

# PHILLIP VALUE GROWTH FUND

UNAUDITED  
QUARTERLY REPORT

FOR THE FINANCIAL PERIOD  
ENDED 31 OCTOBER 2022

Manager:  
**PHILLIP CAPITAL MANAGEMENT SDN BHD**  
(199501004372)(333567-D)

Trustee:  
**CIMB COMMERCE TRUSTEE BERHAD**  
(199401027349)(313031-A)

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**FUND INFORMATION**  
**As at 31 October 2022**

Name Of Fund	:	Phillip Value Growth Fund
Manager Of Fund	:	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	:	3 May 2021
Category Of Fund	:	Equity (Wholesale)
Type Of Fund	:	Growth and Income
Investment Objective	:	The Fund aims to achieve long-term* capital growth with regular income distribution. <i>* Long-term is a period of more than three years.</i>
Performance Benchmark	:	FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI)
Distribution Policy	:	Subject to availability of income, the Fund intends to distribute its income on a yearly basis.
Fund Size	:	29.40 million units

**FUND PERFORMANCE****Financial Highlights**

<b>Category</b>	<b>As at 31.10.2022</b>	<b>As at 31.07.2022</b>	<b>As at 30.04.2022</b>
<b>Quoted Equity Securities</b>	<b>%</b>	<b>%</b>	<b>%</b>
Banks	3.57	3.45	3.50
Capital Goods	2.38	2.18	2.09
Energy	7.22	6.76	5.91
Food, Beverage & Tobacco	10.14	9.81	9.88
Health Care Equipment & Services	3.42	3.82	5.93
Industrials	4.36	5.84	6.36
Insurance	4.25	3.69	3.99
Materials	12.65	12.00	10.27
Pharma, Biotech. & Life Sciences	6.77	6.97	7.46
Plantation	-	1.25	0.85
Semiconductors & Semi. Equipment	9.06	10.33	10.02
Software & Services	4.58	3.98	4.51
Technology Hardware & Equipment	8.38	8.56	9.35
Telecommunication Services	2.71	2.54	2.35
Transportation	-	-	4.11
	<b>79.48</b>	<b>81.18</b>	<b>86.58</b>
<b>Cash And Liquid Assets</b>	<b>20.52</b>	<b>18.82</b>	<b>13.42</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (RM'000)	23,410	23,299	24,891
Number Of Units In Circulation (Units '000)	29,405	28,932	28,851
Net Asset Value Per Unit (RM)	0.7961	0.8053	0.8627
Total Expense Ratio ("TER")*	0.43%	0.40%	1.48%
Portfolio Turnover Ratio (times)	0.03	0.10	0.77

The Total Expense Ratio for the current quarter is higher compared with quarter ended 31 October 2021 due to a lower percentage of decrease in expenses compared with average net asset value attributable to unitholders. (31 October 2021: 0.41%)

\* The TER does not include brokerage and other transaction fees.

The Portfolio Turnover Ratio for the current quarter is lower due to more precautionary decision making, resulting from the uncertainty in market conditions. (31 October 2021: 0.14 times)

**Notes:**

The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

**Performance Data**

	Phillip Value Growth Fund		FBMKLCI	
	Total Return*	Average Annual Return	Total Return	Average Annual Return
3 Months' Period Ended 31.10.2022	-1.14%	-	-2.13%	-
3 Months' Period Ended 31.07.2022	-6.65%	-	-6.76%	-
Since inception (03.05.2021) to 30.04.2022	-13.73%	-	1.44%	-
	<b>01.08.2022</b>	<b>01.05.2022</b>	<b>Since inception</b>	
	<b>to</b>	<b>to</b>	<b>03.05.2021</b>	
	<b>31.10.2022</b>	<b>31.07.2022</b>	<b>to</b>	
	<b>30.04.2022</b>			
Phillip Value Growth Fund				
- Capital Return	-1.14%	-6.65%	-13.73%	
- Income Return	0.00%	0.00%	0.00%	
- Total Return	-1.14%	-6.65%	-13.73%	
FBMKLCI	-2.13%	-6.76%	1.44%	
	<b>01.08.2022</b>	<b>01.05.2022</b>	<b>Since inception</b>	
	<b>to</b>	<b>to</b>	<b>03.05.2021</b>	
	<b>31.10.2022</b>	<b>31.07.2022</b>	<b>to</b>	
	<b>30.04.2022</b>			
<b>Unit Prices</b>				
Highest NAV (RM)	0.8067	0.8418	1.0000	
Lowest NAV (RM)	0.7886	0.7790	0.8627	
<b>Distributions</b>				
Gross Distribution Per Unit (sen)	-	-	-	
Net Distribution Per Unit (sen)	-	-	-	
<b>Unit Splits</b>	-	-	-	

\* NAV price of RM1.00 is used for calculation of Total Return for NAV per unit from the Initial Offering Period.

**Notes:**

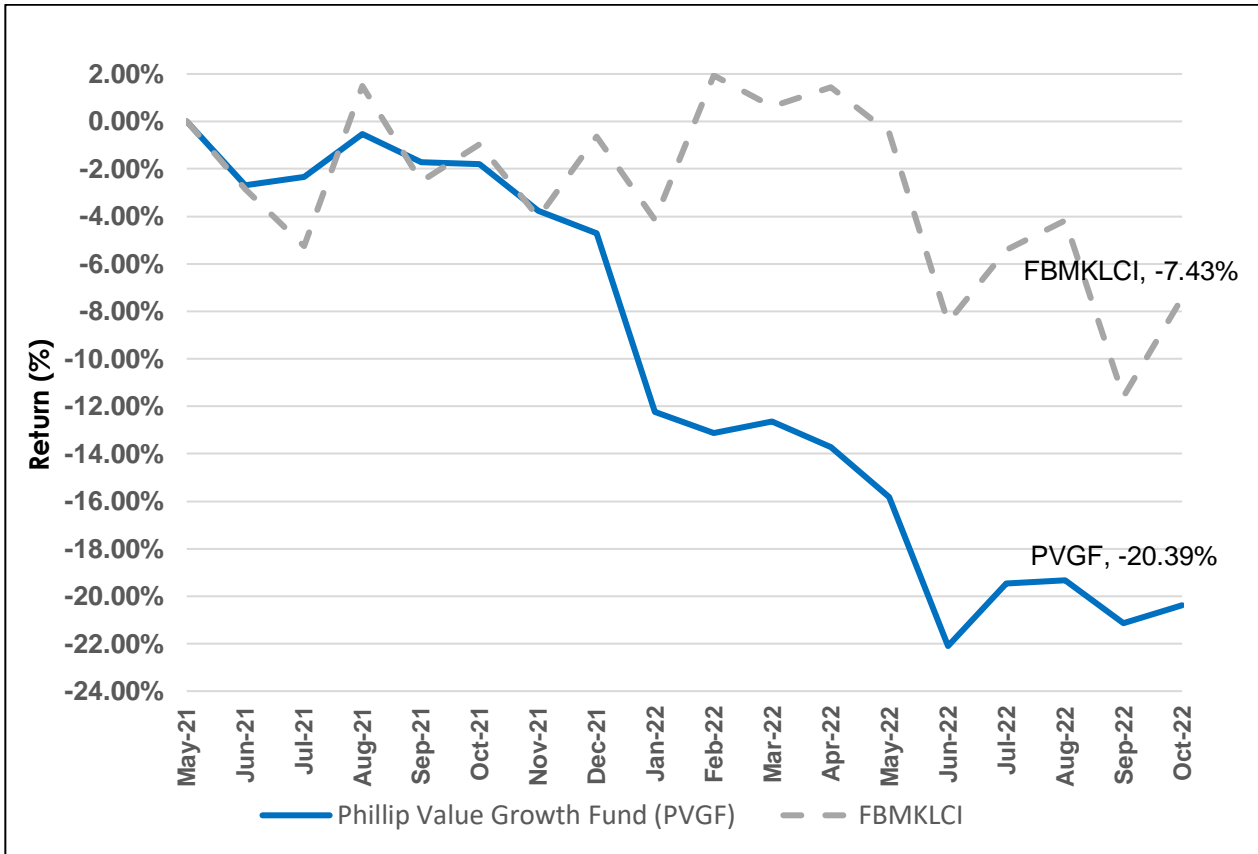
1. All figures pertaining to the Fund's return were extracted from Lipper.
2. The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

**MANAGER’S REPORT**

**Performance Review**

The Fund performance increased by 0.17% in August 2022 then declined by 2.24% in September 2022. In October 2022 it increased by 0.95% amidst the geopolitical issue in Russia-Ukraine war, economy slowdown due to US-China trade war, the US’s sanction on Russia that affecting our global supply chain, logistic and transportation and global import export activities and the aggressive policy of the US Federal Reserve (FED) interest rate hike.

**Comparison Between Fund’s Performance And Benchmark Since Launch**



Source: Phillip Capital Management Sdn Bhd, Bloomberg

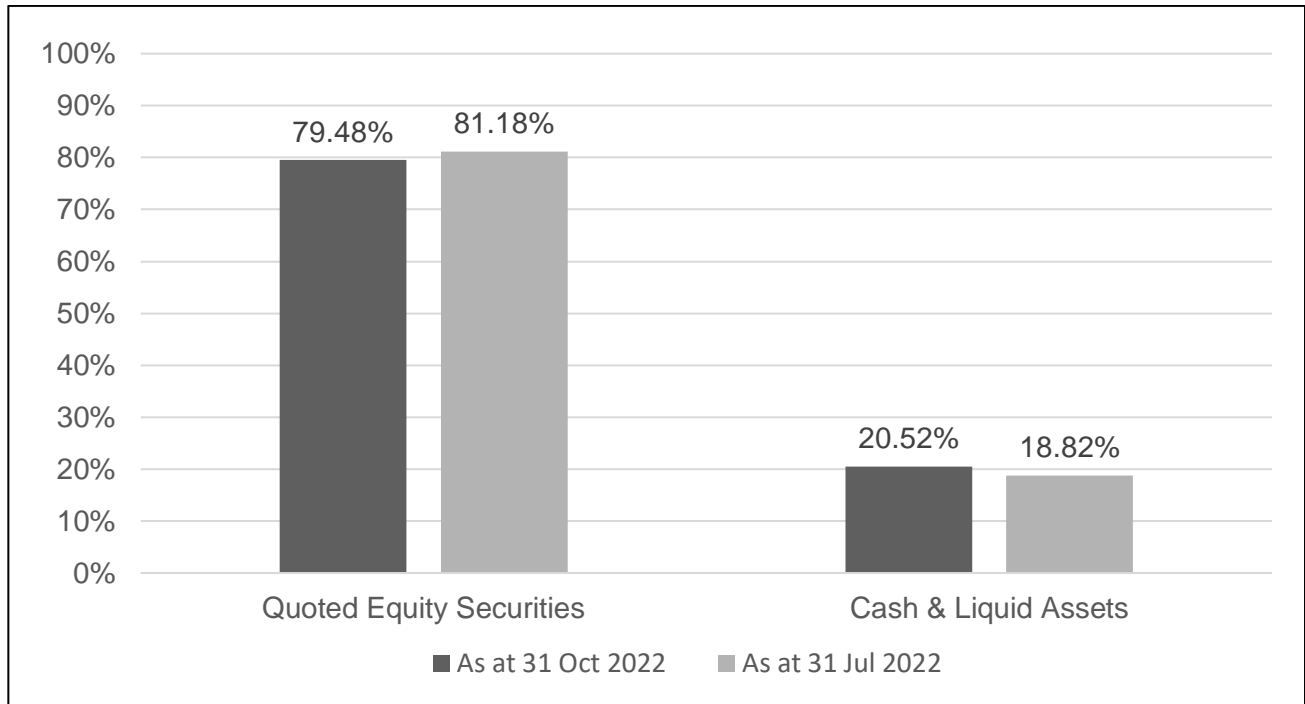
**Investment Strategy Review**

PVGF uses adaptive Buy and Hold strategy with portfolio rebalancing measures on monthly or quarterly basis, when needed. This also applies to company that exceeded individual or sectorial maximum capping limit from time to time and if there are new opportunities occur in watch list especially when the price-to-book is at the low or discounted level. Overall, the Fund is actively managed and the companies in the portfolio and watchlist are closely monitored.

There is no addition counter in PVGF for this quarter after PVGF disposed Sarawak Oil Palms Berhad (SOP) from the portfolio as it might not be able to sustain and maintain strong profit growth in upcoming quarter due to the easing uptrend of FCPO price. The FCPO price may continue to sideways or downtrend for a long period. Several factors that influenced the CPO price drop were mainly the fear of a global recession, the abundance of CPO stocks in Indonesia and Malaysia, as well as the falling prices of other vegetable oils, especially soybean oil prices at the end of September 2022.

Cash position in PVGF increases as compared to previous quarter in view of potential bear market risk approaching and geopolitical tension between China and Taiwan, hence we were cautiously being conservative by reducing our equities position.

**Asset Allocation**



The quoted equity securities allocation of Phillip Value Growth Fund decreased to 79.48% as at 31 October 2022 from 81.18% recorded at the beginning of the second quarter under review due to net equity sales.

**Analysis Of Net Asset Value**

The net asset value (NAV) per unit of Phillip Value Growth Fund decreased from RM0.8053 as of 31 July 2022 to RM0.7961 as of 31 October 2022. Meanwhile, total NAV of the Fund increased from RM23,298,568 to RM23,410,236 mainly due to net fund injections.

**Market Review**

**Equity Market Review**

Local equity market was volatile in 3<sup>rd</sup> quarter of 2022, as it dropped from 1500pts level to 1370pts level in August 2022 and September 2022. Then it rebounded to 1450pts level in late October 2022 after the strong rebound in the US stock market due to the reduced inflation fear in the US economy.

When the Prime Minister dissolved the Malaysia Parliament on 10 October 2022 for the 15<sup>th</sup> Malaysia General Election, Malaysia had entered into another unstable political scenario causing uncertainties to our local market as well, along with the worries of global markets amidst the US’s sanctions on China’s technology and semiconductors industry, Europe energy crisis, Russia-Ukraine war, etc.

Malaysia GDP grew strongly at 8.9% in Q2 and 14.2% in Q3 due to low base number in previous year as the country endured lockdown and movement control order due to Covid-19 pandemic in 2021. We foresee the economy of second half to be better after the reopening of all economic activities, but our economy growth may be dampened by high inflation due to weak Ringgit that may further cause stagflation in 2023.

The 3 major US indices: Dow Jones, Nasdaq and S&P500 continued to plummet in August 2022 and September 2022 to 1 year low. Then it rebounded around 9% to 14% in October 2022 as the market reacted strongly after the aggressive approach by the US FED interest rate hike. The FED further hiked interest rates by 75 bps at its September 2022 meeting after the European Central Bank took the same measure in the same month.

While the consumer spending spiked more than expected in September 2022, the underlying inflation pressure continued to bubble, keeping the FED on track to hike interest rates by 75 bps for the fourth time in 2022. This aggressive tightening cycle in decades has brought ever-increasing risks of a recession.

The economy in China continued to be volatile as the Chinese government continued imposing “Zero Covid” policy nationwide as we can still see full lock down in several major cities from time to time. It had seriously impacted the economy recovery and affected the domestic business activities such as manufacturing sectors as well as international trade activities. We are monitoring closely the tension development between China and Taiwan conflict that may lead another instability to the market and geopolitical issue after the China’s 20<sup>th</sup> Party Congress that President Xi remains elected as the leader of the country.

We use Market Price-to-Book ratio (Market PB) as an average price-to-book of all equities in Malaysia market. It indicates the overall valuation of Malaysia equities market in terms of net asset perspective. The latest Market PB as of 31 October 2022 were 1.66. It retraced from previous level of 1.72. This indicate that the price to book value of Malaysia equities has entered into non-high-risk zone as some sectors or counters had encountered further correction in the quarter.



Source: Algobox of Grandpine Capital



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**Securities Financing Transactions**

For the financial period under review, the Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).

**Income Distribution :** Nil

**Unit Split :** Nil

**Significant Changes In The State Of Affairs Of The Fund**

For the financial period under review, there were no significant changes in the state of affairs of the Fund not otherwise disclosed in the financial statements.

**Circumstances That Materially Affect Interest Of Unitholders**

For the financial period under review, there were no circumstances that materially affect any interest of the unitholders.

**Cross Trade**

No cross trade transactions have been carried out during the financial period under review.

**Key Investment Team**

There was no change in the key investment team during the financial period under review.

**Key Risk Factors**

The potential risks associated with investing in the Fund are including, but not limited to, the following:

- Market risk
- Inflation risk
- Manager’s risk
- Stock specific risk
- Liquidity risk
- Concentration risk
- Economic risk
- Interest rate risk
- Credit and default risk
- Performance risk due to large redemptions

**Soft Commissions**

During the financial period under review, the management company neither received soft commissions nor rebates from any brokers by virtue of transactions conducted by the Fund.

**STATEMENT BY THE MANAGER**

We, **Datin Hajjah Nona Binti Salleh** and **Loke Ka Wai**, being two of the directors of **Phillip Capital Management Sdn Bhd**, do hereby declare that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 10 to 13 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines so as to give a true and fair view of the financial position of **Phillip Value Growth Fund** as at 31 October 2022 and of its financial performance, changes in net asset value and cash flows for the financial period then ended.

Signed on behalf of the Manager in accordance with a resolution of the directors.

**DATIN HAJJAH NONA BINTI SALLEH**  
Executive Chairperson

**LOKE KA WAI**  
Executive Director

Kuala Lumpur, Malaysia  
28 December 2022

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**As at 31 October 2022**

	<b>31.10.2022</b>	<b>31.10.2021</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Investments	18,606,469	26,740,181
Dividend receivable	3,031	11,762
Interest receivable	316	239
Amount due from brokers/dealers	124,722	647,201
Cash and cash equivalents	4,716,641	1,723,158
<b>Total assets</b>	<u>23,451,179</u>	<u>29,122,541</u>
<b>Liabilities</b>		
Amount due to Manager	29,749	430,011
Amount due to brokers/dealers	-	105,722
Other payables	11,194	7,491
<b>Total liabilities</b>	<u>40,943</u>	<u>543,224</u>
<b>Net Asset Value (“NAV”) of the fund</b>	<u>23,410,236</u>	<u>28,579,317</u>
<b>Equity</b>		
Unitholders’ capital	29,004,862	28,798,511
Accumulated loss	(5,594,626)	(219,194)
<b>Total equity/NAV attributable to unitholders</b>	<u>23,410,236</u>	<u>28,579,317</u>
<b>Total equity and liabilities</b>	<u>23,451,179</u>	<u>29,122,541</u>
<b>Number of units in circulation (Units)</b>	<u>29,404,692</u>	<u>29,098,903</u>
<b>NAV per unit</b>	<u>0.7961</u>	<u>0.9821</u>

*The accompanying notes form an integral part of the financial statements.*

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**For the financial period from 1 August 2022 to 31 October 2022**

	<b>01.08.2022 to 31.10.2022 RM</b>	<b>01.08.2021 to 31.10.2021 RM</b>
<b>Income/(Loss)</b>		
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")	125,738	246,561
Interest income	27,088	11,790
Net realised loss from sale of financial assets at FVTPL	(207,920)	(70,143)
Net unrealised (loss)/gain on changes in value of financial assets at FVTPL	(103,407)	112,384
	<u>(158,501)</u>	<u>300,592</u>
<b>Expenses</b>		
Audit fee	2,292	2,157
Tax agent's fee	958	987
Manager's fee	89,852	107,827
Trustee's fee	3,081	3,085
Brokerage and other transaction fees	7,022	34,182
Administration expenses	4,735	1,586
	<u>107,940</u>	<u>149,824</u>
<b>Net (loss)/gain before taxation</b>	(266,441)	150,768
Taxation	-	-
	<u>-</u>	<u>-</u>
<b>Net (loss)/gain after taxation, representing total comprehensive loss for the period</b>	<u>(266,441)</u>	<u>150,768</u>
<b>Total comprehensive (loss)/gain comprises the following:</b>		
Net realised (loss)/gain	(163,034)	38,384
Net unrealised (loss)/gain	(103,407)	112,384
	<u>(266,441)</u>	<u>150,768</u>

*The accompanying notes form an integral part of the financial statements.*

**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**For the financial period from 1 August 2022 to 31 October 2022**

	<b>Unitholders' capital RM</b>	<b>Accumulated loss RM</b>	<b>NAV attributable to unitholders RM</b>
<b>At 1 August 2021</b>	28,463,955	(369,962)	28,093,993
Net income after taxation	-	150,768	150,768
Creation of units	831,097	-	831,097
Cancellation of units	(496,541)	-	(496,541)
<b>At 31 October 2021</b>	<u>28,798,511</u>	<u>(219,194)</u>	<u>28,579,317</u>
<b>As at 1 August 2022</b>	28,626,753	(5,328,185)	23,298,568
Net loss after taxation	-	(266,441)	(266,441)
Creation of units	378,109	-	378,109
Cancellation of units	-	-	-
<b>As at 31 October 2022</b>	<u>29,004,862</u>	<u>(5,594,626)</u>	<u>23,410,236</u>

*The accompanying notes form an integral part of the financial statements.*

**UNAUDITED STATEMENT OF CASH FLOWS**  
**For the financial period from 1 August 2022 to 31 October 2022**

	<b>01.08.2022 to 31.10.2022 RM</b>	<b>01.08.2021 to 31.10.2021 RM</b>
<b>Cash flows from/(used in) operating and investing activities</b>		
Proceeds from sale of investments	1,218,644	1,884,905
Purchase of investments	(717,270)	(5,741,293)
Dividends received	101,835	248,707
Interest received	27,490	11,987
Manager's fee paid	(87,979)	(106,916)
Trustee's fee paid	(3,016)	(3,119)
Payment for other fees and expenses	(13,802)	(1,157)
Net cash from/(used in) operating and investing activities	<u>525,902</u>	<u>(3,706,886)</u>
<b>Cash flows from/(used in) financing activities</b>		
Cash proceeds from units created	378,109	831,098
Cash paid on units cancelled	(163,277)	(100,997)
Net cash from financing activities	<u>214,832</u>	<u>730,101</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	740,734	(2,976,785)
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>3,975,907</u>	<u>4,699,943</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>4,716,641</u>	<u>1,723,158</u>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank	6,641	13,158
Deposit with a licensed financial institution	4,710,000	1,710,000
	<u>4,716,641</u>	<u>1,723,158</u>

*The accompanying notes form an integral part of the financial statements.*

## **CORPORATE INFORMATION**

### **THE MANAGER**

Phillip Capital Management Sdn Bhd (199501004372)(333567-D)

#### **Registered Office**

No 3-1 Jalan Indrahana 2, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.  
Tel : 603-7983 0277

#### **Business Office**

B-18-6, Block B Level 18 Unit 6, Megan Avenue II, No 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.  
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E-mail: [pcm@phillipcapital.com.my](mailto:pcm@phillipcapital.com.my)

### **TRUSTEE**

CIMB Commerce Trustee Berhad (Registration No: 199401027349)(313031-A)

#### **Registered Office**

Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur.  
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#### **Business Office**

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Fax: 603-2261 9889

### **BOARD OF DIRECTORS**

Datin Hajjah Nona Binti Salleh  
Mr. Mohd Fadzli Bin Mohd Anas  
Saw Leong Aun  
Chai Chung Bin  
Loke Ka Wai  
Azizah Binti Mohd Yatim

### **COMPANY SECRETARY**

Koh Siang Choo (MIA 4640)  
Compac Sdn Bhd, No 3-1, Jalan Indrahana 2, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.  
Tel: 603-7983 0277  
Email: [compac.cosec@gmail.com](mailto:compac.cosec@gmail.com)

### **AUDITORS**

Deloitte PLT (LLP0010145-LCA) (AF0080)  
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Fax: 603-7726 8986  
Website: [www.deloitte.com/my](http://www.deloitte.com/my)

### **TAX ADVISER**

Deloitte Tax Services Sdn Bhd (Registration No: 197701005407)(36421-T)  
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**ENQUIRIES**

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## **PHILLIP CAPITAL MANAGEMENT SDN BHD**

(199501004372)(333567-D)

Capital Markets and Services Licence No. : CMSL/A0044/2007

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