

# **Phillip SGX APAC Dividend Leaders REIT ETF**

Financial Statements  
Year ended 30 September 2023

## Contents

	Page
Directory	1
Manager's Investment Report	2
Report of the Trustee	6
Statement by the Manager	7
Independent Auditors' Report	8
Financial Statements	
Statement of Total Return	FS1
Statement of Financial Position	FS2
Statement of Movements of Unitholders' Funds	FS3
Statement of Portfolio	FS4
Notes to the Financial Statements	FS7
Important information	FS15

## **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**

DBS Trustee Limited  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

### **CUSTODIAN**

DBS Bank Limited  
12 Marina Boulevard, Level 44  
DBS Asia Central@ Marina Bay Financial Centre  
Tower 3  
Singapore 018982

### **AUDITORS**

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

### **SOLICITORS TO THE MANAGER**

Chan & Goh LLP  
50 Craig Road #03-01  
Singapore 089688

### **SOLICITORS TO THE TRUSTEE**

Dentons Rodyk & Davidson LLP  
80 Raffles Place  
#33-00 UOB Plaza 1  
Singapore 048624

# PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

## MANAGER'S INVESTMENT REPORT

### 1. The Fund

The investment objective of the Fund is to seek to provide a high level of income and moderate long-term capital appreciation by tracking, as closely as possible, before expenses, the performance of the iEdge APAC Ex-Japan Dividend Leaders REIT Index (the "Index"). By tracking the Index which is ranked and weighted by total dividends, the Fund aims to enhance risk-adjusted returns above that of traditional market capitalisation-weighted indices as the 30 REITs comprising the Index will be ranked and weighted according to the highest total dividends paid in the preceding 12 months subject to size, free-float market capitalisation and liquidity constraints.

#### Details of the fund

	<b>30 September 2023</b>
	<b>US\$</b>
NAV per share	0.7554
Net Assets Attributable to Unitholders	8,649,381

Fund Currency	US Dollars
Listing Date on SGX-ST	20 October 2016
Stock code on SGX-ST	BYI for PHLP AP DIV REIT US Dollars BYJ for PHLP AP DIV REIT Singapore Dollars

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

### 2. Distribution of Investments

Please refer to Statement of Portfolio on pages FS4 – FS6.

### 3. Schedule of Investments by Asset Class

Asset Class	Fair value at	Percentage of
	30 September	total net assets
	2023	attributable to
	US\$	unitholders at
		30 September
		2023
		%
Quoted Real Estate Investment Trusts	8,567,867	99.06
Cash and cash equivalents	125,665	1.45
Other net liabilities	(44,151)	(0.51)
Net assets attributable to unitholders	<u>8,649,381</u>	<u>100.00</u>

# PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

## MANAGER'S INVESTMENT REPORT (continued)

### 4. Top 10 holdings

<b>10 largest holdings as at 30 September 2023</b>	<b>Fair value at 30 September 2023 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 September 2023 %</b>
Link REIT	903,613	10.45
Scentre Group	746,190	8.63
CapitaLand Integrated Commercial Trust	548,711	6.34
Stockland Corporation Limited	507,023	5.86
Dexus	498,803	5.77
CapitaLand Ascendas REIT	465,556	5.38
Vicinity Centres Re Ltd	462,990	5.35
Goodman Group Pty Ltd	449,373	5.20
The GPT Group	429,435	4.96
Mirvac Group	355,268	4.11

<b>10 largest holdings as at 30 September 2022</b>	<b>Fair value at 30 September 2022 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 September 2022 %</b>
Link REIT	1,014,866	10.28
The GPT Group	973,333	9.86
Scentre Group	761,807	7.72
CapitaLand Integrated Commercial Trust	607,913	6.16
Stockland Corporation Limited	600,635	6.09
Dexus	576,798	5.84
Vicinity Centres Re Ltd	469,098	4.75
CapitaLand Ascendas REIT	460,595	4.67
Goodman Group Pty Ltd	459,347	4.65
Mirvac Group	429,240	4.35

### 5. Exposure to financial derivatives as at 30 September 2023

Nil.

# PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

---

## MANAGER'S INVESTMENT REPORT (continued)

### 6. Global exposure to financial derivatives

The global exposure relating to financial derivatives 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 value 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.

### 7. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 September 2023

	US\$	%
Real Estate Investment Trusts	8,567,867	99.06

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

Nil.

### 9. Amount of units created and cancelled for the year

	US\$
Total amount of subscriptions	-
Total amount of redemptions	(896,550)

### 10. Expense ratio

Please refer to Note 11 of Notes to the Financial Statements.

### 11. Turnover ratio

Please refer to Note 11 of Notes to the Financial Statements.

# PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

## MANAGER'S INVESTMENT REPORT (continued)

### 12. Performance of the Fund

As at 30 September 2023:

<b>Cumulative (%*)</b>	<b>US\$</b>	<b>Benchmark US\$</b>
3 Months	(5.84)	(6.88)
6 Months	(10.14)	(9.71)
1 Year	(0.54)	1.38
3 Years	(6.48)	(2.96)
5 Years	(9.63)	(4.05)
Since inception (20 October 2016)	2.21	10.94
<b>Annualised (%)*</b>		
1 Year	(0.54)	1.38
3 Years	(2.21)	(1.00)
5 Years	(2.00)	(0.82)
Since inception (20 October 2016)	0.32	1.51

\* Returns are calculated on a bid-to-bid basis, with net dividends reinvested. The benchmark for which the Fund is measured against is the iEdge APAC ex Japan Dividend Leaders REIT Index.

### 13. Related party transactions

Please refer to Note 10 of Notes to the Financial Statements.

### 14. Any other material information that will adversely impact the valuation of the Fund

Nil.

### 15. Soft dollar commissions

The Manager is entitled to and intends to 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 Fund.

The Manager did not receive any soft dollar services in respect of the Fund during the year.

## **Report of the Trustee**

The Trustee is under a duty to take into custody and hold the assets of Phillip SGX APAC Dividend Leaders REIT ETF 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 SGX APAC Dividend Leaders REIT ETF 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  
**DBS Trustee Limited**

---

**Authorised signatory**

29 December 2023



## **Statement by the Manager**

In the opinion 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 the portfolio holdings of Phillip SGX APAC Dividend Leaders REIT ETF as at 30 September 2023, and the financial performance and movements in unitholders' funds for the year ended 30 September 2023 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that Phillip SGX APAC Dividend Leaders REIT ETF 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



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

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

## **Independent auditors' report**

### **Unitholders**

#### **Phillip SGX APAC Dividend Leaders REIT ETF**

(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 SGX APAC Dividend Leaders REIT ETF (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 FS1 to FS15.

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*" 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 2022 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.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming opinion thereon, and we do not provide a separate opinion on those matters.

We have determined that there are no key audit matters to communicate in our report.

### *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.

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 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 the Statement of Recommended Accounting Practices 7 “*Reporting Framework for Investment Funds*” 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by manager.
- Conclude on the appropriateness of 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 auditors' 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 auditors' 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**

	Note	2023 US\$	2022 US\$
<b>Income</b>			
Dividend		555,878	657,903
Other income		5,436	19,380
		561,314	677,283
Less:			
<b>Expenses</b>			
Management fees		30,538	40,102
Trustee fees		12,060	12,027
Custody fees		10,422	8,628
Audit fees		16,253	12,001
Transaction fees		1,005	5,909
Other expenses		87,408	78,435
		157,686	157,102
<b>Net income</b>		403,628	520,181
<b>Net losses on investments and foreign exchange</b>			
Net losses on investments		(230,798)	(3,098,857)
Net losses on foreign exchange		(14,834)	(21,718)
		(245,632)	(3,120,575)
<b>Total return/(deficit) for the year before income tax</b>		157,996	(2,600,394)
Less: Income tax	7	(54,410)	(65,868)
<b>Total return/(deficit) for the year after income tax before distribution</b>		103,586	(2,666,262)

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

**Statement of Financial Position**  
**As at 30 September 2023**

	Note	2023 US\$	2022 US\$
<b>Assets</b>			
Portfolio of investments		8,567,867	9,783,156
Sales awaiting settlement		443	-
Receivables	3	25,530	8,011
Cash and cash equivalents	4	125,665	133,763
<b>Total assets</b>		<b>8,719,505</b>	<b>9,924,930</b>
<b>Liability</b>			
Payables	5	70,124	55,110
<b>Total liability</b>		<b>70,124</b>	<b>55,110</b>
<b>Equity</b>			
Net assets attributable to unitholders	6	8,649,381	9,869,820

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

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

	Note	<b>2023</b> US\$	<b>2022</b> US\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		9,869,820	17,280,132
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		103,586	(2,666,262)
<b>Unitholders' contributions / (withdrawals)</b>			
Creation of units		-	496,500
Cancellation of units		(896,550)	(4,801,600)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(896,550)	(4,305,100)
Distributions	8	(427,475)	(438,950)
Total decrease in net assets attributable to unitholders		(1,220,439)	(7,410,312)
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	8,649,381	9,869,820

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

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

	<b>Holdings as at 30 September 2023</b>	<b>Fair value as at 30 September 2023 US\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30 September 2023 %</b>
<b>By Geography (Primary)</b>			
<b>Quoted</b>			
<b>Australia</b>			
Charter Hall Group	29,804	183,422	2.12
Charter Hall Long WALE REIT	84,117	175,651	2.03
Charter Hall Retail REIT	59,940	122,055	1.41
Dexus	105,365	498,803	5.77
Goodman Group Pty Ltd	32,305	449,373	5.20
HomeCo Daily Needs REIT	169,100	126,659	1.46
Mirvac Group	257,197	355,267	4.11
National Storage REIT	87,292	123,407	1.43
Region Re Limited	122,680	160,707	1.86
Scentre Group	467,740	746,190	8.63
Stockland Corporation Limited	199,449	507,023	5.86
The GPT Group	169,794	429,435	4.96
Vicinity Centres Re Ltd	421,203	462,990	5.35
Waypoint REIT	64,784	94,528	1.09
		4,435,510	51.28
<b>Hong Kong</b>			
Fortune REIT	204,900	122,999	1.42
Link REIT	184,243	903,613	10.45
		1,026,612	11.87

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



**Statement of Portfolio (continued)**  
**As at 30 September 2023**

	<b>Holdings as at 30 September 2023</b>	<b>Fair value as at 30 September 2023 US\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30 September 2023 %</b>
<b>By Geography (Primary)</b>			
<b>Quoted</b>			
<b>Singapore</b>			
CapitaLand Ascendas REIT	230,577	465,556	5.38
CapitaLand Ascott Trust	224,100	157,956	1.83
CapitaLand India Trust	98,800	76,167	0.88
CapitaLand Integrated Commercial Trust	403,970	548,711	6.34
CapitaRetail China Trust	131,600	85,511	0.99
ESR Logos REIT	838,200	172,317	1.99
Frasers Centrepoint Trust	78,132	125,631	1.45
Frasers Logistics & Commercial Trust	228,603	179,593	2.08
Keppel DC REIT	91,480	139,705	1.62
Keppel REIT	211,508	132,775	1.54
Mapletree Pan Asia Commercial Trust	278,099	291,984	3.38
Mapletree Industrial Trust	175,750	291,626	3.37
Mapletree Logistics Trust	262,594	323,904	3.74
Suntec Real Estate Investment Trust	134,214	114,309	1.32
		3,105,745	35.91
<b>Portfolio of investments</b>		8,567,867	99.06
<b>Other net assets</b>		81,514	0.94
<b>Net assets attributable to unitholders</b>		8,649,381	100.00

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

**Statement of Portfolio (continued)**  
**As at 30 September 2023**

	Fair value as at 30 September 2023 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2023 %	Percentage of total net assets attributable to unitholders as at 30 September 2022 %
<b>By Geography (Primary)</b>			
<b>Quoted</b>			
Australia	4,435,510	51.28	52.39
Hong Kong	1,026,612	11.87	11.58
Singapore	3,105,745	35.91	35.15
<b>Portfolio of investments</b>	<b>8,567,867</b>	<b>99.06</b>	<b>99.12</b>
<b>Other net assets</b>	<b>81,514</b>	<b>0.94</b>	<b>0.88</b>
<b>Net assets attributable to unit holders</b>	<b>8,649,381</b>	<b>100.00</b>	<b>100.00</b>
<b>By Industry (Secondary)</b>			
Real Estate Investments Trusts*	8,567,867	99.06	99.12
<b>Portfolio of investments</b>	<b>8,567,867</b>	<b>99.06</b>	<b>99.12</b>
<b>Other net assets</b>	<b>81,514</b>	<b>0.94</b>	<b>0.88</b>
<b>Net assets attributable to unitholders</b>	<b>8,649,381</b>	<b>100.00</b>	<b>100.00</b>

\*A trust or company is defined as a Real Estate Investment Trusts, 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.

The financial statements were authorized for issue by the Board of Directors on [date of signing].

### 1. Domicile and activities

Phillip SGX APAC Dividend Leaders REIT ETF (the “Fund”) is an open-ended Unit Trust constituted pursuant to the Trust Deed dated 29 September 2016 together with its First Amending and Restating Deed dated 4 October 2016 (collectively referred to as the “Trust Deed”) between Phillip Capital Management (S) Ltd as the Manager and DBS Trustee Limited as the Trustee. The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The investment objective of the Fund is to seek to provide a high level of income and moderate long-term capital appreciation by tracking, as closely as possible, before expenses, the performance of the iEdge APAC Ex-Japan Dividend Leaders REIT Index (the “Index”). By tracking the Index which is weighted by a fundamental factor such as total dividends, the Fund aims to enhance risk-adjusted returns above that of traditional market capitalisation-weighted indices as the 30 REITs comprising the Index will be ranked and weighted according to the highest total dividends paid in the preceding 12 months subject to size, free float market capitalisation and liquidity constraints.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements, expressed in US Dollars (“US\$”), 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*” 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 respectively.

#### 2.2 Basis of valuation of investments

Quoted investments are stated at fair value based on the last traded price 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 therein are recognised in the Statement of Total Return.

**2.4** *Recognition of income*

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

**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. The exchange differences pertaining to investments and other monetary assets and liabilities denominated in foreign currencies are recognised in “net gains/(losses) on investments” and “net losses on foreign exchange” respectively in the Statement of Total Return.

**2.6** *Income tax expenses*

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:

- (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) dividend derived from outside Singapore and received in Singapore.

**2.7** *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.

**2.8** *Net assets attributable to unitholders*

Net assets attributable to unitholders are classified as equity.

**3. Receivables**

	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
Dividends receivable	8,510	5,518
Prepayments	17,020	2,493
	25,530	8,011

#### 4. Cash and cash equivalents

	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
Bank balances	<u>125,665</u>	<u>133,763</u>

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

#### 5. Payables

	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
Management fees payable	4,568	6,022
Other payables and accrued expenses	<u>65,556</u>	<u>49,088</u>
	<u><u>70,124</u></u>	<u><u>55,110</u></u>

#### 6. Units in issue

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

	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
Units at beginning of the year	12,550,000	16,650,000
Units created	-	500,000
Units cancelled	<u>(1,100,000)</u>	<u>(4,600,000)</u>
Units at end of the year	<u>11,450,000</u>	<u>12,550,000</u>
	<b>US\$</b>	<b>US\$</b>
Net assets attributable to unitholders	8,649,381	9,869,820
Net asset value per unit	<u>0.7554</u>	<u>0.7864</u>

#### 7. Income tax

	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
Singapore income tax	20,839	24,820
Overseas income tax	<u>33,571</u>	<u>41,048</u>
	<u><u>54,410</u></u>	<u><u>65,868</u></u>

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

## 8. Distributions

	US\$
<b>2023</b>	
Dividend (2.3 cents per unit based on units outstanding as at 10 January 2023)	280,600
Dividend (1.25 cent per unit based on units outstanding as at 12 July 2023)	146,875
	427,475
<b>2022</b>	
Dividend (2.3 cents per unit based on units outstanding as at 11 January 2022)	302,450
Dividend (1 cent per unit based on units outstanding as at 8 July 2022)	136,500
	438,950

## 9. Financial risk management

In the ordinary course of business, the Fund is exposed to a variety of market risks (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial derivative instruments, subject to the terms of the Trust Deed to moderate certain risk exposures.

### (a) *Market risks*

#### *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 Fund are subjected 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.

#### *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:

	2023 US\$	2022 US\$
Portfolio of investment	856,787	978,316

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

*iii. Currency risk*

The Fund is denominated in US Dollars. The 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 Fund. The Manager may seek to minimise exposure to foreign currency fluctuation through cash management, reducing cash holdings of foreign currencies where possible.

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

	<b>HKD</b>	<b>AUD</b>	<b>SGD</b>	<b>EUR</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>30 September 2023</b>				
<b>Assets</b>				
Portfolio of investments	1,026,612	4,435,510	3,105,745	-
Receivables	-	7,544	1,410	-
Cash and cash equivalents	19,785	16,898	86,536	-
	<u>1,046,397</u>	<u>4,459,952</u>	<u>3,193,691</u>	<u>-</u>
<b>Net currency exposure</b>	<u>1,046,397</u>	<u>4,459,952</u>	<u>3,193,691</u>	<u>-</u>
<b>30 September 2022</b>				
<b>Assets</b>				
Portfolio of investments	1,143,542	5,171,055	3,343,422	-
Receivables	-	5,518	-	-
Cash and cash equivalents	25,065	1,639	76,439	2,372
	<u>1,168,607</u>	<u>5,178,212</u>	<u>3,419,861</u>	<u>2,372</u>
<b>Net currency exposure</b>	<u>1,168,607</u>	<u>5,178,212</u>	<u>3,419,861</u>	<u>2,372</u>

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

As at 30 September 2023, with respect to the monetary assets and monetary liabilities of the Fund, had the US 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 Fund is exposed to daily redemption of units in the Fund. Therefore, the majority of its assets are invested in investments that are traded in an active market and can be readily disposed of.

**(c) Credit risk**

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

The Fund is exposed to counterparty credit risk on trading financial derivatives, 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 Fund. The trade will fail if either party fails to meet its obligation.

The Fund may also enter into derivative contracts to manage exposures to currency risk and price risk. Hence the 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) Capital management**

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

**(e) Fair value estimation**

Except for investments which are measured at fair value, at 30 September 2023, the fair values of assets and liabilities approximate their carrying values in the Statement of Financial Position.

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. When the Fund holds derivatives with offsetting market risks, last traded prices are used as a basis for establishment fair values for the offsetting risk positions and last traded prices are applied to the net open positions, as appropriate.

The 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 tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 September 2023 and 2022:

	<b>Level 1</b> US\$	<b>Level 2</b> US\$	<b>Level 3</b> US\$	<b>Total</b> US\$
<b>30 September 2023</b>				
<b>Assets</b>				
Portfolio of investments	8,567,867	-	-	8,567,867

	<b>Level 1</b> US\$	<b>Level 2</b> US\$	<b>Level 3</b> US\$	<b>Total</b> US\$
<b>30 September 2022</b>				
<b>Assets</b>				
Portfolio of investments	9,783,156	-	-	9,783,156

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed securities. The 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.

There are no transfers between the levels of the fair value hierarchy during the year.

## **10. Related party transactions**

In the normal course of the business of the Fund, management 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 and brokerage services to the 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 Fund and their related parties during the year:

	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
Bank balances held with a related party of the Trustee	<u>125,665</u>	<u>133,763</u>

## 11. Financial ratios

		<b>2023</b>	<b>2022</b>
<b>Expense ratio</b>			
Total operating expenses (Annualised)	US\$	156,681	151,193
Average daily net asset value	US\$	10,170,154	13,359,177
Expense ratio <sup>(Note 1)</sup> (Annualised)	%	<u>1.54</u>	<u>1.13</u>
<b>Turnover ratio</b>			
Lower of total value of purchases or sales	US\$	1,419,641	3,252,045
Average daily net asset value	US\$	10,170,154	13,359,177
<b>Turnover ratio</b> <sup>(Note 2)</sup>	%	<u>13.96</u>	<u>24.34</u>

Note 1: The expense ratio has been computed based on the guidelines laid down by the IMAS. The calculation of the expense ratio is based on total operating expenses divided by the average net asset value for the period. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fees, interest expenses, 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 arising out of income received. The Fund does not pay any performance fees. The average net asset values are based on the daily balances.

Note 2: The turnover ratio is calculated in accordance with the formula stated in the Code. The calculation of the turnover ratio is based on the total value of purchases (or sales) of the underlying investments divided by the weighted average daily net asset value. The total value of purchases and sales does not include brokerage and other transaction costs.

## **Important Information**

Phillip SGX APAC Dividend Leaders REIT ETF is a Singapore standalone unit trust constituted under Singapore law and established by way of a deed of trust dated 29 September 2016 (the “Trust Deed”). The parties to the Trust Deed are Phillip Capital Management (S) Ltd (the “Manager”) and DBS Trustee Limited, as the trustee (the “Trustee”). The Trust Deed has been amended by the First Amending and Restating Deed dated 4 October 2016 entered into between the Manager and the Trustee. A copy of the Trust Deed, as amended, is available for inspection by Unitholders and potential investors at the registered office of the Manager. Unless expressly provided for in the Trust Deed or allowed under applicable laws, the assets of the Fund shall at all times belong to the Fund and be segregated from the assets of the Trustee, and shall not be used to discharge the liabilities of or claims against the Trustee or any other Fund for which the Trustee acts as trustee.

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 Fund. All applications for units in the Fund must be made on the application forms accompanying the latest prospectus of the Fund (the “Prospectus”).

The information and opinions contained in this document have been obtained from public sources which the Manager believes to be reliable and accurate. However, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information and it should not be relied upon as such. Opinions included herein constitute the judgement of the Manager at the time specified and may be subject to change without notice, they are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient and are not intended to provide the sole basis of evaluation of any investment. Neither the Manager nor the Fund, nor any of their respective associates, directors, officers or employees, accepts any liability whatsoever for any loss arising directly or indirectly from any use of this document or any information contained herein.

Given the economic and market risks, there can be no assurance that the Fund will achieve their investment objectives. Investments in the Fund is 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 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 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 Fund. In any case, investors should read the Prospectus and consider the risks as well as suitability of the Fund before deciding whether to subscribe for units in the Fund. Copies of the Prospectus are available and may be obtained from the Manager.