

PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

ANNUAL REPORT

For the year ended 30 September 2021

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DIRECTORY

MANAGER

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(Company Registration No. 199905233W)

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Jeffrey Lee Chay Khiong
Linus Lim Wen Sheong
Lim Wah Sai
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TRUSTEE & REGISTRAR

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SOLICITORS TO THE MANAGER

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PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

MANAGER'S INVESTMENT REPORT

1. The Fund

The investment objective of the Fund is to seek to provide a high level of income and moderate long-term capital appreciation by tracking, as closely as possible, before expenses, the performance of the SGX APAC Ex-Japan Dividend Leaders REIT Index (the "Index"). By tracking the Index which is ranked and weighted by total dividends, the Fund aims to enhance risk-adjusted returns above that of traditional market capitalisation-weighted indices as the 30 REITs comprising the Index will be ranked and weighted according to the highest total dividends paid in the preceding 12 months subject to size, free-float market capitalisation and liquidity constraints.

Details of the fund

	30 September 2021
	US\$
NAV per share	1.0378
Net Assets Attributable to unitholders	17,280,132
Fund Currency	US Dollars
Listing Date on SGX-ST	20 October 2016
Stock code on SGX-ST	BYI for PHLP AP DIV REIT US Dollars BYJ for PHLP AP DIV REIT Singapore Dollars

The Fund is classified as an Excluded Investment Product (EIP).

2. Distribution of Investments

Please refer to Statement of Portfolio on pages FS4 – FS6.

3. Schedule of Investments by Asset Class

Asset Class	Fair value at	Percentage of
	30 September	total net assets
	2021	attributable to
	US\$	unitholders at
		30 September
		2021
		%
Quoted Real Estate Investment Trusts	16,816,636	97.32
Cash and cash equivalents	497,324	2.88
Other net liabilities	(33,828)	(0.20)
Net assets attributable to unitholders	17,280,132	100.00

PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

MANAGER'S INVESTMENT REPORT (continued)

4. Top 10 holdings

10 largest holdings as at 30 September 2021	Fair value at 30 September 2021 US\$	Percentage of total net assets attributable to unitholders at 30 September 2021 %
Link REIT	1,615,229	9.35
The GPT Group	1,516,237	8.77
Dexus	1,193,734	6.91
Stockland Corporation Limited	1,120,532	6.48
Ascendas Real Estate Investment Trust	1,085,445	6.28
Goodman Group Pty Ltd	1,084,137	6.27
Scentre Group	838,155	4.85
Mirvac Group	798,980	4.62
CapitaLand Integrated Commercial Trust	772,704	4.47
Vicinity Centres Re Ltd	766,627	4.44

10 largest holdings as at 30 September 2020	Fair value at 30 September 2020 US\$	Percentage of total net assets attributable to unitholders at 30 September 2020 %
Link REIT	1,418,955	10.29
Scentre Group	1,347,213	9.77
Mirvac Group	999,711	7.25
Stockland Corporation Limited	960,951	6.97
Dexus	959,588	6.95
Goodman Group Pty Ltd	913,770	6.63
Ascendas Real Estate Investment Trust	755,461	5.48
Vicinity Centres Re Ltd	468,665	3.40
The GPT Group	458,601	3.33
Capitamall Trust	404,210	2.93

5. Exposure to financial derivatives as at 30 September 2021

Nil.

PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

MANAGER'S INVESTMENT REPORT (continued)

6. Global exposure to financial derivatives

The global exposure relating to financial derivatives is calculated using the commitment approach. The global exposure is calculated as the sum of:

- (a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements;
- (c) the sum of the value of cash collateral received pursuant to:
 - (i) the reduction of exposure to counterparties of OTC financial derivatives; and
 - (ii) efficient portfolio management techniques relating to securities lending and repurchase transactions,

and that are reinvested.

7. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes as at 30 September 2021

	US\$	%
Real Estate Investment Trusts	16,816,636	97.32

8. Amount and percentage of borrowings of total fund size as at 30 September 2021

Nil.

9. Amount of units created and cancelled for the year

	US\$
Total amount of subscriptions	1,120,900
Total amount of redemptions	-

10. Expense ratio

Please refer to Note 11 of Notes to the Financial Statements.

11. Turnover ratio

Please refer to Note 11 of Notes to the Financial Statements.

PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF

MANAGER'S INVESTMENT REPORT (continued)

12. Performance of the Fund

As at 30 September 2021:

Cumulative (%*)	US\$	Benchmark US\$
3 Months	-1.91%	-2.26%
6 Months	2.59%	3.21%
1 Year	19.93%	20.90%
3 Years	15.89%	19.54%
Since inception (20 October 2016)	31.07%	38.22%
Annualised (%)*		
1 Year	19.93%	20.90%
3 Years	5.04%	6.13%
Since inception (20 October 2016)	5.62%	6.76%

* Returns are calculated on a bid-to-bid basis, with net dividends reinvested. The benchmark for which the Fund is measured against is the SGX APAC ex Japan Dividend Leaders REIT Index.

13. Related party transactions

Please refer to Note 10 of Notes to the Financial Statements.

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

Nil.

15. Soft dollar commissions

The Manager is entitled to and intends to receive or enter into soft-dollar commissions or arrangements. The Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Manager 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 the Manager.

The Manager will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Manager, assist the Manager in its management of clients' funds, provided that the Manager 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 or arrangements.

The Manager does not, and is not entitled to retain cash rebates for its own account in respect of rebates earned when transacting in securities for the account of the Fund.

The Manager did not receive any soft dollar services in respect of the Fund during the year.

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip SGX APAC Dividend Leaders REIT ETF 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, 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.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Phillip SGX APAC Dividend Leaders REIT ETF during the period covered by these financial statements, set out on pages FS1 to FS14, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
DBS Trustee Limited

Authorised signatory

21 December 2021

Statement by the Manager

In the opinion of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages FS1 to FS14, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Phillip SGX APAC Dividend Leaders REIT ETF as at 30 September 2021, and the financial performance and movements in unitholders' funds for the year ended 30 September 2021 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that Phillip SGX APAC Dividend Leaders REIT ETF will be able to meet its financial obligations as and when they materialise.

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

Jeffrey Lee Chay Khiong
Director

21 December 2021

Independent auditors' report

Unitholders

Phillip SGX APAC Dividend Leaders REIT ETF

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Phillip SGX APAC Dividend Leaders REIT ETF ('the Fund'), which comprise the Statement of Financial Position and Statement of Portfolio as at 30 September 2021, the Statement of Total Return and Statement of Movements of Unitholders' Funds for the year ended 30 September 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS14.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 September 2021 and the financial performance and movements in unitholders' funds for the year ended 30 September 2021.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' Responsibilities for the Audit of the Financial Statements*' section of our report. We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming opinion thereon, and we do not provide a separate opinion on those matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

Phillip Capital Management (S) Ltd, the Manager of the Fund ('the Manager'), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of the Statement of Recommended Accounting Practices 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 December 2021

Statement of Total Return
Year ended 30 September 2021

	Note	2021	2020
		US\$	US\$
Income			
Dividends		782,290	638,616
		782,290	638,616
Less:			
Expenses			
Management fees		49,331	44,059
Trustee fees		11,928	12,005
Custody fees		6,645	10,154
Audit fee		11,992	12,009
Transaction fees		8,293	5,895
Other expenses		76,344	92,243
		164,533	176,365
Net income		617,757	462,251
Net gains/(losses) on investments			
Net gains/(losses) on investments		2,204,103	(3,180,119)
Net losses on foreign exchange		(13,598)	(35,847)
		2,190,505	(3,215,966)
Total return/(deficit) for the year before income tax			
		2,808,262	(2,753,715)
Less: Income tax	7	(79,699)	(83,589)
Total return/(deficit) for the year after income tax before distribution		2,728,563	(2,837,304)

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

Statement of Financial Position
As at 30 September 2021

	Note	2021 US\$	2020 US\$
Assets			
Portfolio of investments		16,816,636	13,669,414
Receivables	3	25,072	33,551
Cash and cash equivalents	4	497,324	141,561
Total assets		17,339,032	13,844,526
Liabilities			
Payables	5	58,900	52,568
Total liabilities		58,900	52,568
Equity			
Net assets attributable to unitholders	6	17,280,132	13,791,958

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

Statement of Movements of Unitholders' Funds
Year ended 30 September 2021

	Note	2021 US\$	2020 US\$
Net assets attributable to unitholders at the beginning of the year		13,791,958	14,920,027
Operations			
Change in net assets attributable to unitholders resulting from operations		2,728,563	(2,837,304)
Unitholders' contributions / (withdrawals)			
Creation of units		1,120,900	2,723,600
Cancellation of units		-	(555,900)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		1,120,900	2,167,700
Distributions	8	(361,289)	(458,465)
Total increase/(decrease) in net assets attributable to unitholders		3,488,174	(1,128,069)
Net assets attributable to unitholders at the end of the year	6	17,280,132	13,791,958

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

**Statement of Portfolio
As at 30 September 2021**

	Holdings as at 30 September 2021	Fair value as at 30 September 2021 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2021 %
By Geography (Primary)			
Quoted			
Australia			
Charter Hall Group	29,350	362,556	2.10
Charter Hall Long WALE REIT	103,822	369,419	2.14
Charter Hall Retail REIT	83,291	239,973	1.39
Cromwell Property Group	311,823	179,680	1.04
Dexus	153,455	1,193,734	6.91
Goodman Group Pty Ltd	69,426	1,084,137	6.27
Mirvac Group	370,990	798,980	4.62
Scentre Group	389,180	838,155	4.85
Shopping Centres Australasia Property Group	150,888	293,441	1.70
Stockland Corporation Limited	347,251	1,120,532	6.48
The GPT Group	415,199	1,516,237	8.77
Vicinity Centres Re Ltd	637,331	766,627	4.44
Waypoint REIT	116,476	230,713	1.34
		8,994,184	52.05
Hong Kong			
Fortune REIT	263,300	261,728	1.51
Link REIT	188,419	1,615,229	9.35
		1,876,957	10.86

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

Statement of Portfolio (continued)
As at 30 September 2021

	Holdings as at 30 September 2021	Fair value as at 30 September 2021 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2021 %
By Geography (Primary)			
Quoted			
Singapore			
ARA LOGOS Logistics Trust	335,600	226,973	1.32
Ascendas India Trust	192,487	202,350	1.18
Ascendas Real Estate Investment Trust	492,177	1,085,445	6.29
CapitaLand Integrated Commercial Trust	517,788	772,704	4.47
Cromwell European Real Estate Investment Trust	95,400	288,788	1.67
Frasers Centrepoint Trust	128,532	214,488	1.24
Frasers Logistics and Commercial Trust	376,603	420,816	2.44
Keppel DC REIT	154,780	282,184	1.63
Keppel REIT	346,908	270,325	1.56
Mapletree Commercial Trust	271,899	413,755	2.39
Mapletree Industrial Trust REIT	264,850	541,265	3.13
Mapletree Logistics Trust	352,783	529,058	3.06
Mapletree North Asia Commercial Trust	368,244	261,233	1.51
Suntec Real Estate Investment Trust	212,514	221,841	1.28
		5,731,225	33.17
United States			
Manulife US REIT	306,100	214,270	1.24
		214,270	1.24
Portfolio of investments		16,816,636	97.32
Other net assets		463,496	2.68
Net assets attributable to unitholders		17,280,132	100.00

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

Statement of Portfolio (continued)
As at 30 September 2021

	Fair value as at 30 September 2021 US\$	Percentage of total net assets attributable to unitholders as at 30 September 2021 %	Percentage of total net assets attributable to unitholders as at 30 September 2020 %
By Geography (Primary)			
Quoted			
Australia	8,994,184	52.05	52.12
Hong Kong	1,876,957	10.86	13.22
Singapore	5,731,225	33.17	30.78
Thailand	-	-	1.36
United States	214,270	1.24	1.63
Portfolio of investments	16,816,636	97.32	99.11
Other net assets	463,496	2.68	0.89
Net assets attributable to unit holders	17,280,132	100.00	100.00
By Industry (Secondary)			
Real Estate Investments Trusts*	16,816,636	97.32	99.11
Portfolio of investments	16,816,636	97.32	99.11
Other net assets	463,496	2.68	0.89
Net assets attributable to unitholders	17,280,132	100.00	100.00

*A trust or company is defined as a Real Estate Investment Trusts, if such trust's or company's business sector is classified as "Residential and Commercial REITs" under the Thomson Reuters Business Classification.

Notes to the Financial Statements

These notes form an integral part of the financial statements

1. Domicile and activities

Phillip SGX APAC Dividend Leaders REIT ETF (the “Fund”) is an open-ended Unit Trust constituted pursuant to the Trust Deed dated 29 September 2016 together with its First Amending and Restating Deed dated 4 October 2016 (collectively referred to as the “Trust Deed”) between Phillip Capital Management (S) Ltd as the Manager and DBS Trustee Limited as the Trustee. The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The investment objective of the Fund is to seek to provide a high level of income and moderate long-term capital appreciation by tracking, as closely as possible, before expenses, the performance of the SGX APAC Ex-Japan Dividend Leaders REIT Index (the “Index”). By tracking the Index which is weighted by a fundamental factor such as total dividends, the Fund aims to enhance risk-adjusted returns above that of traditional market capitalisation-weighted indices as the 30 REITs comprising the Index will be ranked and weighted according to the highest total dividends paid in the preceding 12 months subject to size, free float market capitalisation and liquidity constraints.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements, expressed in US Dollars (“US\$”), 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 Investment Funds*” issued by the Institute of Singapore Chartered Accountants.

For the purposes of preparation of these financial statements, the basis used for calculating the expense ratio and turnover ratio 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 Basis of valuation of investments

Quoted investments are stated at fair value based on the last traded price at the reporting date. Unrealised gains/losses on investments are represented by the difference between the fair value and the carrying value of investments and are recognised in the Statement of Total Return. Realised gains and losses upon disposal of investments are computed on the basis of the difference between the carrying value and the selling price of investments on trade date and are taken to the Statement of Total Return.

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*

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

2.5 *Foreign currency translation*

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. The exchange differences pertaining to investments and other monetary assets and liabilities denominated in foreign currencies are recognised in “net gains/(losses) on investments” and “net losses on foreign exchange” respectively in the Statement of Total Return.

2.6 *Income tax expenses*

The Fund is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following sources of income are not subjected to Singapore tax:

- (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) dividend derived from outside Singapore and received in Singapore.

2.7 *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.8 *Net assets attributable to unitholders*

Net assets attributable to unitholders are classified as equity.

3. Receivables

	2021	2020
	US\$	US\$
Dividends receivable	18,586	8,767
Prepayments	6,486	24,784
	25,072	33,551

4. Cash and cash equivalents

	2021	2020
	US\$	US\$
Bank balances	497,324	141,561

The bank balances are placed with a financial institution related to the Trustee.

5. Payables

	2021	2020
	US\$	US\$
Management fee payable	9,016	3,585
Other payables and accrued expenses	49,884	48,983
	58,900	52,568

6. Units in issue

During the year, the number of shares issued, redeemed and outstanding were as follows:

	2021	2020
Units at beginning of the year	15,550,000	13,900,000
Units created	1,100,000	2,500,000
Units cancelled	-	(850,000)
Units at end of the year	16,650,000	15,550,000
Net assets attributable to unitholders-US\$	17,280,132	13,791,958
Net asset value per unit-US\$	1.0378	0.8869

7. Income tax

	2021	2020
	US\$	US\$
Singapore income tax	22,616	25,364
Overseas income tax	57,083	58,225
	79,699	83,589

The overseas income tax charge relates to withholding tax suffered on receipt of distributions from overseas investments.

8. Distributions

	US\$
2021	
Dividend (1.5 cents per unit based on units outstanding as at 11 January 2021)	233,250
Dividend (0.769 cents per unit based on units outstanding as at 9 July 2021)	128,039
	<u>361,289</u>
2020	
Dividend (1.67 cents per unit based on units outstanding as at 3 January 2020)	267,200
Dividend (1.23 cents per unit based on units outstanding as at 25 June 2020)	191,265
	<u>458,465</u>

9. Financial risk management

In the ordinary course of business, the Fund is exposed to a variety of market risks (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial derivative instruments, subject to the terms of the Trust Deed to moderate certain risk exposures.

(a) Market risks

i. Price risk

Price risk is the risk that the fair values of quoted securities or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investing in securities markets and there can be no assurance that appreciation will occur. It is the policy of the Manager to maintain a diversified portfolio of investments so as to minimise the risk. The Manager's preferred strategy is to hold investments for the medium-to-long term. The Manager is therefore not concerned about the short-term price volatility with respect to its investment provided that the underlying business, economic and management characteristics of its investments remain favourable.

Sensitivity analysis

A 10% increase in the market prices of investments at the reporting date would increase the fair value of investments by the following amount:

	2021 US\$	2020 US\$
Portfolio of investment	<u>1,681,664</u>	<u>1,366,941</u>

A 10% decrease in the market prices of investments at the reporting date would have an equal but opposite effect on the fair value of investments, on the basis that all other variables remain constant.

ii. 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 Fund is not subject to significant risk of fluctuations in market interest rates as their financial assets and liabilities are largely non-interest bearing other than the cash and cash equivalents.

iii. Currency risk

The Fund is denominated in US Dollars. The Fund invests in underlying securities which are denominated in foreign currencies where fluctuations in the relevant exchange rates may have an impact on the income and value of the Fund. The Manager may seek to minimise exposure to foreign currency fluctuation through cash management, reducing cash holdings of foreign currencies where possible.

Assets and liabilities denominated in currencies other than the Fund's functional currency comprise the following:

	HKD	AUD	SGD	EUR	THB
	US\$	US\$	US\$	US\$	US\$
30 September 2021					
Assets					
Portfolio of investments	1,876,957	8,994,184	5,731,225	288,788	–
Receivables	4,675	12,662	1,249	–	–
Cash and cash equivalents	21,841	119,266	50,244	–	–
	<u>1,903,473</u>	<u>9,126,112</u>	<u>5,782,718</u>	<u>288,788</u>	<u>–</u>
Net currency exposure	<u>1,903,473</u>	<u>9,126,112</u>	<u>5,782,718</u>	<u>288,788</u>	<u>–</u>
30 September 2020					
Assets					
Portfolio of investments	1,823,858	7,188,437	4,244,941	–	187,070
Receivables	4,616	4,151	–	–	–
Cash and cash equivalents	3,548	452	70,963	–	–
	<u>1,832,022</u>	<u>7,193,040</u>	<u>4,315,904</u>	<u>–</u>	<u>187,070</u>
Net currency exposure	<u>1,832,022</u>	<u>7,193,040</u>	<u>4,315,904</u>	<u>–</u>	<u>187,070</u>

Portfolio of investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk.

The Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Fund.

As at 30 September 2021, with respect to the monetary assets and monetary liabilities of the Fund, had the US Dollar appreciated/depreciated by 10% (2020:10%) against foreign currencies, with all other variables remaining constant, the decrease/increase in net assets attributable to unitholders would not be significant.

(b) *Liquidity risk*

The Fund is exposed to daily redemption of units in the Fund. Therefore, the majority of its assets are invested in investments that are traded in an active market and can be readily disposed of.

(c) *Credit risk*

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The Fund is exposed to counterparty credit risk on trading financial derivatives, cash and cash equivalents and other receivable balances.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made upon payment by the broker. Payment is made on a purchase once the securities have been received by the Fund. The trade will fail if either party fails to meet its obligation.

The Fund may also enter into derivative contracts to manage exposures to currency risk and price risk. Hence the Fund is also exposed to the risk that amounts held with counterparties for derivative contracts may not be recoverable in the event of any default by the parties concerned.

(d) *Capital management*

The Fund's capital is represented by the net assets attributable to unit holders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's objectives while maintaining sufficient liquidity to meet unit holders' redemptions.

(e) *Fair value estimation*

Except for investments which are measured at fair value, at 30 September 2021, the fair values of assets and liabilities approximate their carrying values in the Statement of Financial Position.

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. When the Fund holds derivatives with offsetting market risks, last traded prices are used as a basis for establishment fair values for the offsetting risk positions and last traded prices are applied to the net open positions, as appropriate.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 September 2021 and 2020:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
30 September 2021				
Assets				
Portfolio of investments	16,816,636	-	-	16,816,636

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
30 September 2020				
Assets				
Portfolio of investments	13,669,414	-	-	13,669,414

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed securities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

There are no transfers between the levels of the fair value hierarchy during the year.

10. Related party transactions

In the normal course of the business of the Fund, management fees and trustee fees have been paid or are payable to the Manager and the Trustee 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 Manager may also use the services of related parties to carry out transactions involving the purchase and sale of securities.

Other than as disclosed elsewhere in the financial statements, the following significant transactions took place between the Fund and their related parties during the year:

	2021	2020
	US\$	US\$
Bank balances held with a related party of the Trustee	497,324	141,561

11. Financial ratios

		2021	2020
Expense ratio			
Total operating expenses (Annualised)	US\$	156,240	170,470
Average daily net asset value	US\$	16,498,441	14,711,596
Expense ratio ^(Note 1) (Annualised)	%	0.95	1.16
Turnover ratio			
Lower of total value of purchases or sales	US\$	4,656,376	3,051,214
Average daily net asset value	US\$	16,498,441	14,711,596
Turnover ratio ^(Note 2)	%	28.22	20.74

Note 1: The expense ratio has been computed based on the guidelines laid down by the IMAS. The calculation of the expense ratio is based on total operating expenses divided by the average net asset value for the period. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fees, interest expenses, distribution paid out to unitholders, 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. The Fund does not pay any performance fees. The average net asset values are based on the daily balances.

Note 2: The turnover ratio is calculated in accordance with the formula stated in the Code. The calculation of the turnover ratio is based on the total value of purchases (or sales) of the underlying investments divided by the weighted average daily net asset value. The total value of purchases or sales do not include brokerage and other transaction costs.

Important Information

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