



Phillip Capital Management

(A member of PhillipCapital)

Phillip Investment Funds

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

Annual Report

For the year ended 31 December 2009

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

For the year 2009, local short-term rates remained low through 2009 in tandem with global rates. Due to aggressive monetary stimulus from countries all over the world, led by the US Federal Reserve, the system was flush with liquidity.

On the GDP front, it was a tale of two halves. In the first half of 2009, the Singapore economy contracted by 6.5% year-on-year but swung round to expansion of more than 2% year-on-year in the second half.

Nonetheless, central banks around the world are reluctant to withdraw monetary stimulus as they are fear the possibility of a renewed dip should the unwinding be too early. Countries in the Asia-Pacific have been more ready to implement such withdrawal, such as Australia, Malaysia and India, which recently raised their benchmark rates.

Singapore rates have remained at consistently low levels. As such, the fund yield was affected during the period of review as rollover of matured deposits and many market papers were executed at lower yields.

OUTLOOK

On the macroeconomic front, the consistently strong GDP recovery over the last few months suggests that the upturn is sustainable. Inflation, especially asset price inflation, is beginning to rear its head, and central banks will be watching this indicator for signs that they should start turning hawkish.

Domestically, a key feature of Singapore's monetary policy is that MAS tweaks exchange rates instead of interest rates, given that Singapore is an open economy. Tightening is accomplished by strengthening the Singapore dollar through moving the currency band upwards. In October 2009, MAS reiterated its zero percent appreciation policy for Singapore's currency. We believe should inflation rise to 3% or more, a currency appreciation stance might take place. However, for the next 1-2 quarters, we believe rates will likely still remain at current depressed levels. Singapore rates traditionally have strong correlation to U.S. rates, and we think high unemployment in the US will likely prevent the Fed from raising rates.

Going forward, we will continue to maintain a short-duration strategy in line with our objective of consistent returns and capital preservation. The next MAS currency policy review in April 2010 bears watching. Given the significantly different macroeconomic circumstances compared to the time of our last report in 1H09, monetary tightening is much more likely now than then. Looking further ahead, December 2010 will see the end of government guarantees for bank deposits, which might see bank deposit rates becoming more attractive.

Disclosures on the Fund¹

a) I Investment Classified by Geography

	Fair Value 31/12/2009 S\$	Percentage of total net assets attributable to unitholders at 31/12/2009 %
By Geography (Summary)		
Australia	3,513,950	0.75
Europe	10,016,600	2.12
Hong Kong	5,019,000	1.06
New Zealand	3,027,250	0.64
Singapore	230,091,258	48.71
South Korea	53,334,309	11.29
United Kingdom	5,516,500	1.17
United States	9,133,200	1.93
Portfolio of investments	319,652,067	67.67
Other net assets	152,742,026	32.33
Net assets attributable to unitholders	472,394,093	100.00

a) II Investment Classified by Industry

	Fair Value 31/12/2009 S\$	Percentage of total net assets attributable to unitholders at 31/12/2009 %
By Industry (Summary)		
Finance	55,103,608	11.67
Food and Beverage	19,925,975	4.22
Government Agency	33,219,692	7.03
Investment Fund	35,117,789	7.43
Property	126,467,538	26.77
REITs	13,532,900	2.87
Sovereign	25,665,015	5.43
Utilities	10,619,550	2.25
Portfolio of investments	319,652,067	67.67
Other net assets	152,742,026	32.33
Net assets attributable to unitholders	472,394,093	100.00

¹ As required by the Code on Collective Investment Schemes

a) III Asset Class	Fair Value 31/12/2009 S\$	Percentage of total net assets %
Fixed Income Securities	319,652,067	67.67
Cash & bank balances	150,589,121	31.88
Other Net Current Assets	2,152,905	0.45
	<u>472,394,093</u>	<u>100.00</u>

a) IV Credit Rating of Debt Securities	Fair Value 31/12/2009 S\$	Percentage of total net assets %
A	49,993,725	10.58
A-	22,544,050	4.78
A+	14,006,534	2.97
AA	6,541,200	1.38
AA-	3,049,125	0.65
AA+	12,017,600	2.54
AAA	25,665,015	5.43
Unrated	185,834,818	39.34
	<u>319,652,067</u>	<u>67.67</u>

Type of Money Market Instruments and Debt Securities	Fair Value 31/12/2009 S\$	Percentage of total net assets %
Fixed Rate Notes	237,408,798	50.26
Floating Rate Notes	14,927,700	3.16
Commercial Paper	32,197,780	6.82
Investment Fund	35,117,789	7.43
	<u>319,652,067</u>	<u>67.67</u>

Maturity Profile of Fixed Income Securities	Fair Value 31/12/2009 S\$	Percentage of total net assets %
Up to 30 days	61,120,189	12.94
31-60 days	5,013,050	1.06
61-90 days	36,992,305	7.83
91-120 Days	35,111,900	7.43
121-180 days	47,089,967	9.97
181-365 days	88,991,031	18.84
366-732 days	45,333,625	9.60
	<u>319,652,067</u>	<u>67.67</u>

b) Top Ten Holdings

10 Largest Holdings as at 31 December 2009

	Fair Value 31/12/2009	Percentage of total net assets
	S\$	%
Phillip Savings Fund	35,117,789	7.43
Kookmin Bank 2.05% Due 18 October 2010	14,006,533	2.96
City Developments Limited 5.5% Due 12 June 2010	13,841,438	2.91
Export-Import Bank Korea 1.55% Due 9 December 2010	12,036,000	2.55
Keppel Land Limited 3% Due 7 May 2010	10,841,375	2.29
CMT MTN Pte Limited 3.25% Due April 2010	10,532,900	2.23
National Agricultural Cooperative Due 1 April 2010	10,000,000	2.11
Ascendas Pte Ltd 3.66% Due 14 May 2010	9,318,912	1.97
McDonald's Corporation 3.6275% Due 10 October 2010	9,133,200	1.94
Ascott Capital Pte Limited 3.10% Due 5 March 2010	8,012,800	1.70
	<u>132,840,947</u>	<u>28.09</u>

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
Centrepoint Properties 3.22% Due 23 February 2009	6,997,200	1.87
	<u>105,914,125</u>	<u>28.30</u>

- c) (i) Exposure to Derivatives as at 31 December 2009.
Nil.
- c) (ii) Net gains/losses on derivative contracts realised during the period from 1 January 2009 to 31 December 2009.
Nil.
- c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2009.
Nil.
- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 December 2009.

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 2009 and 31 December 2008.

Not applicable.

(ii) Expense ratios for the period 31 December 2009 and 31 December 2008. 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 2009 and 31 December 2008

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 rose 18.01% (on a bid-to-bid basis) for the 12-month period ending 31 December 2009. Since its inception on 16 April 2001, the Fund was up by 10.75%. The Fund's NAV closed at SGD 1.0521 on 31 December 2009.

2009 marks a significant turning point from the credit-driven bear market of 2008 and 2007. The global stock markets as well as the Fund bottomed in March of 2009, after the NAV touched a low of SGD0.8354. From March to December 2009, global stocks moved steadily upwards in low volatility fashion as newer events paled in comparison to the crisis the market was emerging from. Most equity investors were able to make a valuation case for equities all the way until the 4th quarter 2009. Price to earnings ratio of core operating businesses adjusted for write offs moved from below long-term average in Asia to above it during the ascent from March to December. While investors were not sure about the earnings growth prospects for 2010, they seemed confident about earnings stabilization at the 2009 level. This recognition of earnings stabilization in price led to an increase in risk appetite, tightening of bond spreads and equity prices. In Asia, the cyclical sectors outperformed significantly, with consumer discretionary, IT, and Materials leading the way up.

Valuations on global equities began to return to long-term average levels in September, and then to the above one standard deviation mark by mid-December. As the valuation picture became more challenging, markets started focusing on the central banks and the possible removal of stimuli – either in the form of lower interest rates or other quantitative methods. Connected to this aforementioned theme are Central Banks' creditworthiness and the problems associated with Dubai, Greece, and Spain.

The Fund's allocation in bonds was almost unchanged at 38.45% compared to 37.8% in June 2009. As spreads on the high yield credits have tightened substantially over the past few months, we took profit and switched into high quality bonds. The fund will continue to source income from dividends, coupons and capital gains. We will focus on defensive stocks possessing sustainable dividend yields and strong cash flows. Another strategy we will perform actively for 2010 is to write options on fundamentally strong companies to capitalize on the market volatility.

DISCLOSURES ON THE FUND²

a) I Investment Classified by Geography

	Fair Value	Percentage of
	31/12/2009	total net
	S\$	assets
		attributable
		to unitholders
		at
		31/12/2009
		%
By Geography (Summary)		
Australia	1,487,712	13.54
China	767,491	6.98
Europe	896,995	8.16
Hong Kong	687,856	6.26
Singapore	3,095,281	28.17
South Korea	823,715	7.50
Taiwan	237,110	2.16
Thailand	1,136,608	10.34
United States	1,065,227	9.69
Portfolio of investments	10,197,995	92.80
Other net assets	791,765	7.20
Net assets attributable to unitholders	10,989,760	100.00

² As required by the Code on Collective Investment Schemes

a) **II Investment Classified by Industry**

	Fair Value	Percentage of
	31/12/2009	total net assets
	S\$	attributable to
		unitholders at
		31/12/2009
	S\$	%
By Industry (Summary)		
Consumer Services	929,643	8.46
Energy	353,578	3.22
Finance	3,671,131	33.41
Food and Beverage	624,911	5.68
Industrials	833,010	7.58
REITs	2,092,631	19.04
Technology	219,836	2.00
Telecommunications	802,457	7.31
Utilities	670,798	6.10
Portfolio of investments	10,197,995	92.80
Other net assets	791,765	7.20
Net assets attributable to unitholders	<u>10,989,760</u>	<u>100.00</u>

a) **III Asset Class**

	Fair Value	Percentage of
	31/12/2009	total net
	S\$	assets
		%
Equity	5,971,870	54.34
Bond	4,226,125	38.45
Cash & other bank balances	609,809	5.55
Other Net Current Assets	181,956	1.66
	<u>10,989,760</u>	<u>100.00</u>

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

	Fair Value	Percentage of
	31/12/2009	total net
	S\$	assets
		%
A	1,413,788	12.86
AA	634,797	5.78
AAA	381,026	3.47
BBB+	629,873	5.73
Unrated	1,166,641	10.62
	<u>4,226,125</u>	<u>38.46</u>

b) **Top Ten Holdings**

<u>10 Largest Holdings as at 31 December 2009</u>	Fair Value 31/12/2009	Percentage of total net assets
	S\$	%
Capitamall Trust 1% due 2 July 2013	754,469	6.87
Westpac Banking 7.03% due 4 December 2010	634,796	5.78
GPT Re Limited 6.25% due 7 November 2010	629,873	5.73
SMRT Corporation Limited	555,810	5.06
Singapore Press Holdings Limited	517,470	4.71
France Telecom	515,969	4.70
Thai Tap Water Supply Public Co Limited	496,990	4.52
Industrial Bank of Korea due 21 September 2010	417,527	3.80
Xinyu Hengdeli Holdings Limited due 24 August 2012	412,173	3.75
PB Issuer Limited 3.3% due 1 February 2013	402,214	3.66
	<u>5,337,291</u>	<u>48.58</u>

<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 Trust 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>

- c) (i) Exposure to derivatives as at 31 December 2009:
Nil
- c) (ii) Net losses on derivative contracts realized for the period from 1 January 2009 to 31 December 2009.
S\$ 899
- c) (iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2009.
Nil

- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 December 2009.
Nil
- e) Amount and percentage of borrowings of total fund size as at 31 December 2009.
Nil
- f) Amount of redemptions and subscriptions for the period 1 January 2009 to 31 December 2009.
Total amount of redemptions S\$ 2,090,107
Total amount of subscriptions S\$ 5,500
- g) Amount of Related-Party Transactions (for the period 1 January 2009 to 31 December 2009)

Interest income earned from a related company of the Trustee S\$ 1,214

h) Performance of the Fund

	3 months	6 months	1 year	3 year*	5 year*	Inception* (on 16 Apr 2001)
The Fund	0.76%	6.87%	18.01%	-21.62%	-6.90%	10.75%
Benchmark	0.40%	5.47%	7.22%	-2.25%	2.96%	16.86%

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

Source: Bloomberg as at 31 December 2009

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

i) Expense Ratios	31 December 2009	31 December 2008
Without performance fee	2.51%	2.12%
With performance fee	2.51%	2.12%

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

j) Turnover Ratios	31 December 2009	31 December 2008
	174.78%	118.07%

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 2009 and 31 December 2008.

Not applicable.

(ii) Expense ratios for the period 31 December 2009 and 31 December 2008. 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 2009 and 31 December 2008

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 and custodial services 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

The Fund rose 26.78% (on a bid-to-bid basis) for the 12-month period ending 31 December 2009. Since its inception on 16 April 2001, the Fund was up by 47.85%. The Fund's NAV closed at SGD 1.4046 on 31 December 2009.

2009 marks a significant turning point from the credit-driven bear market of 2008 and 2007. The global stock markets as well as the Fund bottomed in March of 2009, after the NAV touched a low of SGD1.0595. From March to December 2009, global stocks moved steadily upwards in low volatility fashion as newer events paled in comparison to the crisis the market was emerging from. Most equity investors were able to make a valuation case for equities all the way until the 4th quarter 2009. Price to earnings ratio of core operating businesses adjusted for write offs moved from below long-term average in Asia to above it during the ascent from March to December. While investors were not sure about the earnings growth prospects for 2010, they seemed confident about earnings stabilization at the 2009 level. This recognition of earnings stabilization in price led to an increase in risk appetite, tightening of bond spreads and equity prices. In Asia, the cyclical sectors outperformed significantly, with consumer discretionary, IT, and Materials leading the way up.

Valuations on global equities began to return to long-term average levels in September, and then to the above one standard deviation mark by mid-December. As the valuation picture became more challenging, markets started focusing on the central banks and the possible removal of stimuli – either in the form of lower interest rates or other quantitative methods. Connected to this aforementioned theme are Central Banks' creditworthiness and the problems associated with Dubai, Greece, and Spain.

At this writing, markets are correcting because of concerns surrounding tightening from the Chinese government. We expect any price correction connected to global Central Bank action to be outweighed by the positives emanating from recovery on the earnings front. Our positive view on improving earnings is premised on normalization of Western consumer markets, the improving view of investors towards developed stock markets because of their relatively lower valuations, and the continued ability of emerging markets to expand earnings despite government fiscal exits.

Our proprietary asset allocation model which provided guidance to remain invested in markets in the recovery leg of 1Q2009 is still favouring equities as of 1Q2010, albeit at a less intense degree. Our country allocation models are favouring lower valuation developed markets like the U.S. and Japan, which also happens to be the performance laggards of 2009. Developed market did poorly in 2009 because of the concentrated presence of the global investment banks in these countries and the contagion effect of lower growth through the leveraged consumer link. In 2010, developed markets become relatively attractive because of valuation gap versus emerging markets and the expectations for normalization of growth rates.

Disclosures on the Fund³

a) I Investment Classified by Geography

	Fair Value 31/12/2009	Percentage of total net assets attributable to unitholders at 31/12/2009
By Geography (Summary)	S\$	%
Australia	303,285	1.47
China	4,074,044	19.77
Europe	1,017,262	4.94
Hong Kong	1,284,660	6.23
Indonesia	1,387,810	6.74
Japan	418,401	2.03
Malaysia	594,213	2.87
Singapore	3,904,875	18.95
South Korea	157,051	0.76
Taiwan	1,406,075	6.82
Thailand	447,846	2.17
United Kingdom	1,687,272	8.19
United States	2,085,124	10.12
Portfolio of investments	18,767,918	91.06
Other net assets	1,842,884	8.94
Net assets attributable to unitholders	20,610,802	100.00

³ As required by the Code on Collective Investment Schemes

a) **II Investment Classified by Industry**

	Fair Value 31/12/2009	Percentage of total net assets attributable to unitholders at 31/12/2009
By Industry (Summary)	S\$	%
Consumer Services	412,173	2.00
Energy	1,874,821	9.10
Finance	3,788,527	18.38
Food and Beverage	2,644,453	12.83
Healthcare	428,002	2.08
Industrials	2,217,434	10.76
Materials	577,886	2.81
Property	587,098	2.84
REITs	1,506,673	7.31
Technology	3,435,145	16.66
Telecommunications	1,063,435	5.16
Utilities	232,271	1.13
Portfolio of investments	18,767,918	91.06
Other net assets	1,842,884	8.94
Net assets attributable to unitholders	20,610,802	100.00

a) **III Asset Class**

	Fair Value 31/12/2009	Percentage of total net assets
	S\$	%
Equity	15,977,394	77.52
Bond	2,790,524	13.54
Cash & other bank balances	1,180,046	5.72
Other Net Current Assets	662,838	3.22
	20,610,802	100.00

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

	Fair Value 31/12/2009	Percentage of total net assets
	S\$	%
A	443,527	2.15
A-	510,000	2.47
Unrated	1,836,997	8.91
	2,790,524	13.53

b) **Top Ten Holdings**

<u>10 Largest Holdings as at 31 December 2009</u>	Fair Value 31/12/2009 S\$	Percentage of total net assets %
AAC Acoustic Technology Holdings Inc	1,024,011	4.97
China LongYuan Power Group	927,514	4.50
Mediatek Inc	804,570	3.90
SMRT Corporation Limited	794,560	3.86
Wilmar International	758,740	3.68
Capitamall Trust 1% due 2 July 2013	754,468	3.66
China Railway Construction Corporation	735,138	3.57
Petrochina Co Limited	727,109	3.53
PB Issuer Limited 3.3% due 1 February 2013	670,356	3.25
France Telecom	615,589	2.99
	7,812,055	37.91

<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

- c) (i) Exposure to derivatives as at 31 December 2009:
Nil
- c) (ii) Net gain/(losses) on derivative contracts realized for the period from 1 January 2009 to 31 December 2009.
S\$236,662
- c) (iii) Net gains/losses on outstanding derivative contracts marked to market as at 31 December 2009.
Nil

- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 31 December 2009
Nil
- e) Amount and percentage of borrowings of total fund size as at 31 December 2009
Nil
- f) Amount of redemptions and subscriptions for the period 1 January 2009 to 31 December 2009.
Total amount of redemptions S\$1,889,435
Total amount of subscriptions S\$ 338,715
- g) Amount of Related-Party Transactions (for the period 1 January 2009 to 31 December 2009)

Interest income earned from a related company of the Trustee S\$ 496
Brokerage paid to a related company of the Manager S\$ 31

h) Performance of the Fund

	3 months	6 months	1 year	3 year*	5 year*	Inception* (on 16 Apr 2001)
The Fund	1.60%	9.61%	26.78%	-15.94%	0.90%	47.85%
Benchmark	1.77%	12.45%	16.78%	-15.66%	-6.54%	4.51%

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

Source: Bloomberg as at 31 December 2009

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 2009	31 December 2008
Without performance fee	2.12%	1.98%
With performance fee	2.12%	1.98%

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 2009	31 December 2008
	205.08%	125.48%

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 2009 and 31 December 2008.

Not applicable.

(ii) Expense ratios for the period 31 December 2009 and 31 December 2008. 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 2009 and 31 December 2008

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 and custodial services 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 FS35, 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

Director

22 March 2010

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 FS35, 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 2009, 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

22 March 2010

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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 2009, 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 FS35.

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 2009 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

22 March 2010

Statements of Total Return
Year ended 31 December 2009

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2009	2008	2009	2008	2009	2008
	S\$	S\$	S\$	S\$	S\$	S\$
Income						
Dividends	–	–	375,237	543,179	601,276	691,564
Interest	8,617,950	9,195,062	111,949	11,752	96,895	16,528
	<u>8,617,950</u>	<u>9,195,062</u>	<u>487,186</u>	<u>554,931</u>	<u>698,171</u>	<u>708,092</u>
Less:						
Expenses						
Management fees	2,338,462	2,275,051	160,404	265,984	294,428	386,371
Management fees rebate	(62,764)	–	–	–	–	–
Trustees' fees	142,714	135,863	7,448	8,551	8,859	11,403
Custodian fees	47,078	45,530	18,784	19,776	22,213	19,929
Audit fees	3,772	12,384	20,765	7,475	20,382	6,181
Other	41,143	55,263	55,167	50,358	61,191	53,192
	<u>2,510,405</u>	<u>2,524,091</u>	<u>262,568</u>	<u>352,144</u>	<u>407,073</u>	<u>477,076</u>
Net income	<u>6,107,545</u>	<u>6,670,971</u>	<u>224,618</u>	<u>202,787</u>	<u>291,098</u>	<u>231,016</u>

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

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2009	2008	2009	2008	2009	2008
		S\$	S\$	S\$	S\$	S\$	S\$
Net gains/(losses) on value of investments							
Net realised gains/(losses) on investments		(1,438,079)	(396,887)	(2,706,731)	(3,702,892)	(2,514,157)	(4,616,519)
Net change in fair value of investments		2,916,197	(3,056,033)	4,226,293	(3,751,813)	6,534,362	(6,789,684)
Net realised gains on financial derivatives		–	–	899	29,114	236,662	339,649
Net gains/(losses) on value of investments		1,478,118	(3,452,920)	1,520,461	(7,425,591)	4,256,867	(11,066,554)
Total return for the year before income tax		7,585,663	3,218,051	1,745,079	(7,222,804)	4,547,965	(10,835,538)
Less: Income tax	9	–	–	(26,662)	(53,390)	(50,250)	(68,900)
Total return for the year		7,585,663	3,218,051	1,718,417	(7,276,194)	4,497,715	(10,904,438)

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

Balance Sheets
As at 31 December 2009

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2009	2008	2009	2008	2009	2008
		S\$	S\$	S\$	S\$	S\$	S\$
Assets							
Portfolio of investments		319,652,067	247,747,428	10,197,995	8,464,050	18,767,918	13,591,372
Receivables	3	2,538,534	2,140,235	229,843	5,635	1,561,551	7,466
Cash and bank balances	4	150,589,121	124,845,667	609,809	2,933,325	1,180,046	4,122,251
Total assets		<u>472,779,722</u>	<u>374,733,330</u>	<u>11,037,647</u>	<u>11,403,010</u>	<u>21,509,515</u>	<u>17,721,089</u>
Liabilities							
Payables	5	385,629	308,966	47,887	47,060	65,444	57,282
Due to brokers		–	–	–	–	833,269	–
Net assets attributable to unitholders	6	472,394,093	374,424,364	10,989,760	11,355,950	20,610,802	17,663,807
Total liabilities		<u>472,779,722</u>	<u>374,733,330</u>	<u>11,037,647</u>	<u>11,403,010</u>	<u>21,509,515</u>	<u>17,721,089</u>

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

Portfolio Statements
Year ended 31 December 2009

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund			
By Industry (Primary)			
Finance			
Fixed Rate Notes - Quoted			
ANZ National International Limited 3.22% Due 8 July 2010	1,250,000	1,260,625	0.27
BNZ International Funding Limited 3.24% Due 28 July 2010	1,750,000	1,766,625	0.37
Commonwealth Bank 2.48% Due 30 September 2010	3,000,000	3,012,000	0.64
Dexia BQ Int Lux 1.8% Due 10 June 2011	7,000,000	6,998,600	1.48
Hana Bank 3.53% Due 16 June 2010	1,500,000	1,510,350	0.32
Industrial Bank of Korea 5% Due 27 February 2010	500,000	501,250	0.11
KIM Eng Securities Pte Limited 2.4% Due 23 March 2010	3,250,000	3,251,950	0.69
Kookmin Bank 2.05% Due 18 October 2010	14,000,000	14,006,533	2.96
National Australia Bank Limited 2.18% Due 30 September 2010	500,000	501,950	0.11
National Agricultural Cooperative 3.3% Due 18 August 2010	3,000,000	3,012,600	0.64
Shinhan Bank 3.8% Due 14 July 2010	3,750,000	3,764,625	0.80
Standard Chartered Bank PLC 2.48% Due 7 April 2010	5,500,000	5,516,500	1.17
		45,103,608	9.56

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund			
By Industry (Primary)			
Finance (cont'd)			
Commercial Papers - Quoted			
National Agricultural Cooperative Due 4 January 2010	10,000,000	10,000,000	2.11
Total Finance		55,103,608	11.67
Food and Beverage			
Fixed Rate Notes - Quoted			
F&N Treasury Pte Limited 3.60% Due 9 July 2010	1,500,000	1,514,550	0.32
Fraser & Neave Limited 3.41% Due 12 August 2010	1,250,000	1,262,125	0.27
McDonald's Corporation 3.6275% Due 10 October 2010	9,000,000	9,133,200	1.94
Olam International Limited 3.635% Due 11 May 2010	2,000,000	2,004,600	0.42
Olam International Limited 3.44% Due 24 May 2010	5,000,000	5,013,000	1.06
		18,927,475	4.01
Floating Rate Notes - Quoted			
Olam International Limited Due 26 February 2010	1,000,000	998,500	0.21
Total Food and Beverage		19,925,975	4.22

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund			
By Industry (Primary)			
Government Agency			
Fixed Rate Notes – Quoted			
Export-Import Bank Korea 6% Due 21 January 2010	1,500,000	1,501,200	0.32
Export-Import Bank Korea 1.55% Due 9 December 2010	12,000,000	12,036,000	2.55
Hong Kong Mortgage Corporation 1.93% Due 26 April 2010	5,000,000	5,019,000	1.06
Housing and Development Board MTN 1.64% Due 1 March 2010	1,000,000	1,002,050	0.21
Housing and Development Board MTN 3.455% Due 1 March 2011	4,000,000	4,114,400	0.87
Korea Development Bank 5.68% Due 16 January 2010	7,000,000	7,001,750	1.48
Land Transport Authority 4.81% Due 9 June 2010	2,500,000	2,545,292	0.54
Total Government Agency		33,219,692	7.03
Investment Fund			
Investment Fund – Quoted			
Phillip Savings Fund	34,984,846	35,117,789	7.43
Total Investment Fund		35,117,789	7.43

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund			
By Industry (Primary)			
Property			
Fixed Rate Notes - Quoted			
Allgreen Properties Limited 2.6% Due 28 December 2011	5,000,000	4,996,500	1.06
AREIF Singapore Int Pte Limited 4.08% Due 21 February 2011	2,000,000	1,982,500	0.42
Ascendas Pte Ltd 3.66% Due 14 May 2010	9,250,000	9,318,912	1.97
Ascott Capital Pte Limited 3.1% Due 5 March 2010	8,000,000	8,012,800	1.70
Ascott Capital Pte Limited 3.085% Due 27 April 2010	2,000,000	2,008,300	0.43
Capitaland Treasury Limited 3.1% Due 17 January 2011	3,000,000	3,025,500	0.64
CDL Properties Limited 2.955% Due 16 March 2010	2,000,000	2,003,100	0.42
CDL Properties Limited 3.15% Due 16 September 2010	3,750,000	3,784,313	0.80
CDL Properties Limited 3.85% Due 12 October 2011	3,000,000	3,062,025	0.65
City Developments Limited 3.19% Due 10 June 2010	2,000,000	2,015,000	0.43
City Developments Limited 5.5% Due 12 June 2010	13,750,000	13,841,438	2.91
City Developments Nahdah Pte Limited 3.25% Due 22 July 2010	4,000,000	4,018,000	0.85
GLL IHT Pte Limited 4% Due 1 July 2010	2,000,000	2,012,800	0.43
Guocoland Limited 3.77% Due 11 August 2010	3,750,000	3,783,000	0.80
Hong Kong Land Treasury Services 3.01% Due 4 October 2010	2,000,000	2,009,400	0.43
Balance carried forward		65,873,588	13.94

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund			
By Industry (Primary)			
Property (cont'd)			
Fixed Rate Notes - Quoted			
Balance brought forward		65,873,588	13.94
Hotel Properties Limited 3.95% Due 29 January 2010	500,000	500,150	0.11
Hotel Properties Limited 4.195% Due 27 April 2010	4,000,000	4,029,200	0.85
Hotel Properties Limited 3.42% Due 6 July 2010	5,000,000	5,040,000	1.06
Hotel Properties Limited 3.3% Due 7 March 2011	7,500,000	7,556,625	1.60
Hotel Properties Limited 4.95% Due 30 May 2011	3,000,000	3,098,700	0.66
Keppel Land Limited 3% Due 24 February 2010	3,500,000	3,513,300	0.74
Keppel Land Limited 3% Due 7 May 2010	10,750,000	10,841,375	2.29
Keppel Land Limited 3.76% Due 14 March 2011	4,000,000	4,042,000	0.86
Mapletree Treasury Services Limited 2.6% Due 3 March 2010	2,250,000	2,254,500	0.48
Mapletreeog Treasury Co Pte Limited 3.8% Due 12 March 2010	5,250,000	5,269,425	1.12
Midpoint Properties 3.33% Due 1 April 2010	3,000,000	3,012,000	0.64
WingTai Holdings Limited 4.98% Due 25 April 2011	500,000	507,475	0.11
		115,538,338	24.46

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund By Industry (Primary)			
Property (cont'd)			
Floating Rate Notes - Quoted			
Ascott Capital Pte Limited Due 27 April 2010	2,000,000	1,994,000	0.42
Capitaland Treasury Limited Due 15 March 2011	6,000,000	5,949,300	1.26
Keppel Land Limited FRN Due 5 October 2010	3,000,000	2,985,900	0.63
		10,929,200	2.31
Total Property		126,467,538	26.77
 Real Estate Investment Trusts ("REITs")			
Fixed Rate Notes - Quoted			
CMT MTN Pte Limited 3.25% Due 1 April 2010	10,500,000	10,532,900	2.23
 Floating Rate Notes - Quoted			
CMT MTN Pte Limited FRN Due 30 April 2010	3,000,000	3,000,000	0.64
Total REITs		13,532,900	2.87

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund By Industry (Primary)			
Sovereign			
Fixed Rate Notes - Quoted			
Singapore Government Bonds 4.625% Due 1 July 2010	3,400,000	3,467,235	0.73
Zero Coupon Bond – Quoted			
Singapore Government Treasury Bill Due 14 January 2010	7,000,000	6,999,300	1.48
Singapore Government Treasury Bill Due 11 March 2010	8,000,000	7,999,200	1.69
Singapore Government Treasury Bill Due 18 March 2010	7,200,000	7,199,280	1.53
		22,197,780	4.70
Total Sovereign		25,665,015	5.43
Utilities			
Fixed Rate Notes - Quoted			
PowerSeraya Limited 3.97% Due 30 September 2010	4,500,000	4,552,425	0.96
RWE AG 2.3% Due 8 July 2010	3,000,000	3,018,000	0.64
Singapore PowerAssets Limited 3.73% Due 22 October 2010	3,000,000	3,049,125	0.65
Total Utilities		10,619,550	2.25

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Money Market Fund			
By Industry (Primary)			
Portfolio of investments		319,652,067	67.67
Other net assets		152,742,026	32.33
Net assets attributable to unitholders		472,394,093	100.00

The accompanying notes form an integral part of these financial statements

	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Money Market Fund By Industry (Summary)			
Finance	55,103,608	11.67	5.10
Food and Beverage	19,925,975	4.22	4.51
Government Agency	33,219,692	7.03	14.96
Industrial	–	–	2.19
Investment Fund	35,117,789	7.43	–
Property	126,467,538	26.77	24.15
REITs	13,532,900	2.87	3.04
Sovereign	25,665,015	5.43	11.68
Transportation	–	–	0.54
Utilities	10,619,550	2.25	–
Portfolio of investments	319,652,067	67.67	66.17
Other net assets	152,742,026	32.33	33.83
Net assets attributable to unitholders	472,394,093	100.00	100.00

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

Australia	3,513,950	0.75	–
Europe	10,016,600	2.12	–
Hong Kong	5,019,000	1.06	1.34
New Zealand	3,027,250	0.64	–
Singapore	230,091,258	48.71	53.12
South Korea	53,334,308	11.29	10.45
United Kingdom	5,516,500	1.17	1.26
United States	9,133,200	1.94	–
Portfolio of investments	319,652,067	67.67	66.17
Other net assets	152,742,026	32.33	33.83
Net assets attributable to unitholders	472,394,093	100.00	100.00

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Income Fund			
By Industry (Primary)			
Consumer Services			
Quoted Equities			
Singapore Press Holdings Limited	141,000	517,470	4.71
Convertible Bonds – Quoted			
Xinyu Hengdeli Holdings Limited Due 24 August 2012	20,000	412,173	3.75
Total Consumer Services		929,643	8.46
Energy			
Quoted Equities			
China LongYuan Power Group	100,000	181,509	1.65
Thai Oil PCL-NVDR	95,700	172,069	1.57
Total Energy		353,578	3.22
Finance			
Quoted Equities			
Bank of America Corporation	14,688	310,124	2.82
NYSE Euronext	8,244	292,073	2.66
Yuanta Financial Holding Co Limited	231,000	237,110	2.16
		839,307	7.64

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Income Fund By Industry (Primary)			
Finance (cont'd)			
Fixed Rate Notes – Quoted			
Industrial Bank of Korea 7.125% Due 23 April 2014	1,000	157,051	1.43
Kreditanst Fur Wie 6.07% Due 27 August 2010	3,000	381,025	3.47
Westpac Banking 7.03% Due 12 April 2010	5,000	634,797	5.78
		1,172,873	10.68
Floating Rate Notes – Quoted			
Industrial Bank of Korea Due 21 September 2010	3,000	417,527	3.80
Shinhan Bank Due 8 June 2010	2,000	249,138	2.27
		666,665	6.07
Preferred Shares – Quoted			
DBS Cap Fund Corporation	2,000	286,475	2.60
Oversea-Chinese Banking Corporation	2,000	303,597	2.76
		590,072	5.36
Convertible Bonds – Quoted			
PB Issuer Limited 3.3% Due 1 February 2013	3,000	402,214	3.66
		3,671,131	33.41
Total Finance			
Food and Beverage			
Quoted Equities			
Cerebos Pacific Limited	38,000	161,880	1.47
Hershey Co	6,119	306,951	2.79
Kellogg Co	2,093	156,080	1.42
		624,911	5.68
Total Food and Beverage			

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Income Fund			
By Industry (Primary)			
Industrial			
Quoted Equities			
Boardroom Limited	175,000	99,750	0.91
Singapore Airlines Limited	65,000	177,450	1.61
SMRT Corporation Limited	291,000	555,810	5.06
Total Industrial		833,010	7.58
Real Estate Investment Trusts ("REITs")			
Convertible Bonds - Quoted			
Capitamall Trust 1% Due 2 July 2013	7,500	754,469	6.87
Investment Funds - Quoted			
CDL Hospitality Trust	137,000	238,380	2.17
CPN Retail Growth Property Fund	638,000	246,867	2.24
Macquarie Countrywide Trust Units	302,398	223,042	2.03
		708,289	6.44
Fixed Rate Notes - Quoted			
GPT RE Limited 6.25% Due 7 November 2010	5,000	629,873	5.73
Total REITs		2,092,631	19.04

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Income Fund			
By Industry (Primary)			
Technology			
Quoted Equities			
Xing Lin Medical Information Technology Co Limited	16,000,000	219,836	2.00
Total Technology		219,836	2.00
Telecommunications			
Quoted Equities			
China Mobile Limited	5,000	65,806	0.60
France Telecom	14,668	515,970	4.70
Shin Corporation Public Co Limited-NVDR	190,800	220,681	2.01
Total Telecommunications		802,457	7.31
Utilities			
Quoted Equities			
Huaneng Power International Inc	220,000	173,808	1.58
Thai Tap Water Supply Public Co Limited-NVDR	2,661,400	496,990	4.52
Total Utilities		670,798	6.10
Portfolio of investments		10,197,995	92.80
Other net assets		791,765	7.20
Net assets attributable to unitholders		10,989,760	100.00

The accompanying notes form an integral part of these financial statements

	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Income Fund			
By Industry (Summary)			
Consumer Services	929,643	8.46	4.29
Energy	353,578	3.22	1.09
Finance	3,671,131	33.41	16.43
Food and Beverage	624,911	5.68	3.91
Healthcare	–	–	4.91
Industrials	833,010	7.58	7.67
Materials	–	–	1.69
Property	–	–	4.04
REITs	2,092,631	19.04	7.03
Technology	219,836	2.00	2.09
Telecommunications	802,457	7.31	16.04
Utilities	670,798	6.10	5.34
Portfolio of investments	10,197,995	92.80	74.53
Other net assets	791,765	7.20	25.47
Net assets attributable to unitholders	10,989,760	100.00	100.00

Phillip Income Fund
By Geography (Secondary)

Australia	1,487,712	13.54	0.97
China	767,491	6.98	–
Europe	896,995	8.16	10.06
Hong Kong	687,856	6.26	5.41
Japan	–	–	5.00
Malaysia	–	–	1.40
Singapore	3,095,281	28.17	29.41
South Korea	823,715	7.50	–
Taiwan	237,110	2.16	6.84
Thailand	1,136,608	10.34	12.64
United States	1,065,227	9.69	2.80
Portfolio of investments	10,197,995	92.80	74.53
Other net assets	791,765	7.20	25.47
Net assets attributable to unitholders	10,989,760	100.00	100.00

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Growth Fund			
By Industry (Primary)			
Consumer Services			
Convertible Bonds - Quoted			
Xinyu Hengdeli Holdings Limited Due 24 August 2012	20,000	412,173	2.00
Total Consumer Services		412,173	2.00
Energy			
Quoted Equities			
China LongYuan Power Group	511,000	927,514	4.50
China National Offshore Oil Corporation	100,000	220,198	1.07
Petrochina Co Limited	432,000	727,109	3.53
Total Energy		1,874,821	9.10
Finance			
Quoted Equities			
Acom Co Limited	19,490	418,401	2.03
Bank Mandiri (Persero) TBK	810,000	564,296	2.74
Bank of America Corporation	27,491	580,448	2.82
Yuanta Financial Holding Co Limited	586,000	601,499	2.92
		2,164,644	10.51
Quoted Bonds			
Industrial Bank of Korea 7.125% Due 23 April 2014	1,000	157,051	0.76
Preferred Shares – Quoted			
DBS Cap Fund Corporation	2,000	286,476	1.39
Oversea-Chinese Banking Corporation	5,000	510,000	2.47
		796,476	3.86

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Growth Fund			
By Industry (Primary)			
Finance (cont'd)			
Convertible Bonds – Quoted			
PB Issuer Limited 3.3% Due 1 February 2013	5,000	670,356	3.25
Total Finance		3,788,527	18.38
Food and Beverage			
Quoted Equities			
Astra Agro Lestari TBK	155,000	523,167	2.54
Diageo Public Limited Company	13,000	318,267	1.54
Hershey Co	11,452	574,473	2.79
Kellogg Co	6,300	469,806	2.28
Wilmar International Limited	118,000	758,740	3.68
Total Food and Beverage		2,644,453	12.83
Healthcare			
Quoted Equities			
Mindray Medi-ADR	9,000	428,002	2.08
Total Healthcare		428,002	2.08

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Growth Fund By Industry (Primary)			
Industrials			
Quoted Equities			
ABB Limited-ADR	15,000	401,673	1.95
Boardroom Limited	497,500	286,063	1.39
China Railway Construction Corporation Limited	409,500	735,138	3.57
SMRT Corporation Limited	416,000	794,560	3.85
Total Industrials		2,217,434	10.76
Materials			
Quoted Equities			
International Nickel Indonesia TBK	556,000	300,347	1.46
WTK Holdings Bhd	640,100	277,539	1.35
Total Materials		557,886	2.81
Property			
Quoted Equities			
Japan Land Limited	965,800	270,424	1.31
Multi-Purpose Holdings Bhd	414,000	316,674	1.53
Total Property		587,098	2.84

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Growth Fund			
By Industry (Primary)			
Real Estate Investment Trusts (“REITs”)			
Convertible Bonds – Quoted			
CapitaMall Trust 1% Due 2 July 2013	7,500	754,468	3.66
Quoted Investment Funds			
CDL Hospitality Trust	258,000	448,920	2.18
Macquarie Countrywide Trust Units	411,190	303,285	1.47
		<u>752,205</u>	<u>3.65</u>
Total REITs		<u>1,506,673</u>	<u>7.31</u>
Technology			
Quoted Equities			
AAC Acoustic Technologies Holdings Inc	446,000	1,024,011	4.97
CSE Global Limited	617,000	530,620	2.57
Dell Inc	22,900	460,397	2.23
Mediatek Inc	33,000	804,570	3.90
Taiwan Semiconductor Manufacturing Co Limited	2	5	0.00
Xing Lin Medical Information Technology Co Limited	44,800,000	615,542	2.99
Total Technology		<u>3,435,145</u>	<u>16.66</u>
Telecommunications			
Quoted Equities			
France Telecom	17,500	615,589	2.99
Total Access-NVDR	297,850	447,846	2.17
Total Telecommunications		<u>1,063,435</u>	<u>5.16</u>

The accompanying notes form an integral part of these financial statements

	Holdings as at 31/12/2009	Fair value as at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
Phillip Growth Fund By Industry (Primary)			
Utilities			
Quoted Equities			
Huaneng Power International Inc	294,000	232,271	1.13
Total Utilities		232,271	1.13
Portfolio of investments		18,767,918	91.06
Other net assets		1,842,884	8.94
Net assets attributable to unitholders		20,610,802	100.00

The accompanying notes form an integral part of these financial statements

	Fair value As at 31/12/2009 S\$	Percentage of total net assets attributable to unitholders as at 31/12/2009 %	Percentage of total net assets attributable to unitholders as at 31/12/2008 %
Phillip Growth Fund			
By Industry (Summary)			
Consumer Services	412,173	2.00	2.89
Energy	1,874,821	9.10	7.40
Finance	3,788,527	18.38	18.17
Food and Beverage	2,644,453	12.83	3.67
Healthcare	428,002	2.08	3.73
Industrials	2,217,434	10.76	8.32
Materials	577,886	2.81	1.65
Property	587,098	2.84	3.19
REITs	1,506,673	7.31	5.19
Technology	3,435,145	16.66	3.27
Telecommunications	1,063,435	5.16	14.19
Utilities	232,271	1.13	5.27
Portfolio of investments	18,767,918	91.06	76.94
Other net assets	1,842,884	8.94	23.06
Net assets attributable to unitholders	20,610,802	100.00	100.00
Phillip Growth Fund			
By Geography (Secondary)			
Australia	303,285	1.47	0.86
China	4,074,044	19.77	-
Europe	1,017,262	4.94	7.44
Hong Kong	1,284,660	6.23	14.97
Indonesia	1,387,810	6.74	-
Japan	418,401	2.03	6.20
Malaysia	594,213	2.87	1.42
Singapore	3,904,875	18.95	22.85
South Korea	157,051	0.76	-
Taiwan	1,406,075	6.82	7.28
Thailand	447,846	2.17	10.71
United Kingdom	1,687,272	8.19	1.46
United States	2,085,124	10.12	3.75
Portfolio of investments	18,767,918	91.06	76.94
Other net assets	1,842,884	8.94	23.06
Net assets attributable to unitholders	20,610,802	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, a Seventh Amending and Restated Deed dated 20 February 2008 and a Eighth Amending and Restated Deed dated 20 February 2009 (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	
	2009	2008	2009	2008	2009	2008
	S\$	S\$	S\$	S\$	S\$	S\$
Amount receivable for creation of units	195,146	48,369	–	–	–	–
Sales awaiting settlement	–	–	176,805	–	1,525,802	–
Rebate receivable	29,621	–	–	–	–	–
Accrued interest receivable	2,307,201	2,091,866	41,600	2,500	20,196	2,500
Dividends receivable	6,566	–	11,438	3,135	15,553	4,966
	<u>2,538,534</u>	<u>2,140,235</u>	<u>229,843</u>	<u>5,635</u>	<u>1,561,551</u>	<u>7,466</u>

4 Cash and bank balances

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2009	2008	2009	2008	2009	2008
	S\$	S\$	S\$	S\$	S\$	S\$
Term deposits	143,194,613	118,080,290	–	–	–	–
Cash and bank balances	7,394,508	6,765,377	604,084	2,659,863	1,179,971	3,469,484
Amount held with brokers	–	–	5,725	273,462	75	652,767
	<u>150,589,121</u>	<u>124,845,667</u>	<u>609,809</u>	<u>2,933,325</u>	<u>1,180,046</u>	<u>4,122,251</u>

5 Payables

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2009	2008	2009	2008	2009	2008
	S\$	S\$	S\$	S\$	S\$	S\$
Payable to unitholders for cancellation of units	82,993	41,839	–	–	2,295	6
Accrued expenses	302,636	267,127	47,887	47,060	63,149	57,276
	<u>385,629</u>	<u>308,966</u>	<u>47,887</u>	<u>47,060</u>	<u>65,444</u>	<u>57,282</u>

6 Net assets attributable to unitholders

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2009	2008	2009	2008	2009	2008
	S\$	S\$	S\$	S\$	S\$	S\$
At beginning of the financial year	<u>374,424,364</u>	<u>374,395,846</u>	<u>11,355,950</u>	<u>20,780,575</u>	<u>17,663,807</u>	<u>28,699,119</u>
Operations						
Changes in net assets attributable to unitholders resulting from operations	7,585,663	3,218,051	1,718,417	(7,276,194)	4,497,715	(10,904,438)

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		2009 S\$	2008 S\$	2009 S\$	2008 S\$	2009 S\$	2008 S\$
Unitholders' contributions/ (withdrawals)							
Creation of units		2,578,790,908	1,977,166,931	5,500	10,968	338,715	3,692,097
Cancellation of units		(2,488,406,842)	(1,980,356,464)	(2,090,107)	(2,159,399)	(1,889,435)	(3,822,971)
Change in net assets attributable to unitholders resulting from net creation and cancellations of units		90,384,066	(3,189,533)	(2,084,607)	(2,148,431)	(1,550,720)	(130,874)
Total increase/(decrease) in net assets attributable to unitholders		97,969,729	28,518	(366,190)	(9,424,625)	2,946,995	(11,035,312)
At end of the financial year		472,394,093	374,424,364	10,989,760	11,355,950	20,610,802	17,663,807
Units in issue (units)	7	416,888,489	336,314,355	10,461,427	12,777,402	14,708,033	16,010,796
Net assets attributable to unitholders per unit		1.1331	1.1133	1.0505	0.8888	1.4013	1.1032

7 Units in issue

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	2009	2008	2009	2008	2009	2008
At beginning of the year	336,314,355	338,674,029	12,777,402	14,730,392	16,010,796	16,505,612
Units created	2,289,047,547	1,776,165,260	5,562	9,390	265,794	2,371,569
Units cancelled	(2,208,473,413)	(1,778,524,934)	(2,321,537)	(1,962,380)	(1,568,557)	(2,866,385)
At end of the year	<u>416,888,489</u>	<u>336,314,355</u>	<u>10,461,427</u>	<u>12,777,402</u>	<u>14,708,033</u>	<u>16,010,796</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	
	2009	2008	2009	2008	2009	2008
	S\$	S\$	S\$	S\$	S\$	S\$
Brokerage fee paid to:						
- related party of the fund manager	-	-	-	2,186	31	8,453
Interest income received from:						
- related party of the fund manager	-	-	-	2,416	-	3,181
- related party of the trustee	7,817	15,832	1,214	4,509	496	7,903

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	
	2009	2008	2009	2008	2009	2008
	S\$	S\$	S\$	S\$	S\$	S\$
Singapore income tax	-	-	325	1,900	-	-
Overseas income tax	-	-	26,337	51,490	50,250	68,900
Total income tax	-	-	26,662	53,390	50,250	68,900

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 2009 and 2008, 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	
	2009	2008	2009	2008
	S\$	S\$	S\$	S\$
Australian dollars	2,117,875	110,580	303,285	151,912
Chinese yuan	412,173	–	412,173	–
Euro	515,969	1,033,371	615,589	1,166,894
Great Britain pound	–	–	318,268	–
Hong Kong dollars	640,960	614,655	4,481,782	2,645,306
Indonesian rupiah	–	–	1,387,810	–
Japanese yen	–	568,062	418,401	1,094,658
Ringgit Malaysia	–	158,862	594,213	251,598
Taiwan dollar	237,110	776,348	1,406,075	1,285,385
Thai Baht	1,136,608	1,435,841	447,846	1,891,710
US dollars	2,632,093	427,017	4,028,681	809,098
Others	–	–	–	257,865

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

	Phillip Income Fund		Phillip Growth Fund	
	2009	2008	2009	2008
	S\$	S\$	S\$	S\$
Australian dollars	45,055	–	11,401	–
Euro	–	8,009	516	–
Great Britain pound	–	2,928	7,651	7,806
Hong Kong dollars	107,811	1,224,820	6,701	1,439,930
Japanese yen	71,638	359,688	250,212	982,490
Korean Won	–	–	358	–
Ringgit Malaysia	4,488	4,543	–	–
Switzerland Franc	–	–	27	–
Taiwan dollars	13,261	–	131,114	–
Thai Baht	19	212,711	15,925	28,793
US dollars	125,245	868,618	249,858	1,123,024
Others	–	20,576	–	11,497

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 2009 and 2008, the fair values of assets and liabilities approximate their carrying values on the balance sheets.

11 Financial ratios

	Phillip Money		Phillip Income Fund		Phillip Growth Fund	
	Market Fund					
	2009	2008	2009	2008	2009	2008
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Expense ratios (Note 1)						
Without performance fee	0.55	0.59	2.51	2.12	2.12	1.98
With performance fee	0.55	0.59	2.51	2.12	2.12	1.98
Turnover ratios	119.39	80.46	174.78	118.07	205.08	125.48

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\$
2009			
Net assets	472,394,093	472,037,774	356,319
Net Asset Value Per Unit	<u>1.1331</u>	<u>1.1323</u>	<u>0.0009</u>
2008			
Net assets	374,424,364	376,844,701	2,420,337
Net Asset Value Per Unit	<u>1.1133</u>	<u>1.1205</u>	<u>0.0072</u>