

PHILLIP SELECT FUND

ANNUAL REPORT

Year ended 30 September 2023



Phillip Capital Management

(A member of PhillipCapital)

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Phillip Select Fund

MANAGER

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Singapore 179101
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Jeffrey Lee Chay Khiong
Linus Lim Wen Sheong
Lim Wah Sai
Louis Wong Wai Kit

TRUSTEE & REGISTRAR

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(Company Registration No. 200800851W)

CUSTODIAN AND FUND ADMINISTRATOR

BNP Paribas, acting through its Singapore Branch
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AUDITORS

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SOLICITORS TO THE MANAGER

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Phillip Select Fund

Manager's Investment Report

Phillip Singapore Real Estate Income Fund

For the full year ending 30th September 2023, the Fund (Class I SGD) has achieved a total return of -4.46% (net of distribution, fees, and withholding tax). The Fund paid a distribution per share of SGD 4.8 cents for the entire year.

For the same period, the top three performing constituents in the Fund were Keppel DC REIT (+30.63%), Mapletree Logistics Trust (+14.4%), and Far East Hospitality REITs (+13.97%). At the same time, the significant detractors were Manulife US REIT (-85.95%), Prime US REIT (-68.75%), and Keppel Pacific Oak REIT (-55.04%).

SREITs have not fared well this year because interest rates will remain "higher for longer," global manufacturing contractions, and the U.S. commercial real estate sector collapses. As a result, the sector valuation was quite beaten down by the end of 3Q23. The FTSE ST REIT Index stayed oversold at 0.86 Price-to-Book, significantly below its trailing 10Year average of 1.04 PB. The yield spread with the 10-year Singapore Govt Bond only gained 0.03 pp YoY to 2.29%, well below the long-term average of 3.09%, while the yield spread with STI is also at a historical low of 0.33%.

Data Centre (+29.97% T1Y), Industrial (+7.54% T1Y), and Hospitality (+4.67% T1Y) were the best performing subsectors. Data Center and Industrial continued to thrive alongside the increasing appetite for new economic assets. Early this year, the growing concerns on data privacy and the Artificial Intelligence (A.I.) stock market rally positively drove Data Center demand overall. Industries have also shown resilient growth supported by logistics and warehouse demands. For hospitality, the performance was positively correlated with the reopening of borders and travel recovery this year. The average hotel occupancy and RevPAR in Singapore have recovered to and surpassed the pre-pandemic range, respectively. The monthly inbound arrivals have also grown by 1.45 times YoY to around 75% of the pre-pandemic average of about 1.5 million visitors monthly.

On the other hand, Office (-41.84% YoY), Healthcare (-8.24% T1Y), and Retail (-6.09% T1Y) were the worst-hit subsectors. The collapse in the U.S. Office SREITs mainly caused the Office's underperformance. High inflation and borrowing costs, coupled with a recessionary outlook, had companies resorting to massive layoffs in addition to downsizing or relocating to cheaper states. This has resulted in an average U.S. office vacancy rate of 18-20%, around 6-8 pp higher than the pre-pandemic (4Q19) level. The lack of demand has also put a drag on valuations of the U.S. Office SREITs, which have fallen to the range of 0.13-0.26 PB by the end of September. Healthcare has also experienced a correction to its relatively high valuation, while Retail was affected by the slowdown in consumer spending. In Singapore, total retail sales (excl. motor vehicles) growth was relatively muted at 0.5% YoY as of 3Q23, although the average retail occupancy rate remained resilient at 92.5%. Tenant sales in both suburban and central malls have also surpassed the pre-pandemic average in 2019.

Market Outlook & Strategy

Our top subsector preference remained the Industrial and Data Center at 1.25 and 1.55 PB target range, respectively. The logistics players will provide more defensive exposure to the Fund due to their higher operating margin and the resilient e-commerce demand in Singapore. Additionally, the hi-tech segment and Data Center are well-positioned to benefit many megatrends, such as the growth in digital services, increasing data privacy/protection concerns, and the growth of A.I. computing, to name a few.

We are still cautious about the U.S. office space as we expect a further drop in U.S. office property valuation to be reported at the end of this Financial Year. Moreover, most of the key markets that the U.S. Office SREITs have exposure to are the ones that have experienced the most negative net firm migration, such as California and New York. The bad sentiment has spilled over to the Singapore offices as well. However, we are optimistic about the outlook of Singapore offices as they have proven to be more resilient than their U.S. and global counterparts in terms of occupancy and rental pickups this year. Valuation of Singapore Office SREITs is currently relatively low at the 0.53-0.6 PB range, considering our fair target of around 0.72 PB.

Phillip Select Fund

We are optimistic about SREITs moving forward due to the 0.86 PB valuation level, which is quite oversold and at one of the lowest points historically. Ahead dividend yield, at around 5.5-6%, is also attractive. Furthermore, the ballooning impact of the Fed's rate hikes on the U.S. economy and the recent Fed pause are indications that we are at the height of the policy tightening. The peaking and stabilisation of interest rates have been historically an excellent buying point for SREITs. For example, during the 2006-2008 and 2018-2019 periods when the Fed's hikes were halted, SREITs outperformed the Straits Times Index (STI) by around 4% and 7%, respectively. In the long term, the resilient structural demand and scarcity of real estate space in Singapore will continue to support the sector's demand. REIT has also been the best inflation-adjusted asset class globally for the past 20 years. It would be a good investment vehicle for investors in the current inflationary environment as the property value and rental income will generally go up along with rising prices.

Phillip Select Fund

Report to the Unitholders Year ended 30 September 2023

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 16 to 17.

2. Schedule of investments by asset class

Asset Class	Fair value at	Percentage of
	30 September 2023	total net assets
	S\$	attributable to
		unitholders at
		30 September 2023
		%
Real Estate Investment Trusts	31,698,115	93.88
Exchange traded funds	1,230,729	3.64
Cash and cash equivalents ¹	1,682,946	4.98
Other net liabilities	(846,863)	(2.50)
Net asset attributable to unitholders	<u>33,764,927</u>	<u>100.00</u>

¹ Cash and cash equivalent caption includes amount held with broker amounting to \$465,141.

Phillip Select Fund

Report to the Unitholders Year ended 30 September 2023

3. Top 10 holdings

Phillip Singapore Real Estate Income Fund

10 largest holdings at 30 September 2023	Fair value at	Percentage of total
	30 September 2023 S\$	net assets attributable to unitholders at 30 September 2023 %
Capitaland Ascendas REIT	3,520,861	10.43
Mapletree Logistics Trust	3,496,288	10.35
Mapletree Industrial Trust	3,263,964	9.67
Capitaland Integrated Commercial Trust	2,889,513	8.56
Keppel DC REIT	2,375,273	7.03
Mapletree Pan Asia Commercial Trust	2,232,659	6.61
Frasers Logistics & Commercial Trust	1,668,912	4.94
Keppel REIT	1,519,415	4.50
Capitaland China Trust	1,293,895	3.83
Phillip SGX APAC Dividend Leaders REIT ETF	1,159,173	3.43

10 largest holdings at 30 September 2022	Fair value at	Percentage of total
	30 September 2022 S\$	net assets attributable to unitholders at 30 September 2022 %
Mapletree Logistics Trust	4,553,833	9.23
Mapletree Industrial Trust	4,484,472	9.09
Mapletree Pan Asia Commercial Trust	3,975,436	8.06
Capitaland Ascendas REIT	3,772,222	7.65
Keppel DC REIT	3,607,329	7.31
Frasers Logistics & Commercial Trust	2,779,469	5.64
Frasers Centrepoint Trust	2,588,604	5.25
Capitaland Integrated Commercial Trust	2,077,246	4.21
Keppel REIT	1,907,823	3.87
Capitaland China Trust	1,520,509	3.08

4. Exposure to financial derivatives

	Fair value as at	Percentage of	Unrealised	Realised
	30 September	total net assets		
	2023	attributable to	S\$	S\$
	S\$	unitholders as at		
		30 September		
		2023		
		%		
Futures contracts	-	-	-	77,555

**Report to the Unitholders
Year ended 30 September 2023**

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:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

8. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes

Please refer to Statement of Portfolio on page 16 to 17.

9. Amount and percentage of borrowings of total fund size as at 30 September 2023

Nil.

Phillip Select Fund

Report to the Unitholders Year ended 30 September 2023

10. Amount of units created and cancelled for the financial year ended 30 September 2023

	Class A SGD S\$	Class A USD S\$	Class I SGD S\$	Class I USD S\$
Total amount of redemptions	(17,702,303)	(501,105)	(1,445,204)	-
Total amount of subscriptions	6,406,870	137,200	1,200,400	7,875

11. Turnover ratio

Please refer to Note 12 of Notes to Financial Statements.

12. Expense ratio

Please refer to Note 12 of Notes to Financial Statements.

13. Performance of Sub-Fund as at 30 September 2023

	Class A		Class I		Benchmark
	SGD	USD	SGD	USD	
Cumulative (%) *					
3 months	-4.64	-5.46	-4.52	-5.34	-
6 months	-6.75	-9.86	-6.58	-9.65	-
1 year	-4.86	-0.75	-4.46	-0.28	-4.86
3 years	-12.35	-12.16	-11.36	-10.94	-4.30
5 years	-4.45	0.04	-2.44	2.18	-0.91
10 years	31.88	23.99	37.47	-	2.81
Since inception **	75.88	18.38	84.55	25.63	4.80
Annualised (%)					
1 year	-4.86	-0.75	-4.46	-0.28	-4.88
3 years	-4.30	-4.23	-3.94	-3.79	-3.22
5 years	-0.91	0.01	-0.49	0.43	1.10
10 years	2.81	2.17	3.23	-	4.45
Since inception **	4.80	1.65	5.22	2.45	6.26

* 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

Please refer to Note 11 of Notes to Financial Statements.

15. Any other material information that will adversely impact the valuation of the Sub-Fund.

Nil.

**Report to the Unitholders
Year ended 30 September 2023**

16. 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 September 2023 and 30 September 2022.

Not applicable.

- (ii) Expense ratios for the period 30 September 2023 and 30 September 2022.

Not applicable.

- (iii) Turnover ratios for the period 30 September 2023 and 30 September 2022.

Not applicable

17. 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 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 the 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.

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip Select Fund 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 year 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 Select Fund during the period covered by these financial statements, set out on pages 13 to 31, 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
BNP Paribas Trust Services Singapore Limited

Authorised signatory

29 December 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 13 to 31, 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 Select Fund as at 30 September 2023, and the financial performance and movements in unitholders' funds for the year then ended 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 Select Fund will be able to meet its financial obligations as and when they materialise.

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

Linus Lim Wen Sheong
Director

29 December 2023

Independent auditors' report

Unitholders

Phillip Select Fund

(Constituted under a Trust Deed in the Republic of Singapore)

Opinion

We have audited the financial statements of Phillip Select Fund (the "Fund"), which comprise the Statement of Financial Position and Statement of Portfolio as at 30 September 2023, the Statement of Total Return and Statement of Movements 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 13 to 31.

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 September 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 *Auditors' 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. Other information is defined as all information included in the annual report other than 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 presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control 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 auditor's 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.

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- 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.
- 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 December 2023

Statement of Total Return
Year ended 30 September 2023

		Phillip Singapore Real Estate Income Fund	
	Note	2023	2022
		S\$	S\$
Income			
Dividends		1,981,444	2,558,857
Interest on cash and bank balances		37,967	4,570
		2,019,411	2,563,427
Less:			
Expenses			
Management fees		453,530	624,877
Transfer agent fees		4,205	5,716
Trustee fees		16,818	22,863
Custody fees		40,279	62,502
Audit fees		16,462	15,000
Transaction fees		69,456	133,165
Valuation fees		16,818	22,863
Other expenses		78,841	23,080
		696,409	910,066
Net income		1,323,002	1,653,361
Net gains or losses on value of investments and financial derivatives			
Net losses on investments		(3,159,840)	(7,207,848)
Net gains on financial derivatives		77,555	12,315
Net (losses)/gains on foreign exchange		(3,504)	816
		(3,085,789)	(7,194,717)
Total (deficit) for the financial year before income tax		(1,762,787)	(5,541,356)
Less: Income tax	8	(117,438)	(256,377)
Total (deficit) for the financial year after income tax before distribution		(1,880,225)	(5,797,733)

The accompanying notes form an integral part of these financial statements

Statement of Financial Position
As at 30 September 2023

		Phillip Singapore Real Estate Income Fund	
	Note	2023	2022
		S\$	S\$
Assets			
Portfolio of investments		32,928,844	48,705,072
Sales awaiting settlement		970	3,517
Receivables	3	47,623	195,757
Amounts held with brokers	4	465,141	305,795
Cash and cash equivalents	5	1,217,805	1,025,572
Total assets		34,660,383	50,235,713
Liabilities			
Payables	6	557,989	920,901
Purchases awaiting settlement		337,467	-
Total liabilities		895,456	920,901
Equity			
Net assets attributable to unitholders	7	33,764,927	49,314,812

The accompanying notes form an integral part of these financial statements

Statement of Movements of Unitholders' Funds
Year ended 30 September 2023

	Note	Phillip Singapore Real Estate Income Fund	
		2023	2022
		S\$	S\$
Net assets attributable to unitholders at the beginning of the financial year		49,314,812	67,008,393
Operations			
Change in net assets attributable to unitholders resulting from operations		(1,880,225)	(5,797,733)
Unitholders' contributions/(withdrawals)			
Creation of units		7,752,346	23,519,034
Cancellation of units		(19,648,612)	(33,156,061)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(11,896,266)	(9,637,027)
Distributions	9	(1,773,394)	(2,258,821)
Total decreases in net assets attributable to unitholders		(15,549,885)	(17,693,581)
Net assets attributable to unitholders at the end of the financial year	7	33,764,927	49,314,812

The accompanying notes form an integral part of these financial statements

**Statement of Portfolio
As at 30 September 2023**

Phillip Singapore Real Estate Income Fund

By Geography (Primary)

	Holdings at 30 September 2023	Fair value at 30 September 2023 S\$	Percentage of total net assets attributable to unitholders at 30 September 2023 %
Quoted Investment Fund			
HONG KONG SAR			
Link REIT	76,800	513,965	1.52
		513,965	1.52
SINGAPORE			
AIMS Apac REIT	368,476	479,019	1.42
Capitaland Ascendas REIT	1,280,313	3,520,861	10.43
Capitaland Ascott Trust	1,088,361	1,044,827	3.09
Capitaland China Trust	1,462,028	1,293,895	3.83
Capitaland India Trust	1,000,540	1,050,567	3.11
Capitaland Integrated Commercial Trust	1,561,899	2,889,513	8.56
CDL Hospitality Trusts	828,420	861,557	2.55
Cromwell European Real Estate Investment Trust	48,400	89,527	0.27
Daiwa House Logistics Trust	500,000	277,500	0.82
ESR-Logos REIT	2,419,709	677,519	2.01
Far East Hospitality Trust	280,000	177,800	0.53
Frasers Centrepoint Trust	502,905	1,101,362	3.26
Frasers Hospitality Trust	400,013	202,007	0.60
Frasers Logistics & Commercial Trust	1,559,731	1,668,912	4.94
Keppel DC REIT	1,141,958	2,375,273	7.03
Keppel Pacific OAK US REIT	304,800	91,526	0.27
Keppel REIT	1,777,094	1,519,415	4.50
Lendlease Global Commercial REIT	1,443,800	786,871	2.33
Lippo Malls Indonesia Retail Trust	17	-	-
Manulife US Real Estate Investment Trust	1,922,780	149,592	0.44
Mapletree Industrial Trust	1,444,232	3,263,964	9.67
Mapletree Logistics Trust	2,081,124	3,496,288	10.35
Mapletree Pan Asia Commercial Trust	1,561,300	2,232,659	6.61
QUE Commercial Real Estate Investment Trust	786,640	184,860	0.55
Paragon REIT	300,000	250,500	0.74
Parkway Life Real Estate Investment Trust	225,612	832,508	2.47
Phillip SGX APAC Dividend Leaders REIT ETF	1,127,600	1,159,173	3.43
Starhill Global REIT	1,286,738	624,068	1.85
Suntec Real Estate Investment Trust	36,000	41,760	0.13
		32,343,323	95.79
UNITED STATES OF AMERICA			
Proshares VIX Short-Term Futures ETF	2,250	71,556	0.21
		71,556	0.21
Unquoted Investment Fund			
SINGAPORE			
EC World REIT	15,000	-	-
Portfolio of investments		32,928,844	97.52
Other net assets		836,083	2.48
Net assets attributable to unitholders		33,764,927	100.00

The accompanying notes form an integral part of these financial statements

Statement of Portfolio
As at 30 September 2023

By Geography (Summary)	Phillip Singapore Real Estate Income Fund		
	Fair value at 30 September 2023 S\$	Percentage of total net assets attributable to unitholders at 30 September 2023 %	Percentage of total net assets attributable to unitholders at 30 September 2022 %
Quoted			
Hong Kong SAR	513,965	1.52	1.41
Singapore	32,343,323	95.79	95.59
United States of America	71,556	0.21	1.46
Total Quoted Investment Funds	32,928,844	97.52	98.46
Unquoted			
Singapore	-	-	0.30
Portfolio of investments	32,928,844	97.52	98.76
Other net assets	836,083	2.48	1.24
Net assets attributable to unitholders	33,764,927	100.00	100.00

By Industry (Secondary)	Phillip Singapore Real Estate Income Fund		
	Fair value at 30 September 2023 S\$	Percentage of total net assets attributable to unitholders at 30 September 2023 %	Percentage of total net assets attributable to unitholders at 30 September 2022 %
Real Estate Investment Trust*	31,698,115	93.88	91.65
Exchange traded funds	1,159,173	3.43	5.65
Financial	71,556	0.21	1.46
Portfolio of investments	32,928,844	97.52	98.76
Other net assets	836,083	2.48	1.24
Net assets attributable to unitholders	33,764,927	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.

Notes to the Financial Statements

These notes form an integral part of the financial statements

1 General

Phillip Select Fund (the "Fund") is an open-ended Unit Trust constituted pursuant to the Trust Deed dated 12 July 2011 together with its Amended and Restated Deeds and its Supplemental Deeds thereon (collectively referred to as the "Trust Deed") between Phillip Capital Management (S) Ltd as the Manager and BNP Paribas Trust Services Singapore Ltd as the Trustee. The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The Fund offers one sub-fund (the "Sub-Fund"), Phillip Singapore Real Estate Income Fund, which was first offered for subscription on 16 August 2011.

The investment objective of Phillip Singapore Real Estate Income Fund is to achieve medium to long term capital appreciation and a regular stream of income by primarily investing in Real Estate Investment Trusts ("REITs") listed in Singapore, including warrants, bonds and convertible bonds issued by the REITs. The Sub-Fund intends to offer regular dividends through quarterly distributions (or such other frequency as the Managers may determine from time to time). The Sub-Fund is benchmarked against the SGX S-REIT Index.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements, expressed in Singapore Dollars ("S\$"), 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.

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.

2.2 Basis of valuation of investments

Quoted investments are stated at fair value at the reporting date. 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 Statement 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 Statement of Total Return.

2.3 Financial derivatives

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value therein are recognised in the Statement of Total Return.

2. Significant accounting policies (continued)

2.4 Recognition of income

Dividend income is recognised when declared and is stated gross of tax credits.

Interest income is recognised as it accrues in the Statement of Total Return, using the effective interest method.

2.5 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.

2.6 Income tax expense

The 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.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. 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.

2.8 Net assets attributable to unitholders

Net assets attributable to unitholders are classified as equity.

3 Receivables

	Phillip Singapore Real Estate Income Fund	
	2023	2022
	S\$	S\$
Receivable from unitholders for creation of units	45,749	167,238
Dividends receivable	1,384	28,030
Other receivables	490	489
	47,623	195,757

4 Amount held with brokers

Phillip Singapore Real Estate Income Fund	
2023	2022
S\$	S\$
Amount held with brokers	465,141
	305,795

5 Cash and cash equivalents

Phillip Singapore Real Estate Income Fund	
2023	2022
S\$	S\$
Cash and bank balances	1,217,805
	1,025,572

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

6 Payables

Phillip Singapore Real Estate Income Fund	
2023	2022
S\$	S\$
Payable to unitholders for cancellation of units	86,638
Distribution payable in respect of final distribution	340,103
Management fee payable	69,504
Other payables and accrued expenses	61,744
	557,989
	920,901

7 Units in issue

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

	Phillip Singapore Real Estate Income Fund	
	2023	2022
Class A SGD Units		
Units at beginning of the year	33,845,810	38,168,444
Units created	6,027,235	17,188,781
Units cancelled	(16,456,422)	(21,511,415)
Units at end of the year	23,416,623	33,845,810
Net assets attributable to unitholders - S\$	22,765,453	36,556,529
Net asset value per unit - S\$	0.9722	1.0800
Class A USD Units		
Units at beginning of the year	1,141,322	662,087
Units created	130,353	619,905
Units cancelled	(481,795)	(140,670)
Units at end of the year	789,880	1,141,322
Net assets attributable to unitholders - S\$	755,993	1,214,597
Net asset value per unit - S\$	0.9571	1.0642
Class I SGD Units		
Units at beginning of the year	9,943,085	13,705,857
Units created	1,058,503	1,101,211
Units cancelled	(1,284,035)	(4,863,983)
Units at end of the year	9,717,553	9,943,085
Net assets attributable to unitholders - S\$	10,084,417	11,376,290
Net asset value per unit - S\$	1.0378	1.1441
Class I USD Units		
Units at beginning of the year	146,065	140,683
Units created	6,959	5,382
Units cancelled	-	-
Units at end of the year	153,024	146,065
Net assets attributable to unitholders - S\$	159,064	167,396
Net asset value per unit - S\$	1.0395	1.1460

Currently, the Manager is offering 4 classes of Units in the Sub-Fund, namely Class A SGD Units, Class A USD Units, Class I SGD Units and Class I USD Units. Class A SGD Units and Class A USD Units are offered to investors who invest a minimum of SGD1,000 or USD1,000, respectively, and Class I SGD Units and Class I USD Units are offered to investors who invest SGD500,000 or USD500,000 and above, respectively. All classes will constitute the Sub-Fund and are not separate sub-funds. Any expense, income and/or gain which is attributable to a particular class shall be deducted from or added to (as the case may be) the value of the Sub-Fund which is attributable to that class.

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the financial year end is presented below:

7. Units in issue (continued)

Class A SGD Units	2023	2022
	S\$	S\$
Net assets attributable to unitholders per unit per the financial statements	0.9722	1.0800
Effect of adopting bid prices at fair value per unit	0.0001	-
Effects of distribution per unit	0.0100	0.0150
Net assets attributable to unitholders per unit for issuing/redeeming units	<u>0.9823</u>	<u>1.0950</u>
Class A USD Units	2023	2022
	S\$	S\$
Net assets attributable to unitholders per unit per the financial statements	0.9571	1.0642
Effect of adopting bid prices at fair value per unit	0.0001	-
Effects of distribution per unit	0.0101	0.0150
Net assets attributable to unitholders per unit for issuing/redeeming units	<u>0.9673</u>	<u>1.0792</u>
Class I SGD Units	2023	2022
	S\$	S\$
Net assets attributable to unitholders per unit per the financial statements	1.0378	1.1441
Effect of adopting bid prices at fair value per unit	0.0001	-
Effects of distribution per unit	0.0099	0.0150
Net assets attributable to unitholders per unit for issuing/redeeming units	<u>1.0478</u>	<u>1.1591</u>
Class I USD Units	2023	2022
	S\$	S\$
Net assets attributable to unitholders per unit per the financial statements	1.0395	1.1460
Effect of adopting bid prices at fair value per unit	0.0001	-
Effects of distribution per unit	0.0100	0.0150
Net assets attributable to unitholders per unit for issuing/redeeming units	<u>1.0496</u>	<u>1.1610</u>

8 Income tax

	Phillip Singapore Real Estate Income Fund	
	2023	2022
	S\$	S\$
Singapore income tax	117,438	256,377
	<u>117,438</u>	<u>256,377</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends and tax charge on distribution from Singapore REITs.

9 Distributions

Phillip Singapore Real Estate Income Fund

	2023 S\$
Interim (1.00 cents per unit based on units outstanding as at 31 December 2022)	442,881
Interim (1.80 cents per unit based on units outstanding as at 30 March 2023)	628,800
Interim (1.00 cents per unit based on units outstanding as at 30 June 2023)	361,610
Final (1.00 cents per unit based on units outstanding as at 30 September 2023)	340,103
	1,773,394
	2022 S\$
Interim (0.70 cents per unit based on units outstanding as at 31 December 2021)	327,189
Interim (1.45 cents per unit based on units outstanding as at 30 March 2022)	660,857
Interim (1.35 cents per unit based on units outstanding as at 30 June 2022)	594,631
Final (1.50 cents per unit based on units outstanding as at 30 September 2022)	676,144
	2,258,821

10 Financial risk management

In the ordinary course of business, the Sub-Fund is exposed 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.

a) **Market risk**

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 quoted securities 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. The Manager is therefore not concerned about the short-term price volatility with respect to its investment provided that the underlying business, economic and management characteristics of its investments remain favourable.

10. Financial risk management (continued)

a) Market risk (continued)

Sensitivity analysis

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

	Phillip Singapore Real Estate Income Fund	
	2023	2022
	S\$	S\$
Portfolio of investment	3,292,884	4,870,507

A 10% decrease in the market prices of investments at the reporting date would have an equal but opposite effect on the fair value of investments, on the basis that all other variables remain constant.

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 there are no significant variable interest earning/bearing financial instruments held.

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.

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

Phillip Singapore Real Estate Income Fund

2023	USD	AUD	EUR	CNY	HKD
	S\$	S\$	S\$	S\$	S\$
Assets					
Portfolio of investments	312,674	-	89,527	-	513,965
Cash and cash equivalents	55,990	-	-	-	-
	368,664	-	89,527	-	513,965
Liabilities					
Payables	(14,642)	-	-	-	-
	(14,642)	-	-	-	-
Net currency exposure	354,022	-	89,527	-	513,965

10. Financial risk management (continued)

a) Market risk (continued)

2022	USD S\$	AUD S\$	EUR S\$	CNY S\$	HKD S\$
Assets					
Portfolio of investments	3,202,346	-	805,940	52,814	642,259
Cash and cash equivalents	49,335	27	-	-	-
	<u>3,251,681</u>	<u>27</u>	<u>805,940</u>	<u>52,814</u>	<u>642,259</u>
Liabilities					
Payables	(19,311)	-	-	-	-
	<u>(19,311)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net currency exposure	<u>3,232,370</u>	<u>27</u>	<u>805,940</u>	<u>52,814</u>	<u>642,259</u>

Portfolio of investments and financial derivatives at fair value are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk.

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

As at 30 September 2023 and 2022, with respect to the monetary assets of the Sub-Fund, had the Singapore Dollar appreciated/depreciated by 10% (2022: 10%) against foreign currencies, with all other variables remaining constant, the decrease/increase in net assets attributable to unitholders would not be significant.

b) Liquidity risk

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

The tables below analyse the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Phillip Singapore Real Estate Income Fund	
	2023 S\$	2022 S\$
Less than 3 months		
Payables	557,989	920,901
Purchases awaiting settlement	337,467	-
	<u>895,456</u>	<u>920,901</u>

10. Financial risk management (continued)

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 other receivable balances.

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 upon payment by the broker. Payment is made on a purchase once the securities have been received by the Sub-Fund. 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. 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

The fair value of financial assets and liabilities 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 financial assets and financial liabilities held by the Sub-Fund is the last traded price. When the Sub-Fund holds derivatives with offsetting market risks, last traded prices are used as a basis for establishing fair values for the offsetting risk positions and last traded prices are applied to the net open position, as appropriate.

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 September 2023 and 2022:

Phillip Singapore Real Estate Income Fund

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2023				
Assets				
Portfolio of investments	32,928,844	-	-	32,928,844
	<u>32,928,844</u>	<u>-</u>	<u>-</u>	<u>32,928,844</u>

10. Financial risk management (continued)

d) Fair value estimation (continued)

2022	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Assets				
Portfolio of investments	48,705,072	-	-	48,705,072
	<u>48,705,072</u>	<u>-</u>	<u>-</u>	<u>48,705,072</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

The following table presents the transfers between levels for the year ended 30 September 2023. There is no transfer in or out of level 3 for the year ended 30 September 2022.

	Level 3 S\$
Transfer from Level 1 into Level 3	150,000
Sales	(83,908)
Losses recognised in the Statement of Total Return	<u>(66,092)</u>
Closing balance	<u><u>-</u></u>

As of 30 September 2023, investment classified as Level 3 consists of one equity security for EC World REITs, which is suspended from trading since 31 August 2023 as ECW Group needs time to work on resolving several “uncertainties” pertaining to the group’s financial position. The manager disclosed that the ECW Group, comprising the REIT and its subsidiaries, could not fully repay its offshore interest expenses. As a result, the Manager has fair valued the balance of 15,000 shares as S\$Nil. The amount is insignificant to the Sub-Fund.

11 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, the following significant transactions took place between the Sub-Fund and its related parties during the year:

	Phillip Singapore Real Estate Income Fund	
	2023	2022
	S\$	S\$
Brokerage fees paid to:		
- a related party of the Manager	2,824	12,499
- a related party of the Trustee	855	1,958
Valuation fees paid to a related party of the Trustee	16,818	22,863
Interest income received from/(interest expense paid to):		
- a related party of the Trustee	37,967	4,570
- a related party of the Trustee	<u>(1,115)</u>	<u>(3,197)</u>
Bank balances held with related parties of the Trustee	<u>1,217,805</u>	<u>1,025,571</u>

12 Financial ratios

Expense ratio

		Phillip Singapore Real Estate Income Fund	
		2023	2022
Class A SGD units			
Total operating expenses	S\$	477,059	623,341
Average daily net asset value	S\$	29,674,023	42,415,120
Total expense ratio ^{Note 1}	%	1.61	1.47
		2023	2022
Class A USD units			
Total operating expenses	S\$	16,245	17,136
Average daily net asset value	S\$	976,337	1,170,640
Total expense ratio ^{Note 1}	%	1.66	1.46
		2023	2022
Class I SGD units			
Total operating expenses	S\$	130,537	131,395
Average daily net asset value	S\$	11,168,253	13,375,198
Total expense ratio ^{Note 1}	%	1.17	0.98
		2023	2022
Class I USD units			
Total operating expenses	S\$	1,996	1,832
Average daily net asset value	S\$	169,157	185,969
Total expense ratio ^{Note 1}	%	1.18	0.99
		2023	2022
Turnover ratio			
		Phillip Singapore Real Estate Income Fund	
		2023	2022
Lower total value of purchase or sales	S\$	4,643,328	23,956,526
Average daily net asset value	S\$	41,987,769	57,146,927
Total turnover ratio ^{Note 2}	%	11.06	41.92

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was 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 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 Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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 was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value. The total value of sales do not include brokerage and other transaction costs.

Phillip Select Fund

Important Information

Phillip Singapore Real Estate Income Fund (the "Sub-Fund") is a sub-fund of Phillip Select Fund (the "Fund"), an open-ended umbrella unit trust authorised under the Securities and Futures Act 2001, by the Monetary Authority of Singapore.

This document is published by Phillip Capital Management (S) Ltd, the manager of the Fund (the "Manager"), for information only and it does not constitute a prospectus nor form part of any offer or invitation to subscribe for or to purchase, or solicitation of any offer to subscribe for or to purchase, any units in the Sub-Fund. All applications for units in the Sub-Fund must be made on the application forms accompanying the latest prospectus of the Fund (the "Prospectus").

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Given the economic and market risks, there can be no assurance that the Sub-Fund will achieve their 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.