

ANNUAL REPORT

For The Financial Year Ended 31 March 2019

PACIFIC DANA MURNI



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PACIFIC MUTUAL FUND BHD (336059-U)
A member of the OCBC Group

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FUND INFORMATION
As at 31 March 2019

Name Of Fund	: Pacific Dana Murni
Manager Of Fund	: Pacific Mutual Fund Bhd (336059-U)
Launch Date	: 25 March 2003
	The Fund will continue its operations until terminated as provided under Part 12 of the Deed.
Category Of Fund	: Sukuk
Type Of Fund	: Income
Investment Objective	: Pacific Dana Murni aims to achieve a stable income ^a stream with reasonable protection of capital by investing in a diversified portfolio of sukuk and other Islamic liquid assets. The Fund may also provide some degree of capital growth potential over a medium* to long-term* period.
	^a <i>Income is in reference to the Fund's distribution, which could be in the form of cash or units.</i>
	[*] <i>Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
Performance Benchmark	: Since inception to 31 August 2018 – Maybank GIA Tier II 12-Month Rate [#]
	From 1 September 2018 onwards – Maybank 12-Month Islamic Fixed Deposit Rate
	[#] <i>GIA refers to General Investment Account. It is similar to conventional fixed deposits for benchmarking purpose except it is structured based on Shariah principles. The Tier II 12-month rate refers to the 12-month rate offered to placements in excess of RM1 million. Only placements within RM1 million qualify for the board rate of Tier I rate which is higher than the Tier II rate.</i>
Distribution Policy	: Income, if any, will be distributed annually.
Fund Size	: 80.82 million units

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	67	17.14	0.17
	5,001-10,000 units	52	13.30	0.38
	10,001-50,000 units	139	35.55	3.27
	50,001-500,000 units	114	29.16	16.43
	500,001 units & above	19	4.85	60.57
	Total	391	100.00	80.82

FUND PERFORMANCE

Financial Highlights

Category	As At	As At	As At
	31.3.2019	31.3.2018	31.3.2017
	%	%	%
Shariah-Compliant Fixed Income Securities	89.72	95.08	92.24
Shariah-Compliant Collective Investment Scheme	0.47	2.55	0.89
Cash And Islamic Money Market Instruments	9.81	2.37	6.87
Total	100.00	100.00	100.00
Net Asset Value (RM'000) – ex-distribution	43,577	45,851	107,085
Number Of Units In Circulation (Units '000)	80,819	86,325	202,741
Net Asset Value Per Unit (RM)*	0.5392	0.5312	0.5282
Management Expense Ratio ("MER")	1.12%	1.16%	1.15%
Portfolio Turnover Ratio (times)	0.51	0.60	0.60

The Management Expense Ratio for the current financial year remains consistent with that of the previous financial year.

The Portfolio Turnover Ratio for the current financial year is lower due to decrease in investing activities.

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.

** Price quoted is ex-distribution.*

Performance Data

	Pacific Dana Murni			Maybank 12-Month Islamic Fixed Deposit Rate	
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period (1.4.2018 to 31.3.2019)	4.71%	4.71%		3.38%	3.38%
3 Years' Period (1.4.2016 to 31.3.2019)	12.88%	4.29%		10.32%	3.44%
5 Years' Period (1.4.2014 to 31.3.2019)	20.83%	4.17%		17.69%	3.54%
	1.4.2018 to 31.3.2019	1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015
Pacific Dana Murni					
- Capital Return	1.51%	0.55%	0.65%	-0.10%	0.34%
- Income Return	3.15%	3.20%	3.22%	3.33%	3.34%
- Total Return	4.71%	3.77%	3.89%	3.24%	3.70%
Maybank 12-Month Islamic Fixed Deposit Rate	3.38%	3.30%	3.30%	3.31%	3.27%

	1.4.2018 to 31.3.2019	1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017
Unit Prices			
Highest NAV (RM)	0.5560	0.5480	0.5454
Lowest NAV (RM)	0.5308	0.5285	0.5249

Distributions

Gross Distribution Per Unit (sen)	1.70 (29.3.2019)	1.70 (30.3.2018)	1.70 (31.3.2017)
Net Distribution Per Unit (sen)	1.70 (29.3.2019)	1.70 (30.3.2018)	1.70 (31.3.2017)

Unit Splits

	-	-	-
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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
31 March 2019

Performance Review

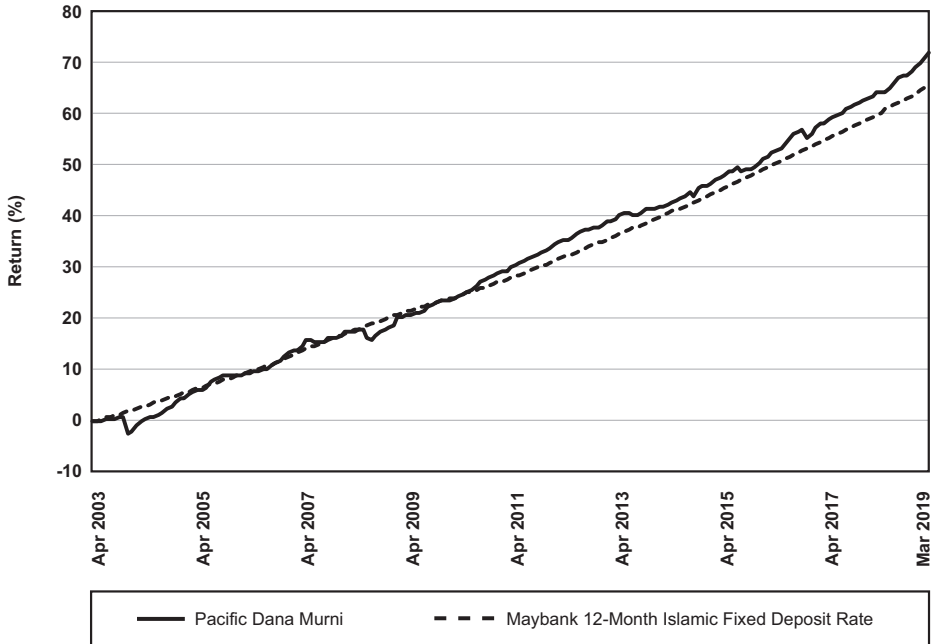
From 15 April 2003 (date of launch: 25 March 2003) to 31 March 2019, the Pacific Dana Murni registered a total return of 72.30%, while its benchmark, the Maybank 12-Month Islamic Fixed Deposit rate, rose 65.69%.

For the financial year under review (1 April 2018 to 31 March 2019), the Fund registered a total return of 4.71%. In comparison, its benchmark rose 3.38%.

The Fund has met its investment objective of achieving a stable income[□] stream with reasonable protection of capital.

[□] Income is in reference to the Fund’s distribution, which could be in the form of cash or units.

Comparison Between Fund’s Performance And Benchmark



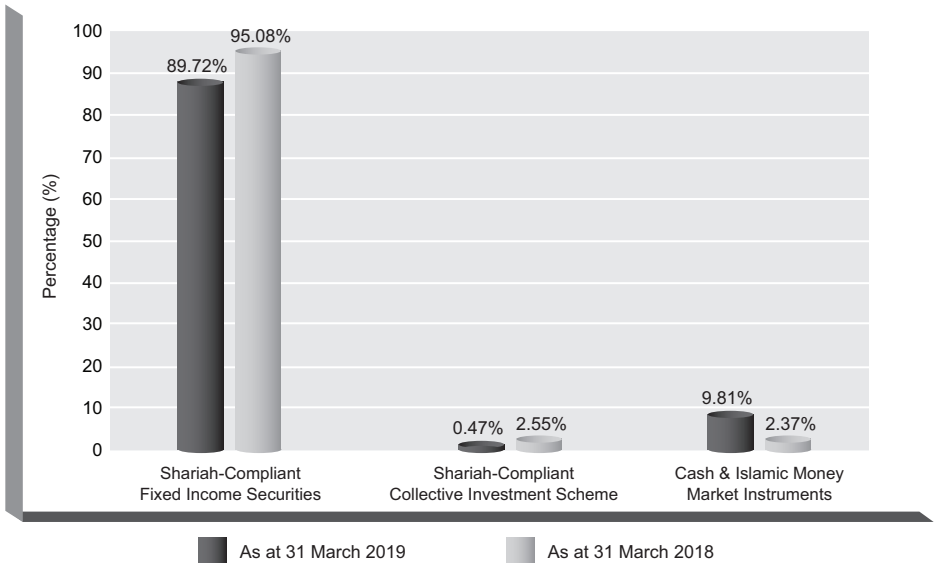
Source: Lipper

Investment Strategy Review

Investment decisions of Pacific Dana Murni were focused on a combination of yield accumulation and intermediate duration strategies in providing the required return commensurate with the risk tolerance of the Fund. For the first half of the financial year under review, investments were focused on high quality credits to capitalize on further spread compression following signs of steady economic fundamentals. Thereafter, the Fund undertook active cash management in view of liquidity requirements in 3Q2018. Profit taking decisions were focused on government guaranteed issuances and selected AA-rated credits which had performed well during the review period. Into 2019, portfolio rebalancing were focused on duration lengthening via a long tenured sukuk from the AAA-rated and GG segment for capital appreciation given positive buying momentum supported by dovish undertones from Bank Negara Malaysia.

The portfolio fixed income allocation was kept within the range of 89-95% for most of the review period except towards mid-3Q2018 where it declined to 85% on profit taking activities. Fundamentals of the underlying bond portfolio were satisfactory with decent earnings expectations and rating stability.

Asset Allocation



The Shariah-compliant fixed income securities allocation (inclusive of Shariah-compliant collective investment scheme) of Pacific Dana Murni decreased to 90.19% as at 31 March 2019 from 97.63% recorded at the beginning of the financial year under review due to profit-taking activities.

The 0.47% in Shariah-compliant collective investment scheme was placed in Pacific Islamic Deposit Fund, an Islamic money market fund managed by the Manager. Such investment is in line with the objective of Pacific Dana Murni and is an efficient way to manage the exposure of Pacific Dana Murni in Shariah-compliant fixed income securities. The exposure of Pacific Dana Murni in the Shariah-compliant collective investment scheme is taken into account when assessing the asset allocation of Pacific Dana Murni in sukuk. Management fee on the Shariah-compliant collective investment scheme managed by the Manager is rebated to the Fund.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Pacific Dana Murni increased from RM0.5312 to RM0.5392 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM45,851,379 to RM43,576,831 due to net fund redemptions.

Market Review

Bond Market Review

US Treasury yields declined across all maturities during the financial year under review despite a weak start. Yields were initially higher for the first two quarters amid positive economic data particularly from the US. Macroeconomic data continued to surprise positively which has led the Federal Reserve (Fed) to move ahead with three rate hikes in June, September and December by a total of 75 basis points. The 10-year yield touched its psychological 3% threshold on several counts and traded to a high of 3.25% during the period following hawkish policy tones and a stream of positive data before the Turkish headlines and heightened US-China trade tensions caused yields to oscillate within 2.90-3.00% in late September. Thereafter, the market rebounded from December causing an inversion in yield curve as yield on the 3-year US Treasury fell below the yield on the 5-year Treasury amid concerns over the Fed's path towards raising short-term interest rates and geopolitical risk. The partial inversion prolonged into 2019 when the Fed guided they would be more patient with interest rate increases. Bonds staged another impressive rally with the 10-year declining below 2.50% following the March FOMC meeting which exceeded dovish expectations. With the Fed guiding for rates to remain unchanged in 2019 combined with news that quantitative tightening will end in September, Treasury yields sustained its 4-month rally and ended the reviewing period lower. The 2-year Treasury decreased by 1 basis points to 2.25% while the 10-year yield declined by 32 basis points to 3.06%.

The local bond yields were marginally higher during the first half of financial year under review on the back of weaker Treasuries and emerging market contagion fears. Yields were on a general upward trend across the curve with sentiment largely affected by rising Treasury yields coupled with the post-election sell-off in early May 2018. Market players were cautious over the policy direction of the new government and more importantly its implications on the Ringgit and fiscal impact from the implementation of the new government's key election proposals such as abolishment of GST and re-introduction of fuel subsidies. Towards the end of 3Q2018, trade tensions and a strong Dollar continued to dominate headlines. Buying momentum were sustained by the weaker-than-expected second quarter GDP which came in at 4.50% as well as the continued soft headline inflation. Buoyant sentiment in the primary market and lower Treasury yields continued to drive buying interest across the curve into the New Year. MGS staged a strong rally towards end-March following Bank Negara Malaysia's dovish tilt cautioning downside risk to growth. Bank Negara released the 2018 Annual Report with revisions in growth and inflation projections. The downward revisions prompted talks of potential overnight policy rate cut which drove yields down to its lowest level this year. Over the financial year, the 3-year MGS declined by 7 basis points to 3.38% while the 10-year declined by 17 basis points to 3.77%.

Income Distribution

	<u>Pacific Dana Murni</u>
Gross distribution per unit	1.70 sen
Net distribution per unit	1.70 sen
NAV per unit before declaration (as at 29 March 2019)	RM0.5561
NAV per unit after declaration (as at 29 March 2019)	RM0.5391
Unit Split Not applicable	

Significant Changes In The State Of Affairs Of The Fund

Appended below are the changes to the Fund as per fifth supplementary master prospectus dated 1 January 2019:

	Previous Provision	New Provision
Annual Trustee Fee	Up to 0.07% p.a. of the NAV subject to a minimum of RM18,000 p.a.	Up to 0.06% p.a. of the NAV
Maximum Rate Of The Annual Trustee Fee	0.20% p.a. of the NAV of the Fund subject to a minimum of RM18,000 p.a.	0.20% p.a. of the NAV of the Fund, calculated and accrued on a daily basis and payable monthly in arrears.
Deeds Of The Fund	Master Deed: 17 March 2003 First Supplemental Deed: 14 February 2006 Second Supplemental Deed: 28 June 2007 Supplemental Master Deed: 22 May 2009 Second Supplementary Master Deed: 14 December 2009 Third Supplemental Master Deed: 26 April 2010	Master Deed: 17 March 2003 First Supplemental Deed: 14 February 2006 Second Supplemental Deed: 28 June 2007 Supplemental Master Deed: 22 May 2009 Second Supplementary Master Deed: 14 December 2009 Third Supplemental Master Deed: 26 April 2010 Fourth Supplemental Master Deed: 8 January 2014 Fifth Supplemental Master Deed: 7 July 2017 Sixth Supplemental Master Deed: 22 November 2018
List Of Pacific Mutual Fund Bhd Offices, Agency Offices And Institutional Unit Trust Advisers	<ul style="list-style-type: none"> The telephone and facsimile numbers of Pacific Mutual Fund Bhd's head office were listed as "Tel: 03-7725 9877" and "Fax: 03-7725 9860" respectively. There were 5 branches listed, located in Penang, Ipoh, Melaka, Kuching and Kota Kinabalu. 	<ul style="list-style-type: none"> The telephone and facsimile numbers of Pacific Mutual Fund Bhd's head office were revised to "Tel: 03-7712 3000" and "Fax: 03-7712 3001" respectively. The list of branches was removed. Latest contact details are available at www.pacificmutual.com.my.

<p>Switching Facility*</p>	<p>The following statements were printed in the 'Switching Facility' section:</p> <p>Should the sales charge of a Fund to be switched into be more than the sales charge imposed on a Fund to be switched from, then a difference in the sales charge between the two (2) Funds shall be borne by you. There will be no sales charge imposed if the Funds to be switched into has a lower sales charge.</p> <p>Subject to the terms set out herein, if you are the primary account holders for certain Funds, you are entitled to three (3) switching transactions per account during a calendar year without having to pay the applicable differences in sales charges save for the following first switching transaction:</p> <ul style="list-style-type: none"> • From a zero sales charge fund to a low/reduced/normal sales charge fund; or • From a low sales charge fund to a reduced/normal sales charge fund. <p>You will have to pay the applicable differences in the sales charge (if any) for subsequent switching transactions carried out in the same calendar year.</p>	<p>The said statements were replaced as follows:</p> <p>Should the sales charge of a Fund to be switched into is higher than the sales charge imposed on a Fund to be switched from, then the difference in the sales charge between the two (2) Funds shall be borne by you. There will be no sales charge imposed if the Funds to be switched into has a lower sales charge than the Fund you are switching out from.</p> <p>If you have been imposed the highest sales charge in your switching transaction among our Funds, you are no longer required to bear any sales charge difference for subsequent switch transactions involving this specific batch of your investments.</p>
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* Under the 'Switching Facility' section, further revision was made to the applicable differences in sales charges to be borne by unitholders as follows:

Previous Provision

Current Fund	Target Fund			
	Zero Sales Charge Fund	Low Sales Charge Fund (Fund with maximum sales charge of 2.00% of NAV per unit)	Reduced Sales Charge Fund (Fund with maximum sales charge of 5.00% of NAV per unit)	Normal Sales Charge Fund (Fund with maximum sales charge of 5.50% of NAV per unit)
Zero Sales Charge Fund	Nil	2.00% (2.00% for EPF Plan)	5.00% (3.00% for EPF Plan)	5.50% (3.00% for EPF Plan)
Low Sales Charge Fund	Nil	Nil	2.00% (Nil for EPF Plan)	2.00% (Nil for EPF Plan)
Reduced Sales Charge Fund	Nil	Nil	Nil	Nil
Normal Sales Charge Fund	Nil	Nil	Nil	Nil

New Provision

The applicable differences in sales charges to be borne by unitholders as tabulated below shall take effect from 1 May 2019:

Current Fund	Target Fund			
	Zero Sales Charge Fund (Fund with no sales charge)	Low Sales Charge Fund (Fund with maximum sales charge of 2.00% of NAV per unit)	Reduced Sales Charge Fund (Fund with maximum sales charge of 5.00% of NAV per unit)	Normal Sales Charge Fund (Fund with maximum sales charge of 5.50% of NAV per unit)
Zero Sales Charge Fund	Nil	2.00% (2.00% for EPF Plan)	5.00% (3.00% for EPF Plan)	5.50% (3.00% for EPF Plan)
Low Sales Charge Fund	Nil	Nil	3.00% (1.00% for EPF Plan)	3.50% (1.00% for EPF Plan)
Reduced Sales Charge Fund	Nil	Nil	Nil	0.05%^
Normal Sales Charge Fund	Nil	Nil	Nil	Nil

^ Based on the notification to unitholders dated 20 February 2019, the applicable sales charges should be **0.50%** instead of **0.05%** and a replacement master prospectus dated 1 April 2019 was published to reflect the correct disclosure.

Circumstances That Materially Affect Interest Of Unitholders Nil**Soft Commissions**

During the financial year under review, the Fund did not receive any soft commissions.

REPORT OF THE TRUSTEE

To the Unitholders of **PACIFIC DANA MURNI**

We, **MTRUSTEE BERHAD**, being the Trustee of **PACIFIC DANA MURNI** ("the Fund"), are of the opinion that in its capacity as Manager of the Fund, **PACIFIC MUTUAL FUND BHD** ("the Manager"), has managed the Fund for the financial year ended 31 March 2019 in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing of units of the Fund is carried out in accordance with the Deeds and relevant regulatory requirements;
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) the distribution of income by the Fund is appropriate and reflects the investment objectives of the Fund.

For and on behalf of the Trustee
MTRUSTEE BERHAD



NURIZAN JALIL
Chief Executive Officer

Selangor, Malaysia
7 May 2019

SHARIAH ADVISER'S REPORT

To the Unitholders of **PACIFIC DANA MURNI**

We have acted as the Shariah Adviser of **PACIFIC MUTUAL FUND BHD**, the Manager of **PACIFIC DANA MURNI** for the financial year ended 31 March 2019.

Our responsibility is to ensure that the procedures and processes employed by **PACIFIC MUTUAL FUND BHD** as well as the provisions of **PACIFIC DANA MURNI** Deed dated 17 March 2003 as amended by the First Supplemental Deed dated 14 February 2006, Second Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 14 December 2009, Third Supplemental Master Deed dated 26 April 2010, Fourth Supplemental Master Deed dated 8 January 2014, Fifth Supplemental Master Deed dated 7 July 2017, Sixth Supplemental Master Deed dated 22 November 2018 and Seventh Supplemental Master Deed dated 22 January 2019 are all in accordance with Shariah.

In our opinion based on the periodic reports submitted to us, **PACIFIC MUTUAL FUND BHD** has managed and administered **PACIFIC DANA MURNI** in accordance with Shariah and has complied with applicable guidelines, rulings and decisions issued by the Shariah Advisory Council ("SAC") of Securities Commission Malaysia ("SC") for the financial year ended 31 March 2019.

We confirm that the investment portfolio of **PACIFIC DANA MURNI** comprises instruments which have been classified as Shariah-compliant either by the SAC of SC or the SAC of Bank Negara Malaysia ("BNM"). As for instruments which have not been classified by the SAC of SC nor by the SAC of BNM, we have reviewed and determined the Shariah status of the said instruments.

For and on behalf of the Shariah Adviser
BIMB SECURITIES SDN BHD



IR. DR. MUHAMAD FUAD ABDULLAH
Designated Shariah Person

Kuala Lumpur, Malaysia
7 May 2019

STATEMENT BY THE MANAGER

We, **TEH CHI-CHEUN** and **ONG EU JIN**, being two of the directors of **PACIFIC MUTUAL FUND BHD**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 20 to 40 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of **PACIFIC DANA MURNI** as at 31 March 2019 and of its results, changes in net asset value and cash flows for the financial year then ended.

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



TEH CHI-CHEUN



ONG EU JIN

Kuala Lumpur, Malaysia
7 May 2019

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **PACIFIC DANA MURNI**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **PACIFIC DANA MURNI** ("the Fund"), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 20 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis For Opinion

We conducted our audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence And Other Ethical Responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other Than The Financial Statements And Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund 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 of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund 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.

Responsibility Of The Fund Manager And Trustee For The Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, 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 liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

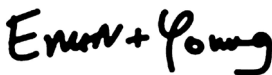
- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 control.

- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 of the Fund 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 of the Fund, including the disclosures, and whether the financial statements of the Fund 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 control that we identify during our audit.

Other Matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ERNST & YOUNG
 AF: 0039
 Chartered Accountants



BRANDON BRUCE STA MARIA
 No. 02937/09/2019 J
 Chartered Accountant

Kuala Lumpur, Malaysia
 7 May 2019

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Note	2019 RM	2018 RM
Assets			
Shariah-compliant investments	3	39,301,616	44,766,205
Profit receivable		518,819	509,084
Amount due from Manager	7	47,253	6,575
Cash and cash equivalents	5	5,170,278	2,094,238
Total Assets		<u>45,037,966</u>	<u>47,376,102</u>
Liabilities			
Amount due to Manager	7	74,032	42,398
Other payables		13,180	14,800
Distribution payable	13	1,373,923	1,467,525
Total Liabilities		<u>1,461,135</u>	<u>1,524,723</u>
Net Asset Value Of The Fund		<u>43,576,831</u>	<u>45,851,379</u>
Equity			
Unitholders' capital		41,214,914	44,054,374
Retained earnings		2,361,917	1,293,472
Available-for-sale reserves		-	503,533
Net Asset Value Attributable To Unitholders	14	<u>43,576,831</u>	<u>45,851,379</u>
Total Equity And Liabilities		<u>45,037,966</u>	<u>47,376,102</u>
Number Of Units In Circulation (Units)	15	<u>80,819,000</u>	<u>86,325,000</u>
Net Asset Value Per Unit (ex-distribution)	14	<u>RM0.5392</u>	<u>RM0.5312</u>

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

	Note	2019 RM	2018 RM
Shariah-Compliant Investment Income			
Gross dividends from financial assets at fair value through profit or loss		27,508	44,512
Profit from Islamic money market instruments and Shariah-compliant fixed income securities		2,149,639	3,727,127
Net gain from sale of financial assets at fair value through profit or loss		128,354	-
Net gain from sale of available-for-sale financial assets		-	369,193
Net unrealised gain/(loss) on changes in value of financial assets at fair value through profit or loss		<u>299,395</u>	<u>(13,559)</u>
		<u>2,604,896</u>	<u>4,127,273</u>
Expenses			
Audit fee		7,700	7,300
Tax agent's fee		3,000	2,950
Manager's fee	8	454,475	792,957
Trustee's fee	9	30,855	55,679
Administration expenses		15,924	65,679
		<u>511,954</u>	<u>924,565</u>
Net Income Before Taxation		2,092,942	3,202,708
Taxation	12	-	-
Net Income After Taxation		<u>2,092,942</u>	<u>3,202,708</u>
Other Comprehensive Loss			
Net changes in fair value of available-for-sale financial assets		-	(230,826)
Total Comprehensive Income		<u>2,092,942</u>	<u>2,971,882</u>
Total Comprehensive Income Is Made Up As Follows:			
Realised income		1,793,547	3,216,267
Unrealised income/(loss)		<u>299,395</u>	<u>(244,385)</u>
		<u>2,092,942</u>	<u>2,971,882</u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE
For the financial year ended 31 March 2019

	Note	Unitholders' Capital RM	Retained Earnings RM	Available- For-Sale Reserves RM	Net Asset Value Attributable To Unitholders RM
At 1 April 2017		104,098,169	2,252,492	734,359	107,085,020
Net income after taxation		-	3,202,708	-	3,202,708
Other comprehensive loss		-	-	(230,826)	(230,826)
Creation of units		5,477,976	-	-	5,477,976
Cancellation of units		(68,214,500)	-	-	(68,214,500)
Distribution	13	2,692,018	(4,159,543)	-	(1,467,525)
Underprovision of distribution in prior year		711	(2,185)	-	(1,474)
At 31 March 2018		44,054,374	1,293,472	503,533	45,851,379
At 1 April 2018, as previously stated		44,054,374	1,293,472	503,533	45,851,379
Transfer of available-for-sale reserves to retained earnings upon adoption of MFRS 9	2(a)	-	503,533	(503,533)	-
At 1 April 2018, as restated		44,054,374	1,797,005	-	45,851,379
Net income after taxation		-	2,092,942	-	2,092,942
Creation of units		2,504,419	-	-	2,504,419
Cancellation of units		(5,497,986)	-	-	(5,497,986)
Distribution	13	154,107	(1,528,030)	-	(1,373,923)
At 31 March 2019		41,214,914	2,361,917	-	43,576,831

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2019

	2019	2018
	RM	RM
Cash Flows From Operating And Investing Activities		
Proceeds from sale of Shariah-compliant investments	26,424,940	74,858,485
Purchase of Shariah-compliant investments	(20,537,592)	(19,740,490)
Dividends received	24,143	10,975
Profit from Islamic money market instruments and Shariah-compliant fixed income securities received	2,148,259	4,463,366
Manager's fee paid	(458,980)	(849,921)
Trustee's fee paid	(31,397)	(59,437)
Payment for other fees and expenses	(27,702)	(80,897)
Net cash generated from operating and investing activities	<u>7,541,671</u>	<u>58,602,081</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	2,463,741	5,471,401
Cash paid on units cancelled	(5,461,847)	(68,241,759)
Distributions paid	(1,467,525)	(3,448,071)
Net cash used in financing activities	<u>(4,465,631)</u>	<u>(66,218,429)</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	3,076,040	(7,616,348)
Cash And Cash Equivalents At Beginning Of Financial Year	2,094,238	9,710,586
Cash And Cash Equivalents At End Of Financial Year	<u>5,170,278</u>	<u>2,094,238</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	10,278	14,238
Islamic money market instruments	5,160,000	2,080,000
	<u>5,170,278</u>	<u>2,094,238</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019**1. The Fund, The Manager And Their Principal Activities**

Pacific Dana Murni (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 17 March 2003 as amended by the First Supplemental Deed dated 14 February 2006, Second Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 14 December 2009, Third Supplemental Master Deed dated 26 April 2010, Fourth Supplemental Master Deed dated 8 January 2014, Fifth Supplemental Master Deed dated 7 July 2017, Sixth Supplemental Master Deed 22 November 2018 and Seventh Supplemental Master Deed dated 22 January 2019 (hereinafter referred to as "the Deeds") made between the Manager, Pacific Mutual Fund Bhd, the Trustee, MTrustee Berhad and the registered holders of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Deeds, which include Shariah-compliant fixed income securities and Islamic money market instruments as approved by the Securities Commission Malaysia. The Fund was launched on 25 March 2003 and will continue its operations until terminated as provided in the Deeds.

The Manager is a 70% owned subsidiary of Lion Global Investors Limited (formerly known as Lion Capital Management Limited), a company incorporated in Singapore. The remaining 30% of the share capital of the Manager is held by Koperasi Angkatan Tentera Malaysia Bhd. The ultimate holding company is Oversea-Chinese Banking Corporation Limited, a public listed company incorporated in Singapore.

The principal activities of Pacific Mutual Fund Bhd are the establishment and management of unit trust funds as well as the management of private investment mandates.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 7 May 2019.

2. Summary Of Significant Accounting Policies**(a) Basis Of Preparation**

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), the Deeds, the Securities Commission's Guidelines on Unit Trust Funds in Malaysia and Shariah principles.

The significant accounting policies adopted are consistent with those applied in the previous financial year end except for the adoption of new MFRSs, Amendments to MFRSs and IC Interpretations which are effective for the financial year beginning on or after 1 January 2018. These new MFRSs, Amendments to MFRSs and IC Interpretations did not give rise to any significant effect on the financial statements except for MFRS 9 of which the key areas impacted are as follows:

Classification and measurement of financial assets

As permitted by the transitional provisions of MFRS 9, the Fund has not restated comparative information for financial year ended 31 March 2018 for financial instruments under the scope of MFRS 9. Any adjustments to the carrying amount of financial assets and liabilities at the date of transitional were recognised in the retained earnings as of 1 April 2018 as described below. Accordingly, the comparative financial statements and related notes are not comparable. Shariah-compliant fixed income securities which are previously classified as available-for-sale ("AFS") financial assets and measured at fair value through other comprehensive income are reclassified as financial assets at fair value through profit or loss under MFRS 9. Accordingly, the AFS reserves of RM503,533 as at 31 March 2018 is transferred to retained earnings on 1 April 2018.

The Fund will adopt the following MFRSs, Amendments to MFRSs and IC Interpretations when they become effective in the respective financial periods and these MFRSs, Amendments to MFRSs and IC Interpretations are not expected to have any material impact to the financial statements of the Fund upon the initial application.

Pronouncements issued but not yet effective:

	Effective dates for financial periods beginning on or after
MFRS 16 - Leases*	1-Jan-19
Prepayment Features with Negative Compensation (Amendments to MFRS 9)*	1-Jan-19
Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)*	1-Jan-19
Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)*	1-Jan-19
Annual Improvements to MFRS Standards 2015-2017 Cycle	
(i) Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations)*	1-Jan-19
(ii) Previously Held Interest in a Joint Operation (Amendments to MFRS 11 Joint Arrangements)*	1-Jan-19
(iii) Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes*)	1-Jan-19
(iv) Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)*	1-Jan-19
IC Interpretation 23 - Uncertainty over Income Tax Treatments*	1-Jan-19
Amendments to References to the Conceptual Framework in MFRS Standards	
(1) Amendments to MFRS 2 Share-Based Payment*	1-Jan-20
(2) Amendment to MFRS 3 Business Combinations*	1-Jan-20

(3) Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources*	1-Jan-20
(4) Amendment to MFRS 14 Regulatory Deferral Accounts*	1-Jan-20
(5) Amendments to MFRS 101 Presentation of Financial Statements	1-Jan-20
(6) Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1-Jan-20
(7) Amendments to MFRS 134 Interim Financial Reporting	1-Jan-20
(8) Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1-Jan-20
(9) Amendment to MFRS 138 Intangible Assets*	1-Jan-20
(10) Amendment to IC Interpretation 12 Service Concession Arrangements*	1-Jan-20
(11) Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1-Jan-20
(12) Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*	1-Jan-20
(13) Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1-Jan-20
(14) Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs*	1-Jan-20
MFRS 17 - Insurance Contracts*	1-Jan-21
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)*	To be announced

* These MFRSs, Amendments to MFRSs and IC Interpretations are not relevant to the Fund.

(b) Functional And Presentation Currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

(c) Financial Instruments

The Fund recognises financial assets and financial liabilities in the Statement of Financial Position on the date it becomes a party to the contractual provisions of the instruments.

Regular way purchase and sales of all categories of Shariah-compliant investments in Islamic financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the Islamic financial instruments.

The Fund determines the classification of its financial assets and financial liabilities at initial recognition, and the categories include financial assets at fair value through profit or loss, receivables and financial liabilities.

When financial assets are recognised initially, they are measured at fair value.

Financial Assets At Fair Value Through Profit Or Loss

Financial assets classified as financial assets at fair value through profit or loss are all financial assets acquired for the purpose of generating a profit from short-term fluctuations in price, or part of a portfolio with a pattern of short-term profit taking (held for trading); or those financial assets designated in this category by the Manager.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with gain and loss recognised in profit or loss. Transaction costs are recognised in profit or loss as incurred.

The fair values of Shariah-compliant fixed income securities are determined by reference to prices quoted by a bond pricing agency (BPA) registered with the Securities Commission Malaysia on a daily basis.

The fair value of the Shariah-compliant collective investment scheme is determined from last published repurchase price at the reporting date as reported by the management company of such funds and as agreed by the Trustee and the Manager so as to reflect its fair value.

Receivables

Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include amounts due from Manager and other receivables. Receivables are recognised initially at fair value including transaction costs.

Financial Liabilities

Financial liabilities are recognised initially at fair value i.e. the consideration for goods and services received and subsequently stated at amortised cost. These include amounts due to Manager, Trustee and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective profit method.

(d) Derecognition Of Financial Assets And Liabilities*Financial Assets*

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liability is derecognised, and through the amortisation process.

(e) Impairment Of Financial Assets

Credit losses are recognised based on the expected credit loss (“ECL”) model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at fair value through profit or loss (“FVTPL”), either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund’s financial statements. For balances which are short-term in nature and no financing component (e.g. profit receivable), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(f) Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the Fund's right to receive payment is established.

Profit income, accretion of discount and amortisation of premium are recognised using the effective profit method on an accrual basis.

(g) Unrealised Reserves/(Deficits)

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted Shariah-compliant investments and Shariah-compliant fixed income securities at their fair value and are recognised in the Statement of Comprehensive Income.

(h) Cash And Cash Equivalents

Cash and cash equivalents comprise cash at banks and placements in Islamic money market instruments with original maturities of 3 months or less which have an insignificant risk of changes in value.

(i) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(j) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(k) Distribution

Distributions made by the Fund are accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation which are accounted for as a deduction from Unitholders' Capital. Distributions are recognised in the Statement of Changes in Net Asset Value when they are approved by the Manager and the Trustee.

(l) Unitholders' Capital

Unitholders' Capital meets the conditions for the definition of puttable instruments classified as equity instruments.

Distribution equalisation is accounted for on the date of creation and cancellation of units. It represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

(m) Significant Accounting Estimates And Judgments

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgments. Estimates and judgments are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

No major estimates and judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at the reporting date.

3. Shariah-Compliant Investments

	2019 RM	2018 RM
Available-For-Sale Financial Assets		
Shariah-compliant fixed income securities	-	43,595,632
Financial Assets At Fair Value Through Profit Or Loss		
Shariah-compliant fixed income securities	39,098,251	-
Quoted Shariah-compliant investments:		
- Collective investment scheme	203,365	1,170,573
	<u>39,301,616</u>	<u>1,170,573</u>
Total Shariah-compliant investments	<u>39,301,616</u>	<u>44,766,205</u>

SHARIAH-COMPLIANT FIXED INCOME SECURITIES

The composition of Shariah-compliant fixed income securities at the reporting date is as detailed below:

Name Of Counter	Credit Rating	Nominal Value RM	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Golden Assets International Finance Limited	A1	2,650,000	2,650,000	2,656,121	6.09
Prasarana Malaysia Berhad	GG	2,000,000	2,000,000	2,039,200	4.68
TSH Sukuk Ijarah Sdn Bhd	AA-	2,100,000	2,101,143	2,148,300	4.93
UEM Sunrise Berhad	AA-	3,000,000	3,008,127	3,087,690	7.09
Alpha Circle Sdn Bhd	AA-	1,000,000	1,000,000	1,001,330	2.30
Bank Muamalat Malaysia Berhad	A	2,000,000	2,000,000	2,028,400	4.65
TSH Sukuk Ijarah Sdn Bhd	AA-	4,000,000	4,000,000	4,064,520	9.33
Jimah East Power Sdn Bhd	AA-	4,000,000	4,000,000	4,251,880	9.76
Bank Islam Malaysia Berhad	A1	3,000,000	3,000,000	3,059,280	7.02
Mumtaz Rakyat Sukuk Berhad	AA3	3,000,000	3,000,000	3,030,030	6.95
Edra Energy Sdn Bhd	AA3	2,000,000	2,042,943	2,045,720	4.69
BEWG (M) Sdn. Bhd.	AA	3,500,000	3,500,000	3,531,920	8.11
Danainfra Nasional Berhad	GG	2,000,000	2,000,000	2,054,300	4.71
Danum Capital Berhad	AAA	4,000,000	4,000,000	4,099,560	9.41
		<u>38,250,000</u>	<u>38,302,213</u>	<u>39,098,251</u>	<u>89.72</u>

UNREALISED GAIN FROM SHARIAH-COMPLIANT FIXED INCOME SECURITIES

796,038

The weighted average rate of return and remaining maturity at the reporting date were as follows:

	Weighted Average Rate Of Return (% Per Annum)		Weighted Average Remaining Maturity (Days)	
	2019	2018	2019	2018
Shariah-compliant fixed income securities	5.09	5.01	1,944	1,760

SHARIAH-COMPLIANT COLLECTIVE INVESTMENT SCHEME

Quantity	Name Of Fund	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
203,365	Pacific Islamic Deposit Fund*	203,365	203,365	0.47

UNREALISED GAIN FROM QUOTED SHARIAH-COMPLIANT INVESTMENTS

-

* *Managed by the Manager*

4. Fair Value Hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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

	Level 1 RM	Level 2 RM	Total RM
2019			
Financial Assets At Fair Value Through Profit Or Loss			
Shariah-compliant fixed income securities	-	39,098,251	39,098,251
Quoted Shariah-compliant investments	<u>203,365</u>	<u>-</u>	<u>203,365</u>
2018			
Available-For-Sale Financial Assets			
Shariah-compliant fixed income securities	<u>-</u>	<u>43,595,632</u>	<u>43,595,632</u>
Financial Assets At Fair Value Through Profit Or Loss			
Quoted Shariah-compliant investments	<u>1,170,573</u>	<u>-</u>	<u>1,170,573</u>

The carrying amounts of other financial assets and financial liabilities, approximate fair values due to the relatively short term maturities of these financial instruments.

5. Cash And Cash Equivalents

Cash and cash equivalents include cash at banks and placements in Islamic money market instruments.

	2019 RM	2018 RM
Cash at banks	<u>10,278</u>	<u>14,238</u>
Islamic money market instruments with licensed financial institutions:		
- Commercial banks	<u>5,160,000</u>	<u>2,080,000</u>
Cash and cash equivalents	<u><u>5,170,278</u></u>	<u><u>2,094,238</u></u>

The weighted average rate of return and remaining maturity of placements in Islamic money market instruments at the reporting date were as follows:

	Weighted Average Rate Of Return (% Per Annum)		Weighted Average Remaining Maturity (Days)	
	2019	2018	2019	2018
Islamic money market instruments with licensed financial institutions:				
- Commercial banks	<u>3.10</u>	<u>3.10</u>	<u>4</u>	<u>6</u>

6. Shariah Information Of The Fund

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, comprising:

- (a) Shariah-compliant fixed income securities as per the list of approved sukuk issued by the Securities Commission Malaysia;
- (b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments; and
- (c) Collective investment scheme which is verified as Shariah-compliant by the Shariah Adviser.

7. Amount Due From/To Manager

The amount due from Manager represents amount receivable for units created while amount due to Manager represents amount payable for units cancelled and/or amount payable for management fee.

Management fee is payable on a monthly basis and amount receivable/payable for units created/cancelled is received/paid within 10 days of the transaction dates.

8. Manager's Fee

The Manager's fee provided in the financial statements is computed at 1% (2018: 1%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis net of Manager's fee rebate on the collective investment scheme as agreed by the Trustee and the Manager as follows:

Name of Fund	Rate p.a.
Pacific Islamic Deposit Fund	0.25%

9. Trustee's Fee

The Trustee's fee provided in the financial statements is computed at 0.07% (2018: 0.07%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis. Effective from 1 January 2019, the Trustee's fee is lowered to 0.06% per annum.

10. Portfolio Turnover Ratio

	2019	2018
Portfolio turnover ratio ("PTR")	<u>0.51 times</u>	<u>0.60 times</u>

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year over the average net asset value attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial year is lower due to decrease in investing activities.

11. Management Expense Ratio

	2019	2018
Management expense ratio ("MER")	<u>1.12%</u>	<u>1.16%</u>

MER is the ratio of expenses of the Fund expressed as a percentage of the average net asset value attributable to unitholders of the Fund for the financial year calculated on a daily basis. The MER for the current financial year remains consistent with that of the previous financial year.

12. Taxation

	2019 RM	2018 RM
Malaysian income tax: Current year's provision	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2018: 24%) of the estimated assessable income for the financial year.

There was no taxation charge for the current and previous financial year due to tax exempt income received.

A reconciliation of income tax expense applicable to net income before taxation at the statutory rate of taxation to income tax expense at the effective rate of taxation is as follows:

	2019 RM	2018 RM
Net income before taxation	<u>2,092,942</u>	<u>3,202,708</u>
Taxation at Malaysian statutory rate of 24%	502,306	768,650
Tax effects of:		
Income not subject to tax	(625,175)	(993,800)
Losses not subject to tax	-	3,254
Expenses not deductible for tax purpose	10,975	28,118
Restriction on tax deductible expenses for unit trust funds	111,894	193,778
Tax expense for the financial year	<u>-</u>	<u>-</u>

13. Distribution

	2019 RM	2018 RM
Net final distribution, to be paid on 4 April 2019/ paid on 5 April 2018	<u>1,373,923</u>	<u>1,467,525</u>
Distribution to unitholders is from the following sources:		
Dividend income	23,554	44,512
Profit from Islamic money market instruments and Shariah-compliant fixed income securities	1,830,724	3,721,043
Realised gains on sale of Shariah-compliant investments	109,904	369,193
Previous years' realised income	-	1,291,837
Distribution equalisation	<u>(154,107)</u>	<u>(2,692,018)</u>
	1,810,075	2,734,567
Less:		
Expenses	<u>(436,152)</u>	<u>(1,267,042)</u>
	<u>1,373,923</u>	<u>1,467,525</u>
Gross distribution per unit (sen)	1.70	1.70
Net distribution per unit (sen)	1.70	1.70

The unrealised gains arising from Shariah-compliant investments at the reporting date was RM796,038 (2018: RM496,643).

14. Net Asset Value Attributable To Unitholders

	2019	2018
	RM	RM
Unitholders' capital	41,214,914	44,054,374
Retained earnings		
- Realised reserves	1,565,879	1,300,362
- Unrealised reserve/(deficit)	796,038	(6,890)
Available-for-sale reserves	-	503,533
Net asset value attributable to unitholders	<u>43,576,831</u>	<u>45,851,379</u>

The net asset value per unit is rounded up to four decimal places.

15. Number Of Units In Circulation

	2019	2018
	No. Of Units	No. Of Units
At beginning of the financial year	86,325,000	202,741,000
Creation	4,666,000	10,305,000
Cancellation	<u>(10,172,000)</u>	<u>(126,721,000)</u>
At end of the financial year	<u>80,819,000</u>	<u>86,325,000</u>

16. Units Held By The Manager And Its Related Parties

	2019		2018	
	No. Of Units[^]	RM	No. Of Units[^]	RM
Manager	<u>2,334</u>	<u>1,298</u>	<u>3,600</u>	<u>1,973</u>

There were no units held by other related parties.

[^] All units are held legally by the Manager as per the unitholders' register.

17. Transactions With Brokers/Dealers

Details of transactions with the brokers/dealers for the financial year are as follows:

Brokers/Dealers	Value Of Trade RM	% Of Total Trades
Hong Leong Bank Bhd	18,212,838	43.48
Malayan Banking Bhd	5,008,700	11.96
RHB Investment Bank Bhd	4,589,132	10.95
Hong Leong Islamic Bank Berhad	4,057,950	9.69
Bank Islam Malaysia Bhd	4,021,200	9.60
CIMB Bank Berhad	4,000,000	9.55
Kenanga Investment Bank Berhad	2,000,000	4.77
	<u>41,889,820</u>	<u>100.00</u>

The transactions above are with non related parties.

18. Financial Risk Management Objectives And Policies

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk, specific risk and single issuer risk.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the Securities Commission Malaysia's Guidelines on Unit Trust Funds in Malaysia.

(i) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily by the following risks:

(a) Profit Rate Risk

This risk refers to the effect of profit rate changes on the market value of Shariah-compliant fixed income securities and placements in Islamic money market instruments. In the event of reduction in profit rates, the returns on placements in Islamic money market instruments will decrease while prices of Shariah-compliant fixed income securities will increase, thus affecting the net asset value of the Fund. This risk will be minimised via the management of the duration structure of the portfolio of Shariah-compliant fixed income securities and placements in Islamic money market instruments.

The table below summarises the effect on the net asset value of the Fund at the reporting date due to possible changes in profit rate, with all other variables held constant:

Change In Basis Point	Effect On Net Asset Value Attributable To Unitholders Increase/(Decrease)	
	2019	2018
	RM	RM
+25/	25,014/	24,787/
(25)	<u>(25,014)</u>	<u>(24,787)</u>

(ii) Credit Risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of an issuer or a counterparty to make payment of principals, profit and proceeds from realisation of Shariah-compliant investments. Such events can lead to loss of capital or delayed or reduced profit for the Fund resulting in a reduction in the Fund's asset value and thus unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk is generally arising from Shariah-compliant investments, cash and cash equivalents and other receivables. The maximum exposure to credit risk is presented in the Statement of Financial Position. None of these balances are impaired. Cash and cash equivalents are placed in Islamic financial institutions with strong credit ratings.

Shariah-compliant fixed income securities are either government-guaranteed or rated by RAM Rating Services Berhad ("RAM") or Malaysian Rating Corporation Berhad ("MARC").

The following table analyses the Fund's portfolio of Shariah-compliant fixed income securities by rating categories at the reporting date:

2019

RAM Credit Rating	MARC Credit Rating	Government Guaranteed	As A % Of Net Asset Value
-	-	GG	9.39
-	AAA	-	9.41
-	AA	-	8.11
AA3	AA-	-	45.05
A1	-	-	13.11
-	A	-	4.65
			89.72

2018

RAM Credit Rating	MARC Credit Rating	Government Guaranteed	As A % Of Net Asset Value
-	-	GG	17.09
-	AA	-	7.68
AA3	AA-	-	48.81
A1	-	-	17.08
-	A	-	4.42
			95.08

(iii) Liquidity Risk

This risk occurs in thinly traded or illiquid Shariah-compliant securities. Should the Fund need to sell a relatively large amount of such Shariah-compliant securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

The maturity of the Fund's financial liabilities fall due within three months while the net asset value attributable to unitholders are repayable on demand.

(iv) Specific Risk

The Fund is exposed to the individual risks of the respective companies issuing Shariah-compliant securities which includes changes to the business performance of the company, consumer tastes and demands, lawsuits and management practices. This risk is minimised through the diversification of the portfolio of Shariah-compliant investments of the Fund.

(v) Single Issuer Risk

The Fund's exposure to Shariah-compliant securities issued by any issuer is limited to not more than a certain percentage of the Fund's net asset value. Under such restriction, the risk exposure to the Shariah-compliant securities of any issuer is minimised.

19. Operating Segment

The Fund is organised into one main operating segment for investment management purposes. The Investment Department takes a team approach to the investment process of the Fund. The decision-making process involves input from the entire team, with each team member (inclusive of analysts) contributing their respective expertise and views to yield fully informed conclusions. The Investment Committee is responsible for ensuring adherence to investment guidelines, both internal and external, as well as to assess strategy and implementation effectiveness, and to oversee the entire investment function. Accordingly, significant operating decisions are based upon the analysis of the Fund as one operating segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

20. Capital Management

The Fund's capital comprises unitholders' subscription to the Fund. The unitholders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unitholders.

The Fund aims to achieve its investment objective and at the same time maintain sufficient liquidity to meet unitholders' redemptions.

Growing Together

To reach out for excellence,
to persevere, to mutually trust
and support.

That's the essence of
growing together with
Pacific Mutual
for a brighter future.

PACIFIC MUTUAL FUND BHD (336059-U) **A member of the OCBC Group**

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Our IUTA may not carry the complete set of our Funds. Investments made via our IUTA may be subject to different terms and conditions.

IMPORTANT NOTICES

Beware Of Phishing Scams

We wish to remind all our clients to be alert of any e-mail or SMS that requires you to provide your personal information or to log in to Pacific Mutual's website through an e-mail link. Please ensure that the website you are accessing contains the correct address as below: <https://www.pacificmutual.com.my/>

If in doubt or if you wish to clarify, please contact Pacific Mutual at 03-7712 3000 / 3197.

Update Of Particulars

Investors are advised to provide updated personal details to Pacific Mutual on a timely basis. You may update your details via our E-Service at www.pacificmutual.com.my or call 03-7712 3197 | e-mail customercare@pacificmutual.com.my