality Trusts	828,420	985,820		2.58
Cromwell European Real Estate Investment Trust	48,400	105,570		0.28
Daiwa House Logistics Trust	500,000	282,500		0.74
Digital Core REIT Management PTE Limited	30,000	17,750		0.05
EC World Real Estate Investment Trust	300,000	96,000		0.25
ESR-Logos REIT	2,419,709	786,405		2.06
Frasers Centrepoint Trust	502,905	1,151,652		3.02
Frasers Hospitality Trust	13	6		0.00
Frasers Logistics & Commercial Trust	1,559,731	2,043,248		5.35
IREIT Global	546,500	270,518		0.71
Keppel DC REIT	1,141,958	2,352,433		6.16
Keppel Pacific OAK US REIT	338,000	170,769		0.45
Keppel REIT	1,777,094	1,572,728		4.12
Lendlease Global Commercial REIT	1,443,800	981,784		2.57
Lippo Malls Indonesia Retail Trust	17	-		0.00
Manulife US Real Estate Investment Trust	1,922,780	549,637		1.44
Mapletree Industrial Trust	1,344,232	3,185,830		8.35
Mapletree Logistics Trust	1,949,124	3,333,002		8.73
Mapletree Pan Asia Commercial Trust	1,861,300	3,350,340		8.78
OUE Commercial Real Estate Investment Trust	786,640	247,792		0.65
Paragon REIT	300,000	283,500		0.74
Parkway Life Real Estate Investment Trust	165,612	660,792		1.73
Phillip SGX APAC Dividend Leaders REIT ETF	1,127,600	1,279,826		3.35
Prime US REIT	750,000	319,094		0.84
Sasseur Real Estate Investment Trust	362,300	269,914		0.71
Starhill Global REIT	1,286,738	669,104		1.75
Suntec Real Estate Investment Trust	36,000	51,480		0.13
		34,751,710		91.05
UNITED STATES OF AMERICA				
Proshares VIX Short-Term Futures ETF	11,250	135,366		0.35
		135,366		0.35
Portfolio of investments		35,606,656		93.29
Other net assets		2,560,277		6.71
Net assets attributable to unitholders		38,166,933		100.00

Statement of Portfolio
As at 31 March 2023 (unaudited)

By Geography (Summary)	Phillip Singapore Real Estate Income Fund		
	Fair value at 31 March 2023 S\$	Percentage of total net assets attributable to unitholders at 31 March 2023 %	Percentage of total net assets attributable to unitholders at 30 September 2022 %
Quoted			
Hong Kong SAR	719,580	1.89	1.41
Singapore	34,751,710	91.05	95.89
United States of America	135,366	0.35	1.46
Portfolio of investments	35,606,656	93.29	98.76
Other net assets	2,560,277	6.71	1.24
Net assets attributable to unitholders	38,166,933	100.00	100.00

By Industry (Secondary)	Phillip Singapore Real Estate Income Fund		
	Fair value at 31 March 2023 S\$	Percentage of total net assets attributable to unitholders at 31 March 2023 %	Percentage of total net assets attributable to unitholders at 30 September 2022 %
Real Estate Investment Trust*	34,191,464	89.59	91.65
Exchange Traded Fund	1,279,826	3.35	5.65
Financial	135,366	0.35	1.46
Portfolio of investments	35,606,656	93.29	98.76
Other net assets	2,560,277	6.71	1.24
Net assets attributable to unitholders	38,166,933	100.00	100.00

*A trust or company is defined as a Real Estate Investment Trust, if such trust's or company's business sector is classified as "Residential and Commercial REITs" under the Thomson Reuters Business Classification.

Phillip Select Fund

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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