

Phillip Universal Funds

Annual Report

Year ended 31 December 2024



Phillip Capital Management

(A member of PhillipCapital)

Contents

	Page
Directory	2
Manager's Investment Report	3
Report to Unitholders	4
Report of the Trustee	9
Statement by the Manager	10
Independent auditors' report	11
FINANCIAL STATEMENTS	
Statement of Total Return	FS1
Statement of Financial Position	FS2
Statement of Movement in Unitholders' Funds	FS3
Statement of Portfolio	FS4
Notes to the Financial Statements	FS7
Important Information	FS15

PHILLIP UNIVERSAL FUNDS

MANAGER

Phillip Capital Management (S) Ltd
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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
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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
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Singapore 018989

SOLICITORS TO THE TRUSTEE

Rajah & Tann Singapore LLP
9 Straits View #06-07
Marina One West Tower
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Manager's Investment Report

The Phillip Global Quality Fund delivered a strong positive performance for the full year ending December 2024. Including distributions, the "SGD Dis" class was up 19.1% while the "SGD Hedged Dis" class was up 13.2%. The difference in performance between the two classes is because the latter hedges US dollar currency movements, and hence had limited benefit from the strengthening of the US dollar over the year.

Looking back at the year 2024, it has been largely dominated by macro developments with special focus on monetary policy of major central banks, as well as political developments centering on the outcome of the US Presidential election. From the start of 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. The US Federal Reserve finally commenced the reversal of its multi-year tightening policy, starting its rate cut cycle in August with a large 50 basis points cut. However, the results of the US Presidential election in November– with Donald Trump winning -- were seen to be boosting the likelihood of lesser rate cuts than originally expected, since his policy platform was viewed as having potentially significant inflationary impact.

Markets start 2025 with the investment landscape marked by excitement and trepidation at the same time. The rapid advancement of artificial intelligence is creating new opportunities and transforming industries, while the second Presidential term of Donald Trump is about to start. Macros-wise, we are entering 2025 amidst benign global macros: moderate growth and disinflation, central banks commencing on a rate cutting trajectory. Therefore, markets start from a relatively benign position. The trepidation arises from whether an unwinding of these could happen under new political and market dynamics.

Most would agree that global market direction continues to emanate out of the US, the largest and deepest market – in particular the government policy and the capital markets would have huge bearing. For US government policy, analysts generally agree on the US policy direction under Donald Trump, which may be characterized as: higher government spending, lower corporate taxes, tightening on immigration, and heavy tariffs on imports to "make America great again" (by encouraging reshoring of manufacturing). Yet, some of these are favourable for markets, others are not. The sequencing and the intensity of these policies will be important for market direction – for example if tax cuts are given priority on the new government's implementation, or if tariffs are not as tough on trading partners as originally promised, this could see tailwinds for overall risk markets.

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.

Report to Unitholders
Year ended 31 December 2024

a) I Investments classified by geography

	Fair Value at 31/12/2024 S\$	Percentage of Net Assets Attributable to Unitholders at 31/12/2024 %
Singapore	10,699,791	99.20
Portfolio of investments	10,699,791	99.20
Other net assets	86,588	0.80
Net assets attributable to unitholders	10,786,379	100.00

i
II Investments classified by industry

	Fair Value at 31/12/2024 S\$	Percentage of Net Assets Attributable to Unitholders at 31/12/2024 %
Equity Funds	10,699,791	99.20
Portfolio of investments	10,699,791	99.20
Other net assets	86,588	0.80
Net assets attributable to unitholders	10,786,379	100.00

i
III Investments classified by asset class

	Fair Value at 31/12/2024 S\$	Percentage of Net Assets Attributable to Unitholders at 31/12/2024 %
Equity funds	10,699,791	99.20
Portfolio of investments	10,699,791	99.20
Other net assets	86,588	0.80
Net assets attributable to unitholders	10,786,379	100.00

b) **Top Ten Holdings**

<u>10 Largest Holdings at 31 December 2024</u>	Fair Value at 31/12/2024 S\$	Percentage of Net Assets Attributable to Unitholders at 31/12/2024 %
GMO Quality Investment Fund - Class ZH	8,526,372	79.05
GMO Quality Investment Fund - Class Z	2,173,419	20.15

<u>10 Largest Holdings at 31 December 2023</u>	Fair Value at 31/12/2023 S\$	Percentage of Net Assets Attributable to Unitholders at 31/12/2023 %
GMO Quality Investment Fund - Class ZH	11,311,130	84.33
GMO Quality Investment Fund - Class Z	1,986,818	14.81

- c) (i) Exposure to Derivatives as at 31 December 2024.
Nil
- c) (ii) Gain on derivative contracts realised for the year ended 31 December 2024
Nil
- c) (iii) Loss on outstanding derivative contracts marked to market as at 31 December 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 31 December 2024.

Please refer to Statement of Portfolio on pages FS4 to FS6

- f) Amount and percentage of borrowings of total fund size as at 31 December 2024.

Nil

- g) Amount of redemptions and subscriptions for the year ended 31 December 2024.

Global Quality Fund

S\$

Total amount of redemptions (5,610,716)

Total amount of subscriptions 1,451,910

- h) Amount of related party transactions for the year ended 31 December 2024.

Bank balances held with a related party of the Trustee S\$ 176,674

Registrar fees incurred by a related party of the Trustee S\$ 70,039

- i) **Performance of the Fund as at 31 December 2024**

	Class Dis	Class Hedged Dis
	SGD	SGD
Cumulative (%)*		
3 months	3.44	-3.15
6 months	2.46	0.77
1 year	19.08	13.16
3 years	21.53	15.41
Since inception	48.07	36.78
Annualised (%)		
1 year	19.08	13.16
3 years	6.72	4.89
Since inception	10.73	8.47

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

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

- 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 UNIVERSAL 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 31 December 2024 and 31 December 2023.

<u>10 Largest Holdings at 31 December</u> <u>2024</u>	Fair Value at	Percentage of
	31/12/2024	Net Assets
	S\$	Attributable to
		Unitholders at
		31/12/2024
		%
Microsoft Corp	275,738,556	5.74
Apple Inc	254,073,628	5.29
Alphabet Inc-CI A	217,638,778	4.53
Meta Platforms Inc-Class A	204,429,060	4.26
Unitedhealth Group Inc	170,640,236	3.55
TF FLOAT 10/31/26	164,269,552	3.42
Oracle Corp	160,807,767	3.35
Visa Inc-Class A Shares	152,844,529	3.18
Taiwan Semiconductor Manufac	152,145,495	3.17
Sap Se	143,499,372	2.99

<u>10 Largest Holdings at 31 December</u> <u>2023</u>	Fair Value at	Percentage of
	31/12/2023	Net Assets
	S\$	Attributable to
		Unitholders at
		31/12/2023
		%
Microsoft Corp	162,362,010	6.6
Unitedhealth Group Inc	122,550,199	5.0
Alphabet Inc-CI A	99,037,456	4.1
Apple Inc	88,353,801	3.6
Johnson & Johnson	86,479,897	3.5
Amazon.com Inc	85,923,051	3.5
Meta Platforms Inc-Class A	81,413,069	3.3
Accenture Plc-CI A	81,096,481	3.3
Safran Sa	79,932,833	3.3
Texas Instruments Inc	76,973,695	3.1

(ii) Expense ratios for the year ended 31 December 2024 and 31 December 2023.

		2024	2023
Class SGD Z			
Total operating expenses	S\$	985	1,177
Average daily net asset value	S\$	2,151,751	1,794,386
Expense ratio* (annualised)	%	<u>0.04</u>	<u>0.06</u>
Class SGD SGZH			
Total operating expenses	S\$	4,867	6,660
Average daily net asset value	S\$	10,576,707	10,158,161
Expense ratio* (annualised)	%	<u>0.04</u>	<u>0.06</u>

* 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 year ended 31 December 2024 and 31 December 2023.

		2024	2023
Lower of total value of purchases or sales	S\$	1,439,249,678	206,898,416
Average daily net asset value	S\$	9,804,769,881	1,144,127,623
Turnover ratio	%	<u>14.68</u>	<u>18.10</u>

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 Universal 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 Universal Funds during the period covered by these financial statements, set out on pages FS1 to FS14, 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

24 March 2025

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 FS14, 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 Universal Funds as at 31 December 2024, and the financial performance and movement in unitholders' funds for the year ended on that date 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 Universal 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

24 March 2025

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Independent auditors' report

Unitholders
Phillip Universal 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 Universal Funds ('the Fund'), which comprise the Statements of Financial Position and Statements of Portfolio as at 31 December 2024, the Statements of Total Return and Statement of Movement of Unitholders' Funds for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages FS1 to FS14.

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 31 December 2024 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. Other information is defined as all information 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 RAP7 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

24 March 2025

Statement of Total Return
Year ended 31 December 2024

		Global Quality Fund	
		Year ended	Year ended
		31/12/2024	31/12/2023
Note		S\$	S\$
Expenses			
	Management fees	191,759	181,629
	Trustee fees	21,766	21,766
	Custody fees	7,551	14,988
	Administration fees	35,208	21,766
	Registrar fees	70,039	51,456
	Audit fees	16,538	16,353
	Other expenses	60,909	39,967
		403,770	347,925
	Net loss	(403,770)	(347,925)
 Net gains on value of investments			
	Net gains on investments	2,201,842	2,980,143
		2,201,842	2,980,143
	Total return for the year before income tax	1,798,072	2,632,218
	Less: Income tax expense	-	-
	Total return for the year after income tax before distribution	1,798,072	2,632,218

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

Statement of Financial Position
As at 31 December 2024

		Global Quality Fund	
	Note	2024	2023
		S\$	S\$
Assets			
Portfolio of investments		10,699,791	13,297,948
Receivables	3	-	13,987
Cash and cash equivalents	4	176,674	388,398
Total assets		10,876,465	13,700,333
Liability			
Payables	5	90,086	286,688
Total liability		90,086	286,688
Equity			
Net assets attributable to unitholders	6	10,786,379	13,413,645

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

Statement of Movement of Unitholders' Funds
Year ended 31 December 2024

	Global Quality Fund	
Note	Year ended 31/12/2024 S\$	Year ended 31/12/2023 S\$
Net assets attributable to unitholders at the beginning of financial year	13,413,645	10,896,122
Operations		
Change in net assets attributable to unitholders resulting from operations	1,798,072	2,632,218
Unitholders' contributions/(withdrawals)		
Creation of units	1,451,910	2,653,519
Cancellation of units	(5,610,716)	(2,657,939)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(4,158,806)	(4,420)
Distribution	7 (266,532)	(110,275)
Total (decrease)/increase in net assets attributable to unitholders	(2,627,266)	2,517,523
Net assets attributable to unitholders at the end of financial year	6 10,786,379	13,413,645

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

Statement of Portfolio
As at 31 December 2024

	Holdings as at 31/12/2024	Fair value as at 31/12/2024 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2024 %
Global Quality Fund			
By Geography (Primary)			
Investment Funds			
SINGAPORE			
GMO Quality Investment Fund - Class Z	65,762	2,173,419	20.15
GMO Quality Investment Fund - Class ZH	277,371	8,526,372	79.05
		10,699,791	99.20
Portfolio of investments		10,699,791	99.20
Other net assets		86,588	0.80
Net assets attributable to unitholders		10,786,379	100.00

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

Statement of Portfolio (cont'd)
As at 31 December 2024

	Fair value as at 31/12/2024 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2024 %	Percentage of total net assets attributable to unitholders as at 31/12/2023 %
Global Quality Fund By Geography (Summary)			
Investment Funds			
Singapore	10,699,791	99.20	99.14
Portfolio of investments	10,699,791	99.20	99.14
Other net assets	86,588	0.80	0.86
Net assets attributable to unitholders	<u>10,786,379</u>	<u>100.00</u>	<u>100.00</u>

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

Statement of Portfolio (cont'd)
As at 31 December 2024

	Fair value as at 31/12/2024 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2024 %	Percentage of total net assets attributable to unitholders as at 31/12/2023 %
Global Quality Fund			
By Industry (Secondary)			
Investment Funds			
Equity Funds	10,699,791	99.20	99.14
Portfolio of investments	10,699,791	99.20	99.14
Other net assets	86,588	0.80	0.86
Net assets attributable to unitholders	10,786,379	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 Universal Funds (“the Fund”) is an open ended umbrella unit trust constituted pursuant to a Trust Deed dated 23 November 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 Quality Fund (the “Sub-Fund”), which was launched on 24 February 2021.

The investment objective of the Sub-Fund is to seek medium to long term total return for the investors. The Sub-Fund will invest all or substantially all of its assets in the GMO Underlying Fund.

2. Material accounting policies

2.1 Basis of 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*” (“RAP 7”) revised and issued by the Institute of Singapore Chartered Accountants.

The adoption of the 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 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 respectively.

2.2 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.

2.3 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.

2.4 *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. 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 Quality Fund	
	2024	2023
	S\$	S\$
Receivable from unitholders for creation of units	-	13,987
	-	13,987

4. **Cash and cash equivalents**

	Global Quality Fund	
	2024	2023
	S\$	S\$
Bank balances	176,674	388,398
	176,674	388,398

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

5. **Payables**

	Global Quality Fund	
	2024	2023
	S\$	S\$
Payable to unitholders for cancellation of units	624	84,891
Accrued operating expenses	89,462	201,797
	90,086	286,688
	90,086	286,688

6. Units in issue

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

	Global Quality Fund		
	Year ended 31/12/2024		
	Class Dis	Class Hedged	
	SGD	Dis	Total
		SGD	SGD
2024			
Units at beginning of the financial year	1,603,455	9,642,836	11,246,291
Units created	218,792	905,656	1,124,448
Units cancelled	(285,942)	(4,031,432)	(4,317,374)
Units at end of the financial year	<u>1,536,305</u>	<u>6,517,060</u>	<u>8,053,365</u>
Net assets attributable to unitholders – S\$	<u>2,195,584</u>	<u>8,590,795</u>	<u>10,786,379</u>
Net asset value per unit – S\$	<u>1.4291</u>	<u>1.3182</u>	<u>1.3394</u>

	Global Quality Fund		
	Year ended 31/12/2023		
	Class Dis	Class Hedged	
	SGD	Dis	Total
		SGD	SGD
2023			
Units at beginning of the financial year	1,626,910	9,571,722	11,198,632
Units created	412,960	2,016,967	2,429,927
Units cancelled	(436,415)	(1,945,853)	(2,382,268)
Units at end of the financial year	<u>1,603,455</u>	<u>9,642,836</u>	<u>11,246,291</u>
Net assets attributable to unitholders – S\$	<u>1,960,335</u>	<u>11,453,310</u>	<u>13,413,645</u>
Net asset value per unit – S\$	<u>1.2226</u>	<u>1.1878</u>	<u>1.1927</u>

Class Dis and Hedged Dis 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. Distribution

Global Quality Fund

	2024 S\$
Class Dis	
Interim (S\$0.010 per unit based on units outstanding as at 5 January 2024)	16,050
Final (S\$0.015 per unit based on units outstanding as at 10 July 2024)	23,216
Class Hedged Dis	
Interim (S\$0.010 per unit based on units outstanding as at 5 January 2024)	96,252
Final (S\$0.015 per unit based on units outstanding as at 10 July 2024)	131,014
	266,532
	2023 S\$
Class Dis	
Final (S\$0.010 per unit based on units outstanding as at 12 July 2023)	15,190
Class Hedged Dis	
Final (S\$0.010 per unit based on units outstanding as at 12 July 2023)	95,085
	110,275

8. Financial risk management

The Sub-Fund's activities expose it to a variety of market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity 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 Sub-Fund's exposure to risk and appropriate procedures are in place to manage the risks.

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 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 Quality Fund	
	2024	2023
	S\$	S\$
<u>Portfolio of investments:</u>		
Investment funds	1,069,979	1,329,795

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 is not exposed to currency risk arising from balances and transactions in foreign currencies as its assets and liabilities are denominated in Singapore Dollars.

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. The table below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Global Quality Fund	
	Less than 3 months	
	2024	2023
	S\$	S\$
Payables	90,086	286,688

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 bank balances 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 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.

The custodian and bank in which the fund assets are held as at 31 December 2024 has a credit rating of A-1 (31 December 2023: A-1) (*source: Standard & Poors*).

d) Capital management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Sub-Fund's objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

e) Fair value estimation

Except for investments which are measured at fair value, at 31 December 2024, 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 31 December 2024 and 31 December 2023:

Global Quality Fund	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2024				
Assets				
Investment funds	-	10,699,791	-	10,699,791
2023				
Assets				
Investment funds	-	13,297,948	-	13,297,948

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 Quality Fund	
		2024	2023
		S\$	S\$
Bank balances held with a related party of the Trustee	4	176,674	388,398
Registrar fees incurred by a related party of the Trustee		70,039	51,456
		70,039	51,456

10. Financial ratios

		Global Quality Fund	
		2024	2023
Expense ratio			
Class SGD Dis			
Total operating expenses	S\$	67,978	53,457
Average daily net asset value	S\$	2,160,568	1,835,546
Expense ratio (annualised) ^(Note 1)	%	3.19	2.97
Class SGD Hedged Dis			
Total operating expenses	S\$	335,792	294,468
Average daily net asset value	S\$	10,704,927	10,266,949
Expense ratio (annualised) ^(Note 1)	%	3.18	2.93

	Global Quality Fund	
	2024	2023
Turnover ratio		
Lower of total value of purchases or sales	S\$ 200,000	1,108,000
Average daily net asset value	S\$ 12,865,495	12,102,495
Turnover ratio ^(Note 2)	%	1.55
	<u>1.55</u>	<u>9.16</u>

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.

The annualised expense ratio of the parent-fund has been 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.

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.

Note 2: The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the turnover ratio is based on the lower of the total value 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.

Important Information

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

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Given the economic and market risks, there can be no assurance that the Sub-Fund will achieve its investment objectives. Investments in the Sub-Fund are not deposits or other obligations of, or guaranteed, or insured by the Manager or the distributors or their affiliates and are subject to investment risks, including the possible loss of the full principal amount invested. Returns may be affected by, among other things, the investment strategies or objectives of the Sub-Fund and material market and economic conditions. The value of the units and the income from them can fall as well as rise. Past performance is not necessarily indicative of the future performance of the Sub-Fund.

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