



## **Phillip Investment Funds**

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

### **Semi-Annual Report**

For the 6-month period ending 30 June 2008

## **Phillip Investment Funds**

### **MANAGERS**

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## **CONTENTS**

## **Page**

MANAGER'S INVESTMENT REPORT

1-20

FINANCIAL STATEMENTS

Statement of Total Return

21-22

Balance Sheet

23

Portfolio Statement

24-41

Notes to the Financial Statements

42-53

## **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 Fund generated a net return of 0.74% and 1.75% for the 6-month and 1-year period respectively. These returns have outperformed the corresponding 1-month SGD Interbank Bid rate return of 0.54% and 1.65% respectively. The Fund has no investments in Collateralised Debt Obligations ("CDO") and US sub-prime mortgages.

The Singapore economy rebounded in Q1 2008 to 6.7%, following a contraction in Q4 2007. Growth was led by a recovery in manufacturing, while services remained firm and construction activity retracted.

A slowdown in the US, Asia's largest export market, has hurt demand for goods export from Asia. Consumer price index has risen an average 7.1% in the first half this year, the biggest gain since 1981. That is more than three times the 2.1% average last year. Bank lending growth was up 21% in May 2008 – the second strongest since at least the beginning of 1992 as interest rates across the maturity spectrum are low in nominal terms, and negative in real terms. The SGD strengthened 5.9% this year at a faster pace against US\$ which will help to moderate inflation going forward.

### **OUTLOOK**

Based on preliminary estimates from the General Household survey conducted by the Department of Statistic, the seasonally adjusted unemployment rate rose to 2.3% in 2Q08, against 2.0% in 1Q08. The preliminary 3Q 08 GDP number will be important for the Central Bank's October 2008 policy meeting.

We will continue to maintain a short-duration strategy in order to maintain a consistency of returns and capital preservation as short-end credit spread still appear attractive compared to the long end from a risk-reward perspective. As part of our investment and risk management process, we continue to monitor and invest prudently in the best interests of our clients.

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

### a) I Investment Classified by Geography

	<b>Fair Value 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2008 %</b>
<b>By Geography</b>		
<b>Quoted</b>		
Hong Kong	4,939,500	1.15
Singapore	206,459,702	48.16
South Korea	38,944,000	9.08
United States	753,563	0.18
<b>Portfolio of investments</b>	251,096,765	58.57
<b>Other net assets/liabilities</b>	177,612,391	41.43
<b>Net assets attributable to unitholders</b>	428,709,156	100.00

### a) II Investment Classified by Industry

	<b>Fair Value 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2008 %</b>
<b>By Industry (Summary)</b>		
Banks	41,254,350	9.62
Commercial Services	4,995,000	1.17
Diversified Financial Services	47,425,750	11.06
Engineering and Construction	1,079,931	0.25
Food	5,958,400	1.39
Lodging	36,806,463	8.59
Oil and Gas Services	2,748,950	0.64
Real Estate	75,432,884	17.60
REITS	5,257,538	1.23
Shipbuilding	5,007,500	1.17
Sovereign	25,130,000	5.86
<b>Portfolio of investments</b>	251,096,765	58.57
<b>Other net assets/liabilities</b>	177,612,391	41.43
<b>Net assets attributable to unitholders</b>	428,709,156	100.00

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

a) <b>III Asset Class</b>	<b>Fair Value 30/06/2008 S\$</b>	<b>Percentage of total net assets %</b>
Fixed Income Securities	251,096,765	58.57
Term Deposits	176,282,488	41.12
Cash & bank balances	2,074,760	0.48
Other Net Current Assets/(Liabilities)	(744,857)	(0.17)
	428,709,156	100.00

a) <b>IV Credit Rating of Debt Securities</b>	<b>Fair Value 30/06/2008 S\$</b>	<b>Percentage of total net assets %</b>
Unrated	166,687,527	38.88
A-	27,239,525	6.35
A	23,958,800	5.59
A+	5,017,000	1.17
AA-	9,804,600	2.29
AA	7,442,750	1.74
AAA	10,946,563	2.55
	251,096,765	58.57

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

	<b>Fair Value 30/06/2008 S\$</b>	<b>Percentage of total net assets %</b>
Fixed Rate Notes	181,884,900	42.43
Floating Rate Notes	29,188,525	6.81
Government/Statutory Board	37,520,090	8.75
Certificate of Deposit	2,503,250	0.58
	251,096,765	58.57

<b>Maturity Profile of Fixed Income Securities</b>	<b>Fair Value 30/06/2008 S\$</b>	<b>Percentage of total net assets %</b>
Up to 30 Days	25,752,725	6.01
31 to 60 Days	2,003,000	0.47
61 to 90 Days	12,279,650	2.86
91 to 180 Days	65,775,000	15.34
181 to 365 Days	112,036,734	26.13
366 Days to 732 Days	33,249,656	7.76
	251,096,765	58.57

**b) Top Ten Holdings**

**10 Largest Holdings as at 30 June 2008**

	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Capitaland Commercial 4.26% Due 10 November 2008	13,104,325	3.06
City Developments Ltd 2.30% Due 20 February 2009	11,004,400	2.57
Singapore Government 4.375% Due 15 January 2009	10,193,000	2.38
F & N Treasury Pte Ltd 3.065% Due 10 September 2008	10,028,000	2.34
Korea Development Bank 1.925% Due 03 April 2009	9,982,000	2.33
HSBC/Singapore 3.18% Due 24 November 2008	9,804,600	2.29
Ascott Capital Pte Ltd 2.725% Due 02 June 2009	9,770,475	2.28
CMT MTN Pte Ltd 2.8% Due 08 May 2009	7,729,075	1.80
F & N Treasury 2.43% Due 21 May 2009	7,271,750	1.70
Hotel Properties Ltd Float Due 11 July 2008	7,250,725	1.69
	96,138,350	22.44

**10 Largest Holdings as at 30 June 2007**

	<b>Fair Value 30/06/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Standard Chartered Bank 2.35% Due 7 February 2008	21,443,383	5.88
Singapore Power Limited 4.6% Due 21 September 2007	11,800,525	3.24
Housing & Development Board 3.52% Due 13 February 2008	10,404,855	2.85
Capitaland Commercial 4.26% Due 10 November 2008	7,876,067	2.16
Fraser & Neave Ltd 3.26% Due 09 September 2007	6,256,563	1.72
Olam Intl Ltd 4.19% Due 01 February 2008	6,029,700	1.65
Keppel Land Ltd 2.83659% Due 20 May 2008	5,747,125	1.58
Savu Investments Ltd VRN Due 10 July 2010	5,038,750	1.38
Olam Intl Ltd 4.215% Due 22 February 2008	5,028,500	1.38
Shinhan Bank 3.615% Due 26 February 2008	5,024,000	1.38
	84,649,468	23.22

- c) (i) Exposure to Derivatives as at 30 June 2008.  
Nil.
- c) (ii) Gain/Loss on derivative contracts realised for the period from 1 January 2008 to 30 June 2008.  
Nil.
- c) (iii) Net gain/losses on outstanding derivative contracts marked to market as at 30 June 2008.  
Nil.

d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2008.  
Nil

e) Amount and percentage of borrowings of total fund size as at 30 June 2008.  
Nil

f) Amount of redemptions and subscriptions for the period 1 January 2008 to 30 June 2008.

Total amount of redemptions S\$ 1,005,350,507  
Total amount of subscriptions S\$ 1,056,661,902

g) Amount of Related-Party Transactions (for the period 1 January 2008 to 30 June 2008)

Interest income earned from a related company of the Trustee S\$ 35,381

h) Performance of the Fund

	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>3 year*</b>	<b>5 year*</b>	<b>Inception* (on 16 Apr 2001)</b>
The Fund	0.29%	0.74%	1.75%	6.59%	8.14%	11.45%

Note: \* Cumulative returns are in Singapore dollars based on a bid to bid basis, with net dividends reinvested.  
Source: Bloomberg as at 30 June 2008.

i) Expense Ratios	30 June 2008	30 June 2007
Without performance fee	0.59%	0.61%
With performance fee	0.59%	0.61%

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

j) Turnover Ratios	30 June 2008	30 June 2007
	84.26%	74.30%

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 30 June 2008 and 30 June 2007.

Not applicable.

(ii) Expense ratios for the period 30 June 2008 and 30 June 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 30 June 2008 and 30 June 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 -15.21% (on a bid-to-bid basis) for the 6-month period ending 30 June 2008. Since its inception on 16 April 2001, the Fund was up by 26.92%. The Fund's NAV closed at SGD1.2014 on 30 June 08.

For the period, the Fund continued to overweight equities versus bonds. While equities underperformed other asset classes due to negative absolute performance, bonds did not provide overwhelmingly favourable rates. Most of Asian credit markets experience negative real-rates as Asian Central Banks are uniformly behind the inflation curve. Despite unattractive rates, we will shift portion of the portfolio towards bonds, to mediate the effect of increased volatility within equity markets.

Our bond portfolios were not materially affected by the troubles in US sub prime even as global and regional financial institutions continue to write-off their structured mortgage-backed instruments. The discipline of selecting plain-vanilla instruments with conservative yields have paid off in insulating our portfolios from catastrophic loss.

By the second half of 2007 Asian markets were down approximately 17% when the second-tier effects of subprime surfaced. The implosion of Bear Stearns and the losses suffered by Country Wide Financial acted as major negative catalysts for US equity markets, which in turn translated into Asian equity weakness. Even though global equity markets began to correct, the price to earnings ratios for Asia continued to exceed US PEs. This PE premium had previously occurred during three quick episodes over the last 20 years, with each window lasting under 3 months. At the beginning of 2008, this valuation premium neutralized, and subsequently turned into a discount, reverting back to its long-term status.

During the 1<sup>st</sup> quarter 2008, the correction in global equity prices which produced the Asia-US PE normalization was accompanied by extraordinary volatility in markets. The *raison d'être* of contemporary macroeconomic strategy began to appear questionable. In particular, the decoupling thesis, which was expounded by some investment banks, appeared less credible because global markets corrected all at once. In March, a price study we conducted showed that in 21 of the previous 22 market corrections, Asian prices followed US prices lower; So, even though export decoupling was a reality due to Euro-zone diversification, equity price decoupling simply was not happening. A further indication of "non-decoupling" was the congruence of worst-performing sectors in Asia and the US.

The equity sectors hit the hardest in the US were the consumer retailers, the financials, and the housing companies. In Asia the worst performers were the US-exporters, OEM manufacturers, and the financials. The market had seemed to efficiently price in future weakness for all things connected to US spending. Additionally, oil prices and inflation rates staged large moves upwards during the second half, pressuring both the demand and supply side of the equation. Food & fuel

inflation for instance, leads to an immediate shrinkage of purchasing power amongst consumers, causing a reduction in discretionary and luxury-item purchases. Raw material and wage inflation increases production costs of Chinese manufacturers, reducing margins. The confluence of inflationary pressures indicates that global growth rates will likely slow in 2H2008 before stabilizing in 2009. The IMF confirms the impending slowdown with forecasted growth at 5% in 07', to 4.1% in 08', and 3.9% in 09'.

At this writing, the street consensus are for US rates to rise in second half 08', reinforced by the notion that rates are too low again, just a few years after Greenspan's near-zero expedition. However the argument for lower/stable rates in future is also a strong one; since economic growth is slowing in a big way. The likely outcome for both US and Asian rates, are for nominal rates to rise and for real rates to remain negative, as regulators attempt to avoid a growth shock. Due to negative real rates and an inflationary environment, bonds are unlikely to emerge as clear winners. Furthermore, US earnings-yield / bond-yield is about 1.9x and Asia-ex Japan PEs have dropped to 11.5x, well below long term average levels, making equities comparatively attractive albeit their habit for volatility.

Despite the weak sentiment in equity markets, value investment opportunities have emerged, especially those sectors at the distressed level; for instance, U.S. Financials and some real estate investment trust, etc. We will continue to adopt a disciplined investment approach to capture these golden opportunities.

We will continue to focus on defensive equities possessing sustainable dividend yields and cash flows. We remain positive on companies holding "hard assets" that will benefit from the rising inflation. Another strategy we have been focusing on and will continue to do so is to actively write options on fundamentally strong companies to benefit from the market volatility.

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

### a) I Investment Classified by Geography

	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2008</b>
<b>By Geography (Summary)</b>	<b>S\$</b>	<b>%</b>
Australia	779,030	4.44
Europe	1,042,510	5.94
United Kingdom	181,001	1.03
Hong Kong	1,012,664	5.77
Indonesia	1,689,787	9.62
Japan	1,336,525	7.61
Malaysia	991,476	5.65
Singapore	4,133,440	23.54
Taiwan	1,386,746	7.90
Thailand	2,905,034	16.54
United States	117,475	0.67
<b>Portfolio of investments</b>	<b>15,575,688</b>	<b>88.71</b>
<b>Other net assets/liabilities</b>	<b>1,984,122</b>	<b>11.29</b>
<b>Net assets attributable to unitholders</b>	<b>17,559,810</b>	<b>100.00</b>

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

a) **II Investment Classified by Industry**

	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2008</b>
<b>By Industry (Summary)</b>	<b>S\$</b>	<b>%</b>
Basic Materials	1,329,192	7.57
Communications	2,326,592	13.26
Consumer, Cyclical	1,046,416	5.96
Consumer, Non-cyclical	1,541,878	8.78
Energy	1,307,860	7.45
Financial	4,704,770	26.79
Funds	501,117	2.85
Industrial	1,907,350	10.86
Technology	175,257	1.00
Utilities	769,375	4.38
Index Futures	(34,120)	(0.19)
<b>Portfolio of investments</b>	<b>15,575,688</b>	<b>88.71</b>
<b>Other net assets/liabilities</b>	<b>1,984,122</b>	<b>11.29</b>
<b>Net assets attributable to unitholders</b>	<b>17,559,810</b>	<b>100.00</b>

a) **III Asset Class**

	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Equity	15,609,807	88.90
Index Futures	(34,120)	(0.19)
Cash & other bank balances	2,195,781	12.50
Other Net Current Assets/(Liabilities)	(211,658)	(1.21)
	<b>17,559,810</b>	<b>100.00</b>

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

Not Applicable

**b) Top Ten Holdings**

<b><u>10 Largest Holdings as at 30 June 2008</u></b>	<b>Fair Value 30/06/2008 S\$</b>	<b>Percentage of total net assets %</b>
Oversea Chinese Banking Corporation 5.1% Preference Share	700,000	3.99
Total Access Communication-NVDR	596,162	3.40
Sanofi Synthelabo	553,175	3.15
Hang Seng H-Share	501,117	2.85
Deutsche Telekom NPV	489,335	2.79
Chang Hwa Commercial Bank	474,959	2.70
SMRT Corp Ltd	447,700	2.55
Osaka Securities Exchange Co	443,963	2.53
Thai Tap Water Supply	442,576	2.52
United Tractors TBK	427,062	2.43
	<b>5,076,049</b>	<b>28.91</b>

  

<b><u>10 Largest Holdings as at 30 June 2007</u></b>	<b>Fair Value 30/06/2007 S\$</b>	<b>Percentage of total net assets %</b>
Sanofi Synthelabo	751,724	3.55
Toyota MTR Credit Toyota 4.94% Due 22 September 2008	636,306	3.00
Deutsche Telekom NPV	616,772	2.91
European Aeronautic Defence	554,703	2.62
PTT PCL	549,559	2.59
Millennium & Copthorne 3.07% Due 07 May 2010	496,500	2.34
Bangkok Bank Public Co-NVDR	457,097	2.16
Singapore Airlines Ltd	448,800	2.12
Singapore Petroleum Co Ltd	448,500	2.12
Ta Enterprise Berhad	422,945	2.00
	<b>5,382,906</b>	<b>25.41</b>

- c) (i) Exposure to derivatives as at 30 June 2008:  
The market value of derivative was S\$417,295 or 2.4% of the portfolio. The exposure is calculated by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.
- c) (ii) Gains on derivative contracts realized for the period from 1 January 2008 to 30 June 2008.  
S\$33,782
- c) (iii) Net losses on outstanding derivative contracts marked to market as at 30 June 2008.  
S\$34,120

d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2008.  
Nil

e) Amount and percentage of borrowings of total fund size as at 30 June 2008.  
Nil

f) Amount of redemptions and subscriptions for the period 1 January 2008 to 30 June 2008.  
Total amount of redemptions S\$ 97,333  
Total amount of subscriptions S\$ 6,743

g) Amount of Related-Party Transactions (for the period 1 January 2008 to 30 June 2008)

Interest income earned from a related company of the Trustee S\$4,432  
Brokerage paid to a related company of the Manager S\$9,095

h) Performance of the Fund

	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>3 year*</b>	<b>5 year*</b>	<b>Inception* (on 16 Apr 2001)</b>
The Fund	-4.88%	-15.21%	-19.58%	1.40%	21.34%	26.86%
Benchmark	-2.36%	-5.33%	-5.72%	6.35%	22.51%	25.27%

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

Source: Bloomberg as at 30 June 2008

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	30 June 2008	30 June 2007
Without performance fee	1.98%	2.09%
With performance fee	2.05%	4.02%

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

j) Turnover Ratios	30 June 2008	30 June 2007
	147.26%	114.18%

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 30 June 2008 and 30 June 2007.

Not applicable.

(ii) Expense ratios for the period 30 June 2008 and 30 June 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 30 June 2008 and 30 June 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 -14.62% (on a bid-to-bid basis) for the 6-month period ending 30 June 2008. Since its inception on 16 April 2001, the Fund was up by 57.51%. The Fund's NAV closed at SGD 1.4910 on 30 June.

During the second half of 2007 Asian markets were down approximately 17% when the second-tier effects of subprime surfaced. The implosion of Bear Stearns and the losses suffered by Country Wide Financial acted as major negative catalysts for US equity markets, which in turn translated into Asian equity weakness. Even though global equity markets began to correct, the price to earnings ratios for Asia continued to exceed US PEs. This PE premium had previously occurred during three quick episodes over the last 20 years, with each window lasting under 3 months. At the beginning of 2008, this valuation premium neutralized, and subsequently turned into a discount, reverting back to its long-term status.

During the 1<sup>st</sup> quarter 2008, the correction in global equity prices which produced the Asia-US PE normalization was accompanied by extraordinary volatility in markets. The *raison d'être* of contemporary macroeconomic strategy began to appear questionable. In particular, the decoupling thesis, which was expounded by some investment banks, appeared less credible because global markets corrected all at once. In March, a price study we conducted showed that in 21 of the previous 22 market corrections, Asian prices followed US prices lower; So, even though export decoupling was a reality due to Euro-zone diversification, equity price decoupling simply was not happening. A further indication of "non-decoupling" was the congruence of worst-performing sectors in Asia and the US.

The equity sectors hit the hardest in the US were the consumer retailers, the financials, and the housing companies. In Asia the worst performers were the US-exporters, OEM manufacturers, and the financials. The market had seemed to efficiently price in future weakness for all things connected to US spending. Additionally, oil prices and inflation rates staged large moves upwards during the second half, pressuring both the demand and supply side of the equation. Food & fuel inflation for instance, leads to an immediate shrinkage of purchasing power amongst consumers, causing a reduction in discretionary and luxury-item purchases. Raw material and wage inflation increases production costs of Chinese manufacturers, reducing margins. The confluence of inflationary pressures indicates that global growth rates will likely slow in 2H2008 before stabilizing in 2009. The IMF confirms the impending slowdown with forecasted growth at 5% in 07', to 4.1% in 08', and 3.9% in 09'.

At this writing, the street consensus are for US rates to rise in second half 08', reinforced by the notion that rates are too low again, just a few years after Greenspan's near-zero expedition. However the argument for lower/stable rates in future is also a strong one; since economic growth

is slowing in a big way. The likely outcome for both US and Asian rates, are for nominal rates to rise and for real rates to remain negative, as regulators attempt to avoid a growth shock. Due to negative real rates and an inflationary environment, bonds are unlikely to emerge as clear winners. Furthermore, US earnings-yield / bond-yield is about 1.9x and Asia-ex Japan PEs have dropped to 11.5x, well below long term average levels, making equities comparatively attractive albeit their habit for volatility.

Despite the weak sentiment in equity markets, value investment opportunities have emerged, especially those sectors at the distressed level; for instance, U.S. Financials and some real estate investment trust, etc. We will continue to adopt a disciplined investment approach to capture these golden opportunities.

We will continue to focus on defensive equities possessing sustainable dividend yields and cash flow to mitigate the risks. We remain positive on companies holding “hard assets” that will benefit from the rising inflation. Another strategy we have been focusing on and will continue to do so is to actively write options on fundamentally strong companies to benefit from the market volatility.

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

### a) I Investment Classified by Geography

	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2008</b>
<b>By Geography (Summary)</b>	<b>S\$</b>	<b>%</b>
Australia	1,139,940	4.37
Europe	1,176,160	4.51
Hong Kong	1,218,405	4.68
Indonesia	2,334,228	8.96
Japan	2,582,907	9.91
Malaysia	1,182,619	4.54
Singapore	5,099,788	19.57
South Korea	555,421	2.13
Taiwan	2,350,905	9.02
Thailand	3,580,845	13.74
United Kingdom	558,006	2.14
United States	381,575	1.46
<b>Portfolio of investments</b>	<b>22,160,799</b>	<b>85.04</b>
<b>Other net assets/liabilities</b>	<b>3,898,282</b>	<b>14.96</b>
<b>Net assets attributable to unitholders</b>	<b>26,059,081</b>	<b>100.00</b>

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

a) **II Investment Classified by Industry**

	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2008</b>
<b>By Industry (Summary)</b>	<b>S\$</b>	<b>%</b>
Basic materials	2,431,349	9.33
Communications	2,999,924	11.51
Consumer, Cyclical	1,267,901	4.87
Consumer, Non-cyclical	2,278,087	8.74
Energy	1,951,034	7.49
Financial	6,351,228	24.37
Funds	670,917	2.57
Industrial	2,719,993	10.44
Technology	379,727	1.46
Utilities	1,165,230	4.47
Index Futures	(54,591)	(0.21)
<b>Portfolio of investments</b>	<b>22,160,799</b>	<b>85.04</b>
<b>Other net assets</b>	<b>3,898,282</b>	<b>14.96</b>
<b>Net assets attributable to unitholders</b>	<b>26,059,081</b>	<b>100.00</b>

a) **III Asset Class**

	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Equity	22,215,390	85.25
Index Futures	(54,591)	(0.21)
Cash & other bank balances	3,793,021	14.56
Other Net Current Assets/(Liabilities)	105,261	0.40
	<b>26,059,081</b>	<b>100.00</b>

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

Not Applicable

**b) Top Ten Holdings**

<b><u>10 Largest Holdings as at 30 June 2008</u></b>	<b>Fair Value 30/06/2008</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Total Access Communication-NVDR	1,015,919	3.90
Hang Seng H-share	670,917	2.57
Osaka Securities Exchange Co	663,062	2.54
Thai Tap Water Supply	654,510	2.51
Sanofi Synthelabo	653,288	2.51
Chang Hwa Commercial Bank	640,372	2.45
IOI Corporation Bhd	635,253	2.44
United Tractors TBK	618,750	2.37
PTT PCL	606,133	2.33
BHP Ltd ORD	582,801	2.24
	<b>6,741,005</b>	<b>25.86</b>

<b><u>10 Largest Holdings as at 30 June 2007</u></b>	<b>Fair Value 30/06/2007</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Toyota Motor Credit Corporate 4.94% Due 22 September 2008	1,527,134	4.20
Japan Land Ltd	1,300,695	3.58
PTT PCL	940,240	2.59
Mitsubishi UFJ Financial GRO NPV	904,668	2.49
National Australia Bank 5.75% Due 15 September 2008	900,660	2.48
Sanofi Synthelabo	887,770	2.44
Singapore Airlines Ltd	822,800	2.27
Singapore Petroleum Co Ltd	759,000	2.09
Ultrashort Dow30 Proshares Ultrashort Do	739,195	2.03
TA Enterprise Berhad	727,402	2.00
	<b>9,509,564</b>	<b>26.17</b>

- c) (i) Exposure to derivatives as at 30 June 2008:  
The market value of derivative was S\$667,672 or 2.6% of the portfolio. The exposure is calculated by converting the derivative positions into equivalents positions in the underlying assets embedded in those derivatives.
- c) (ii) Gain on derivative contracts realized for the period from 01 January 2008 to 30 June 2008.  
S\$44,506
- c) (iii) Net losses on outstanding derivative contracts marked to market as at 30 June 2008.  
S\$54,591

- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2008  
Nil
- e) Amount and percentage of borrowings of total fund size as at 30 June 2008  
Nil
- f) Amount of redemptions and subscriptions for the period 01 January 2008 to 30 June 2008.  
Total amount of redemptions S\$ 1,958,513  
Total amount of subscriptions S\$ 3,451,524
- g) Amount of Related-Party Transactions (for the period 1 January 2008 to 30 June 2008)
- |  |           |
|--|-----------|
| Interest income earned from a related company of the Trustee | S\$6,682  |
| Brokerage paid to a related company of the Managers          | S\$11,570 |

h) Performance of the Fund

	3 months	6 months	1 year	3 year *	5 year *	Inception * (on 16 Apr 2001)
The Fund	-3.92%	-14.62%	-20.94%	5.05%	50.05%	57.44%
Benchmark	-3.72%	-12.77%	-14.60%	7.72%	41.68%	30.74%

Note: \* Cumulative returns are in Singapore dollars based on a bid to bid basis, with net dividends reinvested.  
Source: Bloomberg as at 30 June 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	30 June 2008	30 June 2007
Without performance fee	1.88%	1.95%
With performance fee	1.94%	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. The "expenses" used in the calculation 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.

j) Turnover Ratios	30 June 2008	30 June 2007
	140.87%	130.01%

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 30 June 2008 and 30 June 2007.

Not applicable.

(ii) Expense ratios for the period 30 June 2008 and 30 June 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 30 June 2008 and 30 June 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.

**Statement of Total Return**  
**For the six-months ended 30 June 2008 (unaudited)**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>Financial Period from 01/01/2008 to 30/06/2008</b>	<b>Financial Period from 01/01/2007 to 30/06/2007</b>	<b>Financial Period from 01/01/2008 to 30/06/2008</b>	<b>Financial Period from 01/01/2007 to 30/06/2007</b>	<b>Financial Period from 01/01/2008 to 30/06/2008</b>	<b>Financial Period from 01/01/2007 to 30/06/2007</b>
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Income</b>						
Dividends	–	–	312,012	293,531	353,170	445,916
Interest	4,432,339	3,901,389	6,011	63,401	7,716	96,160
	<u>4,432,339</u>	<u>3,901,389</u>	<u>318,023</u>	<u>356,932</u>	<u>360,886</u>	<u>542,076</u>
Less:						
<b>Expenses</b>						
Management fees	1,089,162	695,268	152,515	168,875	209,964	287,760
Trustees' fees	64,709	43,279	4,511	5,669	6,110	9,592
Custodian fees	19,382	14,117	10,184	20,875	10,661	24,543
Audit fees	3,337	13,396	6,971	3,430	5,484	5,591
Performance fees	–	–	–	278,115	–	346,321
Other	30,988	24,505	21,975	19,678	23,539	18,702
	<u>1,207,578</u>	<u>790,565</u>	<u>196,156</u>	<u>496,642</u>	<u>255,758</u>	<u>692,509</u>
<b>Net income/(loss)</b>	<u>3,224,761</u>	<u>3,110,824</u>	<u>121,867</u>	<u>(139,710)</u>	<u>105,128</u>	<u>(150,433)</u>

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

Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	Financial Period from 01/01/2008 to 30/06/2008  S\$	Financial Period from 01/01/2007 to 30/06/2007  S\$	Financial Period from 01/01/2008 to 30/06/2008  S\$	Financial Period from 01/01/2007 to 30/06/2007  S\$	Financial Period from 01/01/2008 to 30/06/2008  S\$	Financial Period from 01/01/2007 to 30/06/2007  S\$
<b>Net gains/(losses) on value of investments</b>						
	(92,988)	19,876	(808,522)	2,322,380	(375,231)	3,229,152
	(129,858)	104,035	(2,444,853)	116,847	(3,870,935)	1,325,190
	–	–	33,782	–	44,506	–
	(222,846)	123,911	(3,219,593)	2,439,227	(4,201,660)	4,554,342
<b>Total return for the year before income tax</b>						
	3,001,915	3,234,735	(3,097,726)	2,328,956	(4,096,532)	4,298,845
9	–	–	(32,449)	(29,439)	(36,517)	(42,788)
<b>Total return for the year</b>						
	3,001,915	3,234,735	(3,130,175)	2,299,517	(4,133,049)	4,403,909

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

**Balance Sheets**  
**As at 30 June 2008 (unaudited)**

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		As at 30/06/2008	As at 31/12/2007	As at 30/06/2008	As at 31/12/2007	As at 30/06/2008	As at 31/12/2007
		S\$	S\$	S\$	S\$	S\$	S\$
<b>Assets</b>							
Portfolio of investments		251,096,765	232,731,385	15,575,688	19,746,006	22,160,799	27,472,231
Receivables	3	2,563,386	5,132,278	687,702	1,676,091	957,845	1,086,824
Cash and bank balances	4	178,357,248	136,836,419	2,195,781	2,109,049	3,793,021	3,101,889
<b>Total assets</b>		<b>432,017,399</b>	<b>374,700,082</b>	<b>18,459,171</b>	<b>23,531,146</b>	<b>26,911,665</b>	<b>31,660,944</b>
<b>Liabilities</b>							
Payables	5	285,500	304,236	53,794	57,676	212,678	72,980
Due to brokers		3,022,743	–	845,567	2,692,895	639,906	2,888,845
Net assets attributable to unitholders	6	428,709,156	374,395,846	17,559,810	20,780,575	26,059,081	28,699,119
<b>Total liabilities</b>		<b>432,017,399</b>	<b>374,700,082</b>	<b>18,459,171</b>	<b>23,531,146</b>	<b>26,911,665</b>	<b>31,660,944</b>

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

**Portfolio Statements**  
**As at 30 June 2008**

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Banks</b>			
<b>Certificate of Deposit</b>			
CitiBank NA Singapore C 2.72%			
Due 06 Oct 2008	2,500,000	2,503,250	0.58%
		<u>2,503,250</u>	<u>0.58%</u>
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
Hana Bank 2.96%			
Due 14 Nov 2008	5,000,000	5,017,000	1.17%
Hana Bank 3.53%			
Due 16 Jun 2010	5,000,000	5,001,500	1.17%
HSBC/Singapore 3.18%			
Due 24 Nov 2008	9,750,000	9,804,600	2.29%
Korea Development Bank 1.925%			
Due 3 Apr 2009	10,000,000	9,982,000	2.33%
Korea Development Bank 2.835%			
Due 18 Jul 2008	3,000,000	3,001,800	0.70%
		<u>32,806,900</u>	<u>7.65%</u>
<b>Floating Rate Notes - Quoted</b>			
National Agriculture Corp Float			
Due 29 Jun 2009	3,000,000	2,971,500	0.69%
Shinhan Bank Corp Float			
Due 29 Jun 2009	3,000,000	2,972,700	0.69%
		<u>5,944,200</u>	<u>1.39%</u>
<b>Total Banks</b>		<u><b>41,254,350</b></u>	<u><b>9.62%</b></u>
<b>Commercial Services</b>			
<b>Floating Rate Notes - Quoted</b>			
PSA Corp Ltd Float			
Due 6 Jul 2008	5,000,000	4,995,000	1.17%
		<u>4,995,000</u>	<u>1.17%</u>
<b>Total Commercial Services</b>		<u><b>4,995,000</b></u>	<u><b>1.17%</b></u>

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Diversified Financial Services</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
CMT MTN Pte Ltd 3.02%			
Due 12 Dec 2008	5,000,000	5,003,000	1.17%
CMT MTN Pte Ltd 2.8%			
Due 8 May 2009	7,750,000	7,729,075	1.80%
F&N Treasury Pte Ltd 2.43%			
Due 21 May 2009	7,250,000	7,271,750	1.70%
F&N Treasury Pte Ltd 3.065%			
Due 10 Sep 2008	10,000,000	10,028,000	2.34%
General Electric Cap Corp 2.725%			
Due 10 Nov 2008	750,000	753,563	0.18%
Kim Eng Holdings 3.14%			
Due 27 Oct 2008	2,250,000	2,256,863	0.53%
Kim Eng Securities 3.30%			
Due 19 Sep 2008	500,000	501,650	0.12%
Mapletree Treasury Svcs 2.25%			
Due 30 Jan 2009	2,500,000	2,502,250	0.58%
Mapletree Treasury Svcs 2.60%			
Due 3 Mar 2010	2,000,000	2,004,000	0.47%
Sing Investment and Finance 4.36%			
Due 17 Apr 2009	4,250,000	4,355,400	1.02%
Solitaire Capital Ltd 3.95%			
Due 23 Feb 2009	2,000,000	2,020,200	0.47%
		<u>44,425,750</u>	<u>10.36%</u>
<b>Floating Rate Notes - Quoted</b>			
CMT MTN Pte Ltd Float			
Due 30 Apr 2010	3,000,000	3,000,000	0.70%
		<u>3,000,000</u>	<u>0.70%</u>
<b>Total Diversified Financial Services</b>		<b><u>47,425,750</u></b>	<b><u>11.06%</u></b>

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008</b>
		S\$	%
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Engineering and Construction</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
Spore Airport Terminal 3.00%			
Due 2 Sep 2009	500,000	503,075	0.12%
Land Transport Authority 4.92%			
Due 13 Jul 09	560,000	576,856	0.13%
		1,079,931	0.25%
<b>Total Engineering and Construction</b>		<b>1,079,931</b>	<b>0.25%</b>
<b>Food</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
Olam International Ltd 3.43%			
Due 11 July 2008	2,000,000	2,000,800	0.47%
Olam International Ltd 3.44%			
Due 24 May 2010	2,000,000	1,958,400	0.46%
Olam International Ltd 3.515%			
Due 23 July 2008	2,000,000	1,999,200	0.47%
		5,958,400	1.39%
<b>Total Food</b>		<b>5,958,400</b>	<b>1.39%</b>
<b>Lodging</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
City Developments Ltd 2.30%			
Due 20 Feb 2009	11,000,000	11,004,400	2.57%
City Developments Ltd 2.925%			
Due 31 Oct 2008	6,000,000	6,024,600	1.41%
City Developments Ltd 2.995%			
Due 16 Oct 2008	4,000,000	4,010,800	0.94%
City Developments Ltd 3.18%			
Due 3 Dec 2009	250,000	251,688	0.06%
Hotel Properties Ltd 2.53%			
Due 19 Feb 2009	1,750,000	1,752,800	0.41%
Hotel Properties Ltd 3.07%			
Due 4 Jun 2009	500,000	503,050	0.12%
Hotel Properties Ltd 3.085%			
Due 06 Aug 2008	2,000,000	2,003,000	0.47%
Hotel Properties Ltd 3.215%			
Due 27 Mar 2009	2,000,000	2,012,800	0.47%

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008</b>
		S\$	%
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Lodging</b>			
<b>Fixed Rate Bonds/ Notes – Quoted (Cont'd)</b>			
Hotel Properties Ltd 3.38% Due 17 Sep 2009	2,000,000	1,992,600	0.46%
		<u>29,555,738</u>	<u>6.89%</u>
<b>Floating Rate Notes - Quoted</b>			
Hotel Properties Ltd Float Due 11 Jul 2008	7,250,000	7,250,725	1.69%
		<u>7,250,725</u>	<u>1.69%</u>
<b>Total Lodging</b>		<b><u>36,806,463</u></b>	<b><u>8.59%</u></b>
<b>Oil and Gas Services</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
Swiber Holdings Ltd 3.14% Due 8 May 2009	1,500,000	1,498,950	0.35%
		<u>1,498,950</u>	<u>0.35%</u>
<b>Floating Rate Notes - Quoted</b>			
Swiber Holdings Ltd Float Due 10 Nov 2008	1,250,000	1,250,000	0.29%
		<u>1,250,000</u>	<u>0.29%</u>
<b>Total Oil and Gas Services</b>		<b><u>2,748,950</u></b>	<b><u>0.64%</u></b>
<b>Real Estate</b>			
<b>Fixed Rate Bonds/Note - Quoted</b>			
Allgreen Properties Ltd 2.40% Due 21 Jan 2009	3,500,000	3,503,150	0.82%
Allgreen Properties Ltd 2.65% Due 20 Mar 2009	2,000,000	2,004,000	0.47%
Allgreen Properties Ltd 2.93% Due 24 Jul 2008	3,000,000	3,002,700	0.70%
Allgreen Properties Ltd 3.05% Due 27 Oct 2008	2,000,000	2,007,400	0.47%
Allgreen Properties Ltd 3.14% Due 22 Jun 2009	3,000,000	3,020,100	0.70%
Ascendas Pte Ltd 3.66% Due 14 May 2010	1,500,000	1,485,750	0.35%

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008</b>
		S\$	%
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Real Estate</b>			
<b>Fixed Rate Bonds/ Notes – Quoted</b>			
<b>(Cont'd)</b>			
Ascott Capital Pte Ltd 2.725%			
Due 2 Jun 2009	9,750,000	9,770,475	2.28%
Capitaland Commercial 4.26%			
Due 10 Nov 2008	13,000,000	13,104,325	3.06%
Centrepoint Properties 3.22%			
Due 23 Feb 2009	7,000,000	7,053,200	1.65%
Centrepoint Properties 3.43%			
Due 15 Apr 2009	6,000,000	6,060,800	1.41%
Guocoland Ltd 3.445%			
Due 16 Oct 2008	4,000,000	4,018,000	0.94%
Housing and Development Board 1.64%			
Due 1 Mar 2010	2,000,000	1,973,200	0.46%
Housing and Development Board 2.69%			
Due 11 Jun 2009	2,000,000	2,014,000	0.47%
Joynote Ltd 3.655%			
Due 26 Oct 2009	3,500,000	3,533,250	0.82%
Jurong Town Corporation 4.875%			
Due 28 Jan 2009	830,000	846,434	0.20%
Midpoint Properties 2.95%			
Due 07 Nov 2008	3,000,000	3,007,500	0.70%
Midpoint Properties 3.08%			
Due 19 Dec 2008	1,000,000	1,007,600	0.24%
Sun Hung Kai Properties/SG 3.69%			
Due 6 Nov 2009	1,000,000	1,008,400	0.24%
		68,420,284	15.96%
<b>Floating Rate Notes - Quoted</b>			
Guocoland Ltd Float			
Due 19 Oct 2008	1,000,000	999,000	0.23%
Keppel Land Ltd Float			
Due 20 May 2013	1,750,000	1,750,000	0.41%
		2,749,000	0.64%

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

	Holdings as at 30/06/2008	Fair value as at 30/06/2008  S\$	Percentage of total net assets attributable to unitholders as at 30/06/2008 %
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Real Estate</b>			
<b>Variable Rate Notes - Quoted</b>			
Allgreen Properties Ltd 3.11%			
Due 26 Dec 2009	4,250,000	4,263,600	0.99%
		4,263,600	0.99%
<b>Total Real Estate</b>		<b>75,432,884</b>	<b>17.60%</b>
<b>REITS</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
Mapletreelog Treasury Co 3.81%			
Due 19 Oct 2009	750,000	757,838	0.18%
Mapletreelog Treasury Co 4.00%			
Due 4 Jul 2008	500,000	500,100	0.12%
		1,257,938	0.29%
<b>Floating Rate Notes - Quoted</b>			
Mapletreelog Treasury Co Float			
Due 29 May 2009	4,000,000	3,999,600	0.93%
		3,999,600	0.93%
<b>Total REITS</b>		<b>5,257,538</b>	<b>1.23%</b>
<b>Shipbuilding</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
Jurong Shipyard Pte Ltd 2.82%			
Due 6 Oct 2008	5,000,000	5,007,500	1.17%
		5,007,500	1.17%
<b>Total Shipbuilding</b>		<b>5,007,500</b>	<b>1.17%</b>

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008</b>
		<b>S\$</b>	<b>%</b>
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Sovereign</b>			
<b>Fixed Rate Bonds/ Notes - Quoted</b>			
Export-Import Bank Korea 2.28%			
Due 6 May 2009	7,000,000	6,995,100	1.63%
Export-Import Bank Korea 2.835%			
Due 20 Jul 2008	3,000,000	3,002,400	0.70%
Hong Kong MTG Co 1.93%			
Due 26 Apr 2010	5,000,000	4,939,500	1.15%
Singapore Government 4.375%			
Due 15 Jan 2009	10,000,000	10,193,000	2.38%
		<u>25,130,000</u>	<u>5.86%</u>
<b>Total Sovereign</b>		<u><b>25,130,000</b></u>	<u><b>5.86%</b></u>
<b>Portfolio of investments</b>		251,096,765	58.57%
<b>Other net assets/liabilities</b>		177,612,391	41.43%
<b>Net assets attributable to unitholders</b>		<u><u>428,709,156</u></u>	<u><u>100.00%</u></u>

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

	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>	<b>Percentage of total net assets attributable to unitholders as at 31/12/2007 %</b>
<b>Phillip Money Market Fund By Industry (Summary)</b>			
Banks	41,254,350	9.62	9.21
Commercial Services	4,995,000	1.17	-
Diversified Financial Services	47,425,750	11.06	8.10
Electric – Distribution	-	-	2.72
Electric – Manufacturing	-	-	0.80
Engineering and Construction	1,079,931	0.25	1.01
Food	5,958,400	1.39	4.21
Lodging	36,806,463	8.59	5.95
Oil and Gas Services	2,748,950	0.64	-
Real Estate	75,432,884	17.60	21.36
REITS	5,257,538	1.23	1.07
Shipbuilding	5,007,500	1.17	1.33
Sovereign	25,130,000	5.86	6.14
Telecommunications	-	-	0.27
<b>Portfolio of investments</b>	<b>251,096,765</b>	<b>58.57</b>	<b>62.16</b>
<b>Other net assets</b>	<b>177,612,391</b>	<b>41.43</b>	<b>37.84</b>
<b>Net assets attributable to unitholders</b>	<b>428,709,156</b>	<b>100.00</b>	<b>100.00</b>

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

**Quoted**

Australia	-	-	1.47
France	-	-	0.07
Hong Kong	4,939,500	1.15	-
Singapore	206,459,702	48.16	54.48
South Korea	38,944,000	9.08	5.34
Sweden	-	-	0.80
USA	753,563	0.18	-
<b>Portfolio of investments</b>	<b>251,096,765</b>	<b>58.57</b>	<b>62.16</b>
<b>Other net assets</b>	<b>177,612,391</b>	<b>41.43</b>	<b>37.84</b>
<b>Net assets attributable to unitholders</b>	<b>428,709,156</b>	<b>100.00</b>	<b>100.00</b>

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Singapore</b>			
<b>Quoted Equities</b>			
Allgreen Properties Ltd	132,000	130,020	0.74
Boardroom Ltd	175,000	108,500	0.62
CDL Hospitality Trust Shares Common	76,000	129,960	0.74
Cerebos Pacific SGD0.20	73,000	272,290	1.55
City Developments	28,000	303,520	1.73
COSCO Investment (S) Ltd	46,000	147,200	0.84
DBS Group Holdings Ltd	12,000	226,320	1.29
Fraser & Neave Ltd	75,000	339,750	1.93
Meiban Group Ltd SGD0.10	259,000	62,160	0.35
Overseas-Chinese 5.1% Preference Share	7,000	700,000	3.99
Semcorp Industries Limited	57,000	237,120	1.35
Singapore Exchange Ltd	22,000	152,020	0.87
Singapore Petroleum Co Ltd	55,000	361,900	2.06
SMRT Corp Ltd	242,000	447,700	2.55
Yongnam Holdings Ltd SGD0.01	136,000	26,520	0.15
Cityspring Infrastructure TR Cityspring	430,000	326,800	1.86
K-REIT Asia	118,000	161,660	0.92
<b>Total Singapore</b>		4,133,440	23.54

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Hong Kong</b>			
<b>Quoted Equities</b>			
Hang Seng H-share IDX ETF	24,200	501,117	2.85
Cheung Kong Holdings Ltd	8,000	146,555	0.83
China Mobile (HK) Ltd	20,000	364,992	2.08
<b>Total Hong Kong</b>		1,012,664	5.77
<b>Thailand</b>			
<b>Quoted Equities</b>			
Bangkok Bank Public Co-NVDR	81,000	387,779	2.21
Land & Houses Pub-NVDR	598,400	167,517	0.95
Pranda Jewelry PCL-NVDR	500,000	158,227	0.90
PTT PCL-NVDR	32,200	391,917	2.23
Shin Corporation PUB Co-NVDR	190,800	205,136	1.17
Thai Oil PCL-NVDR	111,000	234,177	1.33
Thai Tap Water Supply-Foreign	2,039,000	442,576	2.52
Total Access Communica-NVDR	290,975	596,162	3.40
Workpoint Entertainment -NVDR	226,500	124,975	0.71
CPN Retail Growth Property-Foreign	510,000	196,567	1.12
<b>Total Thailand</b>		2,905,034	16.54
<b>Australia</b>			
<b>Quoted Equities</b>			
BHP Ltd ORD	6,540	373,678	2.13
Herald Resources Limited NPV	49,541	186,064	1.06
Kingsgate Consd NPV	32,113	219,288	1.25
<b>Total Australia</b>		779,030	4.44

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Malaysia</b>			
<b>Quoted Equities</b>			
Cement Industries of MAL-Bhd MYR1	88,600	212,007	1.21
Dialog Group Bhd	266,700	146,503	0.83
IOI Corporation Bhd	137,700	426,912	2.43
KLCC Property Holdings	90,200	102,100	0.58
Starhill Real Estate Investm	139,000	49,168	0.28
Telekom Malaysia Bhd	41,400	54,787	0.31
<b>Total Malaysia</b>		991,476	5.65
<b>Europe</b>			
<b>Quoted Equities</b>			
Deutsche Telekom NPV (REGD)	21,901	489,335	2.79
Sanofi Synthelabo	6,067	553,175	3.15
<b>Total Europe</b>		1,042,510	5.94
<b>United States</b>			
<b>Quoted Equities</b>			
Swiss Reinsurance Co-SP ADR	1,700	151,595	0.86
<b>Index Futures</b>			
Dow Jones Index Futures September 08	5	(34,120)	(0.19)
<b>Total United States</b>		117,475	0.67
<b>United Kingdom</b>			
<b>Quoted Equities</b>			
Glaxosmithkline PLC Ord	6,000	181,001	1.03
<b>Total United Kingdom</b>		181,001	1.03

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Income Fund</b>			
<b>By Geography (Primary)</b>			
<b>Taiwan</b>			
<b>Quoted Equities</b>			
Cathay Financial Holding Co	83,000	245,325	1.40
Chang Hwa Commercial Bank	491,000	474,959	2.70
Far Eastone Telecom Co Ltd	134,928	291,555	1.66
Taiwan Mobile Co Ltd TWD10	79,044	199,650	1.14
Taiwan Semiconductor M Ord	60,299	175,257	1.00
<b>Total Taiwan</b>		1,386,746	7.90
<b>Indonesia</b>			
<b>Quoted Equities</b>			
Aneka Tambang	478,500	222,123	1.26
Bank Rakyat Indonesia IDR500	522,500	392,696	2.24
Bumi Resources TBK PT SHS	264,700	319,866	1.82
International Nickel Indones IDR250(Post	371,000	328,039	1.87
United Tractors TBK PT	239,500	427,062	2.43
<b>Total Indonesia</b>		1,689,787	9.62
<b>Japan</b>			
<b>Quoted Equities</b>			
Acom Co Ltd	6,450	274,333	1.56
Mitsubishi Corp ORD	4,100	184,453	1.05
NIDEC Corp	2,200	201,078	1.15
Osaka Securities Exchange Co SHS	77	443,964	2.53
Toyota Motor Corp Com	3,600	232,699	1.33
<b>Total Japan</b>		1,336,525	7.61
<b>Portfolio of investments</b>		15,575,688	88.71
<b>Other net assets</b>		1,984,122	11.29
<b>Net assets attributable to unitholders</b>		17,559,810	100.00

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

	Fair value As at 30/06/2008 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2008 %	Percentage of total net assets attributable to unitholders as at 31/12/2007 %
<b>Phillip Income Fund</b>			
<b>By Geography (Summary)</b>			
Australia	779,030	4.44	2.5
Europe	1,042,510	5.94	7.24
Hong Kong	1,012,664	5.77	7.85
Indonesia	1,689,787	9.62	8.63
Japan	1,336,525	7.61	8.26
Malaysia	991,476	5.65	13.80
Singapore	4,133,440	23.54	25.21
Thailand	2,905,034	16.54	15.26
Taiwan	1,386,746	7.90	6.27
United Kingdom	181,001	1.03	–
United States	117,475	0.67	–
<b>Portfolio of investments</b>	15,575,688	88.71	95.02
<b>Other net assets</b>	1,984,122	11.29	4.98
<b>Net assets attributable to unitholders</b>	17,559,810	100.00	100.00

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

Basic materials	1,329,192	7.57	5.12
Communications	2,326,592	13.26	12.49
Consumer, Cyclical	1,046,416	5.96	10.37
Consumer, Non-cyclical	1,541,878	8.78	3.89
Diversified	--	--	7.68
Energy	1,307,860	7.45	6.17
Financial	4,704,770	26.79	33.27
Funds	501,117	2.85	1.80
Government	--	--	0.53
Industrial	1,907,350	10.86	10.99
Technology	175,257	1.00	0.80
Utilities	769,375	4.38	1.91
Index Futures	(34,120)	(0.19)	
<b>Portfolio of investments</b>	15,575,688	88.71	95.02
<b>Other net assets</b>	1,984,122	11.29	4.98
<b>Net assets attributable to unitholders</b>	17,559,810	100.00	100.00

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

	Holdings as at 30/06/2008	Fair value as at 30/06/2008 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2008 %
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Hong Kong</b>			
<b>Quoted Equities</b>			
China Mobile (HK) Ltd	30,000	547,489	2.10
Hang Seng H-Share IDX ETF	32,400	670,917	2.57
<b>Total Hong Kong</b>		1,218,405	4.68
<b>Japan</b>			
<b>Quoted Equities</b>			
Acom Co Ltd	8,440	358,972	1.38
Hoya Corp	7,200	227,579	0.87
Mitsubishi Corp	7,100	319,418	1.23
NIDEC Corp	2,700	246,777	0.95
Osaka Securities Exchange Co SHS	115	663,062	2.54
T&D Holdings Inc NPV	3,750	314,628	1.21
Toyota Motor Corp Com	7,000	452,470	1.74
<b>Total Japan</b>		2,582,907	9.91
<b>Indonesia</b>			
<b>Quoted Equities</b>			
Aneka Tambang	635,000	294,771	1.13
Bank Rakyat Indonesia IDR500	718,000	539,629	2.07
Bumi Resources TBK PT SHS	364,000	439,861	1.69
International Nickel Indones IDR250(POST	499,000	441,217	1.69
United Tractors TBK PT	347,000	618,750	2.37
<b>Total Indonesia</b>		2,334,228	8.96
<b>South Korea</b>			
<b>Quoted Equities</b>			
POSCO	790	555,421	2.13
<b>Total South Korea</b>		555,421	2.13

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Singapore</b>			
<b>Quoted Equities</b>			
Allgreen Properties Ltd	178,000	175,330	0.67
Boardroom Ltd	497,500	308,450	1.18
Cerebos Pacific SGD0.20	33,000	123,090	0.47
City Developments	20,000	216,800	0.83
COSCO Investment (S) Ltd	68,000	217,600	0.84
DBS Group Holdings Ltd	18,000	339,480	1.30
Fraser & Neave Ltd	98,000	443,940	1.70
Japan Land Ltd	965,800	564,993	2.17
Oversea-Chinese 5.1% Preference Share	5,000	500,000	1.92
Sembcorp Industries Limited	74,000	307,840	1.18
Singapore Exchange Ltd	31,000	214,210	0.82
Singapore Petroleum Co Ltd	84,000	552,720	2.12
SMRT Corp Ltd	300,000	555,000	2.13
YongNam Holdings Ltd SGD0.01	357,000	69,615	0.27
Cityspring Infrastructure TR Cityspring	672,000	510,720	1.96
<b>Total Singapore</b>		7,182,475	19.78
<b>Australia</b>			
<b>Quoted Equities</b>			
BHP Ltd ORD	10,200	582,801	2.24
Herald Resources Limited NPV	68,132	255,887	0.98
Kingsgate Consd NPV	44,116	301,252	1.16
<b>Total Australia</b>		1,139,940	4.37

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Europe</b>			
<b>Quoted Equities</b>			
Deutsche Telekom NPV (REGD)	23,402	522,872	2.01
Sanofi Synthelabo	7,165	653,288	2.51
<b>Total Europe</b>		1,176,160	4.51
<b>Thailand</b>			
<b>Quoted Equities</b>			
Bangkok Bank Public CO-NVDR	70,000	335,118	1.29
Land & houses Pub-NVDR	997,400	279,213	1.07
PTT PCL-NVDR	49,800	606,133	2.33
Thai Oil PCL-NVDR THB10(NVR)	167,000	352,320	1.35
Thai Tap Water Supply-Foreign	3,015,400	654,510	2.51
Total Access Communica-NVDR THB2	495,850	1,015,919	3.90
		3,243,212	12.45
<b>Quoted Investment Fund</b>			
CPN Retail Growth Property-Foreign	876,000	337,633	1.30
		337,633	1.30
<b>Total Thailand</b>		3,920,692	10.81
<b>Malaysia</b>			
<b>Quoted Equities</b>			
Cement Industries of MAL-BHD MYR1	109,100	261,060	1.00
Dialog Group Bhd	392,800	215,771	0.83
IOI Corporation Bhd	204,900	635,253	2.44
Telekom Malaysia Bhd	53,300	70,535	0.27
<b>Total Malaysia</b>		1,182,619	4.54

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

	<b>Holdings as at 30/06/2008</b>	<b>Fair value as at 30/06/2008 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2008 %</b>
<b>Phillip Growth Fund</b>			
<b>By Geography (Primary)</b>			
<b>Taiwan</b>			
<b>Quoted Equities</b>			
Cathay Financial Holding Co	165,000	487,695	1.87
Chang Hwa Commercial Bank	662,000	640,372	2.46
Far Eastone Telecomm Co Ltd	230,266	497,563	1.91
Taiwan Mobile Co Ltd TWD 10	136,807	345,548	1.33
<b>Total Taiwan</b>		2,350,905	9.02
<b>United Kingdom</b>			
<b>Quoted Equities</b>			
Diageo PLC	13,000	325,721	1.25
Glaxosmithkline PLC Ord	7,700	232,285	0.89
<b>Total United Kingdom</b>		558,006	2.14
<b>United States</b>			
<b>Quoted Equities</b>			
Nasdaq Stock Market Inc Com	6,400	231,068	0.89
Swiss Reinsurance Co-SP ADR	2,300	205,099	0.79
<b>Index Futures</b>			
Dow Jones Index Futures Sep 2008	8	(54,591)	(0.21)
<b>Total United States</b>		381,575	1.46
<b>Portfolio of investments</b>		22,160,799	85.04
<b>Other net assets</b>		3,898,282	14.96
<b>Net assets attributable to unitholders</b>		26,059,081	100.00

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

	Fair value as at 30/06/2008 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2008 %	Percentage of total net assets attributable to unitholders as at 31/12/2007 %
<b>Phillip Growth Fund</b>			
<b>By Geography (Summary)</b>			
Australia	1,139,940	4.37	2.71
Europe	1,176,160	4.51	5.92
Hong Kong	1,218,405	4.68	9.01
Indonesia	2,334,228	8.96	8.55
Japan	2,582,907	9.91	11.33
Malaysia	1,182,619	4.54	12.83
Singapore	5,099,788	19.57	20.03
South Korea	555,421	2.13	1.93
Taiwan	2,350,905	9.02	7.79
Thailand	3,580,845	13.74	10.26
United Kingdom	558,006	2.14	1.40
United States	381,575	1.46	3.96
<b>Portfolio of investments</b>	22,160,799	85.04	95.72
<b>Other net assets</b>	3,898,282	14.96	4.28
<b>Net assets attributable to unitholders</b>	26,059,081	100.00	100.00

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

Basic materials	2,431,349	9.33	5.36
Communications	2,999,924	11.51	11.61
Consumer, Cyclical	1,267,901	4.87	5.99
Consumer, Non-cyclical	2,278,087	8.74	7.29
Diversified	--	--	8.35
Energy	1,951,034	7.49	6.11
Financial	6,351,228	24.37	35.95
Funds	670,917	2.57	1.70
Industrial	2,719,993	10.44	9.94
Technology	379,727	1.46	1.25
Utilities	1,165,230	4.47	2.17
Index Futures	(54,591)	(0.21)	
<b>Portfolio of investments</b>	22,160,799	85.04	95.72
<b>Other net assets</b>	3,898,282	14.96	4.28
<b>Net assets attributable to unitholders</b>	26,059,081	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 Restating Deed dated 21 February 2007 and a Seventh Amending and Restating 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:

<b>Sub-Fund</b>	<b>Launch date</b>
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 gain/loss on investments represented by the difference between the fair value and the carrying value of investments are recognised in the Statement of Total Return. Realised gains and losses upon disposal of investments are computed on the basis of the difference between weighted average cost and selling price of investments on trade date and are taken to the Statement of Total Return.

2.2 *Basis of valuation of investments (cont'd)*

Unquoted investments are stated at their fair values estimated by the Managers based on information available at 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 therein are recognised in the Statement of Total Return.

2.4 *Recognition of income*

Interest income is recognised on an accrual basis.

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.

### 3 Receivables

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Amount receivable for creation of units	660,022	594,221	–	–	–	1,573
Sales awaiting settlement	–	2,516,344	662,566	1,649,276	924,113	1,059,683
Accrued interest receivable	1,903,364	2,021,713	–	17,740	–	14,107
Dividends receivable	–	–	25,136	9,075	33,732	11,461
	<b>2,563,386</b>	<b>5,132,278</b>	<b>687,702</b>	<b>1,676,091</b>	<b>957,845</b>	<b>1,086,824</b>

### 4 Cash and bank balances

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Term deposits	176,282,488	130,057,239	–	–	–	–
Cash and bank balances	2,074,760	6,779,180	1,080,331	1,892,657	2,167,317	2,718,418
Amount held with brokers	–	–	1,115,450	216,392	1,625,704	383,471
	<b>178,357,248</b>	<b>136,836,419</b>	<b>2,195,781</b>	<b>2,109,049</b>	<b>3,793,021</b>	<b>3,101,889</b>

## 5 Payables

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	9,966	51,320	79	–	144,861	88
Accrued expenses	275,534	252,916	53,715	57,676	67,817	72,892
	<u>285,500</u>	<u>304,236</u>	<u>53,794</u>	<u>57,676</u>	<u>212,678</u>	<u>72,980</u>

## 6 Net assets attributable to unitholders

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>Financial Period From</b>	<b>Financial Period From</b>	<b>Financial Period From</b>	<b>Financial Period From</b>	<b>Financial Period From</b>	<b>Financial Period From</b>
	<b>01/01/2008</b>	<b>01/01/2007</b>	<b>01/01/2008</b>	<b>01/01/2007</b>	<b>01/01/2008</b>	<b>01/01/2007</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>Note</b>	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>At beginning of the financial year</b>	<u>374,395,846</u>	<u>182,271,472</u>	<u>20,780,575</u>	<u>21,850,772</u>	<u>28,699,119</u>	<u>37,551,049</u>
<b>Operations</b>						
Changes in net assets attributable to unitholders resulting from operations	3,001,915	6,802,338	(3,130,175)	1,128,088	(4,133,049)	2,107,001
Balance carried forward	377,397,761	189,073,810	17,650,400	22,978,860	24,566,070	39,658,050

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>Financial Period From 01/01/2008 to 30/06/2008 S\$</b>	<b>Financial Period From 01/01/2007 to 31/12/2007 S\$</b>	<b>Financial Period From 01/01/2008 to 30/06/2008 S\$</b>	<b>Financial Period From 01/01/2007 to 31/12/2007 S\$</b>	<b>Financial Period From 01/01/2008 to 30/06/2008 S\$</b>	<b>Financial Period From 01/01/2007 to 31/12/2007 S\$</b>
Balance brought forward	377,397,761	189,073,810	17,650,400	22,978,860	24,566,070	39,658,050
<b>Unitholders' contributions/ (withdrawals)</b>						
Creation of units	1,056,661,902	2,857,002,120	6,743	3,236,613	3,451,524	3,771,365
Cancellation of units	(1,005,350,507)	(2,671,680,084)	(97,333)	(5,434,898)	(1,958,513)	(14,730,296)
Change in net assets attributable to unitholders resulting from net creation and cancellations of units	54,313,310	185,322,036	(90,590)	(2,198,285)	1,493,011	(10,958,931)
Total increase/(decrease) in net assets attributable to unitholders	54,260,321	192,124,374	(3,220,765)	(1,070,197)	(2,640,038)	(8,851,930)
<b>At end of the financial year</b>	<b>428,709,156</b>	<b>374,395,846</b>	<b>17,559,810</b>	<b>20,780,575</b>	<b>26,059,081</b>	<b>28,699,119</b>
<b>Units in issue (units)</b>	<b>384,916,543</b>	<b>338,674,029</b>	<b>14,661,356</b>	<b>14,730,392</b>	<b>17,518,355</b>	<b>16,505,612</b>
<b>Net assets attributable to unitholders per unit</b>	<b>1.1138</b>	<b>1.1055</b>	<b>1.1977</b>	<b>1.4107</b>	<b>1.4875</b>	<b>1.7387</b>

Note

7

**7 Units in issue**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
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	951,852,193	2,609,410,760	5,063	2,228,152	2,192,336	2,129,298
Units cancelled	(905,609,679)	(2,439,261,653)	(74,099)	(3,836,288)	(1,179,593)	(8,186,886)
At end of the year	<u>384,916,542</u>	<u>338,674,029</u>	<u>14,661,356</u>	<u>14,730,392</u>	<u>17,518,355</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 period:

	<b>Phillip Money Market Fund</b>	<b>Phillip Income Fund</b>	<b>Phillip Growth Fund</b>	<b>Phillip Money Market Fund</b>	<b>Phillip Income Fund</b>	<b>Phillip Growth Fund</b>
	<b>Financial Period From 01/01/2008 to 30/06/2008 S\$</b>	<b>Financial Period From 01/01/2007 to 30/06/2007 S\$</b>	<b>Financial Period From 01/01/2008 to 30/06/2008 S\$</b>	<b>Financial Period From 01/01/2007 to 30/06/2007 S\$</b>	<b>Financial Period From 01/01/2008 to 30/06/2008 S\$</b>	<b>Financial Period From 01/01/2007 to 30/06/2007 S\$</b>
Brokerage fee paid to:						
- related party of the Manager	-	-	9,095	8,123	11,570	9,208
Interest income received from:						
- related party of the Trustee	35,381	86,503	4,432	24,481	6,682	33,398

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	
	Financial Period From	Financial Period From	Financial Period From	Financial Period From	Financial Period From	Financial Period From
	01/01/2007 to 30/06/2007	01/01/2007 to 30/06/2007	01/01/2008 to 30/06/2008	01/01/2007 to 30/06/2007	01/01/2008 to 30/06/2008	01/01/2007 to 30/06/2007
	S\$	S\$	S\$	S\$	S\$	S\$
Singapore income tax	–	–	1,024	3,880	–	2,390
Overseas income tax	–	–	31,425	25,559	36,517	40,398
Total income tax	–	–	32,449	29,439	36,517	42,788

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 instruments

### *Risk management objectives and policies*

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

### *Market risk*

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

### *Credit risk*

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

## 10 Financial instruments (cont'd)

### *Liquidity risk*

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

### *Foreign currency risk*

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

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

As at 30 June 2008 and 31 December 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:

	<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Australian dollars	779,029	520,350	1,139,940	776,586
Euro	1,042,510	1,503,775	1,176,160	1,697,673
Hong Kong dollars	1,012,664	1,632,261	1,218,405	2,587,096
Indonesian rupiah	1,689,787	1,793,568	2,334,228	2,452,855
Japanese yen	1,336,525	1,717,156	2,582,907	3,253,922
Korean won	–	–	555,421	552,715
Ringgit Malaysia	991,476	2,867,248	1,182,619	3,682,763
Taiwan dollar	1,386,746	1,303,226	2,350,905	2,236,579
Thai Baht	2,905,034	3,169,544	3,580,845	2,945,558
US dollars	117,475	–	381,575	1,136,279
Others	181,001	–	558,006	402,538

## 10 Financial instruments (cont'd)

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

	<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Euro	8,344	83	79,646	–
Great Britain pound	2,552	–	8,705	7,517
Hong Kong dollars	777,434	50,067	1,125,985	202,246
Japanese yen	226,882	65,927	388,280	505,578
Ringgit Malaysia	4,566	170,816	–	142,062
Thai Baht	810,040	760,499	1,109,219	596,900
US dollars	159,073	942,964	242,383	1,531,055
Others	59,775	3,845	52,578	46,497

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

### *Derivatives risk*

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

### *Fair values*

At 30 June 2008 and 31 December 2007, the fair values of assets and liabilities approximate their carrying values on the balance sheets.

**11 Financial ratios**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2008</b>	<b>30/06/2007</b>	<b>30/06/2008</b>	<b>30/06/2007</b>	<b>30/06/2008</b>	<b>30/06/2007</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Expense ratios</b> (Note 1)						
Without performance fee	0.59	0.61	1.98	2.09	1.88	1.95
With performance fee	0.59	0.61	2.05	4.02	1.94	2.91
<b>Turnover ratios</b>	84.26	74.30	147.26	114.18	140.87	130.01

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

## 12 Reconciliation of quoted net asset value

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

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

<b>PMMF</b>	<b>Fair value basis S\$</b>	<b>Amortised cost basis S\$</b>	<b>Difference S\$</b>
<b>As at 30 June 2008</b>			
Net assets	428,709,156	428,689,259	(19,897)
Net Asset Value Per Unit	1.1138	1.1137	(0.0001)
<b>As at 31 December 2007</b>			
Net assets	374,395,846	374,448,835	52,989
Net Asset Value Per Unit	1.1055	1.1056	0.0001