

Phillip International Funds

Annual Report

Year ended 30 June 2023

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PHILLIP INTERNATIONAL FUNDS

MANAGER

Phillip Capital Management (S) Ltd
250 North Bridge Road
#06-00 Raffles City Tower
Singapore 179101
(Company Registration Number: 199905233W)

DIRECTORS OF THE MANAGER

Lim Hua Min
Linus Lim Wen Sheong
Jeffrey Lee Chay Khiong
Lim Wah Sai
Louis Wong Wai Kit

TRUSTEE & REGISTRAR

Citicorp Trustee (Singapore) Limited
5 Changi Business Park Crescent Level 5
Singapore 486027
(Company Registration Number: 199604601H)

CUSTODIAN

Citibank, N.A., Singapore Branch
5 Changi Business Park Crescent Level 5
Singapore 486027

AUDITORS

KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

SOLICITORS TO THE MANAGER

Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989

SOLICITORS TO THE TRUSTEE

Shook Lin & Bok LLP
1 Robinson Road
#18-00
AIA Tower
Singapore 048542

Manager's Investment Report

The Phillip Global Rising Yield Innovators Fund delivered a negative full-year performance as at end-June 2023. Over this period, the "B" class was down 11.1% while the "A" class was down 11.3%.

The second half of calendar year 2022 saw continued efforts by central banks globally, led by the US Federal Reserve, to tighten interest rates at a fast pace. This led to broad selloff especially in developed markets as worries swirled of over-tightening leading to a hard landing for the global economy.

The calendar year 2023 started along the same nervous vein. The direction of the US Federal Reserve monetary policy continued to be a key focus as inflation remained stubbornly high. 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 markets, stocks higher over the half year. However, this was largely led by mega-cap technology stocks, as the artificial intelligence theme captured market imagination. Smaller mid-cap companies have lagged in performance.

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 approach continues to be to invest in global stocks with quality businesses who are resilient in economic downturns and generate long-term shareholders' returns. A focus will be on identifying companies that align strongly with the innovation theme, such as those that capitalise on innovation in offering faster, cheaper, more productive, more cost effective, more compelling products and services. Resilience is also a key criterion, along the lines of both business model resiliency and financial resiliency.

PHILLIP INTERNATIONAL FUNDS

Report to unitholders¹

a) I Investments classified by geography

	Fair Value at 30/06/2023 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %
Australia	340,524	1.01
Denmark	1,138,700	3.39
Finland	2,248,422	6.70
Germany	1,074,305	3.20
Italy	1,954,745	5.82
Japan	819,098	2.44
Korea	532,345	1.59
Singapore	7,333,052	21.85
Sweden	6,569,505	19.58
Switzerland	1,611,042	4.80
Taiwan	4,159,466	12.39
United Kingdom	591,880	1.76
Portfolio of investments	28,373,084	84.53
Other net assets	5,190,787	15.47
Net assets attributable to unitholders	33,563,871	100.00

i II Investments classified by industry

	Fair Value at 30/06/2023 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %
Communications	1,709,017	5.09
Consumer, Cyclical	3,007,872	8.96
Consumer, Non-cyclical	6,763,312	20.15
Energy	340,524	1.01
Industrial	5,879,300	17.52
Money Market Fund	7,333,052	21.85
Technology	3,340,007	9.95
Portfolio of investments	28,373,084	84.53
Other net assets	5,190,787	15.47
Net assets attributable to unitholders	33,563,871	100.00

¹ As required by the Code on Collective Investment Schemes

PHILLIP INTERNATIONAL FUNDS

i
III Investments classified by asset class

	Fair Value at 30/06/2023 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %
Equities	21,040,032	62.68
Money Market Funds	7,333,052	21.85
Portfolio of investments	28,373,084	84.53
Other net assets	5,190,787	15.47
Net assets attributable to unitholders	33,563,871	100.00

b) **Top Ten Holdings**

<u>10 Largest Holdings at 30 June 2023</u>	Fair Value at 30/06/2023 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2023 %
Phillip Money Market Fund	4,052,884	12.08
Phillip SGD Money Market ETF	3,280,168	9.77
E Ink Holdings Inc	2,933,103	8.74
Pharmanutra SpA	1,792,477	5.34
MIPS AB	1,606,376	4.79
Nibe Industrier AB	1,603,770	4.78
Revenio Group Oyj	1,405,042	4.19
cBrain A/S	1,138,700	3.39
Eckert & Ziegler Strahlen- und Medizintechnik AG	1,074,305	3.20
Generic Sweden AB	1,047,462	3.12

PHILLIP INTERNATIONAL FUNDS

<u>10 Largest Holdings at 30 June 2022</u>	Fair Value at 30/06/2022 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2022 %
Phillip SGD Money Market ETF	3,200,129	9.89
E Ink Holdings Inc	2,205,715	6.82
SwedenCare AB	2,004,480	6.19
Revenio Group Oyj	1,855,937	5.73
Pharmanutra SpA	1,754,672	5.42
MIPS AB	1,454,692	4.49
Generic Sweden AB	1,390,834	4.30
Focusrite PLC	1,385,922	4.28
GARO AB	1,326,188	4.10
Biotage AB	1,229,084	3.80
c) (i) Exposure to Derivatives as at 30 June 2023 Nil		
c) (ii) Gain on derivative contracts realised for the year ended 30 June 2023 Nil		
c) (iii) Loss 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		
<p>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:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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.		
Please refer to Statement of Portfolio on pages FS4 to FS7		
f) Amount and percentage of borrowings of total fund size as at 30 June 2023. Nil		

PHILLIP INTERNATIONAL FUNDS

- g) Amount of redemptions and subscriptions for the year ended 30 June 2023.

Total amount of redemptions	S\$ 4,087,211
Total amount of subscriptions	S\$ 8,942,440

- h) Amount of related party transactions for the year ended 30 June 2023.

Bank balances held with a related party of the Trustee	S\$ 5,171,555
Interest income received from a related party of the Trustee	S\$ 2

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

	Class A	Class B	Benchmark
	SGD	SGD	
Cumulative (%)*			
3 months	0.43%	0.51%	-0.68%
6 months	0.02%	0.15%	0.49%
1 year	-11.31%	-11.07%	5.82%
Since inception	-35.22%	-33.25%	36.88%
Annualised (%)			
1 year	-11.31%	-11.07%	5.82%
Since inception	-14.18%	-13.28%	11.70%

*Returns are in Singapore dollar calculated on a bid-to-bid basis, with net dividends reinvested. Source: Bloomberg

Inception dates for Class A and Class B were 1 September 2020 and 28 August 2020 respectively.

- j) **Expense Ratio**

Please refer to Note 10 of Notes to Financial Statements.

- k) **Turnover Ratio**

Please refer to Note 10 of Notes to Financial Statements.

- l) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts.

Nil

PHILLIP INTERNATIONAL FUNDS

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.
Not applicable
- (ii) Expense ratios for the year ended 30 June 2023.
Not applicable
- (iii) Turnover ratios for the year ended 30 June 2023.
Not applicable

n) Soft dollar 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 does 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.

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip International Funds in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Phillip International Funds during the year covered by these financial statements, set out on pages FS1 to FS16, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
Citicorp Trustee (Singapore) Limited

Authorised signatory

29 September 2023

Statement by the Manager

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages FS1 to FS16, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of Phillip International Funds as at 30 June 2023, and the financial performance and movement in unitholders' funds for the year ended 30 June 2023 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that Phillip International Funds will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of the Manager
Phillip Capital Management (S) Ltd

Jeffrey Lee Chay Khiong
Director

29 September 2023

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Independent auditors' report

Unitholders
Phillip International Funds
(Constituted under a Trust Deed in the Republic of Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Phillip International Funds ("the Fund"), which comprise the Statements of Financial Position and Statements of Portfolio as at 30 June 2023, the Statements of Total Return and Statement of Movement of Unitholders' Funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS16.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2023 and the financial performance and movements in unitholders' funds for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements*' section of our report. We are independent of the Fund in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Phillip Capital Management (S) Ltd, the Manager of the Fund (the "Manager") is responsible for the other information contained in the annual report. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair representation of these financial statements in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund’s operations, or has no realistic alternative but to do so.

The Manager’s responsibilities include overseeing the Fund’s financial reporting process.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore

29 September 2023

Statement of Total Return
Year ended 30 June 2023

	Note	Global Rising Yield Innovators Fund	
		2023	2022
		S\$	S\$
Income			
Dividends		247,113	241,844
Interest		2	1
		247,115	241,845
Less:			
Expenses			
Management fees		393,395	445,187
Performance fees		-	40,503
Trustee fees		20,055	14,084
Custody fees		17,844	14,044
Administration fees		20,055	14,084
Transaction fees		12,594	51,554
Registrar fees		20,418	46,158
Audit fees		16,030	15,214
Interest expense		41	-
Other expenses		51,530	180,467
		551,962	821,295
Net loss		(304,847)	(579,450)
Net gains or losses on value of investments and foreign exchange			
Net losses on value of investments		(3,181,041)	(13,132,625)
Net (losses)/gains on foreign exchange		(111,084)	25,276
		(3,292,125)	(13,107,349)
Total deficit for the year before income tax		(3,596,972)	(13,686,799)
Income tax expense	7	(63,331)	(73,302)
Total deficit for the year after income tax before distribution		(3,660,303)	(13,760,101)

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position
As at 30 June 2023

		Global Rising Yield Innovators Fund	
	Note	2023 S\$	2022 S\$
Assets			
Portfolio of investments		28,373,084	25,978,070
Receivables	3	230,886	50,913
Cash and cash equivalents	4	5,171,555	8,339,472
Total assets		33,775,525	34,368,455
Liabilities			
Purchases awaiting settlement		-	1,803,118
Payables	5	211,654	196,392
Total liabilities		211,654	1,999,510
Equity			
Net assets attributable to unitholders	6	33,563,871	32,368,945

The accompanying notes form an integral part of these financial statements.

Statement of Movement of Unitholders' Funds
Year ended 30 June 2023

	Global Rising Yield Innovators Fund	
Note	2023	2022
	S\$	S\$
Net assets attributable to unitholders at the beginning of financial year	32,368,945	43,325,674
Operations		
Change in net assets attributable to unitholders resulting from operations	(3,660,303)	(13,760,101)
Unitholders' contributions/(withdrawals)		
Creation of units	8,942,440	17,282,123
Cancellation of units	(4,087,211)	(14,478,751)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	4,855,229	2,803,372
Total increase/(decrease) in net assets attributable to unitholders	1,194,926	(10,956,729)
Net assets attributable to unitholders at the end of financial year	33,563,871	32,368,945
6		

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio
As at 30 June 2023

	Holdings as at 30/06/2023	Fair value as at 30/06/2023 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2023 %
Global Rising Yield Innovators Fund			
By Geography (Primary)			
Quoted Equities			
Australia			
Imdex Ltd	200,000	340,524	1.01
		340,524	1.01
Denmark			
cBrain A/S	37,000	1,138,700	3.39
		1,138,700	3.39
Finland			
Admicom Oyj	14,000	843,380	2.51
Revenio Group Oyj	30,000	1,405,042	4.19
		2,248,422	6.70
Germany			
Eckert & Ziegler Strahlen- und Medizintechnik AG	20,000	1,074,305	3.20
		1,074,305	3.20
Italy			
El.En. SpA	10,000	162,268	0.48
Pharmanutra SpA	20,000	1,792,477	5.34
		1,954,745	5.82
Japan			
Hamamatsu Photonics KK	3,000	197,363	0.59
Weathernews Inc	10,000	621,735	1.85
		819,098	2.44
Korea			
HPSP Co Ltd	5,000	146,362	0.44
Park Systems Corp	2,000	385,983	1.15
		532,345	1.59

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio
As at 30 June 2023

	Holdings as at 30/06/2023	Fair value as at 30/06/2023 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2023 %
Global Rising Yield Innovators Fund			
By Geography (Primary) (continued)			
Quoted Equities (continued)			
Sweden			
Biotage AB	50,000	840,726	2.51
Generic Sweden AB	190,000	1,047,462	3.12
HMS Networks AB	10,000	661,555	1.97
MIPS AB	24,000	1,606,376	4.79
Nibe Industrier AB	125,000	1,603,770	4.78
SwedenCare AB	170,000	809,616	2.41
		6,569,505	19.58
Switzerland			
Burckhardt Compression Holding AG	1,000	794,176	2.37
Ypsomed Holding AG	2,000	816,866	2.43
		1,611,042	4.80
Taiwan			
E Ink Holdings Inc	300,000	2,933,103	8.74
Lotus Pharmaceutical Co Ltd	15,000	212,161	0.63
WinWay Technology Co Ltd	30,000	1,014,202	3.02
		4,159,466	12.39
United Kingdom			
Focusrite PLC	80,000	591,880	1.76
		591,880	1.76
Total Equities		21,040,032	62.68
Quoted Money Market Funds			
Singapore			
Phillip Money Market Fund	3,920,375	4,052,884	12.08
Phillip SGD Money Market ETF	31,850	3,280,168	9.77
Total Money Market Funds		7,333,052	21.85
Portfolio of investments		28,373,084	84.53
Other net assets		5,190,787	15.47
Net assets attributable to unitholders		33,563,871	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio
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 30/06/2022 %
Global Rising Yield Innovators Fund			
By Geography (Summary)			
Quoted Equities			
Australia	340,524	1.01	1.09
Denmark	1,138,700	3.39	3.79
Finland	2,248,422	6.70	11.58
Germany	1,074,305	3.20	3.27
Italy	1,954,745	5.82	5.42
Japan	819,098	2.44	2.44
Korea	532,345	1.59	-
Sweden	6,569,505	19.58	28.42
Switzerland	1,611,042	4.80	-
Taiwan	4,159,466	12.39	8.76
United Kingdom	591,880	1.76	4.28
United States of America	-	-	1.32
Total Equities	21,040,032	62.68	70.37
Quoted Money Market Funds			
Singapore	7,333,052	21.85	9.89
Total Money Market Funds	7,333,052	21.85	9.89
Portfolio of investments	28,373,084	84.53	80.26
Other net assets	5,190,787	15.47	19.74
Net assets attributable to unitholders	33,563,871	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Statement of Portfolio
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 30/06/2022 %
Global Rising Yield Innovators Fund			
By Industry (Secondary)			
Quoted Equities			
Communications	1,709,017	5.09	6.62
Consumer, Cyclical	3,007,872	8.96	17.64
Consumer, Non-cyclical	6,763,312	20.15	21.05
Energy	340,524	1.01	1.09
Industrial	5,879,300	17.52	14.24
Technology	3,340,007	9.95	9.73
Total Equities	21,040,032	62.68	70.37
Quoted Money Market Funds			
Money Market Funds	7,333,052	21.85	9.89
Total Money Market Funds	7,333,052	21.85	9.89
Portfolio of investments	28,373,084	84.53	80.26
Other net assets	5,190,787	15.47	19.74
Net assets attributable to unitholders	33,563,871	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

1. Domicile and activities

Phillip International Funds (“the Fund”) is an open ended umbrella unit trust constituted pursuant to a Trust Deed dated 30 July 2020 together with its Supplemental Deeds thereon (hereafter referred to as the “Trust Deed”) between Phillip Capital Management (S) Ltd (the “Manager”) and Citicorp Trustee (Singapore) Limited (the “Trustee”). The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The Fund comprises one sub-fund, Phillip Global Rising Yield Innovators Fund (the “Sub-Fund”), which was launched on 28 August 2020.

The investment objective of the Sub-Fund is to aim to achieve sustainable income streams and long-term capital growth. The Sub-Fund will invest primarily in global stocks with quality businesses who are resilient in economic downturns and generate sustainable long-term shareholders’ returns.

2. Significant accounting policies

2.1 Basis of financial statements preparation

The financial statements, expressed in Singapore Dollars, have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the *Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds”* revised and issued by the Institute of Singapore Chartered Accountants.

The adoption of this revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior years.

For the purposes of preparation of these financial statements, the basis used for calculating the expense ratio and turnover ratio are in accordance with the guidelines issued by the Investment Management Association of Singapore (“IMAS”) and the Code on Collective Investment Schemes under the Securities and Futures Act 2001 (“Code”) respectively.

Basis of valuation of investments

Quoted investments are stated at fair value based on the last traded prices for equities and bid prices for debt securities at the reporting date. If there is no last bid price, the fair value is determined using valuation techniques that are commonly used by market participants. Unrealised gains/losses on investments are represented by the difference between the fair value and the carrying value of investments and are recognised in the Statements of Total Return. Realised gains and losses upon disposal of investments are computed on the basis of the difference between the carrying value and the selling price of investments on trade date and are taken to the Statements of Total Return.

2.2 Recognition of income

Dividend income is recognised in the Statement of Total Return on the date which the sub-fund’s right to receive payment is established.

2.3 *Foreign currency translation*

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at exchange rates at the reporting date. All exchange differences are recognised in the Statement of Total Return.

2.4 *Income tax expense*

The Sub-Fund is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following sources of income are not subjected to Singapore tax at the Sub-Fund level:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which Singapore tax has been withheld); and
- (iii) dividends derived from outside Singapore and received in Singapore.

2.5 *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances and amounts held with brokers. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.6 *Net assets attributable to unitholders*

Net assets attributable to unitholders are classified as equity.

3. **Receivables**

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
Receivable from unitholders for creation of units	226,921	26,296
Dividends receivable	3,965	17,891
Prepayments	-	6,726
	230,886	50,913

4. **Cash and cash equivalents**

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
Bank balances	5,171,555	8,339,472

The bank balances are placed with a financial institution related to the Trustee.

5. Payables

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
Payable to unitholders for cancellation of units	59,226	27,772
Accrued operating expenses	152,428	168,620
	211,654	196,392

6. Units in issue

During the year, the number of shares issued, redeemed and outstanding were as follows:

	Global Rising Yield Innovators Fund		
	2023		
	Class A	Class B	Total
	SGD	SGD	SGD
Units at beginning of the financial year	468,560	42,819,670	43,288,230
Units created	58,790	12,986,101	13,044,891
Units cancelled	(35,849)	(5,836,651)	(5,872,500)
Units at end of the financial year	491,501	49,969,120	50,460,621
Net assets attributable to unitholders – S\$	318,394	33,245,477	33,563,871
Net asset value per unit – S\$	0.6478	0.6653	0.6651

	Global Rising Yield Innovators Fund		
	2022		
	Class A	Class B	Total
	SGD	SGD	SGD
Units at beginning of the financial year	229,925	37,216,367	37,446,292
Units created	407,549	17,803,339	18,210,888
Units cancelled	(168,914)	(12,200,036)	(12,368,950)
Units at end of the financial year	468,560	42,819,670	43,288,230
Net assets attributable to unitholders – S\$	342,084	32,026,861	32,368,945
Net asset value per unit – S\$	0.7301	0.7479	0.7478

Class A and B SGD Units are offered to investors who invest S\$1,000 and above. All classes constitute the Sub-Fund and are not separate sub-funds. Any expense, income and/or gain which is attributable to a particular class is deducted from or added to (as the case may be) the value of the sub-fund which is attributable to that class. A separate net asset value per unit is calculated for each class.

For subscriptions and redemption and for various fee calculations, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit. For reporting purpose, the investments are valued at the last traded price as at the reporting date.

7. Income tax

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
Overseas income tax	63,331	73,302
	63,331	73,302
	63,331	73,302

The overseas income tax charge relates to withholding tax suffered on receipt of distributions from overseas investments.

8. Financial risk management

The Sub-Fund's activities expose it to a variety of market risks (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Sub-Fund's overall risk management programme seeks to minimise potential adverse effects on the Sub-Fund's financial performance. The Sub-Fund may use financial derivative instruments, subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Sub-Fund at any time as part of the overall financial risk management to reduce the Sub-Fund's risk exposures. The Manager continually monitors the Fund's exposure to risk and appropriate procedures are in place to manage the risks.

a) Market risks

Market risk is the risk of potential adverse change to the value of financial instruments because of changes in market conditions such as interest rate movements and volatility in securities' prices. The Manager manages the Sub-Fund's exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

i. Price risk

Price risk is the risk that the fair values of equities or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The investments of the Sub-Fund are subject to normal market fluctuations and the risks inherent in investing in securities markets and there can be no assurance that appreciation will occur. It is the policy of the Manager to maintain a diversified portfolio of investments so as to minimise the risk. The Manager's preferred strategy is to hold investments for the medium to long term to mitigate the volatility arising from price risk.

A 10% increase in the market prices of investments at the reporting date would increase the fair value of investments by the following amount:

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
<u>Portfolio of investments:</u>		
Quoted equities	2,104,003	2,277,794
Quoted money market funds	733,305	320,013
	2,837,308	2,597,807
	2,837,308	2,597,807

ii. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Sub-Fund is not subject to significant risk of fluctuations in market interest rates as the Sub-Fund's financial assets and liabilities are largely non-interest bearing other than the cash and cash equivalents.

iii. Currency risk

The Sub-Fund is denominated in Singapore Dollars. The Sub-Fund invests in underlying securities which are denominated in foreign currencies where fluctuations in the relevant exchange rates may have an impact on the income and value of the Sub-Fund. The Manager may seek to minimise exposure to foreign currency fluctuation to the extent practicable.

As at 30 June 2023 and 30 June 2022, the concentration of the Sub-Fund's investments is set out in the Statement of Portfolio.

Investments denominated in currencies other than the Sub-Fund's functional currency comprise the following:

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
Australian Dollar	340,524	353,134
Danish Krone	1,138,700	1,225,549
Euro	5,277,472	6,563,172
Japanese Yen	819,098	788,532
Pound Sterling	591,880	1,385,922
South Korean Won	532,345	-
Swedish Krona	6,569,505	9,200,799
Swiss Franc	1,611,042	-
Taiwan Dollar	4,159,466	2,834,081
United States Dollar	-	426,751

Cash and cash equivalents denominated in currencies other than the Sub-Fund's functional currency comprise the following:

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
Chinese Yuan (offshore)	679,704	758,452
Euro	34	-
Pound Sterling	2	-
United States Dollar	772	1
	772	1

The Sub-Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Sub-Fund.

As at 30 June 2023 and 30 June 2022, with respect to the monetary assets and monetary liabilities of the Sub-Fund, had the Singapore Dollar increased/decreased by 10% against foreign currencies, with all other variables remaining constant, the decrease/increase in net assets attributable to unitholders would be as follows:

	Global Rising Yield Innovators Fund	
	2023	2022
	S\$	S\$
Australian Dollar	34,052	35,313
Chinese Yuan (offshore)	67,970	75,845
Danish Krone	113,870	122,555
Euro	527,751	656,317
Japanese Yen	81,910	78,853
Pound Sterling	59,188	138,592
South Korean Won	53,235	-
Swedish Krona	656,951	920,080
Swiss Franc	161,104	-
Taiwan Dollar	415,947	283,408
United States Dollar	77	42,675
	77	42,675

b) *Liquidity risk*

The Sub-Fund is exposed to daily redemption of units in the Sub-Fund. Therefore the majority of its assets are invested in investments that are traded in an active market and can be readily disposed of.

c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The Sub-Fund is exposed to counterparty credit risk on cash and cash equivalents and receivables.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund may also enter into derivative contracts to manage exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Sub-Fund is also exposed to the risk that amounts held with counterparties for derivative contracts may not be recoverable in the event of any default by the parties concerned.

d) Fair value estimation

Except for investments which are measured at fair value, at 30 June 2023 and 30 June 2022, the fair values of the other assets and liabilities approximate their carrying values on the Statement of Financial Position due to their short period to maturity.

The fair value of the investments traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Sub-fund are the last traded price for equity securities where the last traded price falls within the bid-ask spread.

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2023 and 30 June 2022:

Global Rising Yield Innovators Fund	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2023				
Assets				
Financial assets designated at fair value through profit or loss at inception				
Quoted equities	21,040,032	-	-	21,040,032
Quoted money market funds	7,333,052	-	-	7,333,052

Global Rising Yield Innovators Fund	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2022				
Assets				
Financial assets designated at fair value through profit or loss at inception				
Quoted equities	22,777,941	-	-	22,777,941
Quoted money market funds	3,200,129	-	-	3,200,129

9. Related parties

In the normal course of business of the Sub-Fund, management and performance fees and trustee fees have been paid or are payable to the Manager and the Trustee respectively as noted 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, registrar 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 sale of securities.

Other than as disclosed elsewhere in the financial statements, the following significant transactions took place between the Sub-Fund and its related parties during the year:

	Note	Global Rising Yield Innovators Fund	
		2023 S\$	2022 S\$
Bank balances held with a related party of the Trustee	4	5,171,555	8,339,472
Brokerage fees paid to a related party of the Trustee		-	17,358
Interest income received from a related party of the Trustee		2	1

10. Financial ratios

	Global Rising Yield Innovators Fund	
	2023	2022
Expense ratio		
Class A - SGD		
Total operating expenses	S\$ 6,383	8,779
Average daily net asset value	S\$ 323,851	384,816
Expense ratio (annualised) ^(Note 1)	%	<u>1.97</u> <u>2.28</u>
Class B - SGD		
Total operating expenses	S\$ 532,944	720,458
Average daily net asset value	S\$ 31,068,083	35,213,027
Expense ratio (annualised) ^(Note 1)	%	<u>1.72</u> <u>2.05</u>
Global Rising Yield Innovators Fund		
2023 2022		
Turnover ratio		
Lower of total value of purchases or sales	S\$ 3,894,914	18,099,742
Average daily net asset value	S\$ 31,391,934	35,597,843
Turnover ratio ^(Note 2)	%	<u>12.41</u> <u>50.85</u>

Note 1: The expense ratio has been computed based on the guidelines laid down by the IMAS.

The calculation of the expense ratio is based on total operating expenses divided by average net asset value for the year.

The total operating expenses do not include (where applicable) brokerage and other transaction 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 average net asset value is based on the daily balances.

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 the total value of purchases (or sales) of the underlying investments divided by the weighted average daily net asset value. The total value of purchase (or sales) do not include brokerage and other transaction costs.

Important Information

Phillip Global Rising Yield Innovators Fund (the “Sub-Fund”) is a sub-fund of Phillip International Funds (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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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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