

# **PHILLIP SING INCOME ETF**

## **SEMI-ANNUAL REPORT**

For the period ended 30 June 2020 (unaudited)

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## **PHILLIP SING INCOME ETF**

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### **DIRECTORY**

#### **MANAGER**

Phillip Capital Management (S) Ltd  
250 North Bridge Road  
#06-00 Raffles City Tower  
Singapore 179101  
Company Registration No. 199905233W

#### **DIRECTORS OF THE MANAGER**

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

#### **TRUSTEE & REGISTRAR**

HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard  
Marina Bay Financial Centre Tower 2  
#48-01  
Singapore 018983  
(Company Registration Number: 194900022R)

#### **CUSTODIAN**

The Hongkong & Shanghai Banking Corporation Limited  
1 Queen's Road  
Central  
Hong Kong

#### **AUDITORS**

KPMG LLP  
16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581

#### **SOLICITORS TO THE MANAGER**

Simmons & Simmons JWS Pte Ltd  
168 Robinson Rd  
#11-01 Capital Tower  
Singapore 068912

#### **SOLICITORS TO THE TRUSTEE**

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

# PHILLIP SING INCOME ETF

## MANAGER'S INVESTMENT REPORT

### 1. The Fund

The investment objective of the Fund is to replicate as closely as possible, before fees and expenses, the performance of the Morningstar<sup>®</sup> Singapore Yield Focus Index<sup>SM</sup>. (the "Index"). The Index tracks the performance of Singapore high dividend securities with a weighting emphasis on quality and financial health. The Manager employs a "passive management" or indexing investment approach designed to track the performance of the Index, by investing substantially all of the Fund's assets in index constituents in substantially the same weightings as reflected in the Index and aims to deliver an investment performance which closely corresponds to the performance of the Index.

#### Details of the fund

NAV per share (30 June 2020)	S\$0.901
Net Assets Attributable to unitholders (30 June 2020)	S\$47,923,127
Fund Currency	Singapore Dollars
Listing Date on SGX-ST	29 October 2018
Stock code on SGX-ST	OVQ for PHIL SING INC Singapore Dollars

The Fund is classified as an Excluded Investment Product (EIP).

### 2. Distribution of Investments

Please refer to Statement of Portfolio on pages 11 – 13.

### 3. Schedule of Investments by Asset Class

<b>Asset Class</b>	<b>Fair Value at 30 June 2020 US\$</b>	<b>Percentage of Total Net Assets Attributable to Unitholders at 30 June 2020 %</b>
Quoted Equities	48,441,935	101.09
Cash and cash equivalents	419,339	0.88
Other net liabilities	(938,147)	(1.97)
<b>Net assets attributable to unitholders</b>	<b>47,923,127</b>	<b>100.00</b>

## PHILLIP SING INCOME ETF

### MANAGER'S INVESTMENT REPORT (continued)

#### 4. Top 10 Holdings

##### 10 largest holdings at 30 June 2020

	Fair Value at 30 June 2020 S\$	Percentage of Total Net Assets Attributable to Unitholders at 30 June 2020 %
Singapore Exchange Limited	5,176,671	10.80
Singapore Telecommunications Limited	4,840,886	10.10
Overseas-Chinese Banking Corporation Limited	4,828,833	10.08
DBS Group Holdings Limited	4,708,018	9.82
United Overseas Bank Limited	4,566,606	9.53
Capitaland Commercial Trust	4,299,226	8.97
Genting Singapore Limited	2,927,167	6.11
CapitaLand Mall Trust REIT	2,635,800	5.50
Singapore Technologies Engineering Limited	2,509,230	5.24
Mapletree Commercial Trust	1,840,648	3.84

##### 10 largest holdings at 30 June 2019

	Fair Value at 30 June 2019 S\$	Percentage of Total Net Assets Attributable to Unitholders at 30 June 2019 %
DBS Group Holdings Limited	5,306,691	10.16
Singapore Telecommunications Limited	5,083,890	9.73
Oversea-Chinese Banking Corporation Limited	4,985,334	9.55
United Overseas Bank Limited	4,806,457	9.20
Singapore Exchange Limited	4,589,505	8.79
SATS Limited	4,382,397	8.39
Singapore Technologies Engineering Limited	3,990,336	7.64
Genting Singapore Limited	3,426,969	6.56
CapitaLand Mall Trust REIT	3,125,086	5.98
Netlink NBN Trust	2,189,517	4.19

## PHILLIP SING INCOME ETF

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### MANAGER'S INVESTMENT REPORT (continued)

5. (i) Exposure to financial derivatives as at 30 June 2020

Nil.

(ii) Net (losses) on derivative contracts realised for the period ended 30 June 2020

S\$(1,688)

(iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 30 June 2020

Nil.

(iv) 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 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;

(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) efficient portfolio management techniques relating to securities lending and repurchase transactions,

and that are reinvested.

6. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2020

	S\$	%
Real Estate Investment Trust	14,007,540	29.23

7. Amount and percentage of borrowings of total fund size as at 30 June 2020

Nil.

8. Amount of units created and cancelled for the period ended 30 June 2020

Total amount of subscriptions	S\$ 8,547,500
Total amount of redemptions	-

## PHILLIP SING INCOME ETF

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### MANAGER'S INVESTMENT REPORT (continued)

#### 9. Performance of the Fund as at 30 June 2020

<b>Cumulative (%*)</b>		<b>Benchmark</b>
3 Months	8.32	9.33
6 Months	-15.93	-14.23
1 Year	-14.18	-12.40
Since inception (29 Oct 2018)	-3.61	-0.38
<b>Annualised (%*)</b>		<b>Benchmark</b>
1 Year	-14.18	-12.40
Since inception (29 Oct 2018)	-2.17	-0.23

\*Cumulative returns are calculated on a bid-to-bid basis, with net dividends reinvested. The benchmark for which the Fund is measured against is the Morningstar® Singapore Yield Focus Index<sup>SM</sup>.

Source: Bloomberg

## PHILLIP SING INCOME ETF

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### MANAGER'S INVESTMENT REPORT (continued)

#### 10. Related party transactions for the period ended 30 June 2020

The Manager may use the services of related parties of the Manager to carry out transactions involving the purchase and sale of securities.

	30 June 2020	30 June 2019
	S\$	S\$
Brokerage fees paid to a related party of the Manager	-	23,924
Interest income received from a related party of the Trustee	-	119
Bank balances held with related party of the Trustee	419,339	630,263

#### 11. Financial ratios

##### Expense ratio

	30 June 2020	30 June 2019
	%	%
<b>Expense ratio</b> <sup>1</sup> (excluding preliminary expenses)(annualised)	0.70	0.70
<b>Expense ratio</b> <sup>1</sup> (including preliminary expenses)(annualised)	0.70	0.97
<b>Turnover ratio</b> <sup>2</sup>	15.36	77.27

<sup>1</sup> 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 30 June 2020 was based on total operating expenses of \$334,783 (2019: \$259,738) divided by the average net asset value of \$47,826,131 (2019: \$55,279,496) for the 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.

<sup>2</sup> 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, being sales of \$7,042,603 (2019: \$42,713,018) divided by the weighted daily net asset value of \$45,847,758 (2019: \$55,279,496).



**MANAGER'S INVESTMENT REPORT (continued)**

**12. Soft dollar commissions/arrangements**

The Manager is entitled to and intends to receive or enter into soft-dollar commissions or arrangements in respect of the Fund. 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 services 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.

Soft-dollar commissions or arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

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, be reasonably expected to assist the Manager in their management of the Fund, provided that the Manager shall ensure at all times that transactions are executed on a "best execution" basis 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 or commission rebates for their own account in respect of rebates earned when transacting in securities for account of the Fund.

**13. Any other material information that will adversely impact the valuation of the Fund**

Nil.

## PHILLIP SING INCOME ETF

### STATEMENT OF TOTAL RETURN (Unaudited)

For the financial period ended 30 June 2020

	30 June 2020 S\$	For the financial period from 24 September 2018 (date of constitution) to 30 June 2019 S\$
<b>Income</b>		
Dividends	987,794	1,548,433
Interest	-	119
	<b>987,794</b>	<b>1,548,552</b>
<b>Expenses</b>		
Audit fees	7,980	8,566
Custody fees	6,839	11,419
Management fees	91,236	147,851
Less: Management fee rebate	(37,475)	(10,917)
Preliminary expenses	-	147,182
Registration fees	7,515	10,732
Trustee fees	9,124	9,117
Transaction fees	14,763	101,272
Valuation fees	9,124	9,117
Other expenses	44,882	74,579
	<b>153,988</b>	<b>508,918</b>
<b>Net income</b>	<b>833,806</b>	<b>1,039,634</b>
<b>Net gains or losses on value of investments</b>		
Net (losses)/gains on investments	(8,638,384)	5,102,142
Net (losses)/gains on financial derivatives	(1,688)	2,906
Net foreign exchange gains/( losses)	1,283	(7,815)
	<b>(8,638,789)</b>	<b>5,097,233</b>
<b>Total return for the financial period before income tax</b>	(7,804,983)	6,136,867
<b>Less: Income tax</b>	(32,280)	(62,210)
<b>Total (deficit)/return for the financial period after income tax</b>	<b>(7,837,263)</b>	<b>6,074,657</b>

## PHILLIP SING INCOME ETF

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### STATEMENT OF FINANCIAL POSITION (Unaudited)

As at 30 June 2020

	<b>30 June 2020 S\$</b>	<b>31 December 2019 S\$</b>
<b>Assets</b>		
Portfolio of investments	48,441,935	48,943,843
Receivables	69,032	105,039
Cash and cash equivalents	419,339	362,516
<b>Total assets</b>	<b><u>48,930,306</u></b>	<b><u>49,411,398</u></b>
<b>Liabilities</b>		
Payables	48,679	46,608
Distribution payable	958,500	-
<b>Total liabilities</b>	<b><u>1,007,179</u></b>	<b><u>46,608</u></b>
<b>Equity</b>		
Net assets attributable to unitholders	<b><u>47,923,127</u></b>	<b><u>49,364,790</u></b>

## PHILLIP SING INCOME ETF

### STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS (Unaudited)

For the financial period ended 30 June 2020

	30 June 2020 S\$	For the financial period from 24 September 2018 (date of constitution) to 31 December 2019 S\$
<b>Net assets attributable to unitholders at the beginning of the financial period</b>	49,364,790	-
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	(7,837,263)	6,770,290
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	8,547,500	70,713,200
Cancellation of units	-	(27,168,700)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	8,547,500	43,544,500
Distributions	(2,151,900)	(950,000)
Total increase in net assets attributable to unitholders	<b>(1,441,663)</b>	<b>49,364,790</b>
<b>Net assets attributable to unitholders at the end of the financial period</b>	<b>47,923,127</b>	<b>49,364,790</b>

## PHILLIP SING INCOME ETF

### STATEMENT OF PORTFOLIO (Unaudited)

As at 30 June 2020

By Industry (Primary)	Holdings as at 30/06/2020 Units	Fair Value as at 30/06/2020 S\$	Percentage of Total Net Assets Attributable to Unitholders as at 30/06/2020 %
<b>Quoted Equities</b>			
<b>Consumer Discretionary</b>			
Genting Singapore Limited	3,851,536	2,927,167	6.11
<b>Consumer Staples</b>			
Sheng Siong Group Limited	385,776	632,673	1.32
<b>Financials</b>			
DBS Group Holdings Limited	226,347	4,708,018	9.82
Hong Leong Finance Limited	152,761	378,847	0.79
Oversea-Chinese Banking Corporation Limited	536,537	4,828,833	10.08
Singapore Exchange Limited	622,196	5,176,671	10.80
United Overseas Bank Limited	225,846	4,566,606	9.53
UOB-Kay Hian Holdings Limited	100,340	116,394	0.25
		19,775,369	41.27
<b>Health Care</b>			
Haw Par Corporation Limited	76,641	753,381	1.57
<b>Industrials</b>			
SATS Limited	162,469	464,662	0.97
Singapore Technologies Engineering Limited	762,684	2,509,230	5.24
SIA Engineering Company Limited	162,698	317,261	0.66
United Industrial Corporation Limited	59,900	131,181	0.28
		3,422,334	7.15

## PHILLIP SING INCOME ETF

### STATEMENT OF PORTFOLIO (Unaudited) (continued)

As at 30 June 2020

By Industry (Primary)			Percentage of Total Net Assets
Quoted Equities	Holdings as at 30/06/2020 Units	Fair Value as at 30/06/2020 S\$	Attributable to Unitholders as at 30/06/2020 %
<b>Real Estate</b>			
CapitaLand Commercial Trust	2,543,921	4,299,226	8.97
CapitaLand Mall Trust REIT	1,344,796	2,635,800	5.50
Far East Hospitality Trust	270,500	133,899	0.28
GL Limited	114,085	67,310	0.14
Ho Bee Land Limited	68,200	142,538	0.30
Keppel DC REIT	368,900	933,317	1.95
Keppel REIT	393,258	432,584	0.90
Mapletree Commercial Trust	958,671	1,840,648	3.84
Mapletree Industrial Trust	403,605	1,154,310	2.41
Mapletree Logistics Trust	698,564	1,355,214	2.83
Parkway Life REIT	204,448	682,856	1.42
Sasseur Real Estate Investment Trust REIT	153,600	112,896	0.24
SPH REIT	250,800	216,942	0.45
		14,007,540	29.23
<b>Telecommunication Services</b>			
Netlink NBN Trust	1,686,670	1,636,070	3.41
Singapore Telecommunications Limited	1,967,840	4,840,886	10.10
Starhub Limited	226,919	292,726	0.61
		6,769,682	14.12
<b>Transport</b>			
SBS Transit Limited	51,607	153,789	0.32
<b>Portfolio of investments</b>		48,441,935	101.09
<b>Other net liabilities</b>		(518,808)	(1.09)
<b>Net assets attributable to unitholders</b>		47,923,127	100.00

## PHILLIP SING INCOME ETF

### STATEMENT OF PORTFOLIO (Unaudited) (continued)

As at 30 June 2020

<b>By Industry (Summary)</b>	<b>Percentage of Total Net Assets Attributable to Unitholders as at 30/06/2020</b>	<b>Percentage of Total Net Assets Attributable to Unitholders as at 31/12/2019</b>
	%	%
<b>Quoted Equities</b>		
Consumer Discretionary	6.11	8.09
Consumer Staples	1.32	0.62
Financials	41.27	38.04
Health Care	1.57	0.58
Industrials	7.15	11.52
Information Technology	-	0.27
Real Estate	29.23	25.59
Telecommunication Services	14.12	12.41
Transport	0.32	2.03
<b>Portfolio of investments</b>	<b>101.09</b>	<b>99.15</b>
<b>Other net (liabilities)/assets</b>	<b>(1.09)</b>	<b>0.85</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

<b>By Geography (Secondary)</b>	<b>Fair Value as at 30/06/2020</b>	<b>Percentage of Total Net Assets Attributable to Unitholders as at 30/06/2020</b>	<b>Percentage of Total Net Assets Attributable to Unitholders as at 31/12/2019</b>
	S\$	%	%
<b>Quoted Equities</b>			
Singapore	48,441,935	101.09	99.15
<b>Portfolio of investments</b>	48,441,935	101.09	99.15
<b>Other net (liabilities)/assets</b>	(518,808)	(1.09)	0.85
<b>Net assets attributable to unitholders</b>	<b>47,923,127</b>	<b>100.00</b>	<b>100.00</b>