



Phillip Wealth Funds

(the “Trust”)

Phillip HKD Money Market Fund

(the “Sub-Fund”)

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional financial advice.

Phillip Capital Management (HK) Limited as the manager (the “Manager”) accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Capitalised terms used herein shall bear the same meanings as capitalised terms used in the Explanatory Memorandum for the Trust dated 31 December 2019, as may be amended and supplemented from time to time (the “Explanatory Memorandum”).

31 December 2019

Dear Investor,

Amended and restated Trust Deed, enhancement of disclosures on amortised cost valuation method and update to offering documents to comply with revised Code on Unit Trusts and Mutual Funds

We, Phillip Capital Management (HK) Limited, as the manager of the Trust and the Sub-Fund, wish to inform investors that the Trust Deed of the Trust dated 12 April 2017, as amended from time to time (the “Trust Deed”) has been amended by way of an amended and restated trust deed effective 31 December 2019 (the “Effective Date”). The Explanatory Memorandum and the product key facts statement of the Sub-Fund (the “KFS”) are also amended on the Effective Date.

A. Changes to Trust Deed

The purpose of amending and restating the Trust Deed and updating the Explanatory Memorandum and the KFS is to incorporate changes in compliance with the requirements of the revised Code on Unit Trusts and Mutual Funds (the “Code”). The revised Code came into effect on 1 January 2019 with a 12-month transition period for existing schemes (i.e. funds previously authorised by the SFC).

The changes to the Trust Deed relate to the following:

1. the investment restrictions applicable to the Sub-Fund are revised to reflect the updated investment restrictions under Chapter 7 and Chapter 8.2 (money market funds) of the revised Code. Investors can refer to the section titled “Investment Objective, Strategy and Restrictions” in the Explanatory Memorandum for the revised investment restrictions;
2. enhanced obligations of BNP Paribas Trust Services (Hong Kong) Limited (the “Trustee”) and the Manager respectively under the revised Code; and
3. other changes to comply with the revised Code and Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds.

B. Change of investment strategy of the Sub-Fund

To comply with the Code, the investment strategy of the Sub-Fund is amended so that the Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days. Before the Effective Date, the requirement was that the

maturity of the Sub-Fund's portfolio could not exceed 90 days (with no requirement on weighted average life).

C. Enhancements of disclosures on amortised cost valuation method

The Manager would also like to enhance the current disclosure on amortised cost valuation method which is adopted by the Manager when valuing any debt instrument with a residual maturity of 90 days or less held by the Sub-Fund (the "Relevant Instruments"), as summarised below. For the avoidance of doubt, cash, cash equivalent and deposits will continue to be valued at current face value.

Under the amortised cost valuation method, the Relevant Instruments are valued at their acquisition cost as adjusted for amortisation of premium or accretion of discount. Under International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"), investments should be valued at fair value. As a result, the valuation of the Sub-Fund's portfolio at the amortised cost under the valuation basis described above instead of fair value as required under IFRS may lead to a different valuation had the valuation been performed in accordance with IFRS. In the event that such difference in valuation is material, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with IFRS.

The Manager will assess amortised cost valuation method on an ongoing basis in order to ensure that this method continues to be in the best interest of Unitholders and provide a fair valuation of the Relevant Instruments and may, with the consent of the Trustee, determine changes, where necessary, to ensure that the Relevant Instruments are valued at their fair value as determined in good faith by the Manager.

The Manager will perform daily monitoring on the discrepancy between the amortised cost value and fair value of the Relevant Instruments where amortised cost value is utilised. Escalation procedures have been put in place by the Manager when discrepancy between the latest available fair value of the Relevant Instruments and the amortised cost value of the Relevant Instruments at the level of the overall portfolio exceeds 0.1%. If the discrepancy exceeds 0.1%, then:

(a) the Net Asset Value calculated by using the fair value will be used as the official Net Asset Value of the Sub-Fund; and

(b) the Manager may consider disposing the Relevant Instruments if such disposal is in the best interest of the Unitholders, unless the temporary change in the value of the Relevant Instruments is triggered by interest rate fluctuation.

Disclosure of risks associated with amortised cost valuation method are added to the Explanatory Memorandum.

D. General

The Explanatory Memorandum and the KFS have been updated to reflect the above changes. Other changes have also been made to the Explanatory Memorandum and the KFS, including:

1. disclosure relating to the net derivative exposure of the Sub-Fund has been added; and
2. other minor changes, including drafting changes.

There is no material change to the risk profile of the Sub-Fund.

The changes to the Trust Deed do not require Unitholders' approval pursuant to the Trust Deed and applicable laws and regulations. The Trustee agrees to the changes to the Trust Deed.

The Explanatory Memorandum and KFS will be published on the Manager's website at www.poems.com.hk (this website has not been reviewed by the SFC) from the Effective Date.

Copies of the Trust Deed (including the amended and restated trust deed), the Explanatory Memorandum and KFS and the latest annual and interim financial reports (if any) will be available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager (set out below).

If you have any questions or require further information, please contact the Manager at 11/F United Centre, 95 Queensway, Hong Kong or by telephone at 2277 6698.

Yours faithfully,
Phillip Capital Management (HK) Limited