PHILLIP LEGACY FUNDS

(Constituted under Singapore law pursuant to the deed of trust dated 24 September 2018 (the "**Trust Deed**"))

FIRST SUPPLEMENTARY PROSPECTUS DATED 24 JUNE 2019

A copy of this First Supplementary Prospectus has been lodged with the Monetary Authority of Singapore who assumes no responsibility for its contents.

This First Supplementary Prospectus is lodged pursuant to Section 298 of the Securities and Futures Act (Chapter 289 of Singapore) and is supplemental to the prospectus registered on 24 September 2018 (the "**Prospectus**") relating to the Phillip Legacy Funds (the "**Trust**").

Terms used in this First Supplementary Prospectus will have the meaning and construction ascribed to them in the Prospectus and references to "paragraph" are to the paragraphs of the Prospectus. This First Supplementary Prospectus is to be read and construed in conjunction and as one document with the Prospectus.

This First Supplementary Prospectus sets out the amendments made to the Prospectus to reflect (i) the termination of Commerzbank AG as a designated market maker with effect from 1 July 2019, (ii) the appointment of Societe Generale as a designated market maker with effect from 1 July 2019, (iii) updates to paragraph 36 "Taxation" and (vi) the resignation of Lee Ken Hoon as a director of the Manager with effect from 2 November 2018.

In this connection, the Prospectus will be amended as follows with effect from the date of this First Supplementary Prospectus (unless otherwise stated):-

1. Paragraph 11.4 of the Prospectus

   Paragraph 11.4 is hereby deleted in its entirety and replaced with the following:-

   "A market maker is a broker or a dealer registered by the SGX-ST as a designated market maker to act as such by making a market for the Units in the secondary market on the SGX-ST. A designated market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SGX-ST. Designated market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one designated market maker for a Sub-Fund to facilitate efficient trading.

   The current designated market makers for the Phillip SING Income ETF are Phillip Securities Pte Ltd and Commerzbank AG. Commerzbank AG's appointment as a designated market maker shall be terminated with effect from 1 July 2019. Societe Generale will be appointed as a designated market maker with effect from 1 July 2019.

   Please approach the Manager or refer to the Manager's website at www.phillipfunds.com for the current list of designated market maker(s) of the Sub-Funds. Any changes to the designated market makers will be announced on the SGXNET.".

2. Paragraph 11.5 of the Prospectus

   Paragraph 11.5 is hereby deleted in its entirety and replaced with the following:-

"The role of a Participating Dealer is to facilitate creation and redemption of Units in the Sub-Funds from time to time. Under the terms of the Participation Agreement, only a Participating Dealer may apply to create Units in respect of an Application Unit by the presentation of Index Securities and/or the cash equivalent of the Index Securities where applicable. In its absolute discretion, a Participating Dealer may also apply to create Units on behalf of its clients from time to time, subject to such terms and conditions as may be imposed by the relevant Participating Dealer.

Please approach the Manager or refer to the Manager's website at www.phillipfunds.com for the current list of designated Participating Dealer(s) of the Sub-Funds. Any changes to the Participating Dealer(s) will be announced on the SGXNET.".

3. Paragraph 36 of the Prospectus

Paragraph 36 is hereby deleted in its entirety and replaced with the following:-

"**36. TAXATION**

The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of Units is based upon laws and regulations now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Units and does not purport to deal with the consequences of application to all categories of investors, some of which may be subject to special rules. The comments herein are not binding on the Singapore tax authorities and there can be no assurance that it will not take a position contrary to any of the comments herein. You are advised to consult your own tax advisers concerning the application of Singapore tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of Units arising under the laws of any other tax jurisdictions.

36.1 Phillip SING Income ETF

Taxation of Phillip SING Income ETF

With effect from 1 September 2014, the Designated Unit Trust scheme ("**DUT scheme**") is administered on a self-assessment basis. To benefit from the tax treatment accorded under the DUT scheme for a year of assessment, Phillip SING Income ETF must meet the specified conditions of the DUT scheme throughout the basis period for that year of assessment and a declaration form has to be submitted to the Inland Revenue Authority of Singapore ("**IRAS**"). The DUT scheme has expired on 31 March 2019. However, Phillip SING Income ETF may continue to enjoy the Designated Unit Trust status if it continues to meet all the specified conditions of the DUT scheme and the annual declaration form is submitted to the IRAS within the specified time limit.

Under Section 35(12) of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**"), subject to certain conditions, the following income (hereinafter termed as "**Designated Income**") will not form part of the statutory income of the Phillip SING Income ETF and is thus not taxable in the hands of the Trustee:

(a) gains or profits derived from Singapore or elsewhere from the disposal of securities;

(b) interest (other than those where Singapore withholding tax has been deducted);

(c) dividends derived from outside Singapore and received in Singapore;

(d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;

(e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore;

(f) fees and compensatory payments (other than those where Singapore withholding tax has been deducted) from securities lending or repurchase arrangements with certain specified counterparties;

(g) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore;

(h) discount derived from outside Singapore and received in Singapore;

(i) discount from Qualifying Debt Securities ("**QDS**") (as defined under Section 13(16) of the Income Tax Act) issued during the period from 17 February 2006 to 31 December 2023;

(j) gains or profits derived from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;

(k) prepayment fee, redemption premium and break cost from QDS issued during the period from 15 February 2007 to 31 December 2023; and

(l) such other income directly attributable to QDS issued on or after a prescribed date, as may be prescribed by regulations.

Unless otherwise exempt from tax, any income not falling within the prescribed list of Designated Income ("**non-Designated Income**") will generally be subject to tax at the prevailing income tax rate, currently 17%. The tax on such income will be assessed on the Trustee in its capacity as the trustee of Phillip SING Income ETF.

Taxable income distribution from Real Estate Investment Trusts ("**REITs**") listed in Singapore derived by Phillip SING Income ETF will generally be subject to tax withheld at source at the prevailing income tax rate, currently 17%. Such taxable income distribution derived by Phillip SING Income ETF is a non-Designated Income and will be subject to tax at the prevailing income tax rate, currently 17%, which could be offset by the tax withheld at source. The gains or profits derived by Phillip SING Income ETF from the disposal of units in REITs listed in Singapore are Designated Income.

Distributions made by Phillip SING Income ETF to all Holders will not attract Singapore withholding tax.

Taxation of Holders

Distributions from Phillip SING Income ETF

Individuals

Individuals (whether resident in Singapore or not) are exempt from Singapore income tax on distributions made by the trustee of any collective investment scheme constituted as a unit trust authorised under Section 286 of the Securities and Futures Act and the units of which are

offered to the public for subscription. This tax exemption does not apply to distributions derived by individuals through a partnership in Singapore or from the carrying on of a trade, business or profession.

As Phillip SING Income ETF is a collective investment scheme constituted as a sub-fund of an umbrella unit trust authorised under Section 286 of the Securities and Futures Act and the units of which are offered to the public for subscription, the aforesaid tax exemption will apply to distributions made by Phillip SING Income ETF. Individuals who derive the distributions through a partnership in Singapore or from the carrying on of a trade, business or profession will be subject to tax on distributions of Designated Income at their own applicable tax rates.

Non-individuals

Foreign investors

All distributions of Designated Income to Holders who are "foreign investors" are exempt from Singapore income tax.

A "foreign investor", in relation to a non-individual, is defined in Section 10(23) of the Income Tax Act as:

(a) a company which is neither resident in Singapore nor carrying on business through a permanent establishment in Singapore where not less than 80% of the total number of its issued shares are beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and

(b) a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by individuals who are not resident in Singapore or by companies which are foreign investors or by both and, unless waived by the Singapore Minister for Finance or such person as he may appoint, where: (i) the fund is created outside Singapore; and (ii) the trustees of the fund are neither citizens of Singapore nor resident in Singapore, nor do they carry out duties as such trustees through a permanent establishment in Singapore.

In general, any non-Designated Income is subject to a final tax in the hands of the Trustee. Any distributions made out of non-Designated Income will not be subject to further Singapore income tax in the hands of a foreign investor.

Distributions paid by Phillip SING Income ETF out of non-Designated Income that is exempt from income tax will be exempt in the hands of a foreign investor. Non-Designated Income that is exempt from income tax includes Singapore one-tier tax exempt dividend and tax exempt distribution from REITs listed in Singapore.

Other Holders

Other Holders (i.e. those who are neither individuals nor foreign investors) are generally subject to Singapore income tax on the gross amount of the distributions paid out of Designated Income by Phillip SING Income ETF. Such distributions are deemed to be income of such Holders and will be taxed at the Holders' own applicable tax rates. In the case of a corporate Holder, the current income tax rate is 17%. In general, any non-Designated income is subject to a final tax at Phillip SING Income ETF's level. Any distributions made out of non-Designated Income will not be subject to further Singapore income tax in the hands of such Holders.

Distributions paid by Phillip SING Income ETF out of non-Designated Income that is exempt from income tax will be exempt in the hands of such Holders. Non-Designated Income that is

exempt from income tax includes Singapore one-tier tax exempt dividend and tax exempt distribution from REITs listed in Singapore.

Deeming of undistributed Designated Income as taxable income to certain Holders

Under Section 10(20B) of the Income Tax Act, any undistributed Designated Income as at the applicable relevant date (which is a date on or after 1 June 2015) will be deemed as income taxable on such relevant date in the hands of certain Holders under the following scenarios:

(a) the unit trust is dissolved, and is a DUT for the year of assessment for the basis period in which the dissolution occurred;

(b) the unit trust is not a DUT within the meaning of Section 35 for any year of assessment;

(c) the trustee fails to elect under Section 35(12B) for Section 35(12) to apply to his income for any year of assessment; or

(d) the trustee elects under Section 35(12B) for Section 35(12) to apply to his income derived in only a part of the basis period for any year of assessment.

Section 10(20B) of the Income Tax Act applies to the following persons:

(i) a Holder who is not an individual and not a foreign investor;

(ii) a Holder who is an individual and not a foreign investor, and who holds the Units for the purposes of a trade, profession or business;

(iii) a partner who is not an individual and not a foreign investor, of a partnership which is a Holder;

(iv) a partner who is an individual and not a foreign investor, of a partnership in Singapore which is a Holder.

An individual is not a foreign investor if the individual is resident in Singapore.

Such Holders will be taxed on their proportionate share of the undistributed Designated Income based on the terms of the Trust Deed or their respective holdings in Phillip SING Income ETF as at the applicable relevant date. However, this does not apply to undistributed Designated Income that relates to gains or profits derived from Singapore or elsewhere from the disposal of securities in the case where the Holder is an individual referred to in (ii) and (iv) above.

Upon the approval of the application of the Enhanced-Tier Fund Tax Incentive Scheme (refer below), Phillip SING Income ETF will cease to be a DUT and accordingly, any undistributed Designated Income of Phillip SING Income ETF as at the effective date of the approval will be deemed as taxable income to certain Holders as described above.

36.2 Phillip Legacy Funds

Taxation of Sub-Funds

The Trust will be applying for the Enhanced-Tier Fund Tax Incentive Scheme (hereinafter referred to as an "**Enhanced-Tier Fund Scheme**") under to Section 13X of the Income Tax Act. Subject to the approval of the MAS, each of the Sub-Funds, as an Enhanced-Tier Fund, will enjoy tax exemption on Specified Income[2] (as defined in the Income Tax (Exemption of

[2] The list of Specified Income and Designated Investments have been expanded pursuant to the Singapore Budget

Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (the "**Regulations**")) derived from funds managed in Singapore by the Manager in respect of Designated Investments (as defined in the Regulations).

The Manager will endeavour to conduct the affairs of the Trust in such a way that it will satisfy the qualifying conditions for the Enhanced-Tier Fund Scheme. Notwithstanding the foregoing, there is no assurance that the Manager will, on an on-going basis, be able to ensure that the Trust will always meet all the qualifying conditions for the Enhanced-Tier Fund Scheme. Upon any such disqualification, the Sub-Funds will be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate. The Sub-Funds can however, enjoy the tax exemption under the Enhanced-Tier Fund Scheme in any subsequent period if it is able to satisfy the specified conditions in that subsequent period.

Taxable income distribution from REITs listed in Singapore derived by the Sub-Funds will generally be subject to tax withheld at source at the prevailing income tax rate, currently 17%. Such taxable income distribution is not Specified Income and hence, will be subject to tax at the prevailing income tax rate, currently 17% in the hands of the Trustee, the tax liability of which could be offset by the tax withheld at source. Gains or profits derived by the Sub-Funds from the disposal of units in REITs listed in Singapore are Specified Income from Designated Investments.

Distributions made by the Sub-Funds to all Holders will not attract Singapore withholding tax.

Taxation of Holders

Distributions made by the Sub-Funds out of tax-exempt income should be exempt from Singapore income tax in the hands of Holders.

36.3 Disposal or redemption of Units

Singapore does not impose tax on capital gains. Any gains on disposal or redemption of Units are not liable to Singapore income tax provided Units are held as investment assets. Where Units are held as trading assets of a trade or business carried on in Singapore, any gains on disposal or redemption of Units are liable to Singapore income tax under Section 10(1)(a) of the Income Tax Act. Where Units were purchased with the intention or purpose of making a profit by disposal or redemption and not with the intention to be held for long-term investment purposes, any gains on disposal or redemption of Units could be construed as "gains or profits of an income nature" liable to tax under Section 10(1)(g) of the Income Tax Act.

Holders who have adopted Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") or Financial Reporting Standard 109 – Financial Instruments ("**FRS 109**") (which replaces FRS 39) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on Units, irrespective of disposal.

The tax treatment of gains or losses in respect of financial instruments recognised under FRS 39 and/or FRS 109 is aligned with the accounting treatment unless exceptions apply.

Holders and prospective Holders of the Sub-Funds should consult their own accounting and tax advisers on the Singapore income tax treatment to understand the implications and

Statement 2019.

consequences of their acquisition, holding or disposal of Units arising from the adoption of FRS 39 and FRS 109.".

4. Directory of the Prospectus

Reference to Lee Ken Hoon under the Directory shall be removed from the Prospectus with effect from 2 November 2018.

5. Paragraph 8.3 of the Prospectus

Lee Ken Hoon's profile under paragraph 8.3 is hereby deleted in its entirety with effect from 2 November 2018.

6. Appendix II of the Prospectus

Information on Lee Ken Hoon's directorship under Appendix II is hereby deleted in its entirety with effect from 2 November 2018.

FIRST SUPPLEMENTARY PROSPECTUS

BOARD OF DIRECTORS OF PHILLIP CAPITAL MANAGEMENT (S) LIMITED

Signed:

_____
Lim Hua Min
Director
(signed by Jeffrey Lee Chay Khiong
for and on behalf of Lim Hua Min)

Signed:

_____
Jeffrey Lee Chay Khiong
Director

Signed:

_____
Linus Lim Wen Sheong
Director
(signed by Jeffrey Lee Chay Khiong
for and on behalf of Linus Lim Wen Sheong)

Signed:

_____
Lim Wah Sai
Director
(signed by Jeffrey Lee Chay Khiong
for and on behalf of Lim Wah Sai)

Signed:

_____
Louis Wong Wai Kit
Director
(signed by Jeffrey Lee Chay Khiong
for and on behalf of Louis Wong Wai Kit)