



## **Phillip Investment Funds**

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

### **Semi-Annual Report**

For the 6-month period ending 30 June 2010

## **Phillip Investment Funds**

### **MANAGERS**

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### **REGISTRAR**

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## **Phillip Money Market Fund**

### **INVESTMENT OBJECTIVES**

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

### **MANAGER'S REPORT**

The Fund generated a net return of 0.99% for the 12-month period ending 30 June 2010.

During the review period, the Fund's yield fell in line with the de-facto short-term interest rates benchmark in Singapore, i.e. 3-month Singapore Interbank offered rate ("SIBOR"). The fund experienced rollover of matured deposits and fixed income securities at the low prevailing rates.

The 3-month SIBOR is influenced by US interest rates and domestic loan demand. The rate stayed at their low level from end of 2009 through the first quarter of 2010 due to US Fed introducing substantive quantitative easing measures to improve credit conditions and keeping US\$ LIBOR in an exceptionally low range. The rate fell further in May 2010 to 0.522% (the previous low was 0.56% in June 2003) after the Monetary Authority of Singapore initiated gradual appreciation stance on S\$ in mid-April 2010. The tightening has encouraged more capital inflows and consequently interest rates were kept depressed.

Domestic loan growth in 2009 was positive at 3.4% due to strong housing demand, while the government's co-sharing of lending risk with banks helped to counter the squeeze in business loans.

### **OUTLOOK**

The Singapore economy is going through an outstanding period of economic growth with most sectors performing well. Singapore bond sales are accelerating as companies in Singapore exploit the lowest funding costs in at least two decades to finance expansion. On the other hand, the government has introduced various anti-speculative measures targeted at the residential property market (both private and public housing) since September 2009, and more may be in the pipeline to slow down the speculation in residential property. Overall domestic loan growth maintained positive growth of 5.4% YTD in May 2010 and we see little impact on SIBOR from modest loan growth.

Recent economic data from US showed signs of a slowing recovery. We do not expect the Fed to start hiking rates in the near term and thus we expect short term rates (i.e. 3 month SIBOR) to remain low at near 0.50% in the foreseeable future.

We have no change to a short-duration strategy with the objective of achieving consistent returns and capital preservation. The fund will increase the number of new issuers and counterparties to further diversify risk and enhance yields.

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

### a) I Investment Classified by Geography

	<b>Fair Value 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2010 %</b>
<b>By Geography</b>		
<b>Quoted</b>		
Australia	5,018,950	0.75
Europe	10,529,050	1.56
New Zealand	14,505,325	2.14
Singapore	235,567,498	34.83
South Korea	64,740,450	9.57
United Kingdom	1,512,900	0.22
United States	23,998,800	3.55
<b>Portfolio of investments</b>	<b>355,872,973</b>	<b>52.62</b>
<b>Other net assets/liabilities</b>	<b>320,438,362</b>	<b>47.38</b>
<b>Net assets attributable to unitholders</b>	<b>676,311,335</b>	<b>100.00</b>

### a) II Investment Classified by Industry

	<b>Fair Value 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2010 %</b>
<b>By Industry (Summary)</b>		
Finance	87,532,542	12.94
Food and Beverages	21,355,242	3.16
Government Agency	53,136,200	7.86
Investment Fund	40,158,263	5.94
Property	135,913,713	20.10
Sovereign	3,399,660	0.50
Supranational	504,250	0.07
Utilities	13,873,103	2.05
<b>Portfolio of investments</b>	<b>355,872,973</b>	<b>52.62</b>
<b>Other net assets/liabilities</b>	<b>320,438,362</b>	<b>47.38</b>
<b>Net assets attributable to unitholders</b>	<b>676,311,335</b>	<b>100.00</b>

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

a) III Asset Class	Fair Value 30/06/2010 S\$	Percentage of total net assets %
Fixed Income Securities	355,872,973	52.62
Cash & bank balances	325,013,082	48.06
Other Net Current Assets/(Liabilities)	(4,574,720)	(0.68)
	676,311,335	100.00

a) IV Credit Rating of Debt Securities	Fair Value 30/06/2010 S\$	Percentage of total net assets %
A	62,254,868	9.21
A-	10,776,650	1.59
A+	15,015,000	2.22
AA	8,274,350	1.22
AA-	19,595,678	2.90
AA+	21,450,900	3.17
AAA	3,903,910	0.58
Unrated	214,601,617	31.73
	355,872,973	52.62

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

	Fair Value 30/06/2010 S\$	Percentage of total net assets %
Fixed Rate Notes	280,251,810	41.44
Floating Rate Notes	35,462,900	5.24
Investment Fund	40,158,263	5.94
	355,872,973	52.62

#### Maturity Profile of Fixed Income Securities

	Fair Value 30/06/2010 S\$	Percentage of total net assets %
Up to 30 Days	45,546,135	6.74
31 to 60 Days	12,529,642	1.85
61 to 90 Days	8,785,437	1.30
91 to 120 Days	106,894,867	15.81
121 to 180 Days	12,000,000	1.77
181 to 365 Days	118,442,775	17.51
366 Days to 732 Days	51,674,117	7.64
	355,872,973	52.62

**b) Top Ten Holdings**

**10 Largest Holdings as at 30 June 2010**

	Fair Value 30/06/2010 S\$	Percentage of total net assets %
Phillip Savings Fund	40,158,263	5.94
Keppel Land Ltd Due 5 October 2010	20,495,900	3.03
Hotel Properties Limited 3.3% Due 7 March 2011	15,904,350	2.35
Allgreen Properties Limited 2.6% Due 28 December 2011	15,189,000	2.24
Kookmin Bank 2.05% Due 18 October 2010	15,015,000	2.22
Export-Import Bank of Korea 1.35% Due 9 April 2011	14,974,500	2.21
Kim Eng Holdings 2.3% Due 28 January 2011	13,027,950	1.93
Export-Import Bank of Korea 1.55% Due 9 December 2010	12,000,000	1.77
Korea Development Bank 1.18% Due 19 May 2011	11,997,600	1.78
Capitaland Treasury Limited Due 15 March 2011	11,967,600	1.77
	170,730,163	25.24

**10 Largest Holdings as at 30 June 2009**

	Fair Value 30/06/2009 S\$	Percentage of total net assets %
Phillip Saving Fund	30,039,000	6.86
Standard Chartered Bank 0% Due 16 July 2009	14,992,500	3.43
Ascott Capital Limited 3.085% Due 27 April 2010	12,698,363	2.90
Housing and Development Board MTN 5.07% Due 21 September 2009	11,864,367	2.71
Singapore Government Bonds 2.375% Due 1 October 2009	10,050,000	2.30
National Agriculture Cooperative Federation FRN 0% Due 4 January 2010	9,815,000	2.24
McDonald's Corp 3.6275% Due 10 October 2010	7,623,750	1.74
Export-Import Bank of Korea 2.55% Due 21 July 2009	7,496,250	1.71
Dexia BQ Int Lux 1.8% Due 10 June 2011	6,904,800	1.58
Olam International Limited 3.44% Due 24 May 2010	6,296,875	1.44
	117,780,905	26.91

- c) (i) Exposure to Derivatives as at 30 June 2010.  
Nil.
- c) (ii) Gain/Loss on derivative contracts realised for the period from 1 January 2010 to 30 June 2010.  
Nil.
- c) (iii) Net gain/losses on outstanding derivative contracts marked to market as at 30 June 2010.  
Nil.

d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2010.  
Nil

e) Amount and percentage of borrowings of total fund size as at 30 June 2010.  
Nil

f) Amount of redemptions and subscriptions for the period 1 January 2010 to 30 June 2010.

Total amount of redemptions S\$ 1,368,694,823  
Total amount of subscriptions S\$ 1,570,445,420

g) Amount of Related-Party Transactions (for the period 1 January 2010 to 30 June 2010)  
Nil

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	0.15%	0.40%	0.99%	3.87%	8.80%	13.67%

Note: \* Cummulative returns are in Singapore dollars based on a bid to bid basis, with net dividends reinvested.  
Source: Bloomberg as at 30 June 2010.

i) Expense Ratios	30 June 2010	30 June 2009
Without performance fee	0.57%	0.59%
With performance fee	0.57%	0.59%

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 2010	30 June 2009
	56.96%	63.05%

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 2010 and 30 June 2009.

Not applicable.

(ii) Expense ratios for the period 30 June 2010 and 30 June 2009. 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 2010 and 30 June 2009

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 service 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 declined 0.29% for the 6-month period ending 30 June 2010, outperforming its benchmark which dropped 3.78% on an SGD adjusted basis. The fund produced a net return (bid-to-bid basis) of 10.42% since inception on 16 April 2001.

During 1H 2010, macro-type factors proved to be important in driving stock and bond market returns. Global equities traded within a range because of unattractive forward valuations, Eurozone Sovereign debt contagion and weakening economic data from U.S and China. On the fixed-income front, investment-grade and government bonds benefited from risk aversion and the shift in expectations on the timing of interest-rate tightening by Western Central Banks.

We remained overweight in equities during 1Q 2010 because we were able to find favorable bottom-up opportunities while maintaining a broadly favorable view of the equity markets. Towards the end of 2Q2010, both the top-down and bottom-up case began faltering. The bottom-up case for many companies we follow did not provide a sufficiently high risk/return characteristic. The top-down case also weakened with a host of leading market indicators turning downwards.

Looking ahead to 2H 2010, equity markets are likely to be challenged by a mixture of slower Western growth and the Chinese asset bubble. Fixed income markets are likely to continue outperforming equities as risk-aversion drives capital towards bonds. We are positioning the portfolio for the next 6-months by reducing the equity allocation of portfolios as well as changing the composition of the equities held to favor defensive sectors. The higher cash levels will allow us to tactically raise the bond allocation or apply the cash to option-writing strategies; a tactic which we successfully used in managing funds during the 2001-2003 downturn.

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

### a) I Investment Classified by Geography

	<b>Fair Value 30/06/2010</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2010</b>
<b>By Geography (Summary)</b>	<b>S\$</b>	<b>%</b>
Australia	930,096	8.29
China	427,969	3.82
Europe	716,687	6.39
Hong Kong	1,228,308	10.95
Malaysia	237,218	2.12
Singapore	2,501,110	22.31
South Korea	574,899	5.13
Taiwan	173,042	1.54
Thailand	1,362,281	12.15
United Kingdom	458,360	4.09
United States	1,258,457	11.22
<b>Portfolio of investments</b>	9,868,427	88.01
<b>Other net assets/liabilities</b>	1,344,721	11.99
<b>Net assets attributable to unitholders</b>	11,213,148	100.00

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

a) **II Investment Classified by Industry**

<b>By Industry (Summary)</b>	<b>Fair Value 30/06/2010</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2010</b>
	<b>S\$</b>	<b>%</b>
Consumer Services	427,968	3.82
Energy	1,632,478	14.56
Finance	2,893,571	25.81
Food and Beverages	724,857	6.46
Healthcare	235,890	2.10
Industrial	1,319,570	11.76
Insurance	136,459	1.22
REITS	1,087,983	9.70
Technology	284,255	2.54
Telecommunications	686,937	6.13
Utilities	438,459	3.91
<b>Portfolio of investments</b>	<b>9,868,427</b>	<b>88.01</b>
<b>Other net assets/liabilities</b>	<b>1,344,721</b>	<b>11.99</b>
<b>Net assets attributable to unitholders</b>	<b>11,213,148</b>	<b>100.00</b>

a) **III Asset Class**

	<b>Fair Value 30/06/2010</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Equity	6,748,475	60.18
Bonds	3,119,952	27.82
Cash & other bank balances	978,869	8.73
Other Net Current Assets/(Liabilities)	365,852	3.27
	<b>11,213,148</b>	<b>100.00</b>

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

	<b>Fair Value 30/06/2010</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
A	1,033,259	9.21
A-	895,064	7.98
AAA	358,624	3.20
BB+	284,255	2.54
Unrated	846,970	7.55
	<b>3,418,172</b>	<b>30.48</b>

**b) Top Ten Holdings**

<b><u>10 Largest Holdings as at 30 June 2010</u></b>	<b>Fair Value 30/06/2010 S\$</b>	<b>Percentage of total net assets %</b>
SMRT Corporation Limited	643,110	5.74
GPT Re Ltd 6.25% Due 7 November 2010	596,844	5.32
China National Offshore Oil Corporation Ltd	480,432	4.28
BP Capital PLC Due 17 March 2011	458,360	4.09
Thai Tap Water Supply Public Co Limited – NVDR	438,459	3.91
Xinyu Hengdeli Holdings Limited Due 24 August 2012	427,969	3.82
PB Issuer Ltd 3.3% Due 1 February 2013	419,001	3.74
Industrial Bank of Korea Due 21 September 2010	417,964	3.73
Hershey Foods Corp Com	409,737	3.65
Singapore Airport Terminal	387,150	3.45
	<b>4,679,025</b>	<b>41.73</b>

  

<b><u>10 Largest Holdings as at 30 June 2009</u></b>	<b>Fair Value 30/06/2009 S\$</b>	<b>Percentage of total net assets %</b>
Capitamall Tust 1% Due 2 July 2013	718,005	6.99
Goldman Sachs 6.195% Due 21 October 2009	587,259	5.72
Sanofi Synthelabo	518,007	5.04
SMRT Corp Ltd	488,880	4.76
Olam International 1.2821% Due 3 July 2013	422,058	4.11
PB Issuer Ltd Pacbas 3.3% Due 1 February 2013	394,377	3.84
YTL Power International Bhd	381,505	3.71
Thoresen Thai AG Thores 2.5% Due 24 September 2012	379,697	3.70
Deutsche Telekom NPV (REGD)	375,729	3.66
Xinyu Hengdeli 0% Due 24 August 2010	373,315	3.63
	<b>4,638,832</b>	<b>45.16</b>

- c) (i) Exposure to derivatives as at 30 June 2010:  
Nil
- c) (ii) Gains on derivative contracts realized for the period from 1 January 2010 to 30 June 2010.  
S\$6,172
- c) (iii) Net losses on outstanding derivative contracts marked to market as at 30 June 2010.  
Nil

d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2010.  
Nil

e) Amount and percentage of borrowings of total fund size as at 30 June 2010.  
Nil

f) Amount of redemptions and subscriptions for the period 1 January 2010 to 30 June 2010.  
Total amount of redemptions S\$ 35,869  
Total amount of subscriptions S\$ 305,721

g) Amount of Related-Party Transactions (for the period 1 January 2010 to 30 June 2010)

Interest income earned from a related company of the Trustee S\$1,619

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	-2.62 %	-0.29%	6.55%	-29.78%	11.46%	10.42%
Benchmark	-4.03%	-3.78%	1.48%	-8.46%	-1.52%	15.94%

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

Source: Bloomberg as at 30 June 2010

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 2010	30 June 2009
Without performance fee	2.29%	2.47%
With performance fee	2.29%	2.47%

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 2010	30 June 2009
	39.27%	45.21%

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 2010 and 30 June 2009.

Not applicable.

(ii) Expense ratios for the period 30 June 2010 and 30 June 2009. 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 2010 and 30 June 2009.

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 service 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 across various sectors and regions.

### **MANAGER'S REPORT**

The Fund declined 3.91% for the 12-month period ending 30 June 2010, outperforming its benchmark which dropped 8.35 % on an SGD adjusted basis. The fund produced a net return of 42.07% (bid-to-bid basis) since inception on 16 April 2001.

During 1H 2010, macro-type factors proved to be important in driving stock and bond market returns. Global equities traded within a range because of unattractive forward valuations, Eurozone Sovereign debt contagion and weakening economic data from U.S and China. On the fixed-income front, investment-grade and government bonds benefited from risk aversion and the shift in expectations on the timing of interest-rate tightening by Western Central Banks.

We remained overweight in equities during 1Q 2010 because we were able to find favorable bottom-up opportunities while maintaining a broadly favorable view of the equity markets. Towards the end of 2Q2010, both the top-down and bottom-up case began faltering. The bottom-up case for many companies we follow did not provide a sufficiently high risk/return characteristic. The top-down case also weakened with a host of leading market indicators turning downwards.

Looking ahead to 2H 2010, equity markets are likely to be challenged by a mixture of slower Western growth and the Chinese asset bubble. Fixed income markets are likely to continue outperforming equities as risk-aversion drives capital towards bonds. We are positioning the portfolio for the next 6-months by reducing the equity allocation of portfolios as well as changing the composition of the equities held to favor defensive sectors. The higher cash levels will allow us to tactically raise the bond allocation or apply the cash to option-writing strategies; a tactic which we successfully used in managing funds during the 2001-2003 downturn.

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

### a) I Investment Classified by Geography

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>30/06/2010</b>	<b>total net assets</b>
	<b>S\$</b>	<b>attributable to</b>
		<b>unitholders at</b>
		<b>30/06/2010</b>
<b>By Geography (Summary)</b>		
Australia	788,806	4.03
Canada	687,895	3.51
China	2,364,457	12.07
Europe	789,046	4.03
Hong Kong	1,910,476	9.76
Indonesia	581,142	2.97
Japan	1,599,957	8.17
Malaysia	309,209	1.58
Singapore	3,180,351	16.24
South Korea	576,692	2.94
Taiwan	843,076	4.30
Thailand	760,541	3.88
United Kingdom	909,948	4.65
United States	2,615,941	13.36
<b>Portfolio of investments</b>	<b>17,917,537</b>	<b>91.49</b>
<b>Other net assets/liabilities</b>	<b>1,666,969</b>	<b>8.51</b>
<b>Net assets attributable to unitholders</b>	<b>19,584,506</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 30/06/2010</b>	<b>Percentage of total net assets attributable to unitholders at 30/06/2010</b>
<b>By Industry (Summary)</b>	<b>SS</b>	<b>%</b>
Consumer Services	427,969	2.19
Energy	1,528,024	7.80
Finance	4,732,976	24.17
Food and Beverages	1,056,656	5.40
Healthcare	857,891	4.38
Industrial	5,664,479	28.92
Insurance	246,694	1.26
Materials	309,209	1.58
Property	106,238	0.54
REITS	267,592	1.37
Technology	1,767,814	9.03
Telecommunications	951,995	4.86
<b>Portfolio of investments</b>	<b>17,917,537</b>	<b>91.49</b>
<b>Other net assets</b>	<b>1,666,969</b>	<b>8.51</b>
<b>Net assets attributable to unitholders</b>	<b>19,584,506</b>	<b>100.00</b>

a) **III Asset Class**

	<b>Fair Value 30/06/2010</b>	<b>Percentage of total net assets</b>
	<b>SS</b>	<b>%</b>
Equity	15,587,781	79.59
Bonds	2,329,756	11.90
Cash & other bank balances	1,098,836	5.61
Other Net Current Assets/(Liabilities)	58,133	2.90
	<b>19,584,506</b>	<b>100.00</b>

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

	<b>Fair Value 30/06/2010</b>	<b>Percentage of total net assets</b>
	<b>SS</b>	<b>%</b>
A	1,061,015	5.42
A-	519,700	2.65
BB+	426,383	2.18
Unrated	1,126,304	5.75
	<b>3,133,401</b>	<b>16.00</b>

**b) Top Ten Holdings**

<b><u>10 Largest Holdings as at 30 June 2010</u></b>	<b>Fair Value 30/06/2010</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
SMRT Corporation Limited	919,360	4.69
Hershey Foods Corp Com	766,842	3.92
PB Issuer Limited 3.3% Due 1 February 2013	698,336	3.57
Pan American Silver Corp Com NPV	687,895	3.51
Zhuzhou CSR Times Electric	653,463	3.34
BP Capital PLC Due 17 March 2011	620,134	3.17
Bridgestone Corp Com	585,609	2.99
Bank Rakyat Indonesia (Persero) TBK	581,142	2.97
Bank of America Corporation	551,367	2.82
China Railways Construction Corporation Limited	534,400	2.73
	<b>6,598,547</b>	<b>33.69</b>

<b><u>10 Largest Holdings as at 30 June 2009</u></b>	<b>Fair Value 30/06/2009</b>	<b>Percentage of total net assets</b>
	<b>S\$</b>	<b>%</b>
Goldman Sachs 6.195% Due 21 October 2009	1,174,518	6.08
Petrochina Co Ltd	570,000	4.73
Capitamall Trust 1% Due 2 July 2013	718,005	3.71
Olam International 1.2821% Due 3 July 2013	703,429	3.64
SMRT Corp Ltd	698,880	3.62
PB Issuer Ltd PACBAS 3.3% Due 1 February 2013	657,295	3.40
Sanofi Synthelabo	611,755	3.16
Advanced Info Services –NVDR	599,834	3.10
Osaka Securities Exchange Co	565,282	2.92
Singapore Press Holdings Ltd	518,240	2.68
	<b>7,162,392</b>	<b>37.04</b>

- c) (i) Exposure to derivatives as at 30 June 2010:  
Nil
- c) (ii) Gain on derivative contracts realized for the period from 01 January 2010 to 30 June 2010.  
S\$47,735
- c) (iii) Net losses on outstanding derivative contracts marked to market as at 30 June 2010.  
Nil
- d) Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 June 2010  
Nil

- e) Amount and percentage of borrowings of total fund size as at 30 June 2010  
Nil
- f) Amount of redemptions and subscriptions for the period 01 January 2010 to 30 June 2010.  
Total amount of redemptions S\$ 386,681  
Total amount of subscriptions S\$ 138,951
- g) Amount of Related-Party Transactions (for the period 1 January 10 to 30 June 2010)  
Interest income earned from a related company of the Trustee S\$295

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	-8.05%	-3.91%	5.32%	-28.44%	-4.90%	42.07%
Benchmark	-9.40%	-8.35%	3.04%	26.52%	-15.11%	-1.32%

Note: \* Cumulative returns are in Singapore dollars based on a bid to bid basis, with net dividends reinvested.  
Source: Bloomberg as at 30 June 2010  
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 2010 | 30 June 2009 |
| Without performance fee | 2.00%        | 2.15%        |
| With performance fee    | 2.00%        | 2.15%        |

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 2010 | 30 June 2009 |
|                    | 64.28%       | 47.92%       |

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 2010 and 30 June 2009.

Not applicable.

- (ii) Expense ratios for the period 30 June 2010 and 30 June 2009. 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 2010 and 30 June 2009

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 service 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 2010 (unaudited)**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>Financial Period from 01/01/2010 to 30/06/2010 S\$</b>	<b>Financial Period from 01/01/2009 to 30/06/2009 S\$</b>	<b>Financial Period from 01/01/2010 to 30/06/2010 S\$</b>	<b>Financial Period From 01/01/2009 To 30/06/2009 S\$</b>	<b>Financial Period from 01/01/2010 to 30/06/2010 S\$</b>	<b>Financial Period from 01/01/2009 to 30/06/2009 S\$</b>
<b>Income</b>						
Dividends	-	-	109,222	204,127	128,911	295,102
Interest	4,870,671	3,787,899	92,357	41,134	38,529	43,431
Rebate	65,834	6,624	-	-	-	-
Others	72,955	-	6,316	-	10,357	-
	<u>5,009,460</u>	<u>3,794,523</u>	<u>207,895</u>	<u>245,261</u>	<u>177,797</u>	<u>338,533</u>
Less:						
<b>Expenses</b>						
Management fees	1,427,397	1,116,163	84,331	79,989	156,524	140,829
Trustees' fees	87,813	66,970	3,584	3,959	4,807	4,253
Custodian fees	31,069	21,464	8,365	9,773	7,537	9,665
Audit fees	4,605	(1,623)	4,605	15,370	4,605	14,988
Performance fees	-	-	-	-	-	-
Other	123,869	18,440	31,411	34,188	38,842	35,277
	<u>1,674,753</u>	<u>1,221,414</u>	<u>132,296</u>	<u>143,279</u>	<u>212,315</u>	<u>205,012</u>
<b>Net income/(loss)</b>	<u>3,334,707</u>	<u>2,573,109</u>	<u>75,599</u>	<u>101,982</u>	<u>(34,518)</u>	<u>133,521</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 01/01/2010 to 30/06/2010  S\$	Financial Period from 01/01/2009 to 30/06/2009  S\$	Financial Period from 01/01/2010 to 30/06/2010  S\$	Financial Period From 01/01/2009 to 30/06/2009  S\$	Financial Period from 01/01/2010 to 30/06/2010  S\$	Financial Period from 01/01/2009 to 30/06/2009  S\$
<b>Net gains/(losses) on value of investments</b>						
	(590,529)	(676,890)	86,792	1,957,712	607,198	1,755,475
	(577,533)	1,816,342	327,038	(1,045,679)	4,483,353	804,074
	–	–	6,172	(1,441)	47,735	(74,760)
	(1,168,062)	1,139,452	420,002	910,592	5,172,804	2,484,789
	<b>Total return for the year before income tax</b>					
	2,166,645	3,712,561	495,601	1,012,574	5,138,286	2,618,310
	9	–	–	(13,202)	(11,981)	(18,894)
	<b>Total return for the year</b>					
	2,166,645	3,712,561	482,399	1,000,593	5,124,203	2,599,416

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

**Balance Sheets**  
**As at 30 June 2010 (unaudited)**

	Note	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
		As at 30/06/2010	As at 31/12/2009	As at 30/06/2010	As at 31/12/2009	As at 30/06/2010	As at 31/12/2009
		S\$	S\$	S\$	S\$	S\$	S\$
<b>Assets</b>							
Portfolio of investments		355,872,973	319,652,067	9,868,427	10,197,995	17,917,537	18,767,918
Receivables	3	3,990,046	2,538,534	45,334	229,843	54,547	1,561,551
Cash and bank balances	4	325,013,082	150,589,121	1,338,069	609,809	1,664,035	1,180,046
<b>Total assets</b>		<b>684,876,101</b>	<b>472,779,722</b>	<b>11,251,830</b>	<b>11,037,647</b>	<b>19,636,119</b>	<b>21,509,515</b>
<b>Liabilities</b>							
Payables	5	1,849,891	385,629	38,682	47,887	51,613	65,444
Due to brokers/unitholders		6,714,875	-	-	-	-	833,269
Net assets attributable to unitholders	6	676,311,335	472,394,093	11,213,148	10,989,760	19,584,506	20,610,802
<b>Total liabilities</b>		<b>684,876,101</b>	<b>472,779,722</b>	<b>11,251,830</b>	<b>11,037,647</b>	<b>19,636,119</b>	<b>21,509,515</b>

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

**Portfolio Statements  
 As at 30 June 2010**

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Money Market Fund By Industry (Primary)</b>			
<b>Financial</b>			
<b>Fixed Rate Notes – Quoted</b>			
ANZ National International 3.22%			
Due 8 Jul 2010	11,250,000	11,253,375	1.66%
Bank of America 4%			
Due 9 Mar 2011	500,000	513,000	0.07%
BNZ International Funding 3.24%			
Due 28 Jul 2010	3,250,000	3,251,950	0.48%
Commonwealth Bank 2.48%			
Due 30 Sep 2010	3,000,000	3,008,100	0.44%
Dexia BQ Int Lux 1.8%			
Due 10 Jun 2011	7,000,000	7,024,500	1.04%
General Elec Cap Corp 3.485%			
Due 8 Mar 2012	6,100,000	6,195,770	0.92%
General Elec Cap Corp 2.96%			
Due 18 Mar 2012	1,100,000	1,102,530	0.16%
Goldman Sachs 5.15%			
Due 25 Oct 2010	750,000	758,100	0.11%
Jackson Nat Fund 3.92%			
Due 8 Mar 2011	1,500,000	1,512,900	0.22%
John Hancock 4.28%			
Due 22 Feb 2011	7,000,000	7,128,100	1.05%
Kim Eng Holdings 2.3%			
Due 28 Jan 2011	13,000,000	13,027,950	1.93%
Kim Eng Holdings 2.4%			
Due 5 Jul 2012	6,000,000	6,030,000	0.89%
Kookmin Bank 2.05%			
Due 18 Oct 2010	15,000,000	15,015,000	2.22%
National Agricultural Cooperative 3.3%			
Due 18 Aug 2010	3,000,000	3,006,900	0.44%
National Australia Bank 2.18%			
Due 30 Sep 2010	500,000	501,400	0.07%
Oversea-Chinese Banking Corporation 5%			
Due 06 Sep 2011	2,850,000	2,942,767	0.43%
Shinhan Bank 3.8%			
Due 14 Jul 2010	3,750,000	3,750,750	0.55%

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

<b>Phillip Money Market Fund By Industry (Primary)</b>	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Fixed Rate Bonds – Quoted (Cont'd)</b>			
Westpac Banking 5.25%			
Due 25 Aug 2010	1,500,000	1,509,450	0.22%
<b>Total Financial</b>		<b>87,532,542</b>	<b>12.94%</b>
<b>Food and Beverages</b>			
<b>Fixed Rate Notes - Quoted</b>			
F&N CTR 4.045%			
Due 14 Mar 2011	1,500,000	1,516,425	0.23%
F&N Treasury Pte Ltd 3.38%			
Due 15 Apr 2011	1,750,000	1,773,450	0.26%
F&N Treasury Pte Ltd 3.41%			
Due 12 Aug 2010	2,500,000	2,504,667	0.37%
F&N Treasury Pte Ltd 3.6%			
Due 9 Jul 2010	6,500,000	6,501,300	0.96%
Mcdonald's Corporation 3.6275%			
Due 10 Oct 2010	9,000,000	9,059,400	1.34%
<b>Total Food and Beverages</b>		<b>21,355,242</b>	<b>3.16%</b>
<b>Government Agency</b>			
<b>Fixed Rate Notes - Quoted</b>			
Export-Import Bank of Korea 1.24%			
Due 29 Apr 2011	5,000,000	4,994,000	0.74%
Export-Import Bank of Korea 1.35%			
Due 9 Apr 2011	15,000,000	14,974,500	2.21%
Export-Import Bank of Korea 1.55%			
Due 9 Dec 2010	12,000,000	12,000,000	1.77%
Export-Import Bank of Korea 2%			
Due 14 Jun 2011	2,000,000	2,008,600	0.30%
Housing and Development Board 3.455%			
Due 1 Mar 2011	5,000,000	5,096,500	0.75%
Housing and Development Board 3.805%			
Due 14 Jul 2011	2,000,000	2,065,000	0.31%
Korea Development Bank 1.18%			
Due 19 May 2011	12,000,000	11,997,600	1.78%
<b>Total Government Agency</b>		<b>53,136,200</b>	<b>7.86%</b>

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

	<b>Holdings as at</b>	<b>Fair value as at</b>	<b>Percentage of total net assets attributable to unitholders as at</b>
	<b>30/06/2010</b>	<b>30/06/2010 S\$</b>	<b>30/06/2010 %</b>
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Investment Funds – Quoted</b>			
Phillip Savings Fund	39,962,447	40,158,263	5.94%
<b>Total Investment</b>		<b>40,158,263</b>	<b>5.94%</b>
<b>Property</b>			
<b>Fixed Rate Notes - Quoted</b>			
Allgreen Properties Limited 2.6%			
Due 28 Dec 2011	15,000,000	15,189,000	2.24%
Ascott Capital Pte Limited 4.7%			
Due 7 Jul 2011	250,000	257,150	0.04%
Capitaland Treasury Limited 3.1%			
Due 17 Jan 2011	3,750,000	3,782,625	0.56%
Capitaland Treasury Limited 4.08%			
Due 15 Mar 2011	4,250,000	4,324,800	0.64%
CDL Properties Limited 3.15%			
Due 16 Sep 2010	8,750,000	8,785,438	1.30%
CDL Properties Limited 3.85%			
Due 10 Dec 2011	3,000,000	3,072,000	0.45%
City Development Limited 3.25%			
Due 22 Jul 2010	7,000,000	7,138,600	1.06%
GLL IHT Pte Ltd 4%			
Due 1 Jul 2010	2,000,000	2,000,200	0.30%
Guocoland Limited 3.77%			
Due 11 Aug 2010	3,750,000	3,753,375	0.55%
HK Land Treasury 3.01%			
Due 4 Oct 2010	7,000,000	7,025,900	1.04%
Hotel Properties Limited 3.3%			
Due 7 Mar 2011	15,750,000	15,904,350	2.35%
Hotel Properties Limited 3.42%			
Due 6 Jul 2010	5,250,000	5,250,000	0.78%
Hotel Properties Limited 4.95%			
Due 30 May 2011	2,250,000	2,310,975	0.34%
Hotel Properties Limited 5%			
Due 5 Mar 2012	2,750,000	2,877,050	0.43%
Keppel Land Ltd 3.76%			
Due 14 Mar 2011	4,000,000	4,061,800	0.60%
PSA Corp Ltd 4.91%			
Due 15 Aug 2010	1,750,000	1,755,250	0.26%
Singapore Airlines 4.15%			
Due 19 Dec 2011	10,500,000	10,916,850	1.61%

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

	Holdings as at 30/06/2010	Fair value as at 30/06/2010 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2010 %
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Property</b>			
<b>Fixed rate Notes – Quoted (Cont’d)</b>			
Solitaire Cap 4.37%			
Due 18 Jul 2011	1,000,000	1,026,000	0.15%
Wing Tai Holdings Limited 4.98%			
Due 25 Apr 2011	1,000,000	1,019,450	0.15%
		100,450,813	14.86%
<b>Floating Rate Notes - Quoted</b>			
Capitaland Treasury Limited			
Due 15 Mar 2011	12,000,000	11,967,600	1.77%
Keppel Land Ltd			
Due 5 Oct 2010	20,500,000	20,495,900	3.03%
Keppel Land Ltd			
Due 26 Mar 2015	3,000,000	2,999,400	0.44%
		35,462,900	5.24%
<b>Total Property</b>		<b>135,913,713</b>	<b>20.10%</b>
<b>Sovereign</b>			
<b>Fixed Rate Notes - Quoted</b>			
Singapore Government Bonds 4.625%			
Due 1 Jul 2010	3,400,000	3,399,660	0.50%
<b>Total Sovereign</b>		<b>3,399,660</b>	<b>0.50%</b>
<b>Supranational</b>			
<b>Fixed Rate Notes - Quoted</b>			
Kreditanst Fur Wie 1.9%			
Due 17 March 2011	500,000	504,250	0.07%
<b>Total Supranational</b>		<b>504,250</b>	<b>0.07%</b>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
		S\$	
<b>Phillip Money Market Fund</b>			
<b>By Industry (Primary)</b>			
<b>Utilities</b>			
<b>Fixed Rate Notes - Quoted</b>			
PowerSeraya 3.97%			
Due 30 Sep 2010	7,000,000	7,040,250	1.04%
RWE AG 2.3%			
Due 8 Jul 2010	3,000,000	3,000,300	0.44%
Singapore Powerassets Limited 3.73%			
Due 22 Oct 2010	3,800,000	3,832,553	0.57%
<b>Total Utilities</b>		<b>13,873,103</b>	<b>2.05%</b>
<b>Portfolio of investments</b>		355,872,973	52.62%
<b>Other net assets/liabilities</b>		320,438,362	47.38%
<b>Net assets attributable to unitholders</b>		<b>676,311,335</b>	<b>100.00%</b>

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

	Fair value as at 30/06/2010 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2010 %	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
<b>Phillip Money Market Fund By Industry (Summary)</b>			
Finance	87,532,542	12.94	11.67
Food and Beverages	21,355,242	3.16	4.22
Government Agency	53,136,200	7.86	7.03
Investment Fund	40,158,263	5.94	7.43
Property	135,913,713	20.10	26.77
REITS	-	-	2.87
Sovereign	3,399,660	0.50	5.43
Supranational	504,250	0.07	-
Utilities	13,873,103	2.05	2.25
<b>Portfolio of investments</b>	<b>355,872,973</b>	<b>52.62</b>	<b>67.67</b>
<b>Other net assets/liabilities</b>	<b>320,438,362</b>	<b>47.38</b>	<b>32.33</b>
<b>Net assets attributable to unitholders</b>	<b>676,311,335</b>	<b>100.00</b>	<b>100.00</b>
<b>Phillip Money Market Fund By Geography (Secondary)</b>			
<b>Quoted</b>			
Australia	5,018,950	0.75	0.75
Europe	10,529,050	1.56	2.12
Hong Kong	-	-	1.06
New Zealand	14,505,325	2.14	0.64
Singapore	235,567,498	34.83	48.71
South Korea	64,740,450	9.57	11.29
United Kindom	1,512,900	0.22	1.17
United States	23,998,800	3.55	1.94
<b>Portfolio of investments</b>	<b>355,872,973</b>	<b>52.62</b>	<b>67.67</b>
<b>Other net assets/liabilities</b>	<b>320,438,362</b>	<b>47.38</b>	<b>32.33</b>
<b>Net assets attributable to unitholders</b>	<b>676,311,335</b>	<b>100.00</b>	<b>100.00</b>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Income Fund</b>			
<b>By Industry (Primary)</b>			
<b>Consumer Services</b>			
<b>Convertible Bonds</b>			
Xinyu Hengdeli Holdings Due 24 August 2012	2,000,000	427,968	3.82
<b>Total Consumer Services</b>		<b>427,968</b>	<b>3.82</b>
<b>Energy</b>			
<b>Quoted Equities</b>			
YTL Power International Bhd	250,000	237,219	2.12
China National Offshore Oil Corporation Ltd	200,000	480,432	4.28
PTT PCL-NVDR	21,500	228,048	2.03
Thai Oil PCL-NVDR	120,400	228,419	2.04
		<u>1,174,118</u>	<u>10.47</u>
<b>Quoted Bonds</b>			
BP Capital PLC Due 17 March 2011	340,000	458,360	4.09
<b>Total Energy</b>		<b>1,632,478</b>	<b>14.56</b>
<b>Finance</b>			
<b>Quoted Equities</b>			
Bangkok Bank Public Co-NVDR	32,100	173,009	1.54
Bank of America Corporation	14,688	294,586	2.63
Yuanta Financial Holdings Co Limited	231,000	173,042	1.54
NYSE Euronext	8,244	318,244	2.84
		<u>958,881</u>	<u>8.55</u>
<b>Quoted Bonds</b>			
Ind Bk of Korea Due 21 September 2010	300,000	417,964	3.73
Ind Bk of Korea 7.125% Due 23 April 2014	100,000	156,935	1.40
Kreditanst Fur Wie 6.07% Due 27 August 2010	300,000	358,624	3.20
		<u>933,523</u>	<u>8.33</u>
<b>Preferred Shares - Quoted</b>			
DBS Cap Fund Corporation 7.657%	200,000	283,945	2.53
Oversea-Chinese Banking Corporation 7.75%	200,000	298,220	2.66
		<u>582,165</u>	<u>5.19</u>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Income Fund</b>			
<b>By Industry (Primary)</b>			
<b>Finance [Cont'd]</b>			
<b>Convertible Bonds - Quoted</b>			
PB Issuer Ltd 3.3% Due 1 February 2013	300,000	419,001	3.74
<b>Total Finance</b>		<b>2,893,571</b>	<b>25.81</b>
<b>Food and Beverage</b>			
<b>Quoted Equities</b>			
Cerebos Pacific Limited	78,000	315,120	2.81
Hershey Foods Corp Com	6,119	409,737	3.65
<b>Total Food and Beverage</b>		<b>724,857</b>	<b>6.46</b>
<b>Healthcare</b>			
<b>Quoted Equities</b>			
Bristol Myers Squibb C Com	6,770	235,890	2.10
<b>Total Healthcare</b>		<b>235,890</b>	<b>2.10</b>
<b>Industrial</b>			
<b>Quoted Equities</b>			
Boardroom Limited	175,000	85,750	0.76
Singapore Airlines Limited	14,000	203,560	1.82
Singapore Airport Terminal	145,000	387,150	3.45
SMRT Corporation Limited	291,000	643,110	5.73
<b>Total Industrial</b>		<b>1,319,570</b>	<b>11.76</b>
<b>Insurance</b>			
<b>Quoted Equities</b>			
QBE Insurance Group Limited	6,286	136,459	1.22
<b>Total Insurance</b>		<b>136,459</b>	<b>1.22</b>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Income Fund</b>			
<b>By Industry (Primary)</b>			
<b>Real Estate Investment Trust (“REITS”)</b>			
<b>Quoted Equities</b>			
CPN Retail Growth Leasehold	638,000	294,346	2.63
Charter Hall Retail REIT	302,398	196,793	1.75
		<u>491,139</u>	<u>4.38</u>
<b>Quoted Bonds</b>			
GPT Re Ltd 6.25% Due 7 November 2010	500,000	596,844	5.32
		<u>1,087,983</u>	<u>9.70</u>
<b>Technology</b>			
<b>Quoted Bonds</b>			
Stats Chippac 6.75% Due 15 November 2011	200,000	284,255	2.54
<b>Total Technology</b>		<u>284,255</u>	<u>2.54</u>
<b>Telecommunications</b>			
<b>Quoted Equities</b>			
France Telecom	14,668	358,063	3.20
China Mobile (HK) Ltd	23,500	328,874	2.93
<b>Total Telecommunications</b>		<u>686,937</u>	<u>6.13</u>
<b>Utilities</b>			
<b>Quoted Equities</b>			
Thai Tap Water Supply Public Co Limited	2,290,300	438,459	3.91
<b>Total Utilities</b>		<u>438,459</u>	<u>3.91</u>
<b>Portfolio of investments</b>		9,868,427	88.01
<b>Other net assets</b>		1,344,721	11.99
<b>Net assets attributable to unitholders</b>		<u>11,213,148</u>	<u>100.00</u>

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

	Fair value As at 30/06/2010 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2010 %	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
<b>Phillip Income Fund By Industry (Summary)</b>			
Consumer Services	427,968	3.82	8.46
Energy	1,632,478	14.56	3.22
Finance	2,893,571	25.81	33.41
Food and Beverages	724,857	6.46	5.68
Healthcare	235,890	2.10	-
Industrial	1,319,570	11.76	7.58
Insurance	136,459	1.22	-
REITS	1,087,983	9.70	19.04
Technology	284,255	2.54	2.00
Telecommunications	686,937	6.13	7.31
Utilities	438,459	3.91	6.10
<b>Portfolio of investments</b>	<b>9,868,427</b>	<b>88.01</b>	<b>92.80</b>
<b>Other net assets</b>	<b>1,344,721</b>	<b>11.99</b>	<b>7.20</b>
<b>Net assets attributable to unitholders</b>	<b>11,213,148</b>	<b>100.00</b>	<b>100.00</b>

<b>Phillip Income Fund By Geography (Secondary)</b>			
Australia	930,096	8.29	13.54
China	427,969	3.82	6.98
Europe	716,687	6.39	8.16
Hong Kong	1,228,308	10.95	6.26
Malaysia	237,218	2.12	-
Singapore	2,501,110	22.31	28.17
South Korea	574,899	5.13	7.50
Taiwan	173,042	1.54	2.16
Thailand	1,362,281	12.15	10.34
United Kingdom	458,360	4.09	-
United States	1,258,457	11.22	9.69
<b>Portfolio of investments</b>	<b>9,868,427</b>	<b>88.01</b>	<b>92.80</b>
<b>Other net assets</b>	<b>1,344,721</b>	<b>11.99</b>	<b>7.20</b>
<b>Net assets attributable to unitholders</b>	<b>11,213,148</b>	<b>100.00</b>	<b>100.00</b>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Growth Fund</b>			
<b>By Industry (Primary)</b>			
<b>Consumer Services</b>			
<b>Convertible Bonds - Quoted</b>			
Xinyu Hengdeli 0% Due 24 August 2010	2,000,000	427,969	2.19
<b>Total Consumer Services</b>		<b>427,969</b>	<b>2.19</b>
<b>Energy</b>			
<b>Quoted Equities</b>			
China National Offshore Oil Corporation Ltd	200,000	480,432	2.45
PTT PCL-NVDR	40,300	427,458	2.18
		907,890	4.63
<b>Quoted Bonds</b>			
BP Capital PLC Due 17 March 2011	460,000	620,134	3.17
<b>Total Energy</b>		<b>1,528,024</b>	<b>7.80</b>
<b>Finance</b>			
<b>Quoted Equities</b>			
Acom Co Limited	19,490	354,679	1.81
Bangkok Bank Public Co-NVDR	61,800	333,082	1.70
Bank of America Corporation	27,491	551,367	2.82
Bank Rakyat Indonesia (Persero) TBK	407,500	581,142	2.97
E*Trade Financial Corp	27,750	458,048	2.34
Mitsubishi UFJ Financial GRO NPV	56,000	356,769	1.82
Yuanta Financial Holding Co Limited	586,000	438,973	2.24
		3,074,060	15.70
<b>Quoted Bonds</b>			
Ind Bk of Korea 7.125% Due 23 April 2014	100,000	156,935	0.80
		156,935	0.80
<b>Preferred Shares - Quoted</b>			
DBS Cap Fund Corp 7.657%	200,000	283,945	1.45
Oversea-Chinese 5.1%	5,000	519,700	2.65
		803,645	4.10
<b>Convertible Bonds</b>			
PB Issuer Ltd Pacbas 3.3% Due 1 February 2013	500,000	698,336	3.57
<b>Total Finance</b>		<b>4,732,976</b>	<b>24.17</b>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Growth Fund By Industry (Primary)</b>			
<b>Food and Beverages</b>			
<b>Quoted Equities</b>			
Diageo Public Limited Company	13,000	289,814	1.48
Hershey Foods Corp Com	11,452	766,842	3.92
<b>Total Food and Beverages</b>		<b>1,056,656</b>	<b>5.40</b>
<b>Healthcare</b>			
<b>Quoted Equities</b>			
Bristol Myers Squibb C Com	13,030	454,009	2.32
Mindray Medical Intl Ltd-ADR	9,200	403,882	2.06
<b>Total Healthcare</b>		<b>857,891</b>	<b>4.38</b>
<b>Insurance</b>			
<b>Quoted Equities</b>			
QBE Insurance Group Ltd	11,364	246,694	1.26
<b>Total Insurance</b>		<b>246,694</b>	<b>1.26</b>
<b>Industrial</b>			
<b>Quoted Equities</b>			
ABB Ltd-SPON ADR	1 5,000	361,852	1.85
Bluescope Steel Ltd NPV	110,000	274,519	1.40
Boardroom Limited	418,500	205,065	1.05
Bridgestone Corp Com	26,300	585,609	2.99
China Railways Construction Corpn Ltd	302,500	534,400	2.73
Indofood Agri Resources Ltd	168,000	356,160	1.82
Nissha Printing Co Ltd NPV	8,000	302,900	1.55
Pan American Silver Corp Com NPV	19,500	687,895	3.51
POSCO	786	419,756	2.14
Singapore Airlines Ltd	25,000	363,500	1.85
SMRT Corporation Limited	416,000	919,360	4.69
Zhuzhou CSR Times Electric	219,000	653,463	3.34
<b>Total Industrial</b>		<b>5,664,479</b>	<b>28.92</b>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Growth Fund By Industry (Primary)</b>			
<b>Materials</b>			
<b>Quoted Equities</b>			
WTK Holdings Berhad	640,100	309,209	1.58
<b>Total Materials</b>		<b>309,209</b>	<b>1.58</b>
<b>Property</b>			
<b>Quoted Equities</b>			
Japan Land Limited	965,800	106,238	0.54
<b>Total Property</b>		<b>106,238</b>	<b>0.54</b>
<b>Real Estate Investment Trust ("REITS")</b>			
<b>Quoted Equities</b>			
Charter Hall Retail REIT	411,190	267,592	1.37
<b>Total REITS</b>		<b>267,592</b>	<b>1.37</b>
<b>Technology</b>			
<b>Quoted Equities</b>			
Dell Inc Com	22,900	385,674	1.97
Sohu Com Inc Com	6,000	344,744	1.76
Taiwan Semiconductor Manu Co Ltd	154,002	404,104	2.06
Xing Lin Medical Information Tech Co Ltd	23,520,000	206,909	1.06
		1,341,431	6.85
<b>Quoted Bonds</b>			
Stats Chippac 6.75% Due 15 November 2011	300,000	426,383	2.18
<b>Total Technology</b>		<b>1,767,814</b>	<b>9.03</b>

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

	<b>Holdings as at 30/06/2010</b>	<b>Fair value as at 30/06/2010 S\$</b>	<b>Percentage of total net assets attributable to unitholders as at 30/06/2010 %</b>
<b>Phillip Growth Fund</b>			
<b>By Industry (Primary)</b>			
<b>Telecommunications</b>			
<b>Quoted Equities</b>			
China Mobile (HK) Ltd	37,500	524,800	2.68
France Telecom	17,500	427,195	2.18
<b>Total Telecommunications</b>		<b>951,995</b>	<b>4.86</b>
<b>Portfolio of investments</b>		17,917,537	91.49
<b>Other net assets</b>		1,666,969	8.51
<b>Net assets attributable to unitholders</b>		<b>19,584,506</b>	<b>100.00</b>

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

	Fair value as at 30/06/2010 S\$	Percentage of total net assets attributable to unitholders as at 30/06/2010 %	Percentage of total net assets attributable to unitholders as at 31/12/2009 %
<b>Phillip Growth Fund</b>			
<b>By Industry (Summary)</b>			
Consumer Services	427,969	2.18	2.00
Energy	1,528,024	7.80	9.10
Finance	4,732,976	24.17	18.38
Food and Beverages	1,056,656	5.40	12.83
Healthcare	857,891	4.38	2.08
Industrial	5,664,479	28.92	10.76
Insurance	246,694	1.26	-
Materials	309,209	1.58	2.81
Property	106,238	0.54	2.84
REITS	267,592	1.37	7.31
Technology	1,767,814	9.03	16.66
Telecommunications	951,995	4.86	5.16
Utilities	-	-	1.13
<b>Portfolio of investments</b>	<b>17,917,537</b>	<b>91.49</b>	<b>91.06</b>
<b>Other net assets</b>	<b>1,666,969</b>	<b>8.51</b>	<b>8.94</b>
<b>Net assets attributable to unitholders</b>	<b>19,584,506</b>	<b>100.00</b>	<b>100.00</b>

<b>Phillip Growth Fund</b>			
<b>By Geography (Secondary)</b>			
Australia	788,806	4.03	1.47
Canada	687,895	3.51	-
China	2,364,457	12.07	19.77
Europe	789,046	4.03	4.94
Hong Kong	1,910,476	9.76	6.23
Indonesia	581,142	2.97	6.74
Japan	1,599,957	8.17	2.03
Malaysia	309,209	1.58	2.87
Singapore	3,180,351	16.24	18.95
South Korea	576,692	2.94	0.76
Taiwan	843,076	4.30	6.82
Thailand	760,541	3.88	2.17
United Kingdom	909,948	4.65	8.19
United States	2,615,941	13.36	10.12
<b>Portfolio of investments</b>	<b>17,917,537</b>	<b>91.49</b>	<b>91.06</b>
<b>Other net assets</b>	<b>1,666,969</b>	<b>8.51</b>	<b>8.94</b>
<b>Net assets attributable to unitholders</b>	<b>19,584,506</b>	<b>100.00</b>	<b>100.00</b>

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, 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, a Seventh Amending and Restating Deed dated 20 February 2008, an Eight Amending & Restating Deed dated 20 February 2009 and a Ninth Amending & Restating Deed dated 19 February 2010 (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.

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>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</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	1,365,862	195,146	–	–	–	–
Sales awaiting settlement	–	–	–	176,805	–	1,525,802
Rebate receivable	35,036	29,621	–	–	–	–
Accrued interest debts	2,401,122	–	30,866	–	21,536	–
Accrued interest receivable	188,026	2,307,201	–	41,600	–	20,196
Dividends receivable	–	6,566	14,468	11,438	33,011	15,553
	<b>3,990,046</b>	<b>2,538,534</b>	<b>45,334</b>	<b>229,843</b>	<b>54,547</b>	<b>1,561,551</b>

### 4 Cash and bank balances

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Term deposits	257,758,316	143,194,613	–	–	–	–
Cash and bank balances	67,254,766	7,394,508	978,869	604,084	1,098,836	1,179,971
Amount held with brokers	–	–	359,200	5,725	565,199	75
	<b>325,013,082</b>	<b>150,589,121</b>	<b>1,338,069</b>	<b>609,809</b>	<b>1,664,035</b>	<b>1,180,046</b>

## 5 Payables

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
	S\$	S\$	S\$	S\$	S\$	S\$
Payable to unitholders for cancellation of units	1,483,076	82,993	–	–	–	2,295
Accrued expenses	366,815	302,636	38,682	47,887	51,613	63,149
	<u>1,849,891</u>	<u>385,629</u>	<u>38,682</u>	<u>47,887</u>	<u>51,613</u>	<u>65,444</u>

## 6 Net assets attributable to unitholders

	Phillip Money Market Fund		Phillip Income Fund		Phillip Growth Fund	
	Financial Period From 01/01/2010 to 30/06/2010 S\$	Financial Period From 01/01/2009 to 31/12/2009 S\$	Financial Period From 01/01/2010 to 30/06/2010 S\$	Financial Period From 01/01/2009 to 31/12/2009 S\$	Financial Period From 01/01/2010 to 30/06/2010 S\$	Financial Period From 01/01/2009 to 31/12/2009 S\$
	Note					
<b>At beginning of the financial year</b>	472,394,093	374,424,364	10,460,924	11,355,950	14,708,033	17,663,807
<b>Operations</b>						
Changes in net assets attributable to unitholders resulting from operations	2,166,645	7,585,663	482,399	1,718,417	5,124,203	4,497,715
Balance carried forward	474,560,738	382,010,027	10,943,323	13,074,367	19,832,236	22,161,522

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>Financial Period From 01/01/2010 to 30/06/2010 S\$</b>	<b>Financial Period From 01/01/2009 to 31/12/2009 S\$</b>	<b>Financial Period From 01/01/2010 to 30/06/2010 S\$</b>	<b>Financial Period From 01/01/2009 to 31/12/2009 S\$</b>	<b>Financial Period From 01/01/2010 to 30/06/2010 S\$</b>	<b>Financial Period From 01/01/2009 to 31/12/2009 S\$</b>
Balance brought forward	474,560,738	382,010,027	10,943,323	13,074,367	19,832,236	22,161,522
<b>Unitholders' contributions/ (withdrawals)</b>						
Creation of units	1,570,445,420	2,578,790,908	305,721	5,500	138,951	338,715
Cancellation of units	(1,368,694,823)	(2,488,406,842)	(35,869)	(2,090,107)	(386,681)	(1,889,435)
Change in net assets attributable to unitholders resulting from net creation and cancellations of units	201,750,597	90,384,066	269,825	(2,084,607)	(247,730)	(1,550,720)
Total increase/(decrease) in net assets attributable to unitholders	203,917,242	97,969,729	752,224	(366,190)	4,876,473	2,946,995
<b>At end of the financial year</b>	<b>676,311,335</b>	<b>472,394,093</b>	<b>11,213,148</b>	<b>10,989,760</b>	<b>19,584,506</b>	<b>20,610,802</b>
<b>Units in issue (units)</b>	<b>594,622,644</b>	<b>416,888,489</b>	<b>10,711,408</b>	<b>10,461,427</b>	<b>14,537,768</b>	<b>14,708,033</b>
<b>Net assets attributable to unitholders per unit</b>	<b>1.1374</b>	<b>1.1331</b>	<b>1.0468</b>	<b>1.0505</b>	<b>1.3471</b>	<b>1.4013</b>

**7 Units in issue**

	<b>Phillip Money Market Fund</b>		<b>Phillip Income Fund</b>		<b>Phillip Growth Fund</b>	
	<b>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</b>
At beginning of the year	416,888,489	336,314,355	10,461,427	12,777,402	14,708,033	16,010,796
Units created	1,383,893,283	2,289,047,547	283,506	5,562	96,782	265,794
Units cancelled	(1,206,159,128)	(2,208,473,413)	(33,525)	(2,321,537)	(267,047)	(1,568,557)
At end of the year	<u>594,622,644</u>	<u>416,888,489</u>	<u>10,711,408</u>	<u>10,461,427</u>	<u>14,537,768</u>	<u>14,708,033</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>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>01/01/2010 to 30/06/2010</b>	<b>01/01/2009 to 31/12/2009</b>	<b>01/01/2010 to 30/06/2010</b>	<b>01/01/2009 to 31/12/2009</b>	<b>01/01/2010 to 30/06/2010</b>	<b>01/01/2009 to 31/12/2009</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Brokerage fee paid to:						
- related party of the fund manager	-	-	-	-	-	31
- related party of the trustee	-	-	-	-	-	-
Interest income received from:						
- related party of the fund manager	-	-	-	-	-	-
- related party of the trustee	-	7,817	1,619	1,214	295	496

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 01/01/2010 to 30/06/2010 S\$	Financial Period From 01/01/2009 to 31/12/2009 S\$	Financial Period From 01/01/2010 to 30/06/2010 S\$	Financial Period From 01/01/2009 to 31/12/2009 S\$	Financial Period From 01/01/2010 to 30/06/2010 S\$	Financial Period From 01/01/2009 To 30/12/2009 S\$
Singapore income tax	–	–	2,529	325	–	–
Overseas income tax	–	–	10,673	26,337	14,083	50,250
Total income tax	–	–	13,202	26,662	14,083	50,250

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 2010 and 31 December 2009, 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>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Australian dollars	1,288,720	2,117,875	788,806	303,285
Chinese yuan	427,969	412,173	427,969	412,173
Euro	358,063	515,969	427,195	615,589
Great Britain pound	–	–	289,815	318,268
Hong Kong dollars	809,306	640,960	2,400,003	4,481,782
Indonesian rupiah	–	–	581,142	1,387,810
Japanese yen	–	–	1,599,957	418,401
Korean won	–	–	419,756	–
Ringgit Malaysia	237,218	–	309,209	594,213
Taiwan dollar	173,042	237,110	843,076	1,406,075
Thai Baht	1,362,281	1,136,608	760,541	447,846
US dollars	3,577,138	2,632,093	6,600,046	4,028,681
Others	–	–	–	–

## 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>30/06/2010</b>	<b>31/12/2009</b>	<b>30/06/2010</b>	<b>31/12/2009</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Australian dollars	338,850	45,055	2,364	11,401
Chinese yuan	–	–	–	–
Euro	15,045	–	21,106	516
Great Britain pound	–	–	7,1245	7,651
Hong Kong dollars	367,719	107,811	715,376	6,701
Indonesian rupiah	–	–	112,209	–
Japanese yen	–	71,638	11,185	250,212
Korean won	–	–	–	358
Ringgit Malaysia	176,340	4,488	22,062	–
Switzerland Franc	–	–	25	27
Taiwan dollar	14,822	13,261	22,120	131,114
Thai Baht	78,483	19	370,885	15,925
US dollars	214,228	125,245	357,129	249,858
Others	–	–	–	–

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 2010 and 31 December 2009, 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>30/06/2010</b>	<b>30/06/2009</b>	<b>30/06/2010</b>	<b>30/06/2009</b>	<b>30/06/2010</b>	<b>30/06/2009</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Expense ratios</b> (Note 1)						
Without performance fee	0.57	0.59	2.29	2.47	2.00	2.15
With performance fee	0.57	0.59	2.29	2.47	2.00	2.15
<b>Turnover ratios</b>	56.96	63.05	39.27	45.21	64.28	47.92

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

## 12 Reconciliation of quoted net asset value

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

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

<b>PMMF</b>	<b>Fair value basis</b>	<b>Amortised</b>	<b>Difference</b>
	<b>S\$</b>	<b>cost basis</b>	<b>S\$</b>
		<b>S\$</b>	
<b>As at 30 June 2010</b>			
Net assets	676,311,335	675,968,141	343,194
Net Asset Value Per Unit	1.1374	1.1368	0.0006
<b>As at 31 December 2009</b>			
Net assets	472,394,364	472,037,774	356,319
Net Asset Value Per Unit	1.1331	1.1323	0.0009