

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

**Semi-Annual Report**

*Period from 1 January 2023 to 30 June 2023 (Unaudited)*



**Phillip Capital Management**

(A member of PhillipCapital)

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**PHILLIP UNIVERSAL FUNDS  
- PHILLIP GLOBAL QUALITY FUND**

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

The Phillip Global Quality Fund delivered a strong half-year performance as at end-June 2023. The "SGD Dis" class was delivered total return of 20.2 % while the "SGD Hedged Dis" class had total return of 18.7%.

The calendar year 2023 started with investors in some trepidation after a market correction in global equities the previous year. The direction of the US Federal Reserve monetary policy continued to be a key focus as inflation remained stubbornly high. Geopolitical tensions also slowly crept into the picture as US-China relations seemed to be turning for the worse. China's economic performance also disappointed some optimists who had predicted a strong rebound after it reversed its zero-Covid policy in early 2023. In March, an unanticipated banking crisis sparked off by Silicon Valley Bank led investors to question the financial integrity of banks, culminating in the forced merger of UBS-Credit Suisse across the Atlantic.

Despite all these short-lived market turbulences, it did not prevent investor optimism leading US, as well as many developed market, stocks higher over the half year, which can be attributed to bargain buying after a bad 2022. There was renewed optimism on technology stocks, particularly the biggest ones, as the artificial intelligence theme captured market imagination. The foregoing half year has proved to be surprisingly rewarding for those who held firm to their positions.

Market talk of an imminent global slowdown, even recession., has been going on for one year now, in expectation that the rapid rate hikes over the last two years would tighten economic growth rapidly. There indeed has been some slowdown, but it appears not to the extent as that seen by markets (for example, the extreme inversion in the US Treasury yield curve, where the front-term yields outpace the long-term yields by the most amount since 1981). Indeed, a number of analysts are now leaning into the "soft landing" scenario, which envisages a graceful exit for the Federal Reserve from its tightening monetary policy of the last two years, with inflation under control but with the economy not approaching anywhere near a recession.

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 this has been a key factor in their strong rebound from a weak 2022 previously.

Report to unitholders<sup>1</sup>

a) I Investments classified by geography

	Fair Value at 30/06/2023 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %
<b>By Geography (Summary)</b>		
Singapore	12,664,236	99.39
<b>Portfolio of investments</b>	12,664,236	99.39
<b>Other net assets</b>	77,766	0.61
<b>Net assets attributable to unitholders</b>	12,742,002	100.00

a) II Investments classified by industry

	Fair Value at 30/06/2023 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %
<b>By Industry (Summary)</b>		
Equity Funds	12,664,236	99.39
<b>Portfolio of investments</b>	12,664,236	99.39
<b>Other net assets</b>	77,766	0.61
<b>Net assets attributable to unitholders</b>	12,742,002	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 30/06/2023 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %</b>
Equity funds	12,664,236	99.39
<b>Portfolio of investments</b>	12,664,236	99.39
<b>Other net assets</b>	77,766	0.61
<b>Net assets attributable to unitholders</b>	12,742,002	100.00

b) **Top Ten Holdings**

<b><u>10 Largest Holdings at 30 June 2023</u></b>	<b>Fair Value at 30/06/2023 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %</b>
GMO Quality Investment Fund - Class ZH	10,815,905	84.88
GMO Quality Investment Fund - Class Z	1,848,331	14.51

<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

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- c) (i) Exposure to Derivatives as at 30 June 2023.  
Nil
- c) (ii) Gains/Losses on derivative contracts realised for the period from 1 January 2023 to 30 June 2023  
Nil
- c) (iii) Gains/Losses on outstanding derivative contracts marked to market as at 30 June 2023  
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 2023.

	S\$	%
Equity funds	12,664,236	99.39

- f) Amount and percentage of borrowings of total fund size as at 30 June 2023.  
Nil

- g) Amount of redemptions and subscriptions for the period from 1 January 2023 to 30 June 2023.
- |                               |             |
|-------------------------------|-------------|
| Total amount of redemptions   | S\$ 648,079 |
| Total amount of subscriptions | S\$ 453,387 |

- h) Amount of related party transactions for the period from 1 January 2023 to 30 June 2023
- |  |             |
|--|-------------|
| Bank balances held with a related party of the Trustee | S\$ 191,060 |
|--|-------------|

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i) **Performance of the Fund as at 30 June 2023**

	<b>Class Dis</b>	<b>Class Hedged Dis</b>
	<b>SGD</b>	<b>SGD</b>
<b>Cumulative (%)*</b>		
3 months	12.48	10.20
6 months	20.20	18.72
1 year	17.37	19.26
Since inception	20.30	14.85
<b>Annualised (%)</b>		
1 year	17.37	19.26
Since inception	8.20	6.08

\*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>2023</b>	<b>2022</b>
<b>Class Dis</b>			
Total operating expenses	S\$	43,710	68,283
Average daily net asset value	S\$	1,695,402	2,924,596
Expense ratio (annualised) <sup>(Note 1)</sup>	%	2.65	2.41
<b>Class SGD Hedged Dis</b>			
Total operating expenses	S\$	258,205	337,443
Average daily net asset value	S\$	9,969,363	14,233,595
Expense ratio (annualised) <sup>(Note 1)</sup>	%	2.66	2.45

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>2023</b>	<b>2022</b>
Lower of total value of purchases or sales	S\$	110,000	5,801,854
Average daily net asset value	S\$	11,784,812	15,607,005
Turnover ratio <sup>(Note 2)</sup>	%	<u>0.93</u>	<u>37.17</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 2023 and 30 June 2022

<u>10 Largest Holdings at 30 June 2023</u>	<b>Fair Value at 30/06/2023 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %</b>
Microsoft Corp	88,381,027	7.2
UnitedHealth Group Inc	55,921,022	4.5
Amazon.com Inc	49,330,440	4.0
Apple Inc	49,179,736	4.0
Meta Platforms Inc	48,905,697	4.0
Johnson & Johnson	45,374,991	3.7
Oracle Corp	44,279,210	3.6
Lam Research Corp	41,455,470	3.4
Alphabet Inc	41,250,056	3.4
Accenture PLC	40,574,876	3.3

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<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>
Microsoft Corp	40,302,770	6.8
UnitedHealth Group Inc	28,805,056	4.9
Apple Inc	26,855,163	4.5
US Bancorp	21,083,186	3.6
Coca-Cola Co/The	19,871,555	3.3
Wells Fargo & Co	19,238,525	3.2
Alphabet Inc	18,743,175	3.2
Johnson & Johnson	18,735,564	3.2
Texas Instrument Inc	18,573,255	3.1
Accenture PLC	17,593,043	3.0

(ii) Expense ratios for the period ended 30 June 2023 and 30 June 2022

	<b>2023</b>	<b>2022</b>
<b>Class SGD Z</b>		
Total operating expenses	S\$ 1,250	834
Average daily net asset value	S\$ 1,848,332	2,291,277
Expense ratio <sup>(*)</sup> (annualised)	%	0.070
<b>Class SGD ZH</b>		
Total operating expenses	S\$ 7,438	4,830
Average daily net asset value	S\$ 10,815,905	13,018,332
Expense ratio <sup>(*)</sup> (annualised)	%	0.070

\*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 2023 and 30 June 2022

	<b>2023</b>	<b>2022</b>
Lower of total value of purchases or sales	S\$ 121,235,613	129,068,659
Average daily net asset value	S\$ 891,384,944	584,822,136
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 2023

	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Income</b>		
Dividends	-	-
	-	-
Less:		
<b>Expenses</b>		
Management fees	87,705	116,545
Trustee fees	10,793	6,168
Custody fees	7,672	5,507
Administration fees	10,794	6,168
Registrar fees	849	27,527
Audit fees	8,414	7,439
Other expenses	22,632	25,185
	148,859	194,539
<b>Net loss</b>	<b>(148,859)</b>	<b>(194,539)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains/(losses) on investments	2,189,431	(2,797,546)
	2,189,431	(2,797,546)
<b>Total return for the period before income tax</b>	<b>2,040,572</b>	<b>(2,992,085)</b>
Income tax expense	-	-
<b>Total return for the period after income tax before distribution</b>	<b>2,040,572</b>	<b>(2,992,085)</b>
Distribution	-	(169,930)
<b>Total return for the period after income tax and distribution</b>	<b>2,040,572</b>	<b>(3,162,015)</b>

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**Statement of Financial Position**

As at 30 June 2023

	<b>30/06/2023</b>	<b>31/12/2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Assets</b>		
Portfolio of investments	12,664,236	10,759,805
Receivables	3,176	-
Cash and cash equivalents	191,060	231,602
<b>Total assets</b>	<u>12,858,472</u>	<u>10,991,407</u>
<b>Liabilities</b>		
Payables	116,470	95,285
<b>Total liabilities</b>	<u>116,470</u>	<u>95,285</u>
<b>Equity</b>		
Net assets attributable to unitholders	<u>12,742,002</u>	<u>10,896,122</u>

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**Statement of Movement in Unitholders' Funds**

Period ended 30 June 2023

	<b>30/06/2023</b>	<b>31/12/2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Net assets attributable to unitholders at the beginning of financial period</b>	10,896,122	20,211,633
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	2,040,572	(2,967,152)
<b>Unitholders' Contributions/(withdrawals)</b>		
Creation of units	453,387	10,204,108
Cancellation of units	(648,079)	(16,382,537)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(194,692)	(6,178,429)
Distribution	-	(169,930)
Total increase/(decrease) in net assets attributable to unitholders	1,845,880	(9,315,511)
<b>Net assets attributable to unitholders at the end of financial period</b>	<u>12,742,002</u>	<u>10,896,122</u>

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**Statement of Portfolio**

As at 30 June 2023

	<b>Holdings as at 30/06/2023</b>	<b>Fair value as at 30/06/2023 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2023 %</b>
<b>By Geography (Primary)</b>			
<b>Quoted Investment Funds</b>			
<b>Singapore</b>			
GMO Quality Investment Fund - Class Z	72,032	1,848,331	14.51
GMO Quality Investment Fund - Class ZH	437,714	10,815,905	84.88
		12,664,236	99.39
<b>Portfolio of investments</b>		12,664,236	99.39
<b>Other net assets</b>		77,766	0.61
<b>Net assets attributable to unitholders</b>		12,742,002	100.00

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**Statement of Portfolio (continued)**

As at 30 June 2023

	Fair value as at 30/06/2023 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2023 %	Percentage of total net assets attributable to unitholders as at 31/12/2022 %
<b>By Geography (Summary)</b>			
<b>Quoted Investment Funds</b>			
Singapore	12,664,236	99.39	98.75
<b>Portfolio of investments</b>	12,664,236	99.39	98.75
<b>Other net assets</b>	77,766	0.61	1.25
<b>Net assets attributable to unitholders</b>	<u>12,742,002</u>	<u>100.00</u>	<u>100.00</u>



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**Statement of Portfolio (continued)**

As at 30 June 2023

	Fair value as at 30/06/2023 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2023 %	Percentage of total net assets attributable to unitholders as at 31/12/2022 %
<b>By Industry (Secondary)</b>			
<b>Quoted Investment Funds</b>			
Equity Funds	12,664,236	99.39	98.75
<b>Portfolio of investments</b>	12,664,236	99.39	98.75
<b>Other net assets</b>	77,766	0.61	1.25
<b>Net assets attributable to unitholders</b>	12,742,002	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.

This document should not be taken as a recommendation to buy or sell since it does not take into account the specific investment objectives, financial situation and the particular needs of any particular recipient of this document. Investors should seek advice from a financial advisor before purchasing units in the Sub-Fund. In any case, investors should read the Prospectus and consider the risks as well as suitability of the Sub-Fund before deciding whether to subscribe for units in the Sub-Fund. Copies of the Prospectus are available and may be obtained from the Manager.