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- Phillip HKD Money Market Fund

30 June 2026 (unaudited)

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Fund Performance and Portfolio Positioning

For the half year ended 30 June 2026, the Phillip HKD Money Market Fund generated a net return of 1.00% over the six-month period and 1.93% over the one-year period. The Fund's Assets Under Management (AUM) reached historical high of HKD$4.31 billion within the first half of Year 2026- reflecting growing investor demand for high-quality liquidity solutions.

The Fund's portfolio remained conservatively positioned, with allocations primarily in fixed-rate bonds by high quality corporates in Asia and Europe and fixed deposits with well-capitalized banks counterparties. As of the reporting date, the Fund's AUM stood at HKD$4.15 billion, as slight declined from high of HD$4.31 billion as investors shifted into IPO subscription. The Fund's Weighted Average Maturity (WAM) stood at 15.63 days, while its 7-day annualized yield was 2.10% p.a.

Market Review

The first half of 2026 was characterized by a stable yet elevated interest-rate environment in both the United States and Hong Kong. The US Federal Reserve (Fed), which saw a change in leadership from Jerome Powell to Kevin Warsh in May, maintained the federal funds target range at 3.50–3.75% throughout the period, with the Hong Kong Monetary Authority (HKMA) correspondingly holding the Base Rate unchanged at 4.00%. Geopolitical tensions, particularly in the Middle East earlier in the year, contributed to elevated inflation uncertainty and reinforced a "higher-for-longer" narrative.

Hong Kong Interbank Offered Rates (HIBORs) exhibited typical volatility: they eased in the first quarter as seasonal year-end funding pressures subsided (with the three-month HIBOR declining from around 2.93% at end-2025 to approximately 2.36% by end-March), before firming in the second quarter amid quarter-end effects and market dynamics, closing near 2.97% at end-June. The Hong Kong dollar traded stably within the 7.75–7.85 convertibility band, closing around 7.84. The Aggregate Balance remained steady near HK$54 billion, indicating orderly banking-system liquidity with limited need for significant HKMA intervention. On the macroeconomic front, Hong Kong's economy demonstrated resilience, with real GDP growth stronger than initially anticipated (approximately 5.1% year-on-year for the half-year), supported by robust external trade—particularly AI- and technology-related exports—and recovering domestic demand. Equity-market activity was firm, underpinned by technology interest, strong IPO fundraising and cross-border flows. Overall, the money-market environment provided a supportive backdrop for short-duration instruments, though rate volatility required careful liquidity management.

Hong Kong Money Market Fund Landscape

The Hong Kong money market fund sector continued to expand in the first half of 2026, supported by sustained investor demand for high-quality, liquid cash-management solutions amid a higher interest-rate environment. Hong Kong-domiciled money market funds had already recorded substantial growth. The number of Hong Kong-domiciled MMFs rose to 101 as of June 2026, up from 96 at the start of the year. At the same time, aggregate industry Net Asset Value (NAV) expanded from HKD$222.17 billion at end 2025 to HKD$272.90 billion as of Q2 2026. This momentum is likely to extend into the rest of 2026 as part of broader strength in the city's asset- and wealth-management industry.

Interest Rate and Liquidity Outlook

Looking ahead to the second half of 2026, interest-rate dynamics are expected to remain closely tied to the Feb policy. The Fed has held the federal funds target range at 3.50–3.75% and the HKMA Base Rate at 4.00%. While market pricing has at times contemplated potential hikes amid persistent inflation concerns and geopolitical uncertainties, the consensus leans toward rates remaining on hold for much of the remainder of 2026, though upside risks persist if data warrants further tightening.

HIBORs are projected to trade in a range of approximately 2.5% to 3.2–3.5% in the near term, typically settling 50–100 basis points below corresponding US rates, and subject to seasonal funding pressures, equity-market activity, cross-border capital flows and HKMA liquidity management. The Aggregate Balance has stabilized around HK$54 billion, supporting orderly interbank conditions. Liquidity in Hong Kong dollar money markets is expected to remain adequate, with the currency continuing to trade within the 7.75–7.85 convertibility zone. Short-term rates may still exhibit periodic volatility around quarter-ends or during periods of heightened capital flows, but the overall environment should continue to favour short-duration, high-quality instruments.

Phillip HKD Money Market Fund Outlook

In H2 2026, the Phillip HKD MMF will continue to prioritize capital preservation and high liquidity while seeking to deliver competitive returns relative to Hong Kong dollar bank deposits and savings products as well as other HKD MMFs in the market. By diversifying across tenors and counterparties while emphasizing credit quality and liquidity, the Fund aims to provide investors with a reliable cash-management solution that benefits from prevailing rate levels without taking undue interest-rate or credit risk. The Fund will continue to maintain a conservative stance, with target weighted average maturity of less than 60 days and liquidity buffers of at least 7.5% in overnight assets and at least 15% in seven-day assets. Investments will remain focused on high-quality short-term corporate papers from issuers with strong balance sheets, resilient business models, and steady operating cash flows. Additionally, deposits and short-term money market securities will be placed with well capitalized bank counterparties backed by sound parentage.

Statement of financial position as at 30 June 2026 (unaudited)

(Expressed in Hong Kong dollars)

	30 June 2026 HK$	*31 December 2025* HK$
Assets		
Financial assets at fair value through profit or loss	199,572,260	171,064,619
Bank deposits with maturity over three months at acquisition	701,666,082	753,265,309
Interest receivable	10,765,661	14,603,394
Cash and cash equivalents	3,301,789,265	3,128,602,894
Total assets	4,213,793,268	4,067,536,216
Liabilities		
Accrued expenses and other payables	2,357,062	2,665,449
Total liabilities	2,357,062	2,665,449
Net assets attributable to unitholders	4,211,436,206	4,064,870,767

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are prepared under the historical cost convention as modified by fair valuation of financial assets and financial liabilities (including derivative instruments) held at fair value through profit or loss.

Standards and amendments to existing standards effective 01 January 2026

There were no standards, amendments to standards or interpretations that were effective for annual period beginning 01 January 2026 that have a material impact on the financial statements of the Sub-Fund.

Statement of comprehensive income for the period from 01 January 2026 to 30 June 2026 (unaudited)

(Expressed in Hong Kong dollars)

	Period from 01 January 2026 to 30 June 2026 HK$	*Period from 01 January 2025 to 30 June 2025* HK$
Interest income calculated using the effective interest method	29,956,151	22,456,823
Net gains from financial assets at fair value through profit or loss	198,811	273,658
Net foreign exchange gain	223	411
Other income	1,188,100	1,251,636
Total revenue	31,343,285	23,982,528
Management fees	(4,853,387)	(3,216,458)
Trustee's fees	(266,621)	(164,554)
Custodian fees	(95,145)	(203,809)
Auditors' remuneration	(80,383)	(75,699)
Legal and professional fee	(20,947)	(27,048)
Other operating expenses	(500,211)	(309,441)
Total operating expenses	(5,816,694)	(3,997,009)
Increase in net assets attributable to unitholders and total comprehensive income for the period	25,526,591	19,985,519

Statement of changes in net assets attributable to unitholders for the period from 01 January 2026 to 30 June 2026 (unaudited)

(Expressed in Hong Kong dollars)

	01 January 2026 to 30 June 2026 HK$	*01 January 2025 to 30 June 2025* HK$
Balance at the beginning of the period	4,064,870,767	1,210,461,093
Increase in net assets attributable to unitholders and total comprehensive income for the period	25,526,591	19,985,519
Contributions and redemptions by unitholders		
Subscriptions of units	57,005,137,156	17,809,324,745
Redemption of units	(56,884,098,308)	(15,639,275,630)
Total contributions and redemptions by unitholders	121,038,848	2,170,049,115
Balance at the end of the period	4,211,436,206	3,400,495,727

Statement of changes in net assets attributable to unitholders for the period from 01 January 2026 to 30 June 2026 (unaudited) (continued)

(Expressed in number of units)

	Class A Units		**Class B Units**	
	2026	2025	2026	2025
Balance at 01 January	317,337,453.09	105,648,745.11	38,492,187.40	2,501,453.12
Subscription of units during the period	4,509,269,488.07	1,509,706,049.67	452,425,475.35	66,496,677.75
Redemption of units during the period	(4,498,330,955.91)	(1,335,494,587.08)	(454,266,101.17)	(48,693,393.16)
Balance at 30 June	328,275,985.25	279,860,207.70	36,651,561.58	20,304,737.71
Net asset value per unit	HK$11.5654	HK$11.3467	HK$11.3174	HK$11.0810

Portfolio statement as at 30 June 2026 (unaudited)

(Expressed in Hong Kong dollars)

By Geography (Primary)	Holdings	Market value HK$	% of net assets value %
Debt instruments- Unlisted but quoted			
Certificates of deposit			
CHINA			
Agricultural Bank of China Limited/Hong Kong 2.45% due 28/07/2026	100,000,000	100,000,000	2.37
Industrial & Commercial Bank of China Limited/Sydney 0% due 28/08/2026	100,000,000	99,572,260	2.37
Total certificates of deposit		199,572,260	4.74
Debt instruments (total)		199,572,260	4.74
Other net assets		4,011,863,946	95.26
Total net assets		4,211,436,206	100.00
Total investments, at cost		199,328,890	

	Market value HK$	% of net assets %
Daily liquid asset	4,211,436,206	100%
Weekly liquid asset	4,211,436,206	100%

The weighted average maturity and the weighted average life of the portfolio of the Sub-Fund are 15.6 days and 15.6 days respectively.

Statement of movements in portfolio holdings (unaudited) for the period from 01 January 2026 to 30 June 2026 (unaudited)

	% of net asset value	
	30 June 2026	*31 December 2025*
Debt instruments - unlisted but quoted	4.74	4.21
Other net assets	95.26	95.79
Total net assets	100.00	100.00

Administration

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