



Phillip Investment Funds

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

Annual Report

For the year ended 31 December 2008

Phillip Investment Funds

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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 global economic outlook remains dim as continuing financial instability deepens the worldwide economic downturn. Financial deleveraging continues to exert downward pressure on asset class most except government bonds-offsetting the effects of aggressive monetary easing and initial fiscal stimulus programs.

Bonds yield curves shifted downward in the last quarter of 2008 as interest rates were cut and inflation eased. They edged up in mid-January on concerns over bond issuance plans for 2009. Companies face greater financing risks as borrowing costs remain elevated along with increased competition from government and government-guaranteed financial institutions.

Amid a deteriorating growth environment and aggressive interest rate cuts in the global markets, the Singapore government yield curve flattened in December, especially at the short end of the curve.

The Ministry of Trade and Industry has revised its 2009 GDP forecast downwards to -5% to -2%, from an earlier estimate of -2% to 1%, due to a faster and steeper decline in the global economy and spill over from a weak 4Q08. It estimates inflation at between -1% and 0% in 2009. On 22 January 2009, the government announced that the budget deficit for the fiscal year 2009 will be 6% of GDP. Yield of government bonds fell in January 2009 from December 2008 levels, except for the 15year (up 14 basis points) and 20 year (up 18 basis points).

Outlook

Our strategy remains to provide liquidity and manage risk during these uncertain and volatile periods. Amid the crisis and uncertainty, we position our investments in high quality investment grade money market securities which have potential for capital appreciation when markets improve.

Disclosures on the Fund¹

a) I Investment Classified by Geography

	Fair Value 31/12/2008 S\$	Percentage of total net assets attributable to unitholders at 31/12/2008 %
By Geography (Summary)		
Quoted		
Hong Kong	5,009,000	1.34
Singapore	198,880,673	53.12
South Korea	39,122,005	10.45
United Kingdom	4,735,750	1.26
Portfolio of investments	<u>247,747,428</u>	<u>66.17</u>
Other net assets	<u>126,676,936</u>	<u>33.83</u>
Net assets attributable to unitholders	<u><u>374,424,364</u></u>	<u><u>100.00</u></u>

a) II Investment Classified by Industry

	Fair Value 31/12/2008 S\$	Percentage of total net assets attributable to unitholders at 31/12/2008 %
By Industry (Summary)		
Finance	19,094,675	5.10
Food and Beverage	16,883,025	4.51
Government Agency	55,998,678	14.96
Industrial	8,221,350	2.19
Property	90,411,450	24.15
REITs	11,379,150	3.04
Sovereign	43,730,100	11.68
Transportation	2,029,000	0.54
Portfolio of investments	<u>247,747,428</u>	<u>66.17</u>
Other net assets	<u>126,676,936</u>	<u>33.83</u>
Net assets attributable to unitholders	<u><u>374,424,364</u></u>	<u><u>100.00</u></u>

¹ As required by the Code on Collective Investment Schemes

a) III Asset Class	Fair Value 31/12/2008 S\$	Percentage of total net assets %
Fixed Income Securities	247,747,428	66.17
Term Deposits	118,080,290	31.54
Cash & bank balances	6,765,377	1.81
Other Current Assets	1,831,269	0.48
	<u>374,424,364</u>	<u>100.00</u>

a) IV Credit Rating of Debt Securities	Fair Value 31/12/2008 S\$	Percentage of total net assets %
Unrated	137,699,173	36.78
A	41,891,055	11.19
A-	17,389,100	4.64
AAA	50,768,100	13.56
	<u>247,747,428</u>	<u>66.17</u>

Type of Money Market Instruments and Debt Securities

	Fair Value 31/12/2008 S\$	Percentage of total net assets %
Fixed Rate Notes	126,292,375	33.73
Floating Rate Notes	21,726,275	5.80
Sovereign/ Government Agencies Bonds	89,736,778	26.64
	<u>247,747,428</u>	<u>66.17</u>

Maturity Profile of Fixed Income Securities

	Fair Value 31/12/2008 S\$	Percentage of total net assets %
Up to 30 days	7,825,677	2.09
31-60 days	46,504,175	12.42
61-90 days	13,969,000	3.73
91-120 Days	20,449,125	5.46
121-180 days	58,924,575	15.74
181-365 days	71,066,676	18.98
366-732 days	29,008,200	7.75
	<u>247,747,428</u>	<u>66.17</u>

b) Top Ten Holdings

10 Largest Holdings as at 31 December 2008

	Fair Value 31/12/2008	Percentage of total net assets
	S\$	%
Singapore Government 4.375% Due 15 January 2009	20,020,000	5.35
F&N Treasury Pte Ltd 2.43% Due 21 May 2009	12,187,525	3.26
City Development Ltd 2.3% Due 20 February 2009	10,996,700	2.94
Housing & Development Board 5.07% Due 21 September 2009	10,235,500	2.73
Singapore Government 2.375% Due 1 October 2009	10,126,000	2.70
Singapore Treasury Bills (T-bill) Due 5 March 2009	9,992,000	2.67
Korea Development Bank 1.925% Due 3 April 2009	9,961,000	2.66
CMT MTN Pte Ltd 2.80% Due 8 May 2009	7,991,200	2.13
Export-Import Bank Korea 2.55% Due 21 July 2009	7,407,000	1.99
Centrepont Properties 3.22% Due 23 February 2009	6,997,200	1.87
	<u>105,914,125</u>	<u>28.30</u>

10 Largest Holdings as at 31 December 2007

	Fair Value 31/12/2007	Percentage of total net assets
	S\$	%
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>

- c) (i) Exposure to Derivatives as at 31 December 2008.
Nil.
- c) (ii) Net gains/losses on derivative contracts realised during the period from 1 January 2008 to 31 December 2008.
Nil.
- c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2008.
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 2008 and 31 December 2007.

Not applicable.

(ii) Expense ratios for the period 31 December 2008 and 31 December 2007. 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 2008 and 31 December 2007

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 -37.08% (on a bid-to-bid basis) for the 12-month period ending 31 December 2008. Since its inception on 16 April 2001, the Fund was down by 5.86%.

Growth in the global economy weakened significantly over the course of 2008, especially in the major economies. Developing economies growth slowed as a result of a sharp drop off in exports. Oil prices exhibited significant volatility during the year peaking at US\$147 and declining to under US\$33 per barrel during 2008. In currency markets, the U.S Dollar initially weakened in the early part of the year, but subsequently recovered as global deleveraging intensified in the second half.

Deleveraging, which involves the sale of assets to repay debt financing, was initially triggered by a decline in US property prices. Falling property prices led to a synchronized decline in all asset classes due to the complex linkages between real and financial assets. Lower prices exposed the weakness of structured products. The alleged diversification and risk mitigating mechanism of pooled and structured products turned out to be less effective than expected. Numerous big banks, both investment and commercial, were caught with huge exposures of these devalued assets on their books. The underestimation of risk led to the near collapse of Bear Stearns in March, the bailout of Freddie Mac and Fannie Mae in July, and the collapse of Lehman Brothers, AIG and Merrill Lynch in September. Lehman's bankruptcy on September 15th was the largest in US history with the S&P500 closing 5% down, the largest single-day drop since the 9/11 attacks.

By November, the stress in the financial system became overwhelming with the freezing of the credit markets. Banks were not lending to their counterparts and there were no willing lenders of money. The impaired financial system prompted the US Treasury and China to move into damage control mode with the announcement of the US auto bailout and the RMB 4 trillion stimulus packages. During 4th quarter 2008, most traditional asset classes like equities, bonds, and currencies exhibited highly synchronized behavior. Short term price was driven by macroeconomic events rather than fundamental asset characteristics. This high-level synchronization was also evident within specific equity segments. Small-caps and Large-caps, emerging-market stocks and developing-market stocks, value-style and growth-style approaches all persists to behave similarly. Even high quality corporate bonds were hit as credit spreads rose to unprecedented levels. Low level differentiation implies that return differentiation for 2009 will likely be driven by asset-allocation decisions rather than security selection choices.

At this time of writing in February 2009, key leading indicators point to continued deterioration of economic fundamentals. Credit spreads while having narrowed from September 2008 extremes, still remain elevated. The dispersion of views regarding inflation and earnings outlooks for 2009 remain wide. Without a reasonable consensus on the economic outcome, it is

difficult to assign an overly aggressive allocation to risky assets. It is likely the portfolio will be conservatively weighted in equities and heavier weighted towards cash and high-grade bonds during 2009. Necessary conditions to alter this view would be for credit spreads and leading indicators to show significant improvement. From a sector selection standpoint, we favor defensive sectors, areas of sovereign sponsorship, and global consumer brandnames. There are various dislocations within the corporate bond market in these preferred sectors that possess long-term opportunities. We will look to capitalize on these opportunities during 2009.

DISCLOSURES ON THE FUND²

a) I Investment Classified by Geography

	Fair Value 31/12/2008 S\$	Percentage of total net assets attributable to unitholders at 31/12/2008 %
By Geography (Summary)		
Australia	110,580	0.97
Europe	1,142,004	10.06
Hong Kong	614,654	5.41
Japan	568,062	5.00
Malaysia	158,862	1.40
Singapore	3,339,316	29.41
Taiwan	776,348	6.84
Thailand	1,435,840	12.64
United States	318,384	2.80
Portfolio of investments	8,464,050	74.53
Other net assets	2,891,900	25.47
Net assets attributable to unitholders	11,355,950	100.00

² As required by the Code on Collective Investment Schemes

a) **II Investment Classified by Industry**

	Fair Value 31/12/2008	Percentage of total net assets attributable to unitholders at 31/12/2008
By Industry (Summary)	S\$	%
Consumer Services	487,565	4.29
Energy	124,300	1.09
Finance	1,865,962	16.43
Food and Beverage	443,900	3.91
Healthcare	557,624	4.91
Industrials	871,450	7.67
Materials	191,370	1.69
Property	459,330	4.04
REITs	798,710	7.03
Technology	236,995	2.09
Telecommunications	1,820,981	16.04
Utilities	605,863	5.34
Portfolio of investments	8,464,050	74.53
Other net assets	2,891,900	25.47
Net assets attributable to unitholders	11,355,950	100.00

a) **III Asset Class**

	Fair Value 31/12/2008	Percentage of total net assets
	S\$	%
Equity	7,829,794	68.95
Bond	634,256	5.58
Cash & other bank balances	2,933,325	25.83
Other Net Current Assets/(Liabilities)	(41,425)	(0.36)
	11,355,950	100.00
	0	

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

	Fair Value 31/12/2008	Percentage of total net assets
	S\$	%
Unrated	634,256	5.58

b) Top Ten Holdings

<u>10 Largest Holdings as at 31 December 2008</u>	Fair Value 31/12/2008	Percentage of total net assets
	S\$	%
Overseas-Chinese 5.1% Preference Share	638,400	5.62
Capitamall Tust Capita 07/02/13	634,256	5.58
Sanofi Synthelabo	557,624	4.91
SMRT Corp Ltd	480,150	4.23
Deutsche Telekom NPV (REGD)	475,746	4.19
Singapore Press Holdings	345,210	3.04
Advanced Info Service-NVDR	316,143	2.78
China Mobile (HK) Ltd	288,307	2.54
Chang Hwa Commercial Bank	272,502	2.40
Thai Tap Water Supply-Foreign	234,151	2.06
	<u>4,242,490</u>	<u>37.35</u>

<u>10 Largest Holdings as at 31 December 2007</u>	Fair Value 31/12/2007	Percentage of total net assets
	S\$	%
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 & Cophorne 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
	<u>6,914,193</u>	<u>33.28</u>

- c) (i) Exposure to derivatives as at 31 December 2008:
Nil
- c) (ii) Net gains/(losses) on derivative contracts realized for the period from 1 January 2008 to 31 December 2008.
S\$29,114
- c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2008.
Nil

- 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 2008 and 31 December 2007.

Not applicable.

(ii) Expense ratios for the period 31 December 2008 and 31 December 2007. 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 2008 and 31 December 2007

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 -36.56% (on a bid-to-bid basis) for the 12-month period ending 31 Dec 2008. Since its inception on 16 April 2001, the Fund was up by 16.99%.

Growth in the global economy weakened significantly over the course of 2008, especially in the major economies. Developing economies growth slowed as a result of a sharp drop off in exports. Oil prices exhibited significant volatility during the year peaking at US\$147 and declining to under US\$33 per barrel during 2008. In currency markets, the U.S Dollar initially weakened in the early part of the year, but subsequently recovered as global deleveraging intensified in the second half.

Deleveraging, which involves the sale of assets to repay debt financing, was initially triggered by a decline in US property prices. Falling property prices led to a synchronized decline in all asset classes due to the complex linkages between real and financial assets. Lower prices exposed the weakness of structured products. The alleged diversification and risk mitigating mechanism of pooled and structured products turned out to be less effective than expected. Numerous big banks, both investment and commercial, were caught with huge exposures of these devalued assets on their books. The underestimation of risk led to the near collapse of Bear Stearns in March, the bailout of Freddie Mac and Fannie Mae in July, and the collapse of Lehman Brothers, AIG and Merrill Lynch in September. Lehman's bankruptcy on September 15th was the largest in US history with the S&P500 closing 5% down, the largest single-day drop since the 9/11 attacks.

By November, the stress in the financial system became overwhelming with the freezing of the credit markets. Banks were not lending to their counterparts and there were no willing lenders of money. The impaired financial system prompted the US Treasury and China to move into damage control mode with the announcement of the US auto bailout and the RMB 4 trillion stimulus packages. During 4th quarter 2008, most traditional asset classes like equities, bonds, and currencies exhibited highly synchronized behavior. Short term price was driven by macroeconomic events rather than fundamental asset characteristics. This high-level synchronization was also evident within specific equity segments. Small-caps and Large-caps, emerging-market stocks and developing-market stocks, value-style and growth-style approaches all persists to behave similarly. Even high quality corporate bonds were hit as credit spreads rose to unprecedented levels. Low level differentiation implies that return differentiation for 2009 will likely be driven by asset-allocation decisions rather than security selection choices.

At this time of writing in February 2009, key leading indicators point to continued deterioration of economic fundamentals. Credit spreads while having narrowed from September 2008 extremes, still remain elevated. The dispersion of views regarding inflation and the earnings outlook for 2009 remain wide. Without a reasonable consensus on the economic outcome, it is difficult to assign an overly aggressive allocation to risky assets. It is likely the portfolio will be conservatively weighted in equities and heavier weighted towards cash and high-grade bonds during 2009. Necessary conditions to alter this view would be for credit spreads and leading indicators to show significant improvement. From a sector selection standpoint, we favor defensive sectors, areas of sovereign sponsorship, and global consumer brandnames. There are various dislocations within the corporate bond market in these preferred sectors that possess long-term opportunities. We will look to capitalize on these opportunities during 2009.

Disclosures on the Fund³

a) I Investment Classified by Geography

	Fair Value 31/12/2008	Percentage of total net assets attributable to unitholders at 31/12/2008
By Geography (Summary)	S\$	%
Australia	151,912	0.86
Europe	1,313,869	7.44
Hong Kong	2,645,306	14.97
Japan	1,094,658	6.20
Malaysia	251,598	1.42
Singapore	4,037,045	22.85
Taiwan	1,285,386	7.28
Thailand	1,891,710	10.71
United Kingdom	257,765	1.46
United States	662,123	3.75
Portfolio of investments	13,591,372	76.94
Other net assets	4,072,435	23.06
Net assets attributable to unitholders	17,663,807	100.00

³ As required by the Code on Collective Investment Schemes

a) **II Investment Classified by Industry**

	Fair Value 31/12/2008	Percentage of total net assets attributable to unitholders at 31/12/2008
By Industry (Summary)	S\$	%
Consumer Services	510,040	2.89
Energy	1,307,788	7.40
Finance	3,210,093	18.17
Food and Beverage	647,515	3.67
Healthcare	658,543	3.73
Industrials	1,469,843	8.32
Materials	291,816	1.65
Property	564,115	3.19
REITs	916,731	5.19
Technology	577,574	3.27
Telecommunications	2,506,878	14.19
Utilities	930,436	5.27
Portfolio of investments	13,591,372	76.94
Other net assets	4,072,435	23.06
Net assets attributable to unitholders	17,663,807	100.00

a) **III Asset Class**

	Fair Value 31/12/2008	Percentage of total net assets
	S\$	%
Equity	12,957,116	73.35
Bond	634,256	3.59
Cash & other bank balances	4,122,251	23.34
Other Net Current Assets/(Liabilities)	(49,816)	(0.28)
	17,663,807	100.00

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

	Fair Value 31/12/2008	Percentage of total net assets
	S\$	%
Unrated	634,256	3.59

b) Top Ten Holdings

<u>10 Largest Holdings as at 31 December 2008</u>	Fair Value 31/12/2008 S\$	Percentage of total net assets %
Petrochina Co Ltd	716,060	4.05
SMRT Corp Ltd	686,400	3.89
Sanofi Synthelabo	658,543	3.73
Capitamall Trust Capita 1 07/02/13	634,256	3.59
China Merchants Bank	611,114	3.46
Singapore Press Holdings	510,040	2.89
Advanced Info Service-NVDR	508,833	2.88
Deutsche Telekom NPV (REGD)	508,352	2.88
Oversea-Chinese 5.1% Preference Share	456,000	2.58
China Mobile (HK) Ltd	432,460	2.45
	5,722,058	32.39
		Percentage of
<u>10 Largest Holdings as at 31 December 2007</u>	Fair Value 31/12/2007 S\$	total net assets %
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
	9,700,838	33.80

c) (i) Exposure to derivatives as at 31 December 2008:
Nil

c) (ii) Net gain/(losses) on derivative contracts realized for the period from 1 January 2008 to 31 December 2008.
S\$339,649

c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2008.
Nil

- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 December 2008
Nil
- e) Amount and percentage of borrowings of total fund size as at 31 December 2008
Nil
- f) Amount of redemptions and subscriptions for the period 1 January 2008 to 31 December 2008.
Total amount of redemptions S\$3,822,971
Total amount of subscriptions S\$3,692,097
- g) Amount of Related-Party Transactions (for the period 1 January 2008 to 31 December 2008)
Interest income earned from a related company of the Trustee S\$ 7,903
Interest income earned from a related company of the Manager S\$ 3,181
Brokerage paid to a related company of the Manager S\$ 8,453

h) Performance of the Fund

	3 months	6 months	1 year	3 year*	5 year*	Inception* (on 16 Apr 2001)
The Fund	-15.42%	-25.69%	-36.56%	-29.96%	-7.82%	16.99%
Benchmark	-13.20%	-19.44%	-28.95%	-23.79%	-13.72%	-10.51%

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

Source: Bloomberg as at 31 December 2008

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

i) Expense Ratios	31 December 2008	31 December 2007
Without performance fee	1.98%	1.86%
With performance fee	1.98%	2.91%

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

j) Turnover Ratios	31 December 2008	31 December 2007
	125.48%	148.54%

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 2008 and 31 December 2007.

Not applicable.

(ii) Expense ratios for the period 31 December 2008 and 31 December 2007. 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 2008 and 31 December 2007

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 FS33, 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

Shin HyeSue
Director

Lau Chee Kin
Director

19 March 2009

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 FS33, 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 2008, 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

Jeffrey Lee Chay Khiong
Director

19 March 2009

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 2008, 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 FS33.

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 2008 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 LLP
*Public Accountants and
Certified Public Accountants*

Singapore

19 March 2009

Statements of Total Return
Year ended 31 December 2008

	Phillip Money		Phillip Income Fund		Phillip Growth Fund	
	Market Fund					
	2008	2007	2008	2007	2008	2007
	S\$	S\$	S\$	S\$	S\$	S\$
Income						
Dividends	–	–	543,179	482,547	691,564	731,375
Interest	9,195,062	8,810,794	11,752	103,101	16,528	139,054
	<u>9,195,062</u>	<u>8,810,794</u>	<u>554,931</u>	<u>585,648</u>	<u>708,092</u>	<u>870,429</u>
Less:						
Expenses						
Management fees	2,275,051	1,681,941	265,984	331,101	386,371	534,948
Trustees' fees	135,863	104,929	8,551	11,024	11,403	19,094
Custodian fees	45,530	34,657	19,776	31,441	19,929	36,489
Audit fees	12,384	20,575	7,475	4,293	6,181	7,076
Performance fees	–	–	–	292,020	–	363,637
Other	55,263	47,744	50,358	41,138	53,192	43,765
	<u>2,524,091</u>	<u>1,889,846</u>	<u>352,144</u>	<u>711,017</u>	<u>477,076</u>	<u>1,005,009</u>
Net income/(loss)	<u>6,670,971</u>	<u>6,920,948</u>	<u>202,787</u>	<u>(125,369)</u>	<u>231,016</u>	<u>(134,580)</u>

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

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2008 S\$	2007 S\$	2008 S\$	2007 S\$	2008 S\$	2007 S\$
Net gains/(losses) on value of investments							
Net realised gains/(losses) on investments		(396,887)	107,094	(3,702,892)	2,327,228	(4,616,519)	2,933,312
Net change in fair value of investments		(3,056,033)	(225,704)	(3,751,813)	(1,012,086)	(6,789,684)	(597,350)
Net realised gains/(losses) on financial derivatives		–	–	29,114	(10,587)	339,649	(18,273)
Net gains/(losses) on value of investments		(3,452,920)	(118,610)	(7,425,591)	1,304,555	(11,066,554)	2,317,689
Total return for the year before income tax		3,218,051	6,802,338	(7,222,804)	1,179,186	(10,835,538)	2,183,109
Less: Income tax	9	–	–	(53,390)	(51,098)	(68,900)	(76,108)
Total return for the year		<u>3,218,051</u>	<u>6,802,338</u>	<u>(7,276,194)</u>	<u>1,128,088</u>	<u>(10,904,438)</u>	<u>2,107,001</u>

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

Balance Sheets
As at 31 December 2008

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2008 S\$	2007 S\$	2008 S\$	2007 S\$	2008 S\$	2007 S\$
Assets							
Portfolio of investments		247,747,428	232,731,385	8,464,050	19,746,006	13,591,372	27,472,231
Receivables	3	2,140,235	5,132,278	5,635	1,676,091	7,466	1,086,824
Cash and bank balances	4	124,845,667	136,836,419	2,933,325	2,109,049	4,122,251	3,101,889
Total assets		374,733,330	374,700,082	11,403,010	23,531,146	17,721,089	31,660,944
Liabilities							
Payables	5	308,966	304,236	47,060	57,676	57,282	72,980
Due to brokers		–	–	–	2,692,895	–	2,888,845
Net assets attributable to unitholders	6	374,424,364	374,395,846	11,355,950	20,780,575	17,663,807	28,699,119
Total liabilities		374,733,330	374,700,082	11,403,010	23,531,146	17,721,089	31,660,944

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

Portfolio Statements
Year ended 31 December 2008

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund			
By Industry (Primary)			
Finance			
Fixed Rate Notes - Quoted			
Sing Investments & Finance Limited 4.36%			
Due 17 April 2009	4,250,000	4,239,375	1.13
Solitaire Capital Limited 3.95%			
Due 23 February 2009	2,000,000	1,998,600	0.54
		6,237,975	1.67
Floating Rate Notes - Quoted			
National Agriculture Cooperative Federation FRN			
Due 29 June 2009	7,000,000	6,885,200	1.84
Shinhan Bank FRN			
Due 29 June 2009	3,000,000	2,973,000	0.79
Solitaire Capital Limited FRN			
Due 23 February 2009	3,000,000	2,998,500	0.80
		12,856,700	3.43
Total Finance		19,094,675	5.10
Food and Beverage			
Fixed Rate Notes - Quoted			
F&N Treasury Pte Limited 2.43%			
Due 21 May 2009	12,250,000	12,187,525	3.26
Olam International Limited 3.44%			
Due 24 May 2010	5,000,000	4,695,500	1.25
Total Food and Beverage		16,883,025	4.51

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund			
By Industry (Primary)			
Government Agency			
Fixed Rate Notes - Quoted			
Export-Import Bank Korea 2.28% Due 6 May 2009	7,000,000	6,941,200	1.85
Export-Import Bank Korea 2.55% Due 20 July 2009	5,000,000	4,954,605	1.32
Export-Import Bank Korea 2.55% Due 21 July 2009	7,500,000	7,407,000	1.99
Hong Kong Mortgage Corporation 1.93% Due 26 April 2010	5,000,000	5,009,000	1.34
Housing and Development Board MTN 1.64% Due 1 March 2010	2,000,000	2,006,600	0.54
Housing and Development Board MTN 2.69% Due 11 June 2009	2,000,000	1,990,200	0.53
Housing and Development Board MTN 5.07% Due 21 September 2009	10,000,000	10,235,500	2.73
Jurong Town Corporation 4.875% Due 28 January 2009	830,000	831,577	0.22
Jurong Town Corporation 5% Due 23 June 2009	3,000,000	3,042,900	0.81
Korea Development Bank 1.925% Due 3 April 2009	10,000,000	9,961,000	2.66
Land Transport Authority 4.92% Due 13 July 2009	3,560,000	3,619,096	0.97
Total Government Agency		55,998,678	14.96

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund			
By Industry (Primary)			
Industrial			
Fixed Rate Notes - Quoted			
BG Energy Capital Public Limited Company 3.06%			
Due 6 May 2009	4,750,000	4,735,750	1.26
Sembcorp Marine Limited 3%			
Due 27 September 2009	1,500,000	1,489,050	0.40
Singapore Airport Terminal Services Limited 3%			
Due 2 September 2009	500,000	500,300	0.13
Swiber Holdings Limited 3.14%			
Due 8 May 2009	1,500,000	1,496,250	0.40
Total Industrial		8,221,350	2.19
Property			
Fixed Rate Notes - Quoted			
Allgreen Properties Limited 2.4%			
Due 21 January 2009	3,500,000	3,496,500	0.93
Allgreen Properties Limited 2.65%			
Due 20 March 2009	2,000,000	1,989,000	0.53
Allgreen Properties Limited 3%			
Due 12 August 2009	4,000,000	3,915,200	1.05
Allgreen Properties Limited 3.14%			
Due 22 June 2009	3,000,000	2,982,300	0.80
Ascendas Pte Limited 3.66%			
Due 14 May 2010	1,500,000	1,407,900	0.38
Ascott Capital Limited 2.725%			
Due 2 June 2009	5,750,000	5,721,250	1.53
Ascott Capital Limited 3.085%			
Due 27 April 2010	5,250,000	5,160,750	1.38
Balance carried forward		24,672,900	6.60

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund			
By Industry (Primary)			
Property (cont'd)			
Fixed Rate Notes - Quoted			
Balance brought forward		24,672,900	6.60
Capitaland Treasury Limited 3.89%			
Due 25 August 2009	3,000,000	2,970,450	0.79
City Developments Limited 2.30%			
Due 20 February 2009	11,000,000	10,996,700	2.94
City Developments Limited 2.955%			
Due 16 March 2010	2,000,000	1,897,200	0.50
City Developments Limited 3.02%			
Due 28 September 2009	2,000,000	1,981,800	0.53
City Developments Limited 3.18%			
Due 3 December 2009	3,250,000	3,174,600	0.85
City Developments Limited 3.735%			
Due 20 January 2009	1,000,000	1,000,100	0.27
City Developments Limited 3.76%			
Due 12 October 2009	3,000,000	2,954,100	0.79
Frasers Centrepoint Limited 3.22%			
Due 23 February 2009	7,000,000	6,997,200	1.87
Frasers Centrepoint Limited 3.43%			
Due 15 April 2009	6,250,000	6,248,750	1.67
Hotel Properties Limited 2.53%			
Due 19 February 2009	1,750,000	1,744,925	0.47
Hotel Properties Limited 2.945%			
Due 7 August 2009	3,000,000	2,974,200	0.79
Hotel Properties Limited 3.07%			
Due 4 June 2009	2,000,000	1,977,800	0.53
Hotel Properties Limited 3.215%			
Due 27 March 2009	2,000,000	1,988,000	0.53
Hotel Properties Limited 3.38%			
Due 17 September 2009	2,000,000	1,967,200	0.52
Balance carried forward		73,545,925	19.65

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund By Industry (Primary)			
Property (cont'd)			
Fixed Rate Notes - Quoted			
Balance brought forward		73,545,925	19.65
Joynote Limited 3.655% Due 26 October 2009	3,500,000	3,036,950	0.81
Mapletree Logistics Treasury 3.81% Due 19 October 2009	2,500,000	2,514,000	0.67
Mapletree Treasury Services Limited 2.25% Due 30 January 2009	2,500,000	2,497,500	0.67
Mapletree Treasury Services Limited 2.6% Due 3 March 2010	2,000,000	1,851,200	0.49
Sun Hung Kai Properties Limited 3.69% Due 6 November 2009	1,000,000	1,006,300	0.27
		84,451,875	22.56
Floating Rate Notes - Quoted			
Allgreen Properties Limited FRN Due 26 December 2009	4,250,000	4,211,325	1.12
Keppel Land Limited FRN Due 20 May 2013	1,750,000	1,748,250	0.47
		5,959,575	1.59
Total Property		90,411,450	24.15

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund			
By Industry (Primary)			
Real Estate Investment Trusts (“REITs”)			
Fixed Rate Notes - Quoted			
CMT MTN Pte Limited 2.8% Due 8 May 2009	8,000,000	7,991,200	2.13
CMT MTN Pte Limited 3.25% Due 1 April 2010	500,000	477,950	0.13
		8,469,150	2.26
Floating Rate Notes			
CMT MTN Pte Limited FRN Due 30 April 2010	3,000,000	2,910,000	0.78
Total REITs		11,379,150	3.04
Sovereign			
Fixed Rate Notes - Quoted			
Singapore Government Bonds 2.375% Due 1 October 2009	10,000,000	10,126,000	2.70
Singapore Government Bonds 4.375% Due 15 January 2009	20,000,000	20,020,000	5.35
Singapore Government Bonds 4.625% Due 1 July 2010	3,400,000	3,592,100	0.96
		33,738,100	9.01
Zero Coupon Bond – Quoted			
Singapore Government Treasury Bill Due 5 March 2009	10,000,000	9,992,000	2.67
Total Sovereign		43,730,100	11.68

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund By Industry (Primary)			
Transportation			
Fixed Rate Notes			
SMRT Corporation Limited 3.3% Due 14 December 2009	2,000,000	2,029,000	0.54
Total Transportation		2,029,000	0.54
Portfolio of investments		247,747,428	66.17
Other net assets		126,676,936	33.83
Net assets attributable to unitholders		374,424,364	100.00

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

	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %	Percentage of total net assets attributable to unitholders as at 31/12/2007 %
Phillip Money Market Fund By Industry (Summary)			
Finance	19,094,675	5.10	10.75
Food and Beverage	16,883,025	4.51	7.01
Government Agency	55,998,678	14.96	10.03
Industrial	8,221,350	2.19	1.94
Property	90,411,450	24.15	24.09
REITs	11,379,150	3.04	–
Sovereign	43,730,100	11.68	5.34
Telecommunication	–	–	0.27
Transportation	2,029,000	0.54	–
Utilities	–	–	2.73
Portfolio of investments	247,747,428	66.17	62.16
Other net assets	126,676,936	33.83	37.84
Net assets attributable to unitholders	374,424,364	100.00	100.00

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

Quoted

Australia	–	–	1.47
France	–	–	0.07
Hong Kong	5,009,000	1.34	–
Singapore	198,880,673	53.12	54.48
South Korea	39,122,005	10.45	5.34
Sweden	–	–	0.80
United Kingdom	4,735,750	1.26	–
Portfolio of investments	247,747,428	66.17	62.16
Other net assets	126,676,936	33.83	37.84
Net assets attributable to unitholders	374,424,364	100.00	100.00

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Income Fund			
By Industry (Primary)			
Consumer Services			
Quoted Equities			
Pranda Jewelry Public Co Limited	500,000	95,911	0.84
Singapore Press Holdings Limited	111,000	345,210	3.04
Workpoint Entertainment Public Co Limited	226,500	46,444	0.41
Total Consumer Services		487,565	4.29
Energy			
Quoted Equities			
Singapore Petroleum Co Limited	55,000	124,300	1.09
Total Energy		124,300	1.09
Finance			
Quoted Equities			
Chang Hwa Commercial Bank	491,000	272,502	2.40
China Merchants Bank	71,500	189,977	1.67
Citigroup Inc	12,536	120,611	1.06
Goldman Sachs Group Limited	1,632	197,772	1.74
Hong Kong Exchanges and Clearing Limited	10,000	136,371	1.20
Oversea-Chinese Banking Corporation Preference Shares	7,000	638,400	5.62
Osaka Securities Exchange Corporation	32	201,696	1.78
Swiss Reinsurance Company	1,700	108,633	0.96
Total Finance		1,865,962	16.43

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Income Fund			
By Industry (Primary)			
Food and Beverage			
Quoted Equities			
Cerebos Pacific Limited	73,000	222,650	1.96
Fraser and Neave Limited	75,000	221,250	1.95
Total Food and Beverage		443,900	3.91
Healthcare			
Quoted Equities			
Sanofi-Aventis Singapore Pte Limited	6,067	557,624	4.91
Total Healthcare		557,624	4.91
Industrial			
Quoted Equities			
Boardroom Limited	175,000	78,750	0.69
Singapore Airlines Limited	13,000	146,380	1.29
SMRT Corporation Limited	291,000	480,150	4.23
Toyota Motor Corporation	3,600	166,170	1.46
Total Industrial		871,450	7.67
Materials			
Quoted Equities			
Kingsgate Consolidated Limited	32,113	110,580	0.98
Mitsubishi Corporation	4,100	80,790	0.71
Total Materials		191,370	1.69
Property			
Quoted Equities			
Allgreen Properties Limited	132,000	56,760	0.50
City Developments Limited	28,000	178,360	1.57
Land and Houses Public Co Limited	1,442,400	224,210	1.97
Total Property		459,330	4.04

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Income Fund			
By Industry (Primary)			
Real Estate Investment Trusts (“REITs”)			
Quoted Investment Fund			
CPN Retail Growth Property Fund	510,000	164,454	1.45
Fixed Rate Notes - Quoted			
CapitaMall Trust 1% Due 20 July 2013	750,000	634,256	5.58
Total REITs		798,710	7.03
Technology			
Quoted Equities			
Nidec Corporation	2,200	119,407	1.05
Taiwan Semiconductor Manufacturing Co Limited	60,603	117,588	1.04
Total Technology		236,995	2.09
Telecommunications			
Quoted Equities			
Advanced Information Services Inc	96,800	316,143	2.78
China Mobile Limited	20,000	288,307	2.54
Deutsche Telekom AG	21,901	475,746	4.19
Far Eastone Telecommunication Co Limited	134,928	219,936	1.94
Shin Corporation Public Co Limited	190,800	123,051	1.08
Taiwan Mobile Co Limited	79,044	166,322	1.47
Total Access Communication Public Co Limited	174,975	231,476	2.04
Total Telecommunications		1,820,981	16.04

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Income Fund By Industry (Primary)			
Utilities			
Quoted Equities			
CitySpring Infrastructure Trust	430,000	212,850	1.88
Thai Tap Water Supply Public Co Limited	1,355,000	234,151	2.06
YTL Power International Berhad	201,925	158,862	1.40
Total Utilities		605,863	5.34
Portfolio of investments		8,464,050	74.53
Other net assets		2,891,900	25.47
Net assets attributable to unitholders		11,355,950	100.00

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

	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %	Percentage of total net assets attributable to unitholders as at 31/12/2007 %
Phillip Income Fund			
By Industry (Summary)			
Consumer Services	487,565	4.29	3.97
Energy	124,300	1.09	6.01
Finance	1,865,962	16.43	17.98
Food and Beverage	443,900	3.91	12.54
Healthcare	557,624	4.91	3.89
Industrials	871,450	7.67	10.65
Materials	191,370	1.69	11.79
Property	459,330	4.04	5.49
REITs	798,710	7.03	4.33
Sovereign	–	–	0.53
Technology	236,995	2.09	2.88
Telecommunications	1,820,981	16.04	11.47
Utilities	605,863	5.34	3.48
Portfolio of investments	8,464,050	74.53	95.02
Other net assets	2,891,900	25.47	4.98
Net assets attributable to unitholders	11,355,950	100.00	100.00

Phillip Income Fund
By Geography (Secondary)

Australia	110,580	0.97	2.50
Europe	1,142,004	10.06	7.24
Hong Kong	614,654	5.41	7.85
Indonesia	–	–	8.63
Japan	568,062	5.00	8.26
Malaysia	158,862	1.40	13.80
Singapore	3,339,316	29.41	25.21
Taiwan	776,348	6.84	6.27
Thailand	1,435,840	12.64	15.26
United States	318,384	2.80	–
Portfolio of investments	8,464,050	74.53	95.02
Other net assets	2,891,900	25.47	4.98
Net assets attributable to unitholders	11,355,950	100.00	100.00

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Growth Fund			
By Industry (Primary)			
Consumer Services			
Quoted Equities			
Singapore Press Holdings Limited	164,000	510,040	2.89
Total Consumer Services		510,040	2.89
Energy			
Quoted Equities			
China National Offshore Oil Corporation	300,000	401,888	2.28
Petrochina Co Limited	570,000	716,060	4.05
Singapore Petroleum Co Limited	84,000	189,840	1.07
Total Energy		1,307,788	7.40
Finance			
Quoted Equities			
Change Hwa Commercial Bank	662,000	367,406	2.08
China Merchants Bank	230,000	611,114	3.46
Citigroup Inc	26,070	250,825	1.42
Goldman Sachs Group Limited	3,394	411,299	2.33
Hong Kong Exchanges and Clearing Limited	10,000	136,371	0.77
Japan Land Limited	965,800	173,844	0.98
Oversea-Chinese Banking Corporation Preference Shares	5,000	456,000	2.58
Osaka Securities Exchange Corporation	49	308,846	1.75
Ping An Insurance Group Company of China, Limited	50,000	347,413	1.97
Swiss Reinsurance Company	2,300	146,975	0.83
Total Finance		3,210,093	18.17

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Growth Fund			
By Industry (Primary)			
Food and Beverage			
Quoted Equities			
Cerebos Pacific Limited	33,000	100,650	0.57
Diageo Public Limited Company	13,000	257,765	1.46
Fraser and Neave Limited	98,000	289,100	1.64
Total Food and Beverage		647,515	3.67
Healthcare			
Quoted Equities			
Sanofi-Aventis Singapore Pte Limited	7,165	658,543	3.73
Total Healthcare		658,543	3.73
Industrials			
Quoted Equities			
Boardroom Limited	497,500	223,875	1.26
Singapore Airlines Limited	21,000	236,460	1.34
SMRT Corporation Limited	416,000	686,400	3.89
Toyota Motor Corporation	7,000	323,108	1.83
Total Industrials		1,469,843	8.32
Materials			
Quoted Equities			
Kingsgate Consolidated Limited	44,116	151,912	0.86
Mitsubishi Corporation	7,100	139,904	0.79
Total Materials		291,816	1.65

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Growth Fund			
By Industry (Primary)			
Property			
Quoted Equities			
Allgreen Properties Limited	178,000	76,540	0.43
City Developments Limited	20,000	127,400	0.72
Land and Houses Public Co Limited	2,317,100	360,175	2.04
Total Property		564,115	3.19
Real Estate Investment Trusts (“REITs”)			
Quoted Investment Fund			
CPN Retail Growth Property Fund	876,000	282,475	1.60
Fixed Rate Notes - Quoted			
CapitaMall Trust 1% Due 20 July 2013	750,000	634,256	3.59
Total REITs		916,731	5.19
Technology			
Quoted Equities			
Hoya Corporation	7,200	176,255	1.00
Nidec Corporation	2,700	146,545	0.83
Taiwan Semiconductor Manufacturing Co Limited	131,307	254,774	1.44
Total Technology		577,574	3.27

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

	Holdings as at 31/12/2008	Fair value as at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Growth Fund By Industry (Primary)			
Telecommunications			
Quoted Equities			
Advanced Information Services Inc	155,800	508,833	2.88
China Mobile Limited	30,000	432,460	2.45
Deutsche Telekom AG	23,402	508,352	2.88
Far Eastone Telecommunication Co Limited	230,266	375,339	2.12
Taiwan Mobile Co Limited	136,807	287,865	1.63
Total Access Communication Public Co Limited	297,850	394,029	2.23
Total Telecommunications		2,506,878	14.19
Utilities			
Quoted Equities			
CitySpring Infrastructure Trust	672,000	332,640	1.88
Thai Tap Water Supply Public Co Limited	2,003,400	346,198	1.97
YTL Power International Berhad	319,800	251,598	1.42
Total Utilities		930,436	5.27
Portfolio of investments		13,591,372	76.94
Other net assets		4,072,435	23.06
Net assets attributable to unitholders		17,663,807	100.00

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

	Fair value As at 31/12/2008 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2008 %	Percentage of total net assets attributable to unitholders as at 31/12/2007 %
Phillip Growth Fund			
By Industry (Summary)			
Consumer Services	510,040	2.89	1.89
Energy	1,307,788	7.40	4.11
Finance	3,210,093	18.17	28.11
Food and Beverage	647,515	3.67	9.14
Healthcare	658,543	3.73	3.32
Industrials	1,469,843	8.32	11.61
Materials	291,816	1.65	14.76
Property	564,115	3.19	2.83
REITs	916,731	5.19	1.32
Technology	577,574	3.27	3.38
Telecommunications	2,506,878	14.19	11.61
Utilities	930,436	5.27	3.64
Portfolio of investments	13,591,372	76.94	95.72
Other net assets	4,072,435	23.06	4.28
Net assets attributable to unitholders	17,663,807	100.00	100.00

Phillip Growth Fund			
By Geography (Secondary)			
Australia	151,912	0.86	2.71
Europe	1,313,869	7.44	5.92
Hong Kong	2,645,306	14.97	9.01
Indonesia	–	–	8.55
Japan	1,094,658	6.20	11.33
Malaysia	251,598	1.42	12.83
Singapore	4,037,045	22.85	20.03
South Korea	–	–	1.93
Taiwan	1,285,386	7.28	7.79
Thailand	1,891,710	10.71	10.26
United Kingdom	257,765	1.46	1.40
United States	662,123	3.75	3.96
Portfolio of investments	13,591,372	76.94	95.72
Other net assets	4,072,435	23.06	4.28
Net assets attributable to unitholders	17,663,807	100.00	100.00

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

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, a Sixth Amending and Restated Deed dated 21 February 2007 and a Seventh Amending and Restated Deed dated 20 February 2008 (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 and are recognised in the Statement of Total Return. Realised gains and losses upon disposal of investments are computed on the basis of the difference between the 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

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
	S\$	S\$	S\$	S\$	S\$	S\$
Amount receivable for creation of units	48,369	594,221	–	–	–	1,573
Sales awaiting settlement	–	2,516,344	–	1,649,276	–	1,059,683
Accrued interest receivable	2,091,866	2,021,713	2,500	17,740	2,500	14,107
Dividends receivable	–	–	3,135	9,075	4,966	11,461
	<u>2,140,235</u>	<u>5,132,278</u>	<u>5,635</u>	<u>1,676,091</u>	<u>7,466</u>	<u>1,086,824</u>

4 Cash and bank balances

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
	S\$	S\$	S\$	S\$	S\$	S\$
Term deposits	118,080,290	130,057,239	–	–	–	–
Cash and bank balances	6,765,377	6,779,180	2,659,863	1,892,657	3,469,484	2,718,418
Amount held with brokers	–	–	273,462	216,392	652,767	383,471
	<u>124,845,667</u>	<u>136,836,419</u>	<u>2,933,325</u>	<u>2,109,049</u>	<u>4,122,251</u>	<u>3,101,889</u>

5 Payables

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
	S\$	S\$	S\$	S\$	S\$	S\$
Payable to unitholders for cancellation of units	41,839	51,320	–	–	6	88
Accrued expenses	267,127	252,916	47,060	57,676	57,276	72,892
	<u>308,966</u>	<u>304,236</u>	<u>47,060</u>	<u>57,676</u>	<u>57,282</u>	<u>72,980</u>

6 Net assets attributable to unitholders

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
	S\$	S\$	S\$	S\$	S\$	S\$
At beginning of the financial year	374,395,846	182,271,472	20,780,575	21,850,772	28,699,119	37,551,049
Operations						
Changes in net assets attributable to unitholders resulting from operations	3,218,051	6,802,338	(7,276,194)	1,128,088	(10,904,438)	2,107,001

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2008	2007	2008	2007	2008	2007
		S\$	S\$	S\$	S\$	S\$	S\$
Unitholders' contributions/ (withdrawals)							
Creation of units		1,977,166,931	2,857,002,120	10,968	3,236,613	3,692,097	3,771,365
Cancellation of units		(1,980,356,464)	(2,671,680,084)	(2,159,399)	(5,434,898)	(3,822,971)	(14,730,296)
Change in net assets attributable to unitholders resulting from net creation and cancellations of units		(3,189,533)	185,322,036	(2,148,431)	(2,198,285)	(130,874)	(10,958,931)
Total increase/(decrease) in net assets attributable to unitholders		28,518	192,124,374	(9,424,625)	(1,070,197)	(11,035,312)	(8,851,930)
At end of the financial year		374,424,364	374,395,846	11,355,950	20,780,575	17,663,807	28,699,119
Units in issue (units)	7	336,314,355	338,674,029	12,777,402	14,730,392	16,010,796	16,505,612
Net assets attributable to unitholders per unit		1.1133	1.1055	0.8888	1.4107	1.1032	1.7387

7 Units in issue

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
At beginning of the year	338,674,029	168,524,922	14,730,392	16,338,528	16,505,612	22,563,200
Units created	1,776,165,260	2,609,410,760	9,390	2,228,152	2,371,569	2,129,298
Units cancelled	(1,778,524,934)	(2,439,261,653)	(1,962,380)	(3,836,288)	(2,866,385)	(8,186,886)
At end of the year	<u>336,314,355</u>	<u>338,674,029</u>	<u>12,777,402</u>	<u>14,730,392</u>	<u>16,010,796</u>	<u>16,505,612</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:

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
	S\$	S\$	S\$	S\$	S\$	S\$
Brokerage fee paid to:						
- related party of the fund manager	–	–	2,186	15,263	8,453	21,200
Interest income received from:						
- related party of the fund manager	–	–	2,416	–	3,181	–
- related party of the trustee	15,832	150,700	4,509	40,000	7,903	52,952

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

9 Income tax

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
	S\$	S\$	S\$	S\$	S\$	S\$
Singapore income tax	–	–	1,900	6,850	–	5,075
Overseas income tax	–	–	51,490	44,248	68,900	71,033
Total income tax	–	–	53,390	51,098	68,900	76,108

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 Funds. The Funds 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 Funds' 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 Funds' activities.

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

Risk management objectives and policies

In the ordinary course of business, the Funds is 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 invests 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 2008 and 2007, 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:

	Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007
	S\$	S\$	S\$	S\$
Australian dollars	110,580	520,350	151,912	776,586
Euro	1,033,371	1,503,775	1,166,894	1,697,673
Hong Kong dollars	614,655	1,632,261	2,645,306	2,587,096
Indonesian rupiah	–	1,793,568	–	2,452,855
Japanese yen	568,062	1,717,156	1,094,658	3,253,922
Korean won	–	–	–	552,715
Ringgit Malaysia	158,862	2,867,248	251,598	3,682,763
Taiwan dollar	776,348	1,303,226	1,285,385	2,236,579
Thai Baht	1,435,841	3,169,544	1,891,710	2,945,558
US dollars	427,017	–	809,098	1,136,279
Others	–	–	257,865	402,538

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

	Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007
	S\$	S\$	S\$	S\$
Euro	8,009	83	–	–
Great Britain pound	2,928	–	7,806	7,517
Hong Kong dollars	1,224,820	50,067	1,439,930	202,246
Japanese yen	359,688	65,927	982,490	505,578
Ringgit Malaysia	4,543	170,816	–	142,062
Thai Baht	212,711	760,499	28,793	596,900
US dollars	868,618	942,964	1,123,024	1,531,055
Others	20,576	3,845	11,497	46,497

Fair value of investments and cash and cash equivalents of Phillip Money Market Fund is denominated in the fund's 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 2008 and 2007, the fair values of assets and liabilities approximate their carrying values on the balance sheets.

11 Financial ratios

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2008	2007	2008	2007	2008	2007
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Expense ratios (Note 1)						
Without performance fee	0.59	0.59	2.12	1.97	1.98	1.86
With performance fee	0.59	0.59	2.12	3.34	1.98	2.91
Turnover ratios	80.46	74.90	118.07	134.54	125.48	148.54

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 the Phillip Money Market Fund (“PMMF”) are subscribed and redeemed based on the net asset value of 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:

PMMF	Fair value basis S\$	Amortised cost basis S\$	Difference S\$
2008			
Net assets	374,424,364	376,844,701	2,420,337
Net Asset Value Per Unit	1.1133	1.1205	0.0072
2007			
Net assets	374,395,846	374,448,835	52,989
Net Asset Value Per Unit	1.1055	1.1056	0.0001