

Phillip Treasury Fund

Financial Statements

Period from 17 February 2009 (date of constitution)
to
31 March 2010



Phillip Treasury Fund

MANAGER

Phillip Capital Management (S) Ltd
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Singapore 179101
(Company Registration Number: 199905233W)

DIRECTORS OF PHILLIP CAPITAL MANAGEMENT (S) LTD

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Lim Wen Sheong Linus

TRUSTEE/CUSTODIAN

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(Company Registration Number: 200800851W)

REGISTRAR

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Phillip Savings Fund

INVESTMENT OBJECTIVES

The investment objective of the Phillip Savings Fund is to provide liquidity and manage risk while looking to provide a return which is comparable to or better than deposit rates. This Fund will primarily invest in a portfolio of deposits with financial institutions, government treasury bills and bonds and government agencies and statutory boards. The Money Market Funds Investment Guidelines in Appendix 1 will apply to this Fund.

The Managers may also invest the deposited property of the Fund into a maximum of 3 money market funds which are authorised or recognised by the Authority, including money market funds managed by the Managers during such time or times and on such terms as the Managers think fit in accordance with the investment objective and focus of the Fund.

MANAGER'S REPORT

The fund yield had fallen during the review period as domestic rates fell and remained low. Inter-bank players were flushed with liquidity and as a result new deposits as well as rollover of matured deposits were executed at prevailing low rates.

During the period under review, we maintained approximately 30% and 70% investment in government agencies bonds and deposits with financial institutions respectively. The fund had increased the number of counterparties to diversify risk and enhance yields.

OUTLOOK

In April 2010, The Monetary Authority of Singapore, which uses currency instead of interest rates to conduct monetary policy, said that it would undertake a one-time revaluation of the currency and allow a gradual and modest appreciation. It said the inflation will probably average between 2.5% and 3.5% this year.

Singapore's economy expanded an annualized 38.6% from the previous three months in the first quarter 2010 as overseas demand for its manufactured goods recovered from last year's slump. That has boosted hiring and brought the unemployment rate to 2.2%, the lowest level in almost two years. According to Singapore's Department of Statistics, the consumer price index climbed 3.2% from a year earlier in May 2010 as the economic rebound boosted food, housing and car prices.

Singapore SIBOR and US LIBOR rates moved higher during the month of May 2010 and the yield curve steepened. This was driven by an increase in risk premiums as the European sovereign debt crisis continued to weigh on investor sentiment. However, we expect short term rates (i.e. 3 month SIBOR) to remain low near 0.50% in the foreseeable future.

Phillip USD Money Market Fund

INVESTMENT OBJECTIVES

The Phillip US Dollar Money Market Fund aims to provide liquidity and manage risk while looking to provide a return which is comparable to that of USD short-term deposits. This Fund will invest in high quality short-term money market instruments and debt securities. Some of the investments may include government and corporate bonds, commercial bills and deposits with financial institutions.

The Managers may also invest the deposited property of the Fund into a maximum of 3 money market funds which are authorised or recognised by the Authority, including money market funds managed by the Managers during such time or times and on such terms as the Managers think fit in accordance with the investment objective and focus of the Fund.

MANAGER'S REPORT

Since inception on 5 May 2009 to 31 March 2010, the Fund generated a cumulative net return of 1.01% compared to the 1 week London-Interbank Offered Rate (LIBOR-USD) of 0.22% over the same period.

Bond yields fell in line with the trend of global interest rate trend. The ample liquidity in the system also ensured that rates stayed low throughout the period.

OUTLOOK

Global economy showed signs of recovery with economic stimulus plans worldwide. According to the Federal Reserve's projection, US real gross domestic product (GDP) growth rate should rebound from -2.5% in 2009 to 3.2%-3.7% in 2010. That said, the level of activity will still be very depressed relative to previous economic cycles.

Inflation expectations should remain benign due to excess capacity in the West. We expect the front-end rates to stay low as the Federal Reserve is unlikely to hike rates until the economy is well into a sustainable recovery.

In addition, the European debt crisis which emerges in April 2010 is likely to delay policy tightening across the region. However yields in the corporate debt segment have move up slightly at the shorter-end, due to concerns on credit risk. This will translate into higher yields for the Fund in the coming months.

Our strategy is to provide liquidity and manage risk by investing in high quality short -term debts. These debts should offer attractive yield pickup over government/quasi government securities in a low yield environment.

NOTES TO UNITHOLDERS

For the financial period from 17 February 2009 (date of constitution) to 31 March 2010

The Fund

The following contains additional information relating to the Fund, as required by the Code on Collective Investment Schemes.

1. Distribution of investments

Please refer to the Portfolio Statement on page FS3.

2. Schedule of Investment by Asset Class

PHILLIP SAVINGS FUND

| Asset Class | Fair value as at 31 March 2010 S\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|---|---|---|
| Fixed Income Securities | 11,398,864 | 27.97 |
| Cash & Bank Balances | 29,171,890 | 71.60 |
| Other Net Current Assets/ (Liabilities) | 175,730 | 0.43 |
| | <u>40,746,484</u> | <u>100.00</u> |

PHILLIP USD MONEY MARKET FUND

| Asset Class | Fair value as at 31 March 2010 US\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|---|--|---|
| Fixed Income Securities | 20,114,616 | 64.44 |
| Cash & Bank Balances | 10,814,316 | 34.64 |
| Other Net Current Assets/ (Liabilities) | 290,173 | 0.92 |
| | <u>31,219,105</u> | <u>100.00</u> |

2. Schedule of Investment by Asset Class (continued)

Types of Money Market Instruments and Debt Securities

PHILLIP SAVINGS FUND

| | Fair value as at 31 March 2010 S\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|--------------------------|---|---|
| Fixed Rate Notes | 10,399,064 | 25.52 |
| Discounted Treasury Bill | 999,800 | 2.45 |
| | <u>11,398,864</u> | <u>27.97</u> |

PHILLIP USD MONEY MARKET FUND

| | Fair value as at 31 March 2010 US\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|---------------------|--|---|
| Fixed Rate Notes | 18,215,578 | 58.35 |
| Floating Rate Notes | 1,899,038 | 6.09 |
| | <u>20,114,616</u> | <u>64.44</u> |

3. Credit rating of debt securities

PHILLIP SAVINGS FUND

| | Fair value as at 31 March 2010 S\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|-----------------------|---|---|
| Credit Ratings | | |
| AAA | 6,892,780 | 16.91 |
| A | 4,506,084 | 11.06 |
| | <u>11,398,864</u> | <u>27.97</u> |

3. Credit rating of debt securities (continued)

PHILLIP USD MONEY MARKET FUND

| Credit Ratings | Fair value as at 31 March 2010 US\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|-----------------------|--|---|
| AA+ | 209,972 | 0.68 |
| AA | 385,338 | 1.23 |
| AA- | 1,004,090 | 3.21 |
| A+ | 4,262,088 | 13.65 |
| A | 13,729,167 | 43.99 |
| A- | 523,961 | 1.68 |
| | <u>20,114,616</u> | <u>64.44</u> |

Source of Credit Ratings: Standard & Poor's and Fitch

4. Top 10 holdings

PHILLIP SAVINGS FUND

| 10 largest holdings as at 31 March 2010 | Fair value as at 31 March 2010 S\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|---|---|---|
| Export-Import Bank Korea 1.55% Due 9 December 2010 | 1,999,446 | 4.91 |
| Housing and Development Board 3.455% Due 1 March 2011 | 1,792,429 | 4.40 |
| Public Utilities Board 3.595% Due 31 August 2011 | 1,037,210 | 2.55 |
| Housing and Development Board 3.805% Due 14 July 2011 | 1,036,925 | 2.54 |
| Housing and Development Board 2.82% Due 6 October 2010 | 1,011,070 | 2.48 |
| Export-Import Bank Korea 4.85% Due 28 April 2010 | 1,002,234 | 2.46 |
| Industrial Bank of Korea 4.7% Due 17 May 2010 | 1,004,066 | 2.46 |
| Singapore Government Treasury Bill Due 22 April 2010 | 999,800 | 2.45 |
| Land Transport Authority 4.81% Due 9 June 2010 | 755,640 | 1.85 |
| Export-Import Bank Korea 2% Due 14 June 2011 | 500,338 | 1.23 |
| | <u>11,139,158</u> | <u>27.33</u> |

4. Top 10 holdings (continued)

PHILLIP USD MONEY MARKET FUND

| | Fair value as at 31 March 2010 US\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|---|--|--|
| 10 largest holdings as at 31 March 2010 | | |
| Kookmin Bank 2.15% Due 25 October 2010 | 1,999,100 | 6.40 |
| Industrial Bank of Korea Due 21 September 2010 FRN | 1,688,860 | 5.41 |
| Korea Development Bank Due 6 April 2010 FRN | 1,400,000 | 4.48 |
| Export-Import Bank Korea 5.125% Due 14 February 2011 | 1,371,956 | 4.39 |
| Morgan Stanley 8% Due 15 June 2010 | 1,319,279 | 4.23 |
| Korea East-West Power 4.875% Due 21 April 2011 | 1,181,338 | 3.78 |
| Citigroup Inc 6.5% Due 18 January 2011 | 1,170,795 | 3.75 |
| Unilever Capital 7.125% Due 1 November 2010 | 1,136,243 | 3.64 |
| Deutsche Bank AG 2.2% Due 30 July 2010 | 1,004,090 | 3.22 |
| Household Finance Corp 8% Due 15 July 2010 | 835,501 | 2.68 |
| | <u>13,107,162</u> | <u>41.98</u> |

5. Maturity Profile of Investments

PHILLIP SAVINGS FUND

| | Fair value as at 31 March 2010 S\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|----------------|---|--|
| Up to 30 days | 2,002,034 | 4.91 |
| 31 - 90 days | 1,759,706 | 4.32 |
| 91 - 180 days | - | - |
| 181 - 365 days | 4,802,945 | 11.79 |
| 366 - 732 days | 2,834,179 | 6.95 |
| | <u>11,398,864</u> | <u>27.97</u> |

5. Maturity Profile of Investments (continued)

PHILLIP USD MONEY MARKET FUND

| | Fair value as at 31 March 2010 US\$ | Percentage of total net assets attributable to unitholders as at 31 March 2010 % |
|----------------|--|--|
| Up to 30 days | 3,757,356 | 12.04 |
| 31 - 90 days | 2,426,384 | 7.77 |
| 91 - 180 days | 4,280,775 | 13.71 |
| 181 - 365 days | 8,257,872 | 26.46 |
| 366 - 732 days | 1,392,229 | 4.46 |
| | <u>20,114,616</u> | <u>64.44</u> |

6. (i) Exposure to derivatives as at 31 March 2010

Nil

(ii) Gain/Loss on derivative contracts realised for the period from 17 February 2009 to 31 March 2010

Nil

(iii) Net gain/losses on outstanding derivative contracts marked to market as at 31 March 2010

Nil

7. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes

Nil

8. Amount and percentage of borrowings of total fund size as at 31 March 2010

Nil

9. Amount of units created and cancelled for the period

| | Phillip Savings Fund 31 March 2010 S\$ | Phillip USD Money Market Fund 31 March 2010 US\$ |
|-----------------|--|--|
| Units created | 40,688,475 | 221,978,437 |
| Units cancelled | 85,063 | 190,997,249 |

10. Portfolio turnover ratio

Please refer to the Note 11 of Notes to the Financial Statements on page FS21.

11. Expense ratio

Please refer to the Note 11 of Notes to the Financial Statements on page FS21.

12. Performance of the Fund

PHILLIP SAVINGS FUND

| As at end of the period (31 March 2010) | Performance of the Fund (bid-to-bid) | Benchmark performance |
|---|--------------------------------------|-----------------------|
| Cummulative (%) | | |
| 3 Months | 0.07 % | 0.04 % |
| 6 months | 0.18 % | 0.08 % |
| 1 Year | NA | NA |
| 3 Years | NA | NA |
| 5 Years | NA | NA |
| Since inception (15 April 2009)* | 0.45 % | 0.15 % |

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

Benchmark for Phillip Savings Fund: SGD Bank Deposit Savings Rate was obtained from the Monetary Authority of Singapore.

PHILLIP USD MONEY MARKET FUND

| As at end of the period (31 March 2010) | Performance of the Fund (bid-to-bid) | Benchmark performance |
|---|--------------------------------------|-----------------------|
| Cummulative (%) | | |
| 3 Months | 0.23 % | 0.05 % |
| 6 months | 0.50 % | 0.11 % |
| 1 Year | NA | NA |
| 3 Years | NA | NA |
| 5 Years | NA | NA |
| Since inception (4 May 2009)* | 1.01 % | 0.22 % |

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

Benchmark for Phillip USD Money Market Fund: 1-week Libor (Source: Bloomberg).

13. Related party transactions

Please refer to the Note 7 of Notes to the Financial Statements on page FS13.

14. Any other material information that will adversely impact the valuation of the Fund
Nil

15. Soft dollar commissions

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.

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip Treasury Fund in trust for the unitholders. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Phillip Treasury Fund during the period covered by these financial statements, set out on pages FS1 to FS22, comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee
BNP Paribas Trust Services Singapore Limited

Arnaud Claudon
Director

Elizabeth Chia
Director

28 June 2010

Statement by the Managers

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages FS1 to FS22, comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the balance sheets of Phillip Treasury Fund as at 31 March 2010, and the total return for the period from 17 February 2009 (date of constitution) to 31 March 2010 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that Phillip Treasury Fund will be able to meet its financial obligations as and when they materialise.

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

Jeffrey Lee Chay Khiong
Director

28 June 2010

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Independent auditors' report

Auditors' Report to the Unitholders of Phillip Treasury Fund

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

We have audited the financial statements of Phillip Treasury Fund (the Fund), which comprise the Balance Sheets and Portfolio Statements as at 31 March 2010, the Statements of Total Return and Notes to the Financial Statements for the period from 17 February 2009 (date of constitution) to 31 March 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS22.

Manager's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Fund' Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheets of the Fund as at 31 March 2010 and the total return for the period from 17 February 2009 (date of constitution) to 31 March 2010 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore

28 June 2010

Statements of Total Return
Period from 17 February 2009 (date of constitution) to 31 March 2010

| | Note | Phillip Savings Fund S\$ | Phillip USD Money Market Fund US\$ |
|--|------|--------------------------------|---|
| Income | | | |
| Dividends | | – | 2,997 |
| Interest | | 472,179 | 611,203 |
| | | <u>472,179</u> | <u>614,200</u> |
| Less: | | | |
| Expenses | | | |
| Audit fees | | (9,000) | (6,434) |
| Management fees | | (95,071) | (77,584) |
| Preliminary fees | | (17,955) | (12,739) |
| Trustees' fees | | (27,682) | (12,750) |
| Others | | (16,708) | (17,480) |
| | | <u>(166,416)</u> | <u>(126,987)</u> |
| Net income | | <u>305,763</u> | <u>487,213</u> |
| Net losses on value of investments | | | |
| Net realised losses on investments | | (67,379) | (72,544) |
| Net change in fair value of investments | | (95,312) | (175,604) |
| Net losses on value of investments | | <u>(162,691)</u> | <u>(248,148)</u> |
| Total return for the period before income tax | | 143,072 | 239,065 |
| Less: Income tax | 8 | – | (1,148) |
| Total return for the period | | <u>143,072</u> | <u>237,917</u> |

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

Balance Sheets
As at 31 March 2010

| | Note | Phillip Savings Fund S\$ | Phillip USD Money Market Fund US\$ |
|-----------------------------|------|---|---|
| Assets | | | |
| Portfolio of investments | | 11,398,864 | 20,114,616 |
| Receivables | 3 | 200,457 | 308,573 |
| Cash and bank balances | 4 | 29,171,890 | 10,814,316 |
| Total assets | | 40,771,211 | 31,237,505 |
| Liabilities | | | |
| Management fee payable | | 11,874 | 9,906 |
| Other payables and accruals | | 12,853 | 8,494 |
| Total liabilities | | 24,727 | 18,400 |
| Net assets | | 40,746,484 | 31,219,105 |
| Represented by: | | | |
| Unitholders' funds | 5 | 40,746,484 | 31,219,105 |

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

Portfolio Statements As at 31 March 2010

| | Holdings as at 31/3/2010 | Fair value as at 31/3/2010 S\$ | Percentage of Unitholders' fund as at 31/3/2010 % |
|--|---|---|--|
| Phillip Savings Fund By Industry (Primary) | | | |
| Government Agency | | | |
| Fixed Rate Notes - Quoted | | | |
| Export-Import Bank Korea 4.85% Due 28 April 2010 | 1,000,000 | 1,002,234 | 2.46 |
| Export-Import Bank Korea 1.55% Due 9 December 2010 | 2,000,000 | 1,999,446 | 4.91 |
| Export-Import Bank Korea 2% Due 14 June 2011 | 500,000 | 500,338 | 1.23 |
| Housing and Development Board 2.82% Due 6 October 2010 | 1,000,000 | 1,011,070 | 2.48 |
| Housing and Development Board 3.455% Due 1 March 2011 | 1,750,000 | 1,792,429 | 4.40 |
| Housing and Development Board 3.805% Due 14 July 2011 | 1,000,000 | 1,036,925 | 2.54 |
| Housing and Development Board 3.52% Due 31 October 2011 | 250,000 | 259,706 | 0.64 |
| Industrial Bank of Korea 4.7% Due 17 May 2010 | 1,000,000 | 1,004,066 | 2.46 |
| Land Transport Authority 4.81% Due 9 June 2010 | 750,000 | 755,640 | 1.85 |
| Public Utilities Board 3.595% Due 31 August 2011 | 1,000,000 | 1,037,210 | 2.55 |
| Total Government Agency | | 10,399,064 | 25.52 |

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

| | Holdings as at 31/3/2010 | Fair value as at 31/3/2010 S\$ | Percentage of Unitholders' fund as at 31/3/2010 % |
|---|---|---|--|
| Phillip Savings Fund | | | |
| By Industry (Primary) | | | |
| Sovereign | | | |
| Zero Coupon Bond – Quoted | | | |
| Singapore Government Treasury Bill Due 22 April 2010 | 1,000,000 | 999,800 | 2.45 |
| Total Sovereign | | 999,800 | 2.45 |
| Portfolio of investments | | 11,398,864 | 27.97 |
| Other net assets | | 29,347,620 | 72.03 |
| Unitholders' fund | | 40,746,484 | 100.00 |

| | Fair value as at 31/3/2010 S\$ | Percentage of Unitholders' fund as at 31/3/2010 % |
|---------------------------------|---|--|
| Phillip Savings Fund | | |
| By Industry (Summary) | | |
| Government Agency | 10,399,064 | 25.52 |
| Sovereign | 999,800 | 2.45 |
| Portfolio of investments | 11,398,864 | 27.97 |
| Other net assets | 29,347,620 | 72.03 |
| Unitholders' fund | 40,746,484 | 100.00 |

By Geography (Secondary)

| | | |
|---------------------------------|------------|--------|
| Quoted | | |
| Singapore | 6,892,780 | 16.91 |
| South Korea | 4,506,084 | 11.06 |
| Portfolio of investments | 11,398,864 | 27.97 |
| Other net assets | 29,347,620 | 72.03 |
| Unitholders' fund | 40,746,484 | 100.00 |

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

| | Holdings as at 31/3/2010 | Fair value as at 31/3/2010 US\$ | Percentage of Unitholders' fund as at 31/3/2010 % |
|---|---|--|--|
| Phillip USD Money Market Fund | | | |
| By Industry (Primary) | | | |
| Finance | | | |
| Fixed Rate Notes - Quoted | | | |
| Development Bank Singapore 7.875% Due 15 April 2010 | 750,000 | 751,390 | 2.41 |
| Morgan Stanley 8% Due 15 June 2010 | 1,300,000 | 1,319,279 | 4.23 |
| Morgan Stanley 6.75% Due 15 April 2011 | 200,000 | 210,891 | 0.68 |
| Citigroup Inc. 6.5% Due 18 January 2011 | 1,128,000 | 1,170,795 | 3.75 |
| Citigroup Inc. 5.125% Due 14 February 2011 | 430,000 | 442,001 | 1.42 |
| Deutsche Bank AG 2.2% Due 30 July 2010 | 1,000,000 | 1,004,090 | 3.22 |
| Kookmin Bank 2.15% Due 25 October 2010 | 2,000,000 | 1,999,100 | 6.40 |
| HSBC Finance Corp 5.25% Due 14 January 2011 | 500,000 | 514,517 | 1.65 |
| Credit Suisse 5.25% Due 2 March 2011 | 500,000 | 518,678 | 1.66 |
| Bank of Tokyo-Mitsubishi 8.4% Due 15 April 2010 | 726,000 | 727,459 | 2.33 |
| Household Finance Corp 8% Due 15 July 2010 | 820,000 | 835,501 | 2.68 |
| Fuji Finance 8.625% Due 15 April 2010 | 300,000 | 300,513 | 0.96 |
| Unilever Capital 7.125% Due 1 November 2010 | 1,096,000 | 1,136,243 | 3.64 |
| General Electric Capital Corporation 6.125% Due 22 February 2011 | 201,000 | 209,972 | 0.67 |
| Toyota Motor Credit 4.83% Due 27 April 2010 | 77,000 | 77,189 | 0.25 |
| Toyota Motor Credit 4.64% Due 27 September 2010 | 242,000 | 245,623 | 0.79 |
| Toyota Motor Credit 4.57% Due 25 January 2011 | 61,000 | 62,526 | 0.20 |
| | | 11,525,767 | 36.94 |

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

| | Holdings as at 31/3/2010 | Fair value as at 31/3/2010 US\$ | Percentage of Unitholders' fund as at 31/3/2010 % |
|--|---|--|--|
| Phillip USD Money Market Fund By Industry (Primary) | | | |
| Finance | | | |
| Floating Rate Notes – Quoted | | | |
| Citigroup Inc. Due 18 May 2010 | 500,000 | 499,038 | 1.60 |
| Total Finance | | 12,024,805 | 38.54 |
| Government Agency | | | |
| Fixed Rate Notes – Quoted | | | |
| Export-Import Bank Korea 5.125% Due 14 February 2011 | 1,337,000 | 1,371,956 | 4.39 |
| Export-Import Bank Korea 4.9% Due 28 April 2010 | 500,000 | 500,805 | 1.60 |
| Industrial Bank of Korea Due 21 September 2010 | 1,700,000 | 1,688,860 | 5.41 |
| Korea Development Bank 4.625% Due 16 September 2010 | 500,000 | 506,701 | 1.62 |
| | | 4,068,322 | 13.02 |
| Floating Rate Notes - Quoted | | | |
| Korea Development Bank Due 6 April 2010 | 1,400,000 | 1,400,000 | 4.48 |
| Total Government Agency | | 5,468,322 | 17.50 |

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

| | Holdings as at 31/3/2010 | Fair value as at 31/3/2010 US\$ | Percentage of Unitholders' fund as at 31/3/2010 % |
|--|---|--|--|
| Phillip USD Money Market Fund | | | |
| By Industry (Primary) | | | |
| Utilities | | | |
| Fixed Rate Notes - Quoted | | | |
| Korea East-West Power 4.875% Due 21 April 2011 | 1,150,000 | 1,181,338 | 3.78 |
| Total Utilities | | 1,181,338 | 3.78 |
| Communications | | | |
| Fixed Rate Notes - Quoted | | | |
| Cable & Wireless Finance 8% Due 22 June 2010 | 600,000 | 608,067 | 1.95 |
| Total Communications | | 608,067 | 1.95 |
| Industrials | | | |
| Fixed Rate Notes - Quoted | | | |
| Hutch Wham International 5.45% Due 24 November 2010 | 300,000 | 308,123 | 0.99 |
| Hutch Wham International 7% Due 16 February 2011 | 500,000 | 523,961 | 1.68 |
| Total Industrials | | 832,084 | 2.67 |
| Portfolio of investments | | 20,114,616 | 64.44 |
| Other net assets | | 11,104,489 | 35.56 |
| Unitholders' fund | | 31,219,105 | 100.00 |

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

| | Fair value as at 31/3/2010 US\$ | Percentage of Unitholders' fund as at 31/3/2010 % |
|--|--|--|
| Phillip USD Money Market Fund By Industry (Summary) | | |
| Finance | 12,024,805 | 38.54 |
| Government Agency | 5,468,322 | 17.50 |
| Utilities | 1,181,338 | 3.78 |
| Communications | 608,067 | 1.95 |
| Industrials | 832,084 | 2.67 |
| Portfolio of investments | 20,114,616 | 64.44 |
| Other net assets | 11,104,489 | 35.56 |
| Unitholders' fund | 31,219,105 | 100.00 |

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

| | | |
|---------------------------------|------------|--------|
| Australia | 608,067 | 1.95 |
| Cayman Islands | 1,132,597 | 3.63 |
| Germany | 1,004,090 | 3.22 |
| Great Britain | 499,038 | 1.60 |
| Japan | 727,459 | 2.33 |
| Singapore | 751,390 | 2.41 |
| South Korea | 8,648,760 | 27.68 |
| United States | 6,743,215 | 21.62 |
| Portfolio of investments | 20,114,616 | 64.44 |
| Other net assets | 11,104,489 | 35.56 |
| Unitholders' fund | 31,219,105 | 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 Treasury Fund (the "Fund") is an open ended umbrella unit trust constituted pursuant to a Trust Deed dated 17 February 2009 between Phillip Capital Management (S) Ltd (the "Manager") and BNP Paribas Trust Services Singapore Limited (the "Trustee") and an Amended & Restated Deed dated 17 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 Fund offers two sub-funds; these were first offered for sale in Singapore on the following launch dates:

| Sub-Fund | Launch date |
|-------------------------------|--------------------|
| Phillip Savings Fund | 15 April 2009 |
| Phillip USD Money Market Fund | 4 May 2009 |

2 Significant accounting policies

2.1 Basis of financial statements preparation

The financial statements of the sub-fund is prepared in accordance with the historical cost convention, 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.

The financial statements are expressed in the functional currency of each sub-funds as follows:

| Sub-Fund | Functional currency |
|-------------------------------|------------------------------|
| Phillip Savings Fund | Singapore Dollars (S\$) |
| Phillip USD Money Market Fund | United States Dollars (US\$) |

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 ("IMAS") and the Code on Collective Investment Schemes under the Securities and Futures Act (Cap 289) respectively.

2.2 *Accounting policy*

Starting as of 1 January 2009, the Fund has adopted its accounting policy to achieve consistency with the Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*. This resulted in the Unitholders' fund of the Fund being classified as equity. In accordance with the Amendments to FRS 32 and FRS 1, which require instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity instruments, provided certain conditions are met. The units in issue met the conditions for classification as equity instruments.

2.3 *Basis of valuation of investments*

Quoted investments are stated at fair value based on the bid prices at the balance sheet date. When current bid prices are unavailable or are not fair value, the price of the most recent transaction is used to fair value the investments. Unrealised gains/losses on investments are represented by the difference between the fair value and the carrying value of investments and are recognised in the Statement of Total Return. Realised gains and losses upon disposal of investments are computed on the basis of the difference between the cost (on FIFO basis) and the selling price of investments on trade date and are taken to the Statement of Total Return.

2.4 *Cash and cash equivalents*

Cash comprises cash held at banks and term deposits.

2.5 *Units*

All units issued by the Trust provide the investors with the right to redemption for cash at the value proportionate to the investor's share in the Trust's net assets at redemption date. Such instruments give rise to a financial liability for the present value of the redemption amount.

2.6 *Recognition of income*

Interest income is recognised using the effective interest method.

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

2.7 *Foreign currency translation*

Monetary assets and liabilities in currencies other than the functional currency of each sub-funds are translated at the exchange rates ruling at the end of the accounting period and transactions in currencies other than the functional currency of each sub-funds during the period are translated at rates of exchange ruling on transaction dates. All exchange differences are accounted for through the Statement of Total Return.

2.8 *Preliminary expenses*

Preliminary expenses consists of legal fees and other fees incurred in the establishment of the Fund. All preliminary expenses are taken to the Statement of Total Return in the period in which they are incurred.

2.9 *Income tax expense*

The Fund 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

| | Phillip Savings Fund S\$ | Phillip USD Money Market Fund US\$ |
|---|---|---|
| Amount receivable for creation of units | 30,700 | – |
| Accrued interest receivable | 169,757 | 307,384 |
| Dividends receivable | – | 1,189 |
| | 200,457 | 308,573 |

4 Cash and bank balances

| | Phillip Savings Fund S\$ | Phillip USD Money Market Fund US\$ |
|------------------------|---|---|
| Term deposits | 29,027,950 | 9,000,508 |
| Cash and bank balances | 143,940 | 1,813,808 |
| | 29,171,890 | 10,814,316 |

The fixed deposits have an average number of 73 days and 17 days to maturity for Phillip Savings Fund and Phillip USD Money Market Fund respectively from end of financial period with the following effective interest rates:

| | Phillip Savings Fund % | Phillip USD Money Market Fund % |
|------------------|---------------------------------------|--|
| Singapore Dollar | 0.76 | – |
| US Dollar | – | 0.24 |

5 Unitholders' Fund

For the purpose of calculation of the unitholders' fund per unit for the redemption of units, investments in underlying funds are stated at Net Asset Value.

| | Note | Phillip Savings Fund S\$ | Phillip USD Money Market Fund US\$ |
|--|-------------|---|---|
| At 17 February 2009 (date of constitution) | | – | – |
| Operations | | | |
| Changes in unitholders' fund resulting from operations | | 143,072 | 237,917 |
| Unitholders' contributions/(withdrawals) | | | |
| Creation of units | | 40,688,475 | 221,978,437 |
| Cancellation of units | | (85,063) | (190,997,249) |
| Change in unitholders' fund resulting from net creation and cancellations of units | | 40,603,412 | 30,981,188 |
| Total increase in unitholders' fund | | 40,746,484 | 31,219,105 |
| At 31 March 2010 | | 40,746,484 | 31,219,105 |
| Units in issue (units) | 6 | 40,564,983 | 30,897,944 |
| Unitholders' fund per unit | | 1.0044 | 1.0103 |

6 Units in issue

| | Phillip Savings Fund | Phillip USD Money Market Fund |
|--|---------------------------------|--|
| At 17 February 2009 (date of constitution) | – | – |
| Units created | 40,649,817 | 220,952,927 |
| Units cancelled | (84,834) | (190,054,983) |
| At 31 March 2010 | <u>40,564,983</u> | <u>30,897,944</u> |

7 Related parties

In the normal course of the business of The Fund, 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 Fund 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 Fund and its related parties during the period:

| | Phillip Savings Fund | Phillip USD Money Market Fund |
|--|---------------------------------|--|
| | S\$ | US\$ |
| Interest income received from related party of the trustee | <u>2,240</u> | <u>2,463</u> |

8 Income tax

| | Phillip Savings Fund | Phillip USD Money Market Fund |
|----------------------|---------------------------------|--|
| | S\$ | US\$ |
| Singapore income tax | – | – |
| Overseas income tax | – | (1,148) |
| Total income tax | <u>–</u> | <u>(1,148)</u> |

The taxation charge relates to withholding tax suffered on receipt of 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 Fund level on certain income. Distributions paid out of income not subject to tax at The Fund level to unit holders are subject to withholding tax in certain instances, depending on the tax status of the recipient.

9 Maturity profile of investment

| | Phillip Savings Fund S\$ | Phillip USD Money Market Fund US\$ |
|----------------|---|---|
| Up to 30 days | 2,002,034 | 3,757,356 |
| 31 – 90 days | 1,759,706 | 2,426,384 |
| 91 – 180 days | – | 4,280,775 |
| 181 – 365 days | 4,802,945 | 8,257,872 |
| 366 – 732 days | 2,834,179 | 1,392,229 |
| | 11,398,864 | 20,114,616 |

10 Financial risk management

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

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

Risk management objectives and policies

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

Market risk

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. The Fund's overall market positions are monitored frequently and are reviewed formally by the Manager.

The tables below summarise the Fund's exposure to interest rate risks. They include both sub-fund's assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates.

Phillip Savings Fund

| | Up to 30 days | 31 – 90 days | 91 – 180 days | 181 - 365 days | 366 - 732 days | Non-interest bearing | Total |
|---------------------------------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|-----------------------------|-------------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| 31 March 2010 | | | | | | | |
| Assets | | | | | | | |
| Investments | 1,002,234 | 1,759,706 | – | 4,802,945 | 2,834,179 | 999,800 | 11,398,864 |
| Receivables | – | – | – | – | – | 200,457 | 200,457 |
| Cash and bank balances | 143,940 | 29,027,950 | – | – | – | – | 29,171,890 |
| Total assets | 1,146,174 | 30,787,656 | – | 4,802,945 | 2,834,179 | 1,200,257 | 40,771,211 |
| Liabilities | | | | | | | |
| Management fee payable | – | – | – | – | – | (11,874) | (11,874) |
| Other payables and accruals | – | – | – | – | – | (12,853) | (12,853) |
| Total liabilities | – | – | – | – | – | (24,727) | (24,727) |
| Total interest sensitivity gap | 1,146,174 | 30,787,656 | – | 4,802,945 | 2,834,179 | | |

Phillip USD Money Market Fund

| | Up to 30 days US\$ | 31 – 90 days US\$ | 91 – 180 days US\$ | 181 - 365 days US\$ | 366 - 732 days US\$ | Non-interest bearing US\$ | Total US\$ |
|---------------------------------------|-----------------------|----------------------|-----------------------|------------------------|------------------------|---------------------------------|-------------------|
| 31 March 2010 | | | | | | | |
| Assets | | | | | | | |
| Investments | 3,757,356 | 2,426,384 | 4,280,775 | 8,257,872 | 1,392,229 | – | 20,114,616 |
| Receivables | – | – | – | – | – | 308,573 | 308,573 |
| Cash and bank balances | 10,814,316 | – | – | – | – | – | 10,814,316 |
| Total assets | <u>14,571,672</u> | <u>2,426,384</u> | <u>4,280,775</u> | <u>8,257,872</u> | <u>1,392,229</u> | <u>308,573</u> | <u>31,237,505</u> |
| Liabilities | | | | | | | |
| Management fee payable | – | – | – | – | – | (9,906) | (9,906) |
| Other payables and accruals | – | – | – | – | – | (8,494) | (8,494) |
| Total liabilities | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>(18,400)</u> | <u>(18,400)</u> |
| Total interest sensitivity gap | <u>14,571,672</u> | <u>2,426,384</u> | <u>4,280,775</u> | <u>8,257,872</u> | <u>1,392,229</u> | | |

Credit risk

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

The table below analyses the sub-fund's investments as at 31 March 2010 by credit ratings:

| | Fair value as at 31/3/2010 S\$ | Credit rating as at 31/3/2010 |
|--|---|--|
| Phillip Savings Fund | | |
| Fixed Rate Notes - Quoted | | |
| Industrial Bank of Korea 4.7% Due 17 May 2010 | 1,004,066 | A |
| Export-Import Bank Korea 4.85% Due 28 April 2010 | 1,002,234 | A |
| Export-Import Bank Korea 1.55% Due 9 December 2010 | 1,999,446 | A |
| Export-Import Bank Korea 2% Due 14 June 2011 | 500,338 | A |
| Housing and Development Board 2.82% Due 6 October 2010 | 1,011,070 | AAA |
| Housing and Development Board 3.455% Due 1 March 2011 | 1,792,429 | AAA |
| Housing and Development Board 3.805% Due 14 July 2011 | 1,036,925 | AAA |
| Housing and Development Board 3.52% Due 31 October 2011 | 259,706 | AAA |
| Land Transport Authority 4.81% Due 9 June 2010 | 755,640 | AAA |
| Public Utilities Board 3.595% Due 31 August 2011 | 1,037,210 | AAA |
| Singapore Government Treasury Bill Due 22 April 2010 | 999,800 | AAA |

| | Fair value as at 31/3/2010 US\$ | Credit rating as at 31/3/2010 |
|---|--|--|
| Phillip USD Money Market Fund | | |
| Fixed Rate Notes - Quoted | | |
| Development Bank Singapore 7.875% Due 15 April 2010 | 751,390 | A |
| Morgan Stanley 8% Due 15 June 2010 | 1,319,279 | A |
| Morgan Stanley 6.75% Due 15 April 2011 | 210,891 | A |
| Citigroup Inc. 6.5% Due 18 January 2011 | 1,170,795 | A |
| Citigroup Inc. 5.125% Due 14 February 2011 | 442,001 | A |
| Deutsche Bank AG 2.2% Due 30 July 2010 | 1,004,090 | * AA- |
| Kookmin Bank 2.15% Due 25 October 2010 | 1,999,100 | * A+ |
| HSBC Finance Corp 5.25% Due 14 January 2011 | 514,517 | A |
| Credit Suisse 5.25% Due 2 March 2011 | 518,678 | A+ |
| Bank of Tokyo-Mitsubishi 8.4% Due 15 April 2010 | 727,459 | A |
| Household Finance Corp 8% Due 15 July 2010 | 835,501 | A |
| Fuji Finance 8.625% Due 15 April 2010 | 300,513 | A |
| Unilever Capital 7.125% Due 1 November 2010 | 1,136,243 | A+ |
| General Electric Capital Corporation 6.125% Due 22 February 2011 | 209,972 | AA+ |
| Toyota Motor Credit 4.83% Due 27 April 2010 | 77,189 | AA |
| Toyota Motor Credit 4.64% Due 27 September 2010 | 245,623 | AA |
| Toyota Motor Credit 4.57% Due 25 January 2011 | 62,526 | AA |
| Citigroup Inc. Due 18 May 2010 | 499,038 | A |

| | Fair value as at 31/3/2010 US\$ | Credit rating as at 31/3/2010 |
|---|--|--|
| Phillip USD Money Market Fund | | |
| Fixed Rate Notes - Quoted | | |
| Industrial Bank of Korea Due 21 September 2010 | 1,688,860 | A |
| Export-Import Bank Korea 5.125% Due 14 February 2011 | 1,371,956 | A |
| Export-Import Bank Korea 4.9% Due 28 April 2010 | 500,805 | A |
| Korea Development Bank 4.625% Due 16 September 2010 | 506,701 | A |
| Korea Development Bank Due 6 April 2010 | 1,400,000 | A |
| Korea East-West Power 4.875% Due 21 April 2011 | 1,181,338 | A |
| Cable & Wireless Finance 8% Due 22 June 2010 | 608,067 | A+ |
| Hutch Wham International 5.45% Due 24 November 2010 | 308,123 | A |
| Hutch Wham International 7% Due 16 February 2011 | 523,961 | A- |

The above source of credit rating is from Standard & Poor's.

* The above source of credit rating is from Fitch.

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 Fund from promptly liquidating unfavourable positions and therefore resulting in losses to The Fund and corresponding decreases in the net assets value per unit. The Manager manages liquidity risk by investing primarily in marketable investments.

Foreign currency risk

The sub-funds are denominated in their respective functional currencies, which is the Singapore dollar for Phillip Savings Fund and United States dollar for Phillip USD Money Market Fund. The Fund invests in underlying securities which are denominated in the sub-funds functional currencies where the fluctuations in the relevant exchange rates would not have an impact on the income and value of The Fund.

Fair values

At 31 March 2010, the fair values of assets and liabilities approximate their carrying values on the balance sheets.

11 Financial ratios

| | Phillip Savings Fund % | Phillip USD Money Market Fund % |
|---|---------------------------------------|--|
| Ratio of expense to average net assets (annualised) (Note 1) | 0.53 | 0.58 |
| Turnover ratios (Note 2) | 3.04 | 106.94 |

Note 1: The expense ratio is calculated in accordance with the revised IMAS guidelines on the disclosure of expense ratios dated 25 May 2005. It does not include (where applicable) brokerage and other transaction costs, performance fees, interest expense, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source arising out of income received. It is calculated by dividing expenses (as defined above) by daily average NAV, and multiplied by the appropriate factor to annualise the figure and is disclosed as a percentage.

Note 2: The turnover rate is calculated based on the lower of purchases and sales expressed as a percentage of the daily average net asset value.

12 Comparative information

No comparative figures are provided as this is the first set of financial statements prepared for the Company since the date of constitution.

13 Reconciliation of quoted net asset value

Units of the Phillip Savings Fund and Phillip USD Money Market Fund are subscribed and redeemed based on the net asset value of Phillip Savings Fund and Phillip USD Money Market Fund calculated using the 'amortised cost' method, respectively.

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:

| | Fair value basis S\$ | Amortised cost basis S\$ | Difference S\$ |
|--------------------------------------|---------------------------------|---|---------------------------|
| Phillip Savings Fund | | | |
| 2010 | | | |
| Net assets | 40,746,484 | 40,749,764 | 3,280 |
| Net Asset Value Per Unit | 1.0044 | 1.0045 | 0.0001 |
| | | | |
| | Fair value basis US\$ | Amortised cost basis US\$ | Difference US\$ |
| Phillip USD Money Market Fund | | | |
| 2010 | | | |
| Net assets | 31,219,105 | 31,210,298 | 8,807 |
| Net Asset Value Per Unit | 1.0103 | 1.0101 | 0.0002 |