



## **Phillip Investment Funds**

- Phillip Growth Fund
- Phillip Income Fund
- Phillip Money Market Fund

### **Annual Report**

For the year ended 31 December 2007

## **Phillip Investment Funds**

### **MANAGER**

Phillip Capital Management (S) Ltd  
250 North Bridge Road #06-00  
Raffles City Tower  
Singapore 179101

### **DIRECTORS OF PHILLIP CAPITAL MANAGEMENT (S) LTD**

Lim Hua Min  
Loh Hoon Sun  
Jeffrey Lee Chay Khiong

### **TRUSTEE**

Citicorp Trustee (Singapore) Limited  
3 Temasek Avenue #12-00  
Centennial Tower  
Singapore 039190

### **CUSTODIAN**

Citibank N.A.  
3 Temasek Avenue #12-00  
Centennial Tower  
Singapore 039190

### **REGISTRAR**

Boardroom Corporate & Advisory Services Pte Ltd  
(formerly known as Lim Associates (Pte) Ltd)  
3 Church Street #08-01  
Samsung Hub  
Singapore 049483

### **AUDITORS**

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

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## **Phillip Money Market Fund**

### **INVESTMENT OBJECTIVES**

The Phillip Money Market Fund aims to preserve principal value and maintain a high degree of liquidity while producing returns comparable to that of Singapore Dollar saving deposits. The Fund will invest primarily in short term, high quality money market instruments and debt securities. Such investments may include government and corporate bonds, commercial bills and deposits with financial institution.

### **MANAGER'S REPORT**

The Singapore economy grew 5.4% in 2007, enjoying nine consecutive quarters of real GDP growth above the 6% mark. Inflation soared during 2007 rising from 0.2% in January to 6.6% in December 2007, the highest quarterly figure since 1984. Singapore's labour market continued to tighten and real interest rates dropped to record lows. Unemployment rate slid further in the 4th quarter to 1.6%, the lowest rate in a decade. Bank lending continued to grow on the back of large construction projects, improving consumption and negative real rates.

The major theme for the year was the US subprime situation and the tightening of global credit markets, the US economy slowed to just 0.6% qoq growth in Q4 2007. The year-end slowdown was led by residential investment and private consumption. Exports, which helped to support growth early in the year, weakened during the 4th quarter. For 2007 as a whole, US real GDP grew an estimated 2.7%. Consensus views are for the Fed to continue easing from late 2007 into 2008, amidst a high inflationary environment.

Singapore dollar short rates was 3.56% at the beginning of 2007 and declined sharply to 2.05% at the end of 2007. Lower yields were driven by the easing bias in the US and the inflows of foreign capital. While the need for tighter policy is growing, Monetary Authority of Singapore (MAS) is mindful of the effects on export competitiveness and growth. With growth expected to moderate to 4-6% in 2008, the central bank will be reluctant to tighten. Still, with strong inflation pressures, there will be a bias toward faster NEER (Nominal Effective Exchange Rate) appreciation, especially so if commodity prices stay high.

### **Outlook**

A key determinant of Singapore Dollar money market performance for the following year will be contingent on how the credit crisis unfolds. A further deterioration of credit markets may result in a reassessment in the growth outlook for 2008. Inflation pressures are expected to rise due to rising commodity prices. We expect the SGD to strengthen modestly due to continued inflows, relatively strong economic growth domestically and a strong current account position. MAS announced that it would continue with the current policy of a modest and gradual appreciation of the S\$NEER which has been in place since April 2004. This policy stance is expected to remain supportive of economic growth while capping inflationary pressures and ensuring price stability in the intermediate term.

We recognize liquidity to be a major issue during these uncertain and volatile periods and this may widen the bid-offer spreads of our money-market securities. The portfolio will be managed conservatively with a sufficient spread in the maturity of the investments to meet with liquidity

requirements, taking into consideration the potential for greater risk-aversion of markets during times of uncertainty.

We will continue to manage the fund prudently to achieve consistency in the return to our investors.

## Disclosures on the Fund<sup>1</sup>

### a) I Investment Classified by Geography

	Fair Value 31/12/2007 S\$	Percentage of total net assets attributable to unitholders at 31/12/2007 %
<b>By Geography</b>		
<b>Quoted</b>		
Australia	5,502,200	1.47
France	269,784	0.07
Korea	19,985,100	5.38
Singapore	203,978,601	54.48
Sweden	2,996,700	0.80
<b>Portfolio of investments</b>	232,731,385	62.16
<b>Other net assets/liabilities</b>	141,664,461	37.84
<b>Net assets attributable to unitholders</b>	374,395,846	100.00

### a) II Investment Classified by Industry

	Fair Value 31/12/2007 S\$	Percentage of total net assets attributable to unitholders at 31/12/2007 %
<b>By Industry (Summary)</b>		
Property	113,241,952	30.25
Finance	70,236,318	18.76
Electric-Distribution	10,201,500	2.72
Electric-Manufacturing	3,000,000	0.80
Telecommunication	1,002,200	0.27
Trading	18,021,975	4.81
Transport	1,540,065	0.41
Brewery	10,518,375	2.81
Marine	4,969,000	1.33
<b>Portfolio of investments</b>	232,731,385	62.16
<b>Other net assets/liabilities</b>	141,664,461	37.84
<b>Net assets attributable to unitholders</b>	374,395,846	100.00

<sup>1</sup> As required by the Code on Collective Investment Schemes

a) <b>III Asset Class</b>	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Fixed Income Securities	232,731,385	62.16
Term Deposits	130,057,239	34.74
Cash & bank balances	6,779,180	1.81
Other Current Assets	4,828,042	1.29
	<u>374,395,846</u>	<u>100.00</u>

a) <b>IV Credit Rating of Debt Securities</b>	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Unrated	198,986,476	53.15
A	13,997,300	3.74
A+	11,490,000	3.07
AA-	2,502,750	0.67
AA	2,488,375	0.66
AA+	3,266,484	0.87
	<u>232,731,385</u>	<u>62.16</u>

#### **Type of Money Market Instruments and Debt Securities**

	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Fixed Rate Notes	211,802,726	56.57
Floating Rate Notes	18,170,500	4.85
Zero Coupon	269,784	0.07
Certificate of Deposit	2,488,375	0.66
	<u>232,731,385</u>	<u>62.16</u>

<b>Maturity Profile of Fixed Income Securities</b>	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Up to 30 Days	17,270,484	4.61
31 to 90 Days	51,935,254	13.87
91 to 180 Days	25,765,384	6.88
181 to 365 Days	109,582,434	29.27
366 to 732 Days	28,177,829	7.53
	<u>232,731,385</u>	<u>62.16</u>

**b) Top Ten Holdings**

<b><u>10 Largest Holdings as at 31 December 2007</u></b>	<b>Fair Value 31/12/2007 S\$</b>	<b>Percentage of total net assets %</b>
Housing & Development Board 3.52% Due 13 February 2008	17,183,452	4.59
Capitaland Commercial 4.26% Due 10 November 2008	13,144,734	3.51
F&N Treasury Pte Ltd 3.065% Due 10 September 2008	10,518,375	2.81
Tuas Power Ltd 4.5% Due 28 May 2009	10,201,500	2.72
Singapore Treasury Bills (T-bill) Due 10 January 2008	9,998,400	2.67
Singapore Treasury Bills (T-bill) Due 14 February 2008	9,979,050	2.67
CapitaMall Trust 3.02% Due 12 December 2008	7,004,200	1.87
Capitaland Treasury Ltd 3.89% Due 25 August 2009	6,085,800	1.63
City Developments Ltd 2.925% Due 31 October 2008	6,000,000	1.60
Keppel Land Ltd 2.83659% Due 20 May 2008	5,752,300	1.54
	<u>95,867,811</u>	<u>25.61</u>

<b><u>10 Largest Holdings as at 31 December 2006</u></b>	<b>Fair Value 31/12/2006 S\$</b>	<b>Percentage of total net assets %</b>
Red Orchid Assets B135 3.51% Due 17 January 2007	13,993,000	7.68
BMW Coordination BMW 3.30% Due 17 January 2007	9,998,000	5.49
Toyota Kreditbank GMBH 3.56% Due 28 May 2007	9,995,000	5.48
Midpoint Property Series 8 Due 16 December 2009 VRN (puttable)	9,000,000	4.94
Millenia Tower Investments Ltd Series 2 Due 03 January 2010 VRN	7,000,000	3.84
City Development FRN Due 26 February 2007	5,253,675	2.88
Countrywide FINL 3.75% Due 17 March 2007	5,002,000	2.74
Savu Investments Series 9 Due 07 July 2010	5,000,000	2.74
Export Import Bank of Korea FRN Due 05 July 2007	4,995,000	2.74
Singapore Power Ltd 4.6% Due 21 September 2007	3,525,550	1.93
	<u>73,762,225</u>	<u>40.46</u>

- c) (i) Exposure to Derivatives as at 31 December 2007.  
Nil.
- c) (ii) Net gains/losses on derivative contracts realised during the period from 1 January 2007 to 31 December 2007.  
Nil.
- c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2007.  
Nil.

d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 December 2007.  
Nil

e) Amount and percentage of borrowings of total fund size as at 31 December 2007.  
Nil

f) Amount of redemptions and subscriptions for the period 1 January 2007 to 31 December 2007.

Total amount of redemptions S\$ 2,671,680,084

Total amount of subscriptions S\$ 2,857,002,120

g) Amount of Related-Party Transactions (for the period 1 January 2007 to 31 December 2007)

Interest income earned from a related company of the Trustee S\$150,700

**h) Performance of the Fund**

	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>3 year*</b>	<b>5 year*</b>	<b>Inception* (on 16 Apr 2001)</b>
The Fund	0.48%	1.01%	2.21%	6.43%	7.88%	10.63%

Note: \* Cummulative returns are in Singapore dollars based on a bid to bid basis, with net dividends reinvested.  
Source: Bloomberg as at 31 December 2007.

**i) Expense Ratios**                      31 December 2007                      31 December 2006

Without performance fee                      0.59%    0.62%

With performance fee                              0.59%    0.62%

The expense ratio is computed in accordance with the revised IMAS' guidelines on disclosure of expenses ratios dated 25 May 2005.

**j) Turnover Ratios**                              31 December 2007                              31 December 2006

74.90%    79.94%

The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

k) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts.  
Nil.

l) 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 2007 and 31 December 2006.

Not applicable.

(ii) Expense ratios for the period 31 December 2007 and 31 December 2006. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

Not applicable.

(iii) Turnover ratios for the period 31 December 2007 and 31 December 2006

Not applicable.

m) Soft Dollar Arrangements

The Managers shall be entitled to and intend to receive or enter into soft-dollar commissions/arrangements. The Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers 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 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 PCM.

The Managers will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers, assist the Managers in their management of clients' funds, provided that the Managers 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/arrangements.

The Managers do not, and are not entitled to, retain cash rebates for its own account in respect of rebates earned when transacting in securities for account of clients' funds.

## **Phillip Income Fund**

### **INVESTMENT OBJECTIVES**

The Phillip Income Fund aims to achieve medium to long-term capital appreciation through investing substantially all of the assets in a diversified portfolio of high quality bonds, high yield stocks and other interest bearing securities. To maximize returns, the Fund may also invest in convertible bonds, growth stocks and other instruments.

#### **Manager's Report**

The Fund generated a total return of 5.56% (on a bid-to-bid basis) for the 12-month period ending 31 December 2007. Since its inception on 16 April 2001, the Fund was up by 49.62%. The Fund's NAV touched an all time high of SGD1.5674 on 24 July 07 before ending to close lower at SGD1.4169 on 31 December 07.

For the period, the Fund continued to overweight equities versus bonds as they offer better risk adjusted returns. Our bonds portfolio was not affected by the troubles in the US sub prime mortgages as they are of high quality. The bond market especially the government securities and those with strong credit ratings performed well due to 'flight to safety'.

In the first half of 2007, the regional stock markets unfolded with optimism, albeit cautiously, about the prospects for global economic stability in 2008. US stocks in particular were strong, staving off the various pessimistic scenarios. However in the second half of 2007, the sub prime lending problem worsened, leading to concerns over corporate earnings growth and associated credit stress. Stock prices around the world retreated and the economic outlook for 2008 has worsened considerably since November.

Data relating to weakness in U.S subprime continue to make headlines. Inventory of new unsold homes has risen while Shiller U.S home price index has declined. Several large investment banks suffered large quarterly losses due to write downs relating to the credit and subprime markets. In addition, Citigroup and American Express's credit card units have expressed "signs of stress" and plan to boost loan loss reserves. Major U.S retailers in the discretionary space see weaker quarterly sales while those in the consumer staples continue to experience stable revenues.

Since November, Middle Eastern and Asian sovereign wealth funds have made a succession of investments in Bear Stearns, Morgan Stanley, UBS and Merrill Lynch, signifying a major transfer of ownership of strategic Western assets to the East.

The Fed lowered the federal funds rate aggressively to help stabilize the financial markets and the economy. In 2007, the Fed had cut interest rates by 100bps to 4.25% and appears almost certain to ease more if necessary. Economists are expecting another 175bps in rate cuts to 2.50%, as an insurance move to assure a second half recovery in the US economy in 2008.

Despite all the negative news coming into the market in the last few months, we still believe that the Asian region has the best potential for higher returns as their economic growth are expected to continue to be relatively strong despite a slowdown in the U.S. In addition, the potential of a stronger Asian currency versus the USD is also a plus.

We remain positive for Thailand where a coalition government is likely to be formed after the December 2007 election. The post election new government is likely to focus significantly on infrastructure projects and removal of its 30% reserve requirement policy to meet its promise to the public during election campaigns. This should be equity market stimulative for Thailand.

We also continue to favour Taiwan as a cheaper play into China's growth story. We believe that the legislative election in January 2008 and the presidential election in March 2008 would be the catalyst for the Taiwan market to re-rate higher. Should KMT's Ma win the election, the market is likely to rally in expectation of improving economic and political ties with China. Such a rally is a real possibility because Taiwan has underperformed Asia for the last 5 years with an undemanding prospective P/E of 13x and dividend yield of 4%.

Malaysia should stand out as a market that would outperform during the period of uncertainty. The country's economy will benefit from strong commodity.

We are positive on the Indonesia market. With a population of 230 million and 75% of its GDP growth domestic demand driven, we believe that it will be one of the countries in Asia that will be least affected by a US slowdown. Indonesia will also benefit from the strong performance of its commodity exports and a pipeline of pro-market policy initiatives.

Based on past experience, US is likely to retreat into a recession when the housing market is in such dire conditions and unemployment is rising. We believe the Fed will cut rates aggressively, just as it did in the early 1990s when the US had the savings and loan (S&L) crisis and Asia will be the unintended beneficiary. To recap, in the early 1990s as the Fed cut interest rates, money flowed into Asian markets. Asian economies should be less impacted than in the past experiences because of the strengthening trade linkages between China and the rest of Asia.

We will continue to adopt a disciplined approach of investing through this period of uncertainty and we see the current challenges as an investment opportunity.

## DISCLOSURES ON THE FUND<sup>2</sup>

### a) I Investment Classified by Geography

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>31/12/2007</b>	<b>total net assets</b>
	<b>S\$</b>	<b>attributable to</b>
<b>By Geography (Summary)</b>		<b>unitholders at</b>
		<b>31/12/2007</b>
		<b>%</b>
Australia	520,350	2.50
Europe	1,503,774	7.24
Hong Kong	1,632,260	7.85
Indonesia	1,793,565	8.63
Japan	1,717,155	8.26
Malaysia	2,867,247	13.80
Singapore	5,238,885	25.21
Taiwan	1,303,227	6.27
Thailand	3,169,543	15.26
<b>Portfolio of investments</b>	<b>19,746,006</b>	<b>95.02</b>
<b>Other net assets/liabilities</b>	<b>1,034,569</b>	<b>4.98</b>
<b>Net assets attributable to unitholders</b>	<b>20,780,575</b>	<b>100.00</b>

<sup>2</sup> As required by the Code on Collective Investment Schemes

a) **II Investment Classified by Industry**

	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets attributable to unitholders at 31/12/2007</b>
<b>By Industry (Summary)</b>	<b>S\$</b>	<b>%</b>
Basic Materials	1,064,871	5.12
Communications	2,594,895	12.49
Consumer, Cyclical	2,155,651	10.37
Consumer, Non-cyclical	807,837	3.89
Diversified	1,596,566	7.68
Energy	1,282,661	6.17
Financial	6,912,673	33.27
Funds	373,895	1.80
Government	110,805	0.53
Industrial	2,283,010	10.99
Technology	165,392	0.80
Utilities	397,750	1.91
<b>Portfolio of investments</b>	<b>19,746,006</b>	<b>95.02</b>
<b>Other net assets/liabilities</b>	<b>1,034,569</b>	<b>4.98</b>
<b>Net assets attributable to unitholders</b>	<b>20,780,575</b>	<b>100.00</b>

a) **III Asset Class**

	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Equity	17,635,326	84.86
Fixed Income Securities	2,110,680	10.16
Cash & other bank balances	2,109,049	10.15
Other Net Current Assets/(Liabilities)	(1,074,480)	(5.17)
	<b>20,780,575</b>	<b>100.00</b>

a) **IV Credit Rating of Debt Securities**

	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Unrated	1,999,875	9.62
AAA	110,805	0.53
	<b>2,110,680</b>	<b>10.15</b>

**b) Top Ten Holdings**

<b><u>10 Largest Holdings as at 31 December 2007</u></b>	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
F&N Treasury Pte Ltd 3.065% Due 10 September 2008	1,501,275	7.22
Sanofi-Aventis SA	807,837	3.89
Sime Darby Bhd	726,414	3.50
Deutsche Telekom AG	695,937	3.35
Osaka Securities Exchange Co Ltd	670,978	3.23
Boustead Holdings Bhd	567,162	2.73
Total Access Communication PCL-NVDR	544,705	2.62
Millennium & Copthorne Hotel PLC 3.07% Due 07 May 2010	498,600	2.40
Bangkok Bank Public Co Ltd-NVDR	458,783	2.21
Fraser & Neave Ltd	442,500	2.13
	<b>6,914,193</b>	<b>33.28</b>

<b><u>10 Largest Holdings as at 31 December 2006</u></b>	<b>Fair Value 31/12/2006</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Cerebos Pacific Ltd	991,800	4.54
Sanofi - Aventis	856,512	3.92
Deutsche Telekom AG	613,957	2.81
Toyota Motor Credit Corporation 4.94% Due 22 September 2008	589,305	2.70
European Aeronautic Defence and Space Company	589,014	2.70
Oversea-Chinese Banking Corporation Ltd	466,650	2.14
CDL Hospitality Trust	463,140	2.12
SIA Engineering Company Ltd	438,600	2.01
Bursa Malaysia Bhd	427,138	1.95
Hutchison Whampoa Ltd	420,370	1.92
	<b>5,856,486</b>	<b>26.81</b>

- c) (i) Exposure to derivatives as at 31 December 2007:  
Nil
- c) (ii) Net losses on derivative contracts realized for the period from 1 January 2007 to 31 December 2007.  
S\$10,587
- c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2007.  
Nil

- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 December 2007.  
Nil
- e) Amount and percentage of borrowings of total fund size as at 31 December 2007.  
Nil
- f) Amount of redemptions and subscriptions for the period 1 January 2007 to 31 December 2007.  
Total amount of redemptions S\$ 5,434,898  
Total amount of subscriptions S\$ 3,236,613
- g) Amount of Related-Party Transactions (for the period 1 January 2007 to 31 December 2007)
- |  |           |
|--|-----------|
| Interest income earned from a related company of the Trustee | S\$40,000 |
| Brokerage paid to a related company of the Manager           | S\$15,263 |

**h) Performance of the Fund**

	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>3 year*</b>	<b>5 year*</b>	<b>Inception* (on 16 Apr 2001)</b>
The Fund	-1.33%	-5.15%	5.56%	25.38%	50.65%	49.62%
Benchmark	-1.24%	-1.65%	2.62%	8.10%	26.78%	22.68%

Note: \* Cumulative returns are in Singapore dollars based on a bid to bid basis, with net dividends reinvested.

Source: Bloomberg as at 31 December 2007

Benchmark: 30% Citigroup World Government Bond Index (SGD Unhedged) + 40% Citigroup World Money Index SGD 3 Mth Euro Deposit (SGD) + 30% MSCI World Free Index (SGD) with effect from 27 February 2005

<b>i) Expense Ratios</b>	31 December 2007	31 December 2006
Without performance fee	1.97%	2.27%
With performance fee	3.34%	3.04%

The expense ratio is computed in accordance with the revised IMAS' guidelines on disclosure of expense ratios dated 25 May 2005.

<b>j) Turnover Ratios</b>	31 December 2007	31 December 2006
	134.54%	167.70%

The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

- k) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts.  
Nil

l) 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 2007 and 31 December 2006.

Not applicable.

(ii) Expense ratios for the period 31 December 2007 and 31 December 2006. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

Not applicable.

(iii) Turnover ratios for the period 31 December 2007 and 31 December 2006

Not applicable.

m) Soft Dollar Arrangements

The Managers shall be entitled to and intend to receive or enter into soft-dollar commissions/arrangements. The Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers 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 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 PCM.

The Managers will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers, assist the Managers in their management of clients' funds, provided that the Managers 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/arrangements.

The Managers do not, and are not entitled to, retain cash rebates for its own account in respect of rebates earned when transacting in securities for account of clients' funds.

## **Phillip Growth Fund**

### **INVESTMENT OBJECTIVES**

The Phillip Growth Fund aims to achieve significant medium to long-term capital appreciation through investing all of the assets in a diversified portfolio of global equities. The Fund may also invest in bonds, money market and other instruments to minimize volatility. The investment policy of this Fund is to invest primarily in the securities of the best growth companies that demonstrate significant and sustainable earnings growth potential. The Fund will not emphasize any particular company size but will invest wherever the best capital appreciation opportunities present themselves.

### **MANAGER'S REPORT**

For the current period under review, the Fund generated a total return of 4.51% (on a bid-to-bid basis) for the 12-month period ending 31 Dec 2007. Since its inception on 16 April 2001, the Fund was up by 84.40%. The Fund's NAV touched an all time high of SGD 1.9825 on 24 July before ending to close at SGD 1.7463 on 31 Dec.

In the first half of 2007, the regional stock markets unfolded with optimism, albeit cautiously, about the prospects for global economic stability in 2008. US stocks in particular were strong, staving off the various pessimistic scenarios. However in the second half of 2007, the subprime lending problem worsened, leading to concerns over corporate earnings growth and associated credit stress. Stock prices around the world retreated and the economic outlook for 2008 has worsened considerably since November.

Data relating to weakness in U.S subprime continue to make headlines. Inventory of new unsold homes has risen while Shiller U.S home price index has declined. Several large investment banks suffered large quarterly losses due to write downs relating to the credit and subprime markets. In addition, Citigroup and American Express's credit card units have expressed "signs of stress" and plan to boost loan loss reserves. Major U.S retailers in the discretionary space see weaker quarterly sales while those in the consumer staples continue to experience stable revenues.

Since November, Middle Eastern and Asian sovereign wealth funds have made a succession of investments in Bear Stearns, Morgan Stanley, UBS and Merrill Lynch signifying a major transfer of ownership of strategic Western assets to the East.

The Fed lowered the federal funds rate aggressively to help stabilize the financial markets and the economy. In 2007, the Fed had cut interest rates by 100bps to 4.25% and appears almost certain to ease more if necessary. Economists are expecting another 175bps in rate cuts to 2.50%, as an insurance move to assure a second half recovery in the US economy in 2008.

Despite all the negative news coming into the market in the last few months, we still believe that the Asian region has the best potential for higher returns as their economic growth are expected to continue to be relatively strong despite a slowdown in the U.S. In addition, the potential of a stronger Asian currency versus the USD is also a plus.

We remain positive for Thailand where a coalition government is likely to be formed after the December 2007 election. The post election new government is likely to focus significantly on infrastructure projects to meet its promise to the public during election campaigns. This should be equity market simulative for Thailand.

We also continue to favour Taiwan as a cheaper play into China's growth story. We believe that the legislative election in January 2008 and the presidential election in March 2008 would be the catalyst for the Taiwan market to re-rate higher. Should KMT's Ma win the election, the market is likely to rally in expectation of improving economic and political ties with China. Such a rally is a real possibility because Taiwan has underperformed Asia for the last 5 years with an undemanding prospective P/E of 13x and dividend yield of 4%.

Malaysia should stand out as a market that would outperform during the period of uncertainty. The country's economy will benefit from strong commodity.

We are positive on the Indonesia market and believe that it will be one of the countries in Asia that will be least affected by a US slowdown. Last year the Indonesian market returned about 50%; one of the best performing markets apart from China and India. We expect the country will continue to benefit from its well endowed natural resources and from being one of the world's largest exporters of palm oil and coal.

Based on past experience, US is likely to have a recession when the housing market is in such dire conditions and unemployment is rising. We believe the Fed will cut rates aggressively, just as it did in the early 1990s when the US had the savings and loan (S&L) crisis and Asia will be the unintended beneficiary. To recap, in the early 1990s as the Fed cut interest rates, money flowed into Asian markets. Asian economies should be less impacted than in the past experiences because of the strengthening trade linkages between China and the rest of Asia.

We will continue to adopt a disciplined approach of investing through this period of uncertainty and we see the current challenges as an investment opportunity.

## Disclosures on the Fund<sup>3</sup>

### a) I Investment Classified by Geography

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>31/12/2007</b>	<b>total net assets</b>
	<b>S\$</b>	<b>attributable to</b>
<b>By Geography (Summary)</b>		<b>unitholders at</b>
		<b>31/12/2007</b>
		<b>%</b>
Australia	776,585	2.71
Europe	1,697,672	5.92
Hong Kong	2,587,094	9.01
Indonesia	2,452,854	8.55
Japan	3,253,920	11.33
Malaysia	3,682,760	12.83
Singapore	5,747,681	20.03
South Korea	552,714	1.93
Taiwan	2,236,578	7.79
Thailand	2,945,556	10.26
United Kingdom	402,538	1.40
United States	1,136,279	3.96
<b>Portfolio of investments</b>	<b>27,472,231</b>	<b>95.72</b>
<b>Other net assets/liabilities</b>	<b>1,226,888</b>	<b>4.28</b>
<b>Net assets attributable to unitholders</b>	<b>28,699,136</b>	<b>100.00</b>

<sup>3</sup> As required by the Code on Collective Investment Schemes

a) **II Investment Classified by Industry**

	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets attributable to unitholders at 31/12/2007</b>
	<b>S\$</b>	<b>%</b>
<b>By Industry (Summary)</b>		
Basic materials	1,539,233	5.36
Communications	3,333,258	11.61
Consumer, Cyclical	1,719,490	5.99
Consumer, Non-cyclical	2,093,274	7.29
Diversified	2,396,819	8.35
Energy	1,752,384	6.11
Financial	10,318,492	35.95
Funds	486,657	1.70
Industrial	2,852,672	9.94
Technology	358,352	1.25
Utilities	621,600	2.17
<b>Portfolio of investments</b>	<b>27,472,231</b>	<b>95.72</b>
<b>Other net assets</b>	<b>1,226,888</b>	<b>4.28</b>
<b>Net assets attributable to unitholders</b>	<b>28,699,119</b>	<b>100.00</b>

a) **III Asset Class**

	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Equity	25,970,956	90.49
Fixed Income Securities	1,501,275	5.23
Cash & other bank balances	3,101,889	10.81
Other Net Current Assets/(Liabilities)	(1,875,001)	(6.53)
	<b>28,699,119</b>	<b>100.00</b>

a) **IV Credit Rating of Debt Securities**

	<b>Fair Value 31/12/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Unrated	1,501,275	5.23
	<b>1,501,275</b>	<b>5.23</b>

**b) Top Ten Holdings**

<b><u>10 Largest Holdings as at 31 December 2007</u></b>	<b>Fair Value 31/12/2007 S\$</b>	<b>Percentage of total net assets %</b>
F&N Treasury Pte Ltd 3.065% Due 10 September 2008	1,501,275	5.23
Nasdaq Stock Market Inc	1,136,279	3.96
Sime Darby Bhd	1,022,360	3.56
Osaka Securities Exchange Co Ltd	1,006,468	3.51
Sanofi-Aventis SA	954,038	3.33
Boustead Holdings Bhd	946,708	3.30
Total Access Communication PCL-NVDR	928,230	3.23
Japan Land Ltd	840,246	2.93
Deutsche Telekom AG	743,634	2.59
Cityspring Infrastructure Trust	621,600	2.17
	<b>9,700,838</b>	<b>33.80</b>

  

<b><u>10 Largest Holdings as at 31 December 2006</u></b>	<b>Fair Value 31/12/2006 S\$</b>	<b>Percentage of total net assets %</b>
Toyota Motor Credit Corporation 4.94% Due 22 September 2008	1,414,332	3.77
Nomura Holdings Inc	1,061,461	2.83
Cerebos Pacific Ltd	1,050,960	2.80
Mitsubishi UFJ Financial Group Ltd	1,022,663	2.72
Sanofi - Aventis	1,011,523	2.69
Proshares Ultrashort Dow30	877,459	2.34
National Australia Bank Ltd 5.75% Due 15 September 2008	837,200	2.23
Hutchison Whampoa Ltd	825,170	2.20
SIA Engineering Company Ltd	756,800	2.02
Market Vectors Gold Miners	746,092	1.99
	<b>9,603,660</b>	<b>25.59</b>

- c) (i) Exposure to derivatives as at 31 December 2007:  
Nil
- c) (ii) Net losses on derivative contracts realized for the period from 1 January 2007 to 31 December 2007.  
S\$18,273.17
- c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2007.  
Nil

- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 December 2007  
Nil
- e) Amount and percentage of borrowings of total fund size as at 31 December 2007  
Nil
- f) Amount of redemptions and subscriptions for the period 1 January 2007 to 31 December 2007.  
Total amount of redemptions S\$14,730,296  
Total amount of subscriptions S\$ 3,771,365
- g) Amount of Related-Party Transactions (for the period 1 January 2007 to 31 December 2007)
- |  |           |
|--|-----------|
| Interest income earned from a related company of the Trustee | S\$52,952 |
| Brokerage paid to a related company of the Managers          | S\$21,200 |

h) Performance of the Fund

	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>3 year*</b>	<b>5 year*</b>	<b>Inception* (on 16 Apr 2001)</b>
The Fund	-3.85%	-7.41%	4.51%	25.44%	92.83%	84.40%
Benchmark	-1.65%	-3.79%	1.64%	12.63%	49.87%	25.95%

Note: \* Cumulative returns are in Singapore dollars based on a bid to bid basis, with net dividends reinvested.

Source: Bloomberg as at 31 December 2007

Benchmark: 30% Citigroup World Government Bond Index (SGD Unhedged) + 70% MSCI World Free Index (SGD) with effect from 27 February 2005

<b>i) Expense Ratios</b>	31 December 2007	31 December 2006
Without performance fee	1.86%	2.01%
With performance fee	2.91%	2.01%

The expense ratio in 2005 is computed in accordance with the revised IMAS' guidelines on disclosure of expense ratios dated 25 May 2005.

<b>j) Turnover Ratios</b>	31 December 2007	31 December 2006
	148.54%	208.43%

The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

- k) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts.  
Nil.

l) 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 2007 and 31 December 2006.

Not applicable.

(ii) Expense ratios for the period 31 December 2007 and 31 December 2006. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

Not applicable.

(iii) Turnover ratios for the period 31 December 2007 and 31 December 2006

Not applicable.

m) Soft Dollar Arrangements

The Managers shall be entitled to and intend to receive or enter into soft-dollar commissions/arrangements. The Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers 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 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 PCM.

The Managers will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers, assist the Managers in their management of clients' funds, provided that the Managers 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/arrangements.

The Managers do not, and are 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 Investment Funds in trust for the unitholders. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), 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 which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Phillip Investment Funds during the year covered by these financial statements, set out on pages FS1 to FS32, comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee  
**Citicorp Trustee (Singapore) Limited**

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**Han Kwee Juan**  
*Director*

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**Lau Chee Kin**  
*Director*

27 March 2008

## **Statement by the Managers**

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages FS1 to FS32, comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Phillip Investment Funds as at 31 December 2007, and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that Phillip Investment Funds will be able to meet its financial obligations as and when they materialise.

For and on behalf of Directors of  
**Phillip Capital Management (S) Ltd**

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**Jeffrey Lee Chay Khiong**  
*Director*

27 March 2008

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

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

## **Independent auditors' report**

### **Auditors' Report to the Unitholders of Phillip Investment Funds**

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the financial statements of Phillip Investment Funds (the Funds), which comprise the Balance Sheets and Portfolio Statements as at 31 December 2007, the Statements of Total Return and Notes to the Financial Statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS32.

#### *Manager's responsibility for the financial statements*

The Funds' Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Funds' Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at 31 December 2007 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

**KPMG**  
*Certified Public Accountants*

**Singapore**

27 March 2008

**Statement of Total Return**  
**Year ended 31 December 2007**

	<b>Phillip Money</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>Market Fund</b>					
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Income</b>						
Dividends	–	–	482,547	289,532	731,375	545,623
Interest	8,810,794	4,366,465	103,101	131,560	139,054	175,863
	<u>8,810,794</u>	<u>4,366,465</u>	<u>585,648</u>	<u>421,092</u>	<u>870,429</u>	<u>721,486</u>
Less:						
<b>Expenses</b>						
Management fees	1,681,941	690,389	331,101	233,706	534,948	462,288
Trustees' fees	104,929	42,638	11,024	9,153	19,094	14,241
Custodian fees	34,657	14,721	31,441	41,089	36,489	49,586
Audit fees	20,575	12,207	4,293	642	7,076	1,607
Performance fees	–	–	292,020	117,520	363,637	–
Other	47,744	79,538	41,138	57,909	43,765	75,074
	<u>1,889,846</u>	<u>839,493</u>	<u>711,017</u>	<u>460,019</u>	<u>1,005,009</u>	<u>602,796</u>
<b>Net income/(loss)</b>	<u>6,920,948</u>	<u>3,526,972</u>	<u>(125,369)</u>	<u>(38,927)</u>	<u>(134,580)</u>	<u>118,690</u>

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

*Phillip Investment Funds*  
*Financial statements*  
*Year ended 31 December 2007*

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2007 S\$	2006 S\$	2007 S\$	2006 S\$	2007 S\$	2006 S\$
<b>Net gains/(losses) on value of investments</b>							
Net realised gains on investments		107,094	62,596	2,327,228	1,182,147	2,933,312	2,200,531
Net change in fair value of investments		(225,704)	53,037	(1,012,086)	536,462	(597,350)	(281,440)
Net realised loss on financial derivatives		–	–	(10,587)	(1,218)	(18,273)	(1,499)
Net (losses)/gains in value of investments		(118,610)	115,633	1,304,555	1,717,391	2,317,689	1,917,592
<b>Total return for the year before income tax</b>							
Less: Income tax	9	–	–	(51,098)	(37,737)	(76,108)	(66,393)
<b>Total return for the year</b>		<b>6,802,338</b>	<b>3,642,605</b>	<b>1,128,088</b>	<b>1,640,727</b>	<b>2,107,001</b>	<b>1,969,889</b>

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

**Balance Sheets**  
**As at 31 December 2007**

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2007 S\$	2006 S\$	2007 S\$	2006 S\$	2007 S\$	2006 S\$
<b>Assets</b>							
Portfolio of investments		232,731,385	104,240,725	19,746,006	18,408,960	27,472,231	33,782,102
Receivables	3	5,132,278	1,870,665	1,676,091	48,108	1,086,824	108,794
Cash and bank balances	4	136,836,419	76,780,257	2,109,049	3,848,005	3,101,889	3,992,189
<b>Total assets</b>		<b>374,700,082</b>	<b>182,891,647</b>	<b>23,531,146</b>	<b>22,305,073</b>	<b>31,660,944</b>	<b>37,883,085</b>
<b>Liabilities</b>							
Payables	5	304,236	620,175	57,676	237,716	72,980	194,233
Due to brokers		–	–	2,692,895	216,585	2,888,845	137,803
Net assets attributable to unitholders	6	374,395,846	182,271,472	20,780,575	21,850,772	28,699,119	37,551,049
<b>Total liabilities</b>		<b>374,700,082</b>	<b>182,891,647</b>	<b>23,531,146</b>	<b>22,305,073</b>	<b>31,660,944</b>	<b>37,883,085</b>

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

**Portfolio Statements**  
**Year ended 31 December 2007**

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Property</b>			
<b>Fixed Rate Notes - Quoted</b>			
Allgreen Properties Ltd 2.67%			
Due 21 January 2008	2,000,000	2,000,800	0.53
Allgreen Properties Ltd 2.93%			
Due 24 July 2008	3,000,000	3,000,600	0.80
Allgreen Properties Ltd 3.05%			
Due 27 October 2008	2,000,000	2,000,800	0.53
Capitaland Commercial Ltd 4.26%			
Due 10 November 2008	13,000,000	13,144,734	3.51
Capitaland Commercial Ltd 3.2%			
Due 16 June 2008	3,250,000	3,253,684	0.87
Capitaland Treasury Ltd 3.89%			
Due 25 August 2009	6,000,000	6,085,800	1.63
CapitaMall Trust 3.02%			
Due 12 December 2008	7,000,000	7,004,200	1.87
City Developments Limited 2.925%			
Due 31 October 2008	6,000,000	6,000,000	1.60
City Developments Limited 2.995%			
Due 16 October 2008	3,000,000	3,004,500	0.80
City Developments Limited 3.13%			
Due 18 February 2008	5,000,000	5,002,667	1.34
City Developments Limited 3.02%			
Due 28 September 2009	3,000,000	3,000,300	0.80
Guocoland Ltd 3.445%			
Due 16 October 2008	2,000,000	2,006,000	0.54
Hotel Properties Ltd 3.085%			
Due 06 August 2008	2,000,000	1,997,200	0.53
Hotel Properties Ltd 3.215%			
Due 27 March 2009	1,000,000	996,800	0.27
Hotel Properties Ltd 3.38%			
Due 17 September 2009	2,000,000	2,007,000	0.54
Housing & Development Board 3.52%			
Due 13 February 2008	17,160,000	17,183,453	4.59

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Property (Cont'd)</b>			
<b>Fixed Rate Notes - Quoted</b>			
Fraser Centrepoint Trust 3.43%			
Due 15 April 2009	250,000	251,725	0.06
Housing & Development Board 2.69%			
Due 11 June 2009	5,000,000	5,001,500	1.34
Keppel Land Ltd 2.83659%			
Due 20 May 2008	5,750,000	5,752,300	1.54
Keppel Land Ltd 3.115%			
Due 07 April 2008	3,000,000	3,002,400	0.80
Jurong Town Corporation 4.875%			
Due 28 January 2009	830,000	849,339	0.23
Midpoint Properties Ltd 2.95%			
Due 07 November 2008	3,000,000	2,997,300	0.80
Midpoint Properties Ltd 3.08%			
Due 19 December 2008	1,000,000	1,001,000	0.27
Savu Investments Ltd 3.97%			
Due 07 July 2008	5,000,000	5,022,250	1.34
		<u>101,566,352</u>	<u>27.13</u>
<b>Floating Rate Notes - Quoted</b>			
Hotel Properties Ltd FRN			
Due 11 July 2008	250,000	250,425	0.07
Keppel Land Ltd FRN			
Due 18 February 2008	500,000	500,175	0.13
Keppel Land Ltd FRN			
Due 30 April 2012	2,000,000	2,000,000	0.53
Mapletree Treasury Services Ltd FRN			
Due 29 May 2009	4,000,000	4,000,000	1.07
Savu Investments Ltd FRN			
Due 10 July 2010	5,000,000	4,925,000	1.32
		<u>11,675,600</u>	<u>3.12</u>
<b>Total Property</b>		<u>113,241,952</u>	<u>30.25</u>

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Finance</b>			
<b>Fixed Rate Notes - Quoted</b>			
Hana Bank 2.9%			
Due 15 October 2008	5,000,000	4,990,000	1.33
Hana Bank 2.96%			
Due 14 November 2008	2,000,000	2,000,000	0.53
HSBC Singapore 3.18%			
Due 24 November 2008	2,500,000	2,502,750	0.67
Export-Import Bank of Korea 2.835%			
Due 20 July 2008	3,000,000	2,998,800	0.80
Kim Eng Holdings Ltd 3.14%			
Due 27 October 2008	2,000,000	2,003,000	0.53
Kim Eng Securities Ltd 3.75%			
Due 27 February 2008	3,000,000	3,004,800	0.80
Kim Eng Securities Ltd 3.03%			
Due 14 May 2008	5,000,000	5,001,000	1.34
Kim Eng Securities Ltd 3.30%			
Due 19 September 2008	250,000	250,425	0.07
Kim Eng Securities Ltd 3.67%			
Due 25 January 2008	2,000,000	2,001,500	0.54
Korea Development Bank 2.835%			
Due 18 July 2008	3,000,000	2,998,800	0.80
Korea Development Bank 3.03%			
Due 18 September 2008	2,000,000	2,002,000	0.53
Singapore Treasury Bills (T-bill)			
Due 10 January 2008	10,000,000	9,998,400	2.67
Singapore Treasury Bills (T-bill)			
Due 14 February 2008	10,000,000	9,979,050	2.67
Sing Investment & Finance Ltd 4.36%			
Due 17 April 2009	250,000	255,600	0.07
St George Bank Ltd 2.93%			
Due 13 November 2008	4,500,000	4,500,000	1.20
Standard Chartered Bank Ltd 2.35%			
Due 07 February 2008	5,000,000	4,999,834	1.34

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Money Market Fund By Industry (Primary)</b>			
<b>Finance (Cont'd)</b>			
<b>Fixed Rate Notes - Quoted</b>			
Swedbank Hypotek AB 2.6% Due 23 June 2008	3,000,000	2,996,700	0.80
		62,482,659	16.69
<b>Floating Rate Notes - Quoted</b>			
Korea Development Bank FRN Due 20 June 2008	2,000,000	2,000,000	0.53
National Agricultural Cooperative Federation FRN Due 29 June 2009	3,000,000	2,995,500	0.80
		4,995,500	1.33
<b>Certificate of Deposit</b>			
CitiBank NA Singapore 2.72% Due 06 October 2008	2,500,000	2,488,375	0.66
		2,488,375	0.66
<b>Zero Coupon</b>			
Dexia Credit Local Due 15 January 2008	270,000	269,784	0.07
		269,784	0.07
<b>Total Finance</b>		70,236,318	18.76

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Money Market Fund By Industry (Primary)</b>			
<b>Electric - Distribution</b>			
<b>Fixed Rate Notes - Quoted</b>			
Tuas Power Ltd 4.5% Due 28 May 2009	10,000,000	10,201,500	2.72
<b>Total Electric-Distribution</b>		<u>10,201,500</u>	<u>2.72</u>
<b>Electric - Manufacturing</b>			
<b>Fixed Rate Notes - Quoted</b>			
Hitachi International Treasury Ltd 2.6789% Due 02 January 2008	3,000,000	3,000,000	0.80
<b>Total Electric-Manufacturing</b>		<u>3,000,000</u>	<u>0.80</u>
<b>Telecommunication</b>			
<b>Fixed Rate Notes - Quoted</b>			
Telstra Corporation Ltd 3.8% Due 20 March 2008	1,000,000	1,002,200	0.27
<b>Total Telecommunication</b>		<u>1,002,200</u>	<u>0.27</u>
<b>Trading</b>			
<b>Fixed Rate Notes - Quoted</b>			
Olam International Ltd 4.17% Due 31 January 2008	2,250,000	2,252,475	0.60
Olam International Ltd 3.43% Due 11 July 2008	2,000,000	1,998,600	0.53
Olam International Ltd 3.515% Due 23 July 2008	2,000,000	2,001,000	0.53
Olam International Ltd 4.19% Due 01 February 2008	3,000,000	3,002,850	0.80
Olam International Ltd 4.215% Due 22 February 2008	5,000,000	5,007,750	1.34
Sembcorp Industries Ltd 4.125% Due 06 June 2008	2,250,000	2,259,900	0.61
		<u>16,522,575</u>	<u>4.41</u>

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Money Market Fund By Industry (Primary)</b>			
<b>Floating Rate Notes - Quoted</b>			
Olam International Ltd FRN Due 08 May 2008	1,500,000	1,499,400	0.40
		<u>1,499,400</u>	<u>0.40</u>
<b>Total Trading</b>		<u>18,021,975</u>	<u>4.81</u>
<b>Transport</b>			
<b>Fixed Rate Notes - Quoted</b>			
Land Transport Authority 4.92% Due 13 July 09	1,490,000	1,540,065	0.41
<b>Total Transport</b>		<u>1,540,065</u>	<u>0.41</u>
<b>Brewery</b>			
<b>Fixed Rate Notes - Quoted</b>			
F&N Treasury Pte Ltd 3.065% Due 10 September 2008	10,500,000	10,518,375	2.81
<b>Total Brewery</b>		<u>10,518,375</u>	<u>2.81</u>
<b>Marine</b>			
<b>Fixed Rate Notes - Quoted</b>			
Jurong Shipyard Pte Ltd 2.82% Due 06 October 2008	5,000,000	4,969,000	1.33
<b>Total Marine</b>		<u>4,969,000</u>	<u>1.33</u>
<b>Portfolio of investments</b>		232,731,385	62.16
<b>Other net assets</b>		141,664,461	37.84
<b>Net assets attributable to unitholders</b>		<u>374,395,846</u>	<u>100.00</u>

	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2006 %</b>
<b>Phillip Money Market Fund By Industry (Summary)</b>			
Property	113,241,952	30.25	19.62
Finance	70,236,318	18.76	24.26
Electric-Distribution	10,201,500	2.72	1.93
Electric-Manufacturing	3,000,000	0.80	–
Telecommunication	1,002,200	0.27	–
Trading	18,021,975	4.81	–
Transport	1,540,065	0.41	11.24
Brewery	10,518,375	2.81	0.14
Marine	4,969,000	1.33	–
<b>Portfolio of investments</b>	<b>232,731,385</b>	<b>62.16</b>	<b>57.19</b>
<b>Other net assets</b>	<b>141,664,461</b>	<b>37.84</b>	<b>42.81</b>
<b>Net assets attributable to unitholders</b>	<b>374,395,846</b>	<b>100.00</b>	<b>100.00</b>

**Phillip Money Market Fund  
By Geography (Secondary)**

**Quoted**

Australia	5,502,200	1.47	0.27
Belgium	–	–	5.49
France	269,784	0.07	
Cayman Island	–	–	7.68
Germany	–	–	5.48
Korea	19,985,100	5.34	2.74
Singapore	203,978,601	54.48	27.30
Sweden	2,996,700	0.80	5.49
USA	–	–	2.74
<b>Portfolio of investments</b>	<b>232,731,385</b>	<b>62.16</b>	<b>57.19</b>
<b>Other net assets</b>	<b>141,664,461</b>	<b>37.84</b>	<b>42.81</b>
<b>Net assets attributable to unitholders</b>	<b>374,395,846</b>	<b>100.00</b>	<b>100.00</b>

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Australia</b>			
<b>Quoted Equities</b>			
BHP Ltd	6,540	332,200	1.60
Kingsgate Consolidated Ltd	32,113	188,150	0.90
<b>Total Australia</b>		520,350	2.50
<b>Europe</b>			
<b>Quoted Equities</b>			
Deutsche Telekom AG	21,901	695,937	3.35
Sanofi-Aventis SA	6,067	807,837	3.89
<b>Total Europe</b>		1,503,774	7.24
<b>Hong Kong</b>			
<b>Quoted Equities</b>			
China Bluechemical Ltd	184,000	171,601	0.82
China Merchants Holdings International Co Ltd	34,000	302,990	1.46
Hang Seng H-share IDX ETF	12,600	373,895	1.80
Hong Kong Exchanges & Clearing Ltd	9,000	366,264	1.76
HSBC Holdings PLC	17,200	417,510	2.01
<b>Total Hong Kong</b>		1,632,260	7.85
<b>Indonesia</b>			
<b>Quoted Equities</b>			
Bank Rakyat Indonesia TBK	350,500	394,275	1.90
PT Bumi Resources TBK	447,500	407,506	1.96
PT Astra International TBK	97,000	397,860	1.91
PT Telekomunikasi Indonesia TBK	258,000	398,809	1.92
PT United Tractors TBK	117,500	195,115	0.94
<b>Total Indonesia</b>		1,793,565	8.63

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Japan</b>			
<b>Quoted Equities</b>			
Acom Ltd	6,450	189,083	0.91
Inpex Holdings Inc	12	184,743	0.89
Mitsubishi Corporation	4,100	160,432	0.77
NIDEC Corporation	2,200	233,418	1.12
Osaka Securities Exchange Co Ltd	100	670,978	3.23
Toyota Motor Corporation	3,600	278,501	1.34
<b>Total Japan</b>		1,717,155	8.26
<b>Malaysia</b>			
<b>Quoted Equities</b>			
AXIS Real Estate Investment Trust	286,000	230,042	1.12
Boustead Holdings Bhd	210,400	567,162	2.73
Cement Industries of Malaysia Bhd	88,600	242,686	1.17
Dialog Group Bhd	266,700	209,880	1.01
Ekovest Bhd	106,500	95,386	0.46
KLCC Property Holdings Bhd	90,200	135,691	0.65
Public Bank Bhd	64,300	304,725	1.47
Sime Darby Bhd	140,400	726,414	3.50
Starhill Real Estate Investment Trust	139,000	55,298	0.27
TA Enterprise Bhd	539,000	299,964	1.44
<b>Total Malaysia</b>		2,867,248	13.80

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Singapore</b>			
<b>Quoted Equities</b>			
Advance SCT Ltd	231,000	221,760	1.07
Boardroom Limited	175,000	101,500	0.49
CDL Hospitality Trust	76,000	178,600	0.86
Cerebos Pacific Ltd	67,000	288,770	1.39
City Developments Limited	14,000	196,560	0.95
Fraser & Neave Ltd	75,000	442,500	2.13
Mapletree Logistics Trust	200,000	216,000	1.04
Meiban Group Ltd	349,000	200,675	0.97
Sembcorp Industries Ltd	57,000	325,470	1.57
SMRT Corporation Ltd	242,000	401,720	1.91
Yongnam Holdings Ltd	523,000	156,900	0.76
		2,730,455	13.14
<b>Quoted Investment Fund</b>			
Cityspring Infrastructure Trust	430,000	397,750	1.91
		397,750	1.91
<b>Quoted Fixed Income Securities</b>			
F&N Treasury Pte Ltd 3.065% Due 10 September 2008	1,500,000	1,501,275	7.22
Millennium & Copthorne Hotel PLC 3.07% Due 07 May 2010	500,000	498,600	2.40
Singapore Government SIGB 4 Due 1 September 2018	100,000	110,805	0.53
		2,110,680	10.16
<b>Total Singapore</b>		5,238,885	25.21

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Taiwan</b>			
<b>Quoted Equities</b>			
Cathay Financial Holding Co Ltd	83,000	248,621	1.20
Chang Hwa Commercial Bank Ltd	491,000	386,183	1.85
Far Eastone Telecom Co Ltd	167,000	303,028	1.46
Taiwan Mobile Co Ltd	104,000	200,003	0.96
Taiwan Semiconductor Manufacturing Co Ltd	60,299	165,392	0.80
<b>Total Taiwan</b>		1,303,227	6.27
<b>Thailand</b>			
<b>Quoted Equities</b>			
Aromatics (Thailand) PCL-NVDR	56,000	174,720	0.84
Bangkok Bank Public Co Ltd-NVDR	81,000	458,783	2.21
Land & Houses PCL-NVDR	598,400	213,988	1.03
Pranda Jewelry PCL-NVDR	500,000	216,000	1.04
PTT Chemical PCL-NVDR	33,300	198,202	0.95
PTT Exploration & Production PCL-NVDR	42,800	334,867	1.61
PTT PCL-NVDR	19,700	355,546	1.71
Shin Corporation PCL-NVDR	190,800	240,408	1.16
Total Access Communication PCL-NVDR	290,975	544,705	2.62
Workpoint Entertainment PCL-NVDR	226,500	212,004	1.02
		2,949,223	14.19
<b>Quoted Investment Fund</b>			
CPN Retail Growth Property Fund	510,000	220,320	1.06
		220,320	1.06
<b>Total Thailand</b>		3,169,543	15.25
<b>Portfolio of investments</b>		19,746,006	95.02
<b>Other net assets</b>		1,034,569	4.98
<b>Net assets attributable to unitholders</b>		20,780,575	100.00

	Fair value As at 31/12/2007 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2007 %	Percentage of total net assets attributable to unitholders as at 31/12/2006 %
<b>Phillip Income Fund</b>			
<b>By Geography (Summary)</b>			
Australia	520,350	2.50	8.93
Europe	1,503,774	7.24	12.10
Hong Kong	1,632,260	7.85	6.75
Indonesia	1,793,565	8.63	1.87
Japan	1,717,155	8.26	15.47
Malaysia	2,867,247	13.80	5.76
Singapore	5,238,885	25.21	19.19
South Korea	–	–	1.48
Taiwan	1,303,227	6.27	3.11
Thailand	3,169,543	15.26	5.25
United States	–	–	4.34
<b>Portfolio of investments</b>	19,746,006	95.02	84.25
<b>Other net assets</b>	1,034,569	4.98	15.75
<b>Net assets attributable to unitholders</b>	20,780,575	100.00	100.00

**Phillip Income Fund**  
**By Industry (Secondary)**

Basic materials	1,064,871	5.12	1.82
Communications	2,594,895	12.49	9.35
Consumer, Cyclical	2,155,651	10.37	8.80
Consumer, Non-cyclical	807,837	3.89	15.54
Diversified	1,596,566	7.68	1.92
Energy	1,282,661	6.17	2.75
Financial	6,912,673	33.27	22.20
Funds	373,895	1.80	3.08
Government	110,805	0.53	0.50
Industrial	2,283,010	10.99	8.76
Technology	165,392	0.80	2.35
Transport	–	–	2.70
Utilities	397,750	1.91	4.48
<b>Portfolio of investments</b>	19,746,006	95.02	84.25
<b>Other net assets</b>	1,034,569	4.98	15.75
<b>Net assets attributable to unitholders</b>	20,780,575	100.00	100.00

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Australia</b>			
<b>Quoted Equities</b>			
BHP Ltd	10,200	518,109	1.81
Kingsgate Consolidated Ltd	44,116	258,476	0.90
<b>Total Australia</b>		776,585	2.71
<b>Europe</b>			
<b>Quoted Equities</b>			
Deutsche Telekom AG	23,402	743,634	2.59
Sanofi-Aventis SA	7,165	954,038	3.33
<b>Total Europe</b>		1,697,672	5.92
<b>Hong Kong</b>			
<b>Quoted Equities</b>			
China Bluechemical Ltd	242,000	225,693	0.78
China Merchants Holdings International Co Ltd	48,000	427,751	1.49
China Mobile (HK) Ltd	10,000	253,981	0.88
Hang Seng H-Share IDX ETF	16,400	486,656	1.70
Hong Kong Exchanges & Clearing Ltd	15,000	610,440	2.13
HSBC Holdings PLC	24,000	582,573	2.03
<b>Total Hong Kong</b>		2,587,094	9.01
<b>Indonesia</b>			
<b>Quoted Equities</b>			
Bank Rakyat Indonesia TBK	478,500	538,262	1.88
PT Bumi Resources TBK	615,500	560,492	1.95
PT Astra International TBK	132,500	543,469	1.89
PT Telekomunikasi Indonesia TBK	352,000	544,112	1.90
PT United Tractors TBK	160,500	266,519	0.93
<b>Total Indonesia</b>		2,452,854	8.55

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Japan</b>			
<b>Quoted Equities</b>			
Acom Ltd	8,440	247,420	0.85
Hoya Corporation	7,200	326,996	1.14
Inpex Holdings Inc	19	292,510	1.02
Mitsubishi Corporation	7,100	277,821	0.97
NIDEC Corporation	2,700	286,468	1.00
Osaka Securities Exchange Co Ltd	150	1,006,467	3.51
T&D Holdings Inc	3,750	274,709	0.96
Toyota Motor Corporation	7,000	541,529	1.89
<b>Total Japan</b>		3,253,920	11.34
<b>Malaysia</b>			
<b>Quoted Equities</b>			
Boustead Holdings Bhd	351,200	946,708	3.30
Cement Industries of Malaysia Bhd	109,100	298,837	1.03
Dialog Group Bhd	392,800	309,115	1.08
Ekovest Bhd	194,000	173,755	0.61
Public Bank Bhd	87,800	416,093	1.45
Sime Darby Bhd	197,600	1,022,360	3.56
TA Enterprise Bhd	927,000	515,892	1.80
<b>Total Malaysia</b>		3,682,760	12.83
<b>Singapore</b>			
<b>Quoted Equities</b>			
Advance SCT Ltd	227,000	217,920	0.76
Boardroom Limited	497,500	288,550	1.01
Cerebos Pacific Ltd	33,000	142,230	0.50
City Developments Limited	20,000	280,800	0.98
First Resources Ltd	245,000	303,800	1.06
Fraser & Neave Ltd	98,000	578,200	2.01
Japan Land Ltd	965,800	840,246	2.93
Sembcorp Industries Ltd	74,000	422,540	1.47
SMRT Corp Ltd	197,000	327,020	1.14
Yongnam Holdings Ltd	745,000	223,500	0.78
		3,624,806	12.63

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Investment Fund</b>			
Cityspring Infrastructure Trust	672,000	621,600	2.17
		<u>621,600</u>	<u>2.17</u>
<b>Quoted Fixed Income Securities</b>			
F&N Treasury Pte Ltd 3.065% Due 10 September 2008	1,500,000	1,501,275	5.23
		<u>1,501,275</u>	<u>5.23</u>
<b>Total Singapore</b>		<u>5,747,681</u>	<u>20.03</u>
<b>South Korea</b>			
<b>Quoted Equities</b>			
Orion Corporation	800	305,917	1.07
POSCO	279	246,797	0.86
<b>Total South Korea</b>		<u>552,714</u>	<u>1.93</u>
<b>Taiwan</b>			
<b>Quoted Equities</b>			
Cathay Financial Holding Co Ltd	165,000	494,246	1.72
Chang Hwa Commercial Bank Ltd	662,000	520,678	1.81
Far Eastone Telecommunications Co Ltd	285,000	517,144	1.80
Taiwan Mobile Co Ltd	180,000	346,158	1.21
Taiwan Semiconductor Manufacturing Co Ltd	130,649	358,352	1.25
<b>Total Taiwan</b>		<u>2,236,578</u>	<u>7.79</u>
<b>Thailand</b>			
<b>Quoted Equities</b>			
Aromatics (Thailand) PCL-NVDR	93,000	290,160	1.01
Bangkok Bank Public Co Ltd-NVDR	70,000	396,480	1.38
Land & Houses PCL-NVDR	997,400	356,670	1.24
PTT PCL-NVDR	33,000	595,584	2.08
Total Access Communication PCL-NVDR	495,850	928,230	3.23
		<u>2,567,124</u>	<u>8.94</u>

	<b>Holdings as at 31/12/2007</b>	<b>Fair value as at 31/12/2007 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Thailand</b>			
<b>Quoted Investment Fund</b>			
CPN Retail Growth Property Fund	876,000	378,432	1.32
		<u>378,432</u>	<u>1.32</u>
<b>Total Thailand</b>		<u>2,945,556</u>	<u>10.26</u>
<b>United Kingdom</b>			
<b>Quoted Equities</b>			
Diageo PLC	13,000	402,538	1.40
<b>Total United Kingdom</b>		<u>402,538</u>	<u>1.40</u>
<b>United States</b>			
<b>Quoted Equities</b>			
Nasdaq Stock Market Inc	16,000	1,136,279	3.96
<b>Total United States</b>		<u>1,136,279</u>	<u>3.96</u>
<b>Portfolio of investments</b>		27,472,231	95.72
<b>Other net assets</b>		1,226,888	4.28
<b>Net assets attributable to unitholders</b>		<u><u>28,699,119</u></u>	<u><u>100.00</u></u>

	Fair value as at 31/12/2007 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2007 %	Percentage of total net assets attributable to unitholders as at 31/12/2006 %
<b>Phillip Growth Fund</b>			
<b>By Geography (Summary)</b>			
Australia	776,585	2.71	10.61
Europe	1,697,672	5.92	7.69
Hong Kong	2,587,094	9.01	6.96
Indonesia	2,452,854	8.55	1.96
Japan	3,253,920	11.33	29.45
Malaysia	3,682,760	12.83	5.53
Singapore	5,747,681	20.03	11.31
South Korea	552,714	1.93	1.75
Taiwan	2,236,578	7.79	4.74
Thailand	2,945,556	10.26	3.71
United Kingdom	402,538	1.40	1.04
United States	1,136,279	3.96	5.21
<b>Portfolio of investments</b>	<b>27,472,231</b>	<b>95.72</b>	<b>89.96</b>
<b>Other net assets</b>	<b>1,226,888</b>	<b>4.28</b>	<b>10.04</b>
<b>Net assets attributable to unitholders</b>	<b>28,699,119</b>	<b>100.00</b>	<b>100.00</b>

**Phillip Growth Fund**  
**By Industry (Secondary)**

Basic materials	1,539,233	5.36	1.84
Communications	3,333,258	11.61	3.92
Consumer, Cyclical	1,719,490	5.99	15.17
Consumer, Non-cyclical	2,093,274	7.29	11.56
Diversified	2,396,819	8.35	2.32
Energy	1,752,384	6.11	2.82
Financial	10,318,492	35.95	24.65
Funds	486,657	1.70	6.30
Healthcare	–	–	3.15
Industrial	2,852,672	9.94	7.70
Technology	358,352	1.25	3.99
Transport	–	–	3.78
Utilities	621,600	2.17	2.76
<b>Portfolio of investments</b>	<b>27,472,231</b>	<b>95.72</b>	<b>89.96</b>
<b>Other net assets</b>	<b>1,226,888</b>	<b>4.28</b>	<b>10.04</b>
<b>Net assets attributable to unitholders</b>	<b>28,699,119</b>	<b>100.00</b>	<b>100.00</b>

## Notes to the Financial Statements

These notes form an integral part of the financial statements.

### 1 Domicile and activities

Phillip Investment Funds (the "Funds") is an open ended umbrella unit trust constituted pursuant to a Trust Deed dated 26 February 2001 between Phillip Capital Management (S) Ltd (the "Manager") and Citicorp Trustee (Singapore) Limited (the "Trustee") as amended by a First Supplemental Deed dated 26 February 2002 and an Amending & Restating Deed dated 27 February 2003, and a Second Amending & Restating Deed dated 30 June 2003, a Third Amending & Restating Deed dated 2 January 2004, a Fourth Amending and Restating Deed dated 21 February 2005, a Fifth Amending and Restating Deed dated 21 February 2006 and a Sixth Amending and Restated Deed dated 21 February 2007 (collectively the "Trust Deed"). The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The Funds offers a series of sub-funds; these were first offered for sale in Singapore on the following launch dates:

Sub-Fund	Launch date
Phillip Money Market Fund	1 March 2001
Phillip Income Fund	1 March 2001
Phillip Growth Fund	1 March 2001

### 2 Summary of significant accounting policies

#### 2.1 Basis of financial statements 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 Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

For the purposes of preparation of these financial statements, the basis used for calculating the ratio of expenses and portfolio turnover rate are in accordance with the guidelines issued by the Investment Management Association of Singapore and the Code on Collective Investment Schemes under the Securities and Futures Act (Cap 289) respectively.

#### 2.2 Basis of valuation of investments

Quoted investments are stated at fair value based on the bid prices at the balance sheet date. Unrealised gains/losses on investments are represented by the difference between the fair value and the carrying value of investments 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 weighted average cost and the selling price of investments on trade date and are taken to the Statement of Total Return.

Unquoted investments are stated at their fair values estimated by the Managers based on information available at the balance sheet date including estimates provided by market makers.

### *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 in fair value therein are recognised in the Statement of Total Return.

### *2.4 Recognition of income*

Interest income is recognised using the effective interest method.

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

### *2.5 Foreign currencies*

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. All exchange differences are recognised in the Statements of Total Return.

### *2.6 Income tax expense*

The Funds is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following income will not be taxed at the 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.

### *2.7 Cash and cash equivalents*

Cash comprises cash held at banks and amount held with brokers. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### 3 Receivables

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Amount receivable for creation of units	594,221	665,653	–	–	1,573	9,443
Sales awaiting settlement	2,516,344	–	1,649,276	17,225	1,059,683	34,449
Accrued interest receivable	2,021,713	1,205,012	17,740	15,984	14,107	34,013
Dividends receivable	–	–	9,075	14,899	11,461	30,889
	<b>5,132,278</b>	<b>1,870,665</b>	<b>1,676,091</b>	<b>48,108</b>	<b>1,086,824</b>	<b>108,794</b>

### 4 Cash and bank balances

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Term deposits	130,057,239	69,662,462	–	1,085,782	–	–
Cash and bank balances	6,779,180	7,117,795	1,892,657	2,749,793	2,718,418	3,947,826
Amount held with brokers	–	–	216,392	12,430	383,471	44,363
	<b>136,836,419</b>	<b>76,780,257</b>	<b>2,109,049</b>	<b>3,848,005</b>	<b>3,101,889</b>	<b>3,992,189</b>

**5 Payables**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	51,320	355,829	–	–	88	12,656
Accrued expenses	252,916	264,346	57,676	237,716	72,892	181,577
	<u>304,236</u>	<u>620,175</u>	<u>57,676</u>	<u>237,716</u>	<u>72,980</u>	<u>194,233</u>

**6 Net assets attributable to unitholders**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>At beginning of the financial year</b>	<u>182,271,472</u>	<u>97,738,254</u>	<u>21,850,772</u>	<u>10,351,055</u>	<u>37,551,049</u>	<u>24,185,671</u>
<b>Operations</b>						
Changes in net assets attributable to unitholders resulting from operations	<u>6,802,338</u>	<u>3,642,605</u>	<u>1,128,088</u>	<u>1,640,727</u>	<u>2,107,001</u>	<u>1,969,889</u>
Balance carried forward	<u>189,073,810</u>	<u>101,380,859</u>	<u>22,978,860</u>	<u>11,991,782</u>	<u>39,658,050</u>	<u>26,155,560</u>

*Phillip Investment Funds*  
*Financial statements*  
*Year ended 31 December 2007*

Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2007 S\$	2006 S\$	2007 S\$	2006 S\$	2007 S\$	2006 S\$
Balance brought forward	189,073,810	101,380,859	22,978,860	11,991,782	39,658,050	26,155,560
<b>Unitholders' contributions/ (withdrawals)</b>						
Creation of units	2,857,002,120	997,365,611	3,236,613	10,717,807	3,771,365	18,197,946
Cancellation of units	(2,671,680,084)	(916,474,998)	(5,434,898)	(858,817)	(14,730,296)	(6,802,457)
Change in net assets attributable to unitholders resulting from net creation and cancellations of units	185,322,036	80,890,613	(2,198,285)	9,858,990	(10,958,931)	11,395,489
Total increase/(decrease) in net assets attributable to unitholders	192,124,374	84,533,218	(1,070,197)	11,499,717	(8,851,930)	13,365,378
<b>At end of the financial year</b>	<b>374,395,846</b>	<b>182,271,472</b>	<b>20,780,575</b>	<b>21,850,772</b>	<b>28,699,119</b>	<b>37,551,049</b>
<b>Units in issue (units)</b>	<b>338,674,029</b>	<b>168,524,922</b>	<b>14,730,392</b>	<b>16,338,528</b>	<b>16,505,612</b>	<b>22,563,200</b>
<b>Net assets attributable to unitholders per unit</b>	<b>1.1055</b>	<b>1.0816</b>	<b>1.4107</b>	<b>1.3374</b>	<b>1.7387</b>	<b>1.6643</b>

**7 Units in issue**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
At beginning of the year	168,524,922	92,857,395	16,338,528	8,401,474	22,563,200	15,372,469
Units created	2,609,410,760	933,809,600	2,228,152	8,615,813	2,129,298	11,455,716
Units cancelled	(2,439,261,653)	(858,142,073)	(3,836,288)	(678,759)	(8,186,886)	(4,264,985)
At end of the year	<u>338,674,029</u>	<u>168,524,922</u>	<u>14,730,392</u>	<u>16,338,528</u>	<u>16,505,612</u>	<u>22,563,200</u>

## 8 Related parties

In the normal course of the business of the Funds, trustee fees, management fees and performance fees have been paid or are payable to the Trustee and the Manager 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 Funds in the normal course of business at terms agreed between the parties and within the provisions of the Trust Deed.

The following significant transactions took place between the Funds and its related parties during the year:

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Brokerage fee paid to:						
- related party of the fund manager	–	–	15,263	9,022	21,200	16,632
- related party of the trustee	–	–	–	241	–	844
Interest income received from related party of the trustee	150,700	133,599	40,000	12,287	52,952	29,304

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

## 9 Income tax

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Singapore income tax	–	–	6,850	13,650	5,075	15,833
Overseas income tax	–	–	44,248	24,087	71,033	50,560
Total income tax	–	–	51,098	37,737	76,108	66,393

The income tax charge relates to tax deducted at source and withholding tax suffered on dividend income and interest income.

All the sub-funds have been granted approval as unit trusts designated for the purpose of a tax incentive scheme. As a result, the sub-funds will not be taxed at the Funds level on certain income. Distributions paid out of income not subject to tax at the Funds level to unit holders are subject to withholding tax in certain instances, depending on the tax status of the recipient.

## **10 Financial risk management**

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### ***Risk management objectives and policies***

In the ordinary course of business, the Funds are exposed to a variety of risks as stated in the Fund's prospectus. The risks include market risk, credit risk, liquidity risk and foreign currency risk.

#### ***Market risk***

Market risk is the risk of potential adverse change to the value of financial instruments because of changes in market conditions like interest and any rate movements and volatility in securities prices. The Manager manages its exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

#### ***Credit risk***

Credit risk is the risk of loss when a counterparty fails to meet its payment obligation. At the balance sheet date, the Funds have no significant concentration of credit risk. Cash and bank balances are placed with financial institutions of recognized credit standing.

#### ***Liquidity risk***

Liquidity risk arises from not being able to fund redemptions or liquidate positions in a timely manner at a reasonable price. Liquidity risk exists when a particular investment is difficult to purchase or sell. These circumstances could prevent the Funds from promptly liquidating unfavourable positions and therefore resulting in losses to the Funds and corresponding decreases in the net assets value per unit. The Manager manages liquidity risk by investing primarily in marketable securities.

#### ***Foreign currency risk***

The Funds is denominated in Singapore dollars. The Funds invest in underlying securities which are denominated in foreign currencies where the fluctuations in the relevant exchange rates may have an impact on the income and value of the Funds.

Depending on market conditions, the Manager may hedge the foreign currency exposure of the Fund by entering into one or more foreign exchange forward contracts and/or cross currency swap transactions.

As at 31 December 2007 and 2006, the concentration of the Funds' investments is set out in the Portfolio Statement.

Fair value of investments denominated in currencies other than the Funds functional currency comprise the following:

	<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Australian dollars	520,350	1,948,443	776,586	3,984,271
Euro	1,503,775	2,641,096	1,697,673	2,887,358
Hong Kong dollars	1,632,261	1,474,077	2,587,096	2,609,783
Indonesian rupiah	1,793,568	408,741	2,452,855	730,661
Japanese yen	1,717,156	3,381,373	3,253,922	11,064,378
Korean won	–	323,370	552,715	656,846
Ringgit Malaysia	2,867,248	1,259,502	3,682,763	2,077,238
Taiwan dollar	1,303,226	678,864	2,236,579	1,783,021
Thai Baht	3,169,544	1,147,261	2,945,558	1,394,611
US dollars	–	947,326	1,136,279	1,954,303
Others	–	–	402,538	392,363

Cash and cash equivalents denominated in currencies other than the Funds functional currency comprise the following:

	<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Euro	83	649,741	–	4,056
Great Britain pound	–	140,965	7,517	376,647
Hong Kong dollars	50,067	231,803	202,246	502,126
Japanese yen	65,927	247,085	505,578	728,881
Ringgit Malaysia	170,816	4,722	142,062	–
Thai Baht	760,499	140,130	596,900	246,476
US dollars	942,964	327,092	1,531,055	1,044,180
Others	3,845	69,912	46,497	125,141

Fair value of investments and cash and cash equivalents of Phillip Money Market Fund is denominated in the Funds functional currency.

***Derivatives risk***

The Funds may invest in derivatives which will be subject to risks. While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are credit risk and liquidity risk.

***Fair values***

At 31 December 2007 and 2006, the fair values of assets and liabilities approximate their carrying values on the balance sheets.

**11 Financial ratios**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Expense ratios</b> (Note 1)						
Without performance fee	0.59	0.62	1.97	2.27	1.86	2.01
With performance fee	0.59	0.62	3.34	3.04	2.91	2.01
<b>Turnover ratios</b>	74.90	79.94	134.54	167.70	148.54	208.43

Note 1 The “expenses” used in the calculation of the “Expense Ratio” do not include brokerage and other transaction costs, performance fee (where applicable), foreign exchange gains or losses, front or back end load arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The expense ratio is computed in accordance with the revised IMAS’ guidelines on disclosure of expense ratios dated 25 May 2005.

## 12 Reconciliation of quoted net asset value

Units of PMMF are subscribed and redeemed based on the net asset value of the Phillip Money Market Fund (“PMMF”) calculated using the ‘amortised cost’ method.

The difference in Net Asset Value per unit between the amortised cost basis (adopted for subscription and redemption) and fair value basis (adopted for the preparation of financial statements) are as follows:

<b>PMMF</b>	<b>Fair value basis</b>	<b>Amortised cost basis</b>	<b>Difference</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>2007</b>			
Net assets	374,395,846	374,448,835	52,989
Net Asset Value Per Unit	1.1055	1.1056	0.0001
<b>2006</b>			
Net assets	182,271,472	182,284,360	12,888
Net Asset Value Per Unit	1.0816	1.0816	0.0001