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

## **Semi-Annual Report**

*Period from 1 January 2024 to 30 June 2024 (Unaudited)*

<b>CONTENTS</b>	<b>Page</b>
Directory	2
Manager's Investment Report	3
Report to Unitholders	4
Statement of Total Return	11
Statement of Financial Position	12
Statement of Movement in Unitholders' Funds	13
Statement of Portfolio	14
Important information	17

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

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**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 AND 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 Quality Fund delivered a strong half-year performance as at end-June 2024. The "SGD Dis" class delivered total return of 16.2 % while the "SGD Hedged Dis" class had total return of 12.3%.

From the start of the calendar new year 2024, investors have increasingly caught on to the buoyant economic data from the US, and the related messaging of the US Federal Reserve, that interest rate cuts may be less forthcoming than previously expected. A "higher for longer" interest rate environment became the mainstream narrative, with expectations of rate cuts for 2024 decreasing from the previously expected three to as few as one or even none.

There continued to be optimism on developed market stocks, in particular technology stocks, as the artificial intelligence theme continued to capture market imagination. The foregoing half year has again proved to be rewarding for those who held firm to their positions.

Looking forward, while recent data do point to inflation tapering off, and also there are signs of economic softening in the US (not to mention other countries – in fact economies such as the Eurozone have already started cutting rates), the messaging from various members of the US Federal Reserve point to their reluctance to start a rate cut cycle. A sudden shock from a quick market correction emanating from Japan appears to have some now expecting a sizeable cut as early as September. The volatility of expectations is palpable above, and we expect heightened volatility as we enter into an imminent rate cut cycle. Other considerations abound: a US Presidential election year has typically been a positive year for stocks, though from the angle of US-China geopolitics we expect the run-up to the US Presidential elections is likely to see both Republican and Democratic parties demonstrating their anti-China credentials. All this makes for quite an intriguing interplay of various factors for the rest of 2024.

The Fund is a feeder fund into the GMO Quality Investment Fund domiciled in Ireland, which seeks to invest primarily in quality global stocks. Quality stocks are described as companies with high and stable profitability, and with strong balance sheets. The stocks are also picked with an eye on valuation. We believe this positions the Fund well for robust performance over the medium to long term.

Report to unitholders<sup>1</sup>

a) I Investments classified by geography

	Fair Value at 30/06/2024 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2024 %
<b>By Geography (Summary)</b>		
Singapore	13,635,691	99.30
<b>Portfolio of investments</b>	13,635,691	99.30
<b>Other net assets</b>	95,633	0.70
<b>Net assets attributable to unitholders</b>	13,731,324	100.00

a) II Investments classified by industry

	Fair Value at 30/06/2024 S\$	Percentage of Net Assets Attributable to Unitholders at 30/06/2024 %
<b>By Industry (Summary)</b>		
Equity Funds	13,635,691	99.30
<b>Portfolio of investments</b>	13,635,691	99.30
<b>Other net assets</b>	95,633	0.70
<b>Net assets attributable to unitholders</b>	13,731,324	100.00

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<sup>1</sup> As required by the Code on Collective Investment Schemes

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

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a) **III Investments classified by asset class**

	<b>Fair Value at 30/06/2024 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2024 %</b>
Equity Funds	13,635,691	99.30
<b>Portfolio of investments</b>	13,635,691	99.30
<b>Other net assets</b>	95,633	0.70
<b>Net assets attributable to unitholders</b>	13,731,324	100.00

b) **Top Ten Holdings**

<b><u>10 Largest Holdings at 30 June 2024</u></b>	<b>Fair Value at 30/06/2024 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2024 %</b>
GMO Quality Investment Fund - Class ZH	11,440,715	83.32
GMO Quality Investment Fund - Class Z	2,194,976	15.98

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

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

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- c) (i) Exposure to Derivatives as at 30 June 2024  
Nil
- c) (ii) Gains/Losses on derivative contracts realised for the period from 1 January 2024 to 30 June 2024  
Nil
- c) (iii) Gains/Losses on outstanding derivative contracts marked to market as at 30 June 2024  
Nil

- d) Description of the method used to calculate the global exposure of financial derivatives

The global exposure relating to derivative instruments is calculated using the commitment approach. The global exposure of the sub-fund is calculated as the sum of:

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

- e) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2024

	S\$	%
Equity Funds	13,635,691	99.30

- f) Amount and percentage of borrowings of total fund size as at 30 June 2024  
Nil

- g) Amount of redemptions and subscriptions for the period from 1 January 2024 to 30 June 2024
- |                               |                 |
|-------------------------------|-----------------|
| Total amount of redemptions   | (S\$ 1,965,182) |
| Total amount of subscriptions | S\$ 767,005     |

- h) Amount of related party transactions for the period from 1 January 2024 to 30 June 2024
- |  |             |
|--|-------------|
| Bank balances held with a related party of the Trustee | S\$ 364,613 |
|--|-------------|

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

i) **Performance of the Fund as at 30 June 2024**

	<b>Class Dis</b>	<b>Class Hedged Dis</b>
	<b>SGD</b>	<b>SGD</b>
<b>Cumulative (%)*</b>		
3 months	3.29	2.40
6 months	16.22	12.30
1 year	19.16	17.20
3 years	28.42	22.58
Since inception	44.52	35.74
<b>Annualised (%)</b>		
1 year	19.16	17.20
3 years	8.69	7.02
Since inception	11.65	9.57

\*Returns are in Singapore dollar calculated on a bid-to-bid basis. Source: Bloomberg

Inception dates for both Class SGD Dis and Class SGD Hedged Dis were 24 February 2021.

j) **Expense Ratio**

		<b>2024</b>	<b>2023</b>
<b>Class Dis</b>			
Total operating expenses	S\$	61,939	43,710
Average daily net asset value	S\$	2,036,170	1,695,402
Expense ratio (annualised) <sup>(Note 1)</sup>	%	3.09	2.65
<b>Class SGD Hedged Dis</b>			
Total operating expenses	S\$	326,710	258,205
Average daily net asset value	S\$	10,838,072	9,969,363
Expense ratio (annualised) <sup>(Note 1)</sup>	%	3.06	2.66

Note 1: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). Feeder funds typically invest substantially all of their assets in a single fund or a small number of designated funds which are managed by companies affiliated to the Manager.

Annualised expense ratio of the parent-fund should be added to the annualised expense ratio of the Singapore feeder fund less any rebates of management fees and commissions received from the parent-fund during the reporting period, and;

Expense ratio of the feeder funds minus any rebates of management fees and commissions received from the target funds during the reporting period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.



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

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k) **Turnover Ratio**

		<b>2024</b>	<b>2023</b>
Lower of total value of purchases or sales	S\$	200,000	110,000
Average daily net asset value	S\$	13,349,539	11,784,812
Turnover ratio <sup>(Note 2)</sup>	%	1.50	0.93

Note 2: The turnover ratio is calculated in accordance with the formula stated in the Code. The calculation of the turnover ratio is based on the lower of purchases (or sales) of the underlying investments expressed as a percentage of average daily net asset value. The total value of purchase (or sales) do not include brokerage and other transaction costs

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

Nil

m) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme") should be disclosed as well.

(i) Top 10 holdings at market value and as percentage of NAV as at 30 June 2024 and 30 June 2023

<u><b>10 Largest Holdings at 30 June 2024</b></u>	<b>Fair Value at 30/06/2024 S\$</b>	<b>Percentage of Net Assets Attributable to Unitholders at 30/06/2024 %</b>
Microsoft	291,863,244	6.5
Apple	220,317,564	4.9
Alphabet	204,829,598	4.6
Meta Platforms	172,821,154	3.9
Unitedhealth Group	171,847,958	3.8
Taiwan Semiconductor Manufacturing Co.	154,351,124	3.5
Johnson & Johnson	143,970,537	3.2
Sap Se	142,132,853	3.2
Lam Research Corp	138,381,056	3.1
Oracle	138,181,038	3.1

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

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

(ii) Expense ratios for the period ended 30 June 2024 and 30 June 2023

		<b>2024</b>	<b>2023</b>
<b>Class SGD Z</b>			
Total operating expenses	S\$	1,079	1,250
Average daily net asset value	S\$	2,194,976	1,848,332
Expense ratio <sup>(*)</sup> (annualised)	%	0.050	0.070

<b>Class SGD ZH</b>			
Total operating expenses	S\$	5,741	7,438
Average daily net asset value	S\$	11,440,715	10,815,905
Expense ratio <sup>(*)</sup> (annualised)	%	0.050	0.070

\*Please note that the 40bps management fee per the IMA and Fee Schedule is charged outside of the Fund and not included in the above

(iii) Turnover ratios for the period ended 30 June 2024 and 30 June 2023

		<b>2024</b>	<b>2023</b>
Lower of total value of purchases or sales	S\$	343,887,849	121,235,613
Average daily net asset value	S\$	2,769,787,512	891,384,944
Turnover ratio	%	<u>12.42</u>	<u>13.6</u>

n) **Soft dollar arrangements**

The Manager may receive or enter into soft-dollar commissions or arrangements. The Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Manager may receive include research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis and custodial service in relation to the investments managed for clients. The soft dollar credits utilised are not allocated on a specific client basis. The brokers also execute trades for other funds managed by the Manager.

The Manager will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Manager, assist the Manager in its management of clients' funds, provided that the Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

The Manager does not, and is not entitled to, retain cash rebates for its own account in respect of rebates earned when transacting in securities for account of clients' funds.

During the period, soft dollar services received from each broker were investment research and publications, data and quotation services. Soft dollar services were received from the Manager's panel of brokers which executed transactions for the Fund and other funds managed by the Manager.

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

**Statement of Total Return**

Period ended 30 June 2024

	<b>30/06/2024</b>	<b>30/06/2023</b>
	<b>S\$</b>	<b>S\$</b>
<b>Income</b>		
Dividends	-	-
	-	-
Less:		
<b>Expenses</b>		
Management fees	99,614	87,705
Trustee fees	10,824	10,793
Custody fees	4,372	7,672
Administration fees	17,318	10,794
Registrar fees	27,922	849
Audit fees	8,620	8,414
Other expenses	20,914	22,632
	189,584	148,859
<b>Net loss</b>	<b>(189,584)</b>	<b>(148,859)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains on investments	1,817,743	2,189,431
	1,817,743	2,189,431
<b>Total return for the period before income tax</b>	<b>1,628,159</b>	<b>2,040,572</b>
Income tax expense	-	-
<b>Total return for the period after income tax before distribution</b>	<b>1,628,159</b>	<b>2,040,572</b>
Distribution	-	-
<b>Total return for the period after income tax and distribution</b>	<b>1,628,159</b>	<b>2,040,572</b>

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

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**Statement of Financial Position**

As at 30 June 2024

	<b>30/06/2024</b>	<b>31/12/2023</b>
	<b>S\$</b>	<b>S\$</b>
<b>Assets</b>		
Portfolio of investments	13,635,691	13,297,948
Receivables	–	13,987
Cash and cash equivalents	364,613	388,398
<b>Total assets</b>	<u>14,000,304</u>	<u>13,700,333</u>
<b>Liabilities</b>		
Payables	268,980	286,688
<b>Total liabilities</b>	<u>268,980</u>	<u>286,688</u>
<b>Equity</b>		
Net assets attributable to unitholders	<u>13,731,324</u>	<u>13,413,645</u>

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

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**Statement of Movement in Unitholders' Funds**

Period ended 30 June 2024

	<b>30/06/2024</b>	<b>31/12/2023</b>
	<b>S\$</b>	<b>S\$</b>
<b>Net assets attributable to unitholders at the beginning of financial period</b>	13,413,645	10,896,122
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	1,628,159	2,632,218
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	767,005	2,653,519
Cancellation of units	(1,965,182)	(2,657,939)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(1,198,177)	(4,420)
Distribution	(112,303)	(110,275)
Total increase in net assets attributable to unitholders	317,679	2,517,523
<b>Net assets attributable to unitholders at the end of financial period</b>	<b>13,731,324</b>	<b>13,413,645</b>

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

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**Statement of Portfolio**

As at 30 June 2024

	<b>Holdings as at 30/06/2024</b>	<b>Fair value as at 30/06/2024 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2024 %</b>
<b>By Geography (Primary)</b>			
<b>Quoted Investment Funds</b>			
<b>Singapore</b>			
GMO Quality Investment Fund - Class Z	69,264	2,194,976	15.98
GMO Quality Investment Fund - Class ZH	381,866	11,440,715	83.32
		<u>13,635,691</u>	<u>99.30</u>
<b>Portfolio of investments</b>		13,635,691	99.30
<b>Other net assets</b>		95,633	0.70
<b>Net assets attributable to unitholders</b>		<u>13,731,324</u>	<u>100.00</u>

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

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**Statement of Portfolio (continued)**

As at 30 June 2024

	Fair value as at 30/06/2024 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2024 %	Percentage of total net assets attributable to unitholders as at 31/12/2023 %
<b>By Geography (Summary)</b>			
<b>Quoted Investment Funds</b>			
Singapore	13,635,691	99.30	99.14
<b>Portfolio of investments</b>	13,635,691	99.30	99.14
<b>Other net assets</b>	95,633	0.70	0.86
<b>Net assets attributable to unitholders</b>	13,731,324	100.00	100.00



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

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**Statement of Portfolio (continued)**

As at 30 June 2024

	Fair value as at 30/06/2024 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2024 %	Percentage of total net assets attributable to unitholders as at 31/12/2023 %
<b>By Industry (Secondary)</b>			
<b>Quoted Investment Funds</b>			
Equity Funds	13,635,691	99.30	99.14
<b>Portfolio of investments</b>	13,635,691	99.30	99.14
<b>Other net assets</b>	95,633	0.70	0.86
<b>Net assets attributable to unitholders</b>	13,731,324	100.00	100.00

### **Important Information**

Phillip Global Quality Fund (the “Sub-Fund”) is a sub-fund of Phillip Universal Funds (the “Fund”), an umbrella unit trust authorised under the Securities and Futures Act, Chapter 289, by the Monetary Authority of Singapore

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 its investment objectives. Investments in the Sub-Fund are not deposits or other obligations of, or guaranteed, or insured by the Manager or the distributors or their affiliates and are subject to investment risks, including the possible loss of the full principal amount invested. Returns may be affected by, among other things, the investment strategies or objectives of the Sub-Fund and material market and economic conditions. The value of the units and the income from them can fall as well as rise. Past performance is not necessarily indicative of the future performance of the Sub-Fund.

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