

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus¹.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

PHILLIP INCOME FUND (THE “FUND”)

Product Type	Unit Trust	Launch Date	16 April, 2001
Manager	Phillip Capital Management (S) Ltd	Custodian	Citibank, N.A., Singapore Branch
Trustee	Citicorp Trustee (Singapore) Limited	Dealing Frequency	Every Business Day
Capital Guaranteed	No	Expense Ratio for Financial Year 31 December 2015	1.96% for Class A SGD 1.59% for Class I SGD NA [^] for Class A USD NA [^] for Class I USD
Name of Guarantor	Not Applicable		

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR? This Fund is <u>only</u> suitable for investors who: - aim to achieve a balanced exposure to multiple asset classes - understand that they may lose some or all of the principal amount invested - are comfortable with the volatility of the income fund.	Refer to Section 7.2 on page 10 of the Prospectus for further information on investment objective, focus and approach of the product.
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KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN? You are investing in a sub-fund of an umbrella fund constituted in Singapore. The Fund intends to offer regular dividends through semi-annual distributions even though distributions are not guaranteed and are subject to the discretion of the Manager. Any distributions made out of capital will reduce the net asset value of the Fund. The Fund is a Qualifying CIS under the ASEAN CIS Framework.	Refer to Section 7.2 on page 10 of the Prospectus for further information on investment objective, focus and approach of the product.
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Investment Strategy

The Fund will provide investors with balanced exposure to multiple asset classes. The Fund aims to deliver regular distributions and long-term growth through investments in global equities, global fixed income and money market instruments. To maximize returns, the Fund may also invest in convertible bonds, growth stocks and collective investment schemes, including money market funds and collective investment schemes managed by the Manager. The Manager may only use financial derivative instruments for such purposes as may be permitted under the Code, and for so long as the Fund is a Qualifying CIS, for such purposes as may be permitted under the Standards of Qualifying CIS.	Refer to Section 7.2 on page 10 of the Prospectus for further information on investment objective, focus and approach of the product.
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¹ The Prospectus is available for collection at Phillip Capital Management (S) Ltd (Co Reg No 199905233W) (250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101) during business hours or from our website at www.phillipfunds.com.

[^] Class A USD Units and Class I USD Units have not been incepted as of financial year ended 31 December 2015.

Parties Involved

WHO ARE YOU INVESTING WITH?

- The Fund is a sub-fund of Phillip Investment Funds.
- The Manager is Phillip Capital Management (S) Ltd.
- The Trustee is Citicorp Trustee (Singapore) Limited.
- The Custodian and Administrator is Citibank, N.A., Singapore Branch.
- The Registrar is Boardroom Corporate & Advisory Services Pte Ltd.

Refer to Sections 2, 3 and 4 on pages 5 to 8 of the Prospectus for further information on the parties involved.

KEY RISKS

WHAT ARE THE KEY RISKS OF THIS INVESTMENT?

The value of the product or its dividends may rise or fall. Factors that may cause you to lose some or all of your investment include without limitation, market movements, fluctuations in interest rates and activities in derivative transactions. Some of the key risks associated with the Fund are described below.

Refer to Section 9 on page 14 of the Prospectus for further information on risks of the product.

Market and Credit Risks

•You are exposed to market risks

Prices of securities and derivatives may go up or come down which in turn may cause the prices of the Units in the Fund to rise or fall.

•You are exposed to credit risk of issuers

The Fund may invest in debt obligations. The Fund may suffer a loss of interest or principal on any of its holdings of such debt if the issuer of the debt obligation defaults on the payments of interest or principal.

•You are exposed to foreign investment risks

The Fund may invest in markets which provide for the freedom of nationalisation and expropriation; such freedom may be curtailed unexpectedly upon a change of government or expropriation policy.

Refer to Section 9 on page 14 of the Prospectus for further information on risks of the product.

Liquidity Risks

•The Fund is not listed and you can redeem only on Dealing Days

•There is no secondary market for the Fund. All redemption requests should be made to the Manager.

•The Manager may, with the approval of the Trustee, suspend the issue, cancellation and realisation of Units during certain circumstances specified in the Prospectus and Trust Deed.

Refer to Sections 12 and 15 on pages 23 and 27 respectively of the Prospectus for further information on realisation and suspension of dealing of the product.

Product-Specific Risks

•You are exposed to currency risks

Investments by the Fund may be made in a variety of currencies, whereas the NAV of the Fund will be computed in its SGD base currency. The value of the Fund may be affected favorably or unfavorably by movements in currency exchange rates.

Refer to section 9 on page 14 of the Prospectus for further information on risks of the product.

•You are exposed to political and repatriation risks

Investments in certain countries may be adversely affected by requirements for approvals, which may be delayed or denied, by restrictions on investment and repatriation of investment proceeds, and by changes in government policies, regulation and taxation.

•You are exposed to derivatives risks

The Manager may use financial derivative instruments for such purposes as may be permitted under the Code, and for so long as the Fund is a Qualifying CIS, for such purposes as may be permitted under the Standards of Qualifying CIS. The use of derivatives may negatively impact the value of the Fund and the Fund may suffer greater losses than if the Fund had not used derivatives.

Refer to section 9 on page 14 of the Prospectus for further information on risks of the product.

FEEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

Investors will need to pay the following fees and charges as a percentage of the gross investment sum:

Refer to section 8.2 on page 13 of the Prospectus for further information on fees and charges of the product.

Charges and fees payable by holder/investor	
Preliminary Charge	Currently up to 3%. Maximum 5%
Realisation Charge	Currently nil. Maximum 5%
Switching Fee	Currently up to 1%. Maximum 1%, subject always to a minimum of S\$25.

The Fund will pay the following fees and charges to the Manager, Trustee and other parties,;

Fees payable by Fund to Manager and Trustee	
Annual management fee	<u>Class A SGD Units and Class A USD Units</u> Currently 1.25%. Maximum 2%
	<u>Class I SGD Units and Class I USD Units</u> Currently 0.8%. Maximum 2%
Annual trustee fee	Currently 0.035%. Maximum 0.06%, subject always to a minimum of US\$4,000 per annum.

Other fees that constitute 0.1% or more of the Fund

Administration fee: 0.045% subject to a minimum of US\$18,000 per annum.
Custodian fees: currently constitutes 0.14%
Registrar fees: currently constitutes 0.12%
Audit fees: currently constitutes 0.12%

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

The Fund is valued every Business Day and prices may be published in The Business Times, Bloomberg, Reuters and websites of the Fund's distributors, or such other sources as the Manager may decide upon.

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS OF DOING SO?

- You may realise your Units on any Dealing Day subject to any applicable realisation fee.
- If the redemption form is received and accepted by the Manager by 3.30 p.m. Singapore time on a Dealing Day, your Unit is valued at the net asset value per unit of the Fund as at the close of the Dealing Day less any realisation fee.
- You will normally receive the sale proceeds within 6 Business Days of receipt and acceptance of the realisation form by the Manager unless the realisation of Units has been suspended in accordance to Section 15 of the Prospectus.
- Numerical example of how the amount paid to an investor is calculated based on the sale of 500 Units and based on a notional realisation price of SGD1.0000:
$$500 \text{ Units} \times \text{SGD}1.0000 = \text{SGD} 500 - \text{SGD} 0 = \text{SGD} 500$$
$$\text{Your realisation request} \times \text{realisation price} = \text{Your realisation proceeds} - \text{Realisation Charge (currently nil)} = \text{Your net realisation proceeds}$$
- You may switch your Units of the Fund with units of another sub-fund within the umbrella Fund or units of any other fund managed by the Manager.
- You have the right to cancel your initial purchase of Units in the Fund within 7 calendar days from the date of initial subscription or purchase of Units, without incurring the sales charge and fees stated in the FEES AND CHARGES disclosure, by providing notice in writing to the Manager or an authorised agent or distributor.

Refer to Sections 12 to 15 on pages 23 to 28 of the Prospectus for further information on valuations and exiting from your investment.

Refer to Section 10.6 on page 22 of the Prospectus and the terms and conditions for cancellation of Units attached to the application form for the subscription of Units in the Fund.

CONTACT INFORMATION

HOW DO YOU CONTACT US?

You may contact us at the following address:

Phillip Capital Management (S) Ltd
250 North Bridge Road
#06-00 Raffles City Tower
Singapore 179101
Tel: +65 6538 3638
Fax: +65 6538 3066
Website: www.phillipfunds.com
Email: pcm@phillip.com.sg

“**ASEAN CIS Framework**” means the streamlined authorisation framework for the cross-border offer of ASEAN collective investment schemes developed pursuant to the ACMF’s Implementation Plan endorsed at the 13th ASEAN Finance Ministers’ Meeting. “**ACMF**” means the ASEAN Capital Markets Forum.

“**Business Day**” means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore or any other day as the Manager and the Trustee may agree in writing.

“**Code**” means the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, as the same may be modified, amended, supplemented, re-enacted or reconstituted from time to time.

“**Dealing Day**”, in connection with the issuance, cancellation and realisation of Units of a particular sub-fund, means every Business Day or such other Business Day or Business Days at such intervals as the Manager may from time to time determine Provided That reasonable notice of any such determination shall be given by the Manager to all Holders at such time and in such manner as the Trustee may approve. If on any day which would otherwise be a Dealing Day in relation to Units of any particular sub-fund the recognised stock exchange on which Investments or other property comprised in, and having in aggregate values amounting to at least 50% of the net asset value (as at the immediately preceding Valuation Point) of, the sub-fund to which Units of that sub-fund relate are quoted, listed or dealt in is not open for normal trading, the Manager may determine that that day shall not be a Dealing Day in relation to Units of that sub-fund.

“**Qualifying CIS**” means a collective investment scheme constituted or established in its home jurisdiction which has been approved by its home regulator for offer to the public in the home jurisdiction, and assessed by its home regulator as suitable to apply to a host regulator for its units to be offered to the public cross-border in the host jurisdiction pursuant to the ASEAN CIS Framework.

“**Standards of Qualifying CIS**” means a set of rules and regulations as agreed (and as may be amended from time to time) amongst the ACMF Members, which governs the operation of the ASEAN CIS Framework, and published at <http://www.theacmf.org>. “**ACMF Member**” means the securities regulator of the respective ASEAN jurisdiction, and collectively, the “**ACMF Members**”.