

Phillip Asia Pacific Growth Fund

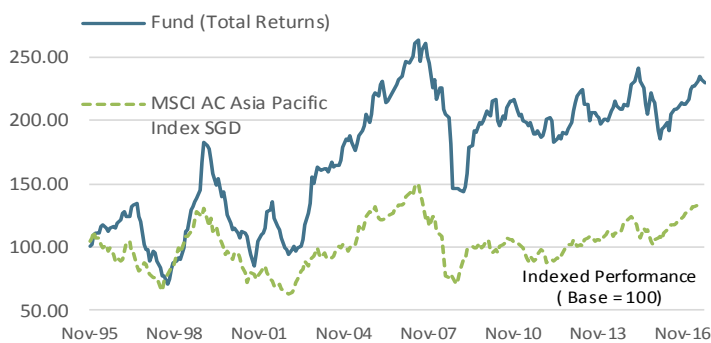
SEPTEMBER 2017

INVESTMENT OBJECTIVE & FOCUS

The investment objective of the Fund is to achieve medium to long term capital appreciation through investing the Deposited Property primarily in investments in or of companies with either assets wholly or partially in, or revenues wholly or partially derived from investment in countries and territories in the Asia Pacific region (including Japan, Australia and New Zealand) selected by the Managers for the purpose of investment of the Deposited Property. The total overall investment in equities or shares of companies in Emerging Markets is capped at 50% of the Value of the Deposited Property. The Fund is growth oriented and is authorised to invest in stocks and bonds, including but not limited to convertible bonds.

The Managers seek to identify emerging trends, underappreciated growth prospects and undervalued franchises. The Managers combine top-down and bottom-up approaches in managing the Fund; top-down approach tackles the asset and geographical allocation decisions while bottom-up approach tackles vigorous quantitative and qualitative analysis to determine the absolute and relative attractiveness of the securities. Subject to the provisions of the Code on Collective Investment Schemes issued by the MAS ("Code"), the Managers may also invest the Deposited Property into money market funds and collective investment schemes, including money market funds and collective investment schemes managed by the Managers during such time or times and on such terms as the Managers think fit in accordance with the investment objective and focus of the Fund. The management fees charged by the money market funds and collective investment schemes managed by the Managers will be rebated to the Fund, as may be agreed between the Managers and the Trustee. The Managers currently use financial derivative instruments ("FDIs") for the purpose of hedging and/or efficient portfolio management.

FUND PERFORMANCE (AS AT 29 SEP 2017)



TOTAL RETURNS	FUND	BENCHMARK
Since Inception	129.72%	32.59%
1 month	-1.40%	0.09%
3 months	-0.50%	2.74%
Year To Date	8.24%	11.90%

ANNUALISED RETURNS	FUND	BENCHMARK
1 year	10.10%	14.76%
3 years	3.21%	6.90%
5 years	3.81%	7.81%
10 years	-1.08%	-1.02%
Annualised Returns Since Inception	3.88%	1.30%

Fund Performance are cumulative returns and calculated on a Single pricing basis, with any income or dividends reinvested as of 29 Sep 2017. Source: Bloomberg & Phillip Capital Management (S) Ltd.

FUND AWARDS

Standard and Poor's Fund Awards

Winner in the Equity Asia Pacific - 3 years Category (2004, 2005 and 2006)
 Winner in the Equity Asia Pacific - 5 years Category (2004, 2005, 2006 and 2007)

The Edge Lipper Fund Awards

Lipper Singapore Unit Trust Fund Awards—Equity Asia Pacific over Five Years (2003)
 Best Fund over One Year - Equity Asia Pacific (2004)
 Best Fund over Three Years - Equity Asia Pacific (2004, 2005 & 2006)
 Best Fund over Five Years - Equity Asia Pacific (2004, 2006 & 2007)
 Best Fund over Ten Years - Equity Asia Pacific (2010)

FUND INFORMATION

Current Fund Size	S\$20.75 million
NAV Price	S\$2.180
Investment Manager	Phillip Capital Management (S) Ltd
Inception Date	23 November 1995
Inception Price	S\$0.95
Benchmark	MSCI AC Asia Pacific Index SGD
Subscription Mode	Cash/ SRS (UR 0131)
Bloomberg Ticker	AIBAPGI SP Equity
ISIN Code	SG9999006019
Minimum Initial Investment	S\$1,000
Minimum Subsequent Investment	S\$500
Minimum Holdings	1000 units or \$1000 equivalent
Initial Sales Charge	Currently up to 5%, maximum 5%
Management Fee (p.a.)	Currently 1.25%, maximum 1.75%
Switching Fee	Currently up to 1%, maximum 1%
Dealing Frequency	Daily SGT 3:30pm
Pricing	Forward Pricing
Realisation Fee	Currently NIL, maximum 1%
Trustee's Fee	Currently 0.2%, maximum 0.4%, subject to a minimum S\$25,000 p.a.

ASSET ALLOCATION

Equities	92.12%
Cash and Accruals	7.88%

**GEOGRAPHICAL ALLOCATION
(TOP TEN)**

Japan	19.53%
China	16.73%
Hong Kong	12.37%
Singapore	9.59%
Thailand	6.77%
United Kingdom	5.81%
Australia	5.29%
India	4.25%
South Korea	4.04%
Indonesia	3.43%

SECTOR ALLOCATION

Industrial	20.95%
Financial	18.04%
Consumer, Non-cyclical	10.28%
Basic Materials	8.69%
Communications	8.42%
Consumer, Cyclical	8.02%
Funds	6.19%
Utilities	4.54%
Diversified	3.91%
Technology	2.72%

TOP TEN HOLDINGS

Panasonic Corp
Toray Industries Inc
Shinhan Financial Group Co Ltd
China Merchants Port Holdings
HSBC Holdings PLC
China State Construction International
SEEK Ltd
China Communications Construction
One Stoxx Asean Select Dividend
Tencent Holdings Ltd

All figures above as at 29 Sep 2017 unless stated otherwise.

Sources: Phillip Capital Management (S) Ltd & Bloomberg.

MANAGER'S COMMENTARY

Asia-Pacific markets were again mixed in September. For the month, the MSCI AC Asia Pacific Index rose 0.1% in Singapore dollar terms. Several emerging ASEAN markets did well, such as Thailand and the Philippines, with the former benefiting from abundant liquidity buying into a laggard market, while the latter benefited from the approval of its proposed tax reform which was seen to boost consumption. Japan also saw some mild market strength, with Prime Minister Shinzo Abe calling a snap election. On the other side, Taiwan and India were the worst performers, with the former dragged by its technology names following expectations of weaker demand for the newly launched iPhone, and the latter facing concerns on a combination of spiking inflation, a slowing economy, and a widening fiscal deficit.

The Fund declined 1.4% for September, as drag came from some of its Indonesia and Indian positions such as Perusahaan Gas and CARE Ratings.

Within the month, we took profit on JFE Holdings and carsales.com, with the latter's share price benefiting from optimism about steel demand and margins, and the latter reporting solid domestic earnings and growth in some of its international arms such as Korea. We also had to sell Greaves Cotton and Perusahaan Gas, as the former appeared to be seeing stalling growth momentum and weakening margins in its core auto engine segment, while the latter has been facing intense margin pressure and weakening gas demand from its power generation customers. We have had to recognise that these pressures are not going to go away anytime soon, and it is better to redeploy capital than to tie it up waiting for recovery.=

Stocks we added to the portfolio included NSSMC, Japan's largest steelmaker which has been a share price laggard compared to its peer JFE (which we just sold); we believe this company is also well leveraged to a steel market recovery, with about half of its production exported. We bought Rio Tinto, one of the Australian diversified mining giants; it has been well-managed through the downturn of the last few years and is expected to benefit from capacity-tightening in resource sectors such as aluminium in China. Alps Electric in Japan is a specialist manufacturer of electronics components used in smartphones and car electronics, with particular strengths in sensors and haptics (touch technology); we think it is trading attractively after the market reacted negatively (and unjustifiably, in our view) to the news of its plans to merge with its sister company. Finally, we added Tencent, one of the three China Internet juggernauts, which is dominant in the social networking, messaging and gaming segments. Though it trades at high valuations, it has continually delivered on high growth expectations, with recent quarters seeing particularly strong earnings momentum.

We maintain our view that given current broad-based economic momentum so far together with a benign environment of caution-tempered optimism, any significant market downturn is unlikely.

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