

ANNUAL REPORT

For The Financial Year Ended 31 March 2019

PACIFIC DYNAMIC ASIAPAC FUND



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PACIFIC MUTUAL FUND BHD (336059-U)
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FUND INFORMATION
As at 31 March 2019

Name Of Fund	: Pacific Dynamic AsiaPac Fund
Manager Of Fund	: Pacific Mutual Fund Bhd (336059-U)
External Investment Manager	: Lion Global Investors Limited (198601745D) (formerly known as Lion Capital Management Limited)
Launch Date	: 29 July 2013
	The Fund will continue its operations until terminated as provided under Clause 12 of the Deed.
Category Of Fund	: Mixed asset
Type Of Fund	: Income and growth
Investment Objective	: Pacific Dynamic AsiaPac Fund aims to generate income [□] and growth over the medium* to long term* by investing in a diversified portfolio of Asia Pacific assets, including equities, fixed income securities, and collective investment schemes, including exchange traded funds.
	[□] <i>Income is in reference to the Fund's distribution, which could be in the form of cash or units.</i>
	[^] <i>The focus will be on income which will be derived from a mix of dividends and interest income. Capital appreciation (growth) will be a lesser focus.</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	: Maybank 12-Month Fixed Deposit Rate + 1.5%
Distribution Policy	: Subject to the availability of income, distribution of income will be made once a year.
Fund Size	: 5.94 million units

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	22	18.97	0.06
	5,001-10,000 units	16	13.79	0.13
	10,001-50,000 units	59	50.86	1.31
	50,001-500,000 units	18	15.52	2.89
	500,001 units & above	1	0.86	1.55
	Total	116	100.00	5.94

FUND PERFORMANCE

Financial Highlights

Category	As At 31.3.2019	As At 31.3.2018	As At 31.3.2017
Quoted Equity Securities	%	%	%
Foreign Equity Securities:			
- Hong Kong	4.79	-	2.24
- Japan	2.07	-	-
	6.86	-	2.24
Collective Investment Scheme	85.35	93.89	80.93
Cash And Liquid Assets	7.79	6.11	16.83
Total	100.00	100.00	100.00
Net Asset Value (RM'000)	3,361	4,735	6,024
Number Of Units In Circulation (Units '000)	5,943	8,407	10,603
Net Asset Value Per Unit (RM)	0.5656	0.5633	0.5682
Management Expense Ratio ("MER") ¹	2.04%	2.00%	1.98%
Portfolio Turnover Ratio (times)	0.30	0.09	0.72

The Management Expense Ratio for the current financial year is higher due to a lower percentage of decrease in expenses compared with average net asset value attributable to unitholders.

¹ The MER does not include brokerage and other transaction fees.

The Portfolio Turnover Ratio for the current financial year is higher due to increase 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.

Performance Data

	Pacific Dynamic AsiaPac Fund		Maybank 12-Month Fixed Deposit Rate + 1.5%		
	Total Return	Average Annual Return	Total Return	Average Annual Return	
1 Year's Period (1.4.2018 to 31.3.2019)	0.43%	0.43%	4.85%	4.85%	
3 Years' Period (1.4.2016 to 31.3.2019)	6.80%	2.27%	14.83%	4.94%	
5 Years' Period (1.4.2014 to 31.3.2019)	15.78%	3.16%	26.08%	5.22%	
	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 Dynamic AsiaPac Fund					
- Capital Return	0.43%	-0.86%	7.27%	-2.40%	11.07%
- Income Return	0.00%	0.00%	0.00%	0.00%	0.00%
- Total Return	0.43%	-0.86%	7.27%	-2.40%	11.07%
Maybank 12-Month Fixed Deposit Rate + 1.5%	4.85%	4.64%	4.66%	4.81%	4.76%
	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)	0.5774	0.5985	0.5702		
Lowest NAV (RM)	0.5412	0.5607	0.5202		
Distributions					
Gross Distribution Per Unit (sen)	- (29.3.2019)	- (30.3.2018)	- (31.3.2017)		
Net Distribution Per Unit (sen)	- (29.3.2019)	- (30.3.2018)	- (31.3.2017)		
Unit Splits	-	-	-		

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

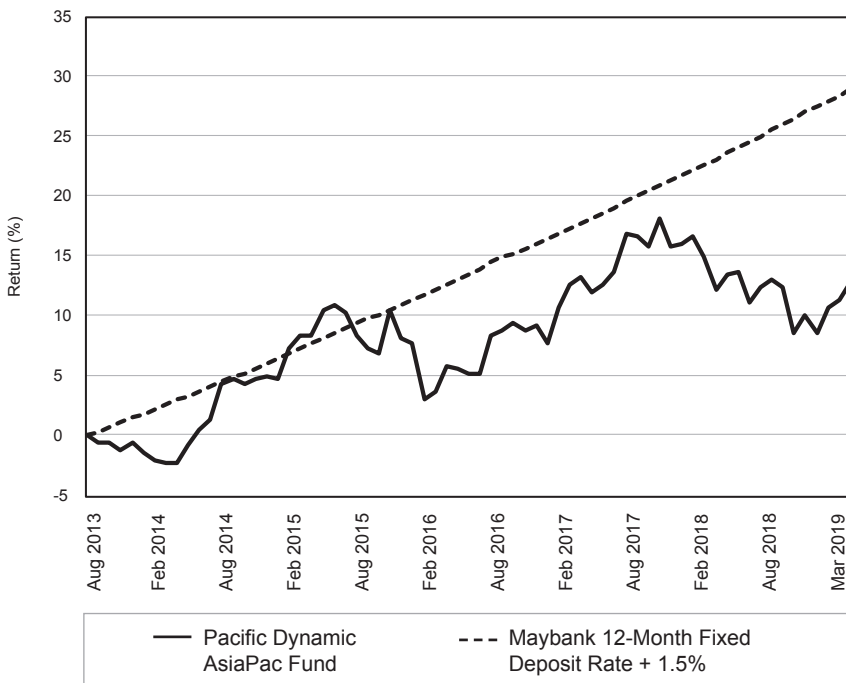
From 6 August 2013 (date of launch: 29 July 2013) to 31 March 2019, the Pacific Dynamic AsiaPac Fund registered a total return of 13.14%, while its benchmark, the Maybank 12-Month Fixed Deposit Rate + 1.5%, rose 29.87%.

For the financial year under review (1 April 2018 to 31 March 2019), the Fund registered a total return of 0.43%. In comparison, its benchmark rose 4.85%.

The Fund has met its investment objective of generating growth over the medium term. However, it has yet to declare any income distribution[□].

[□] 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

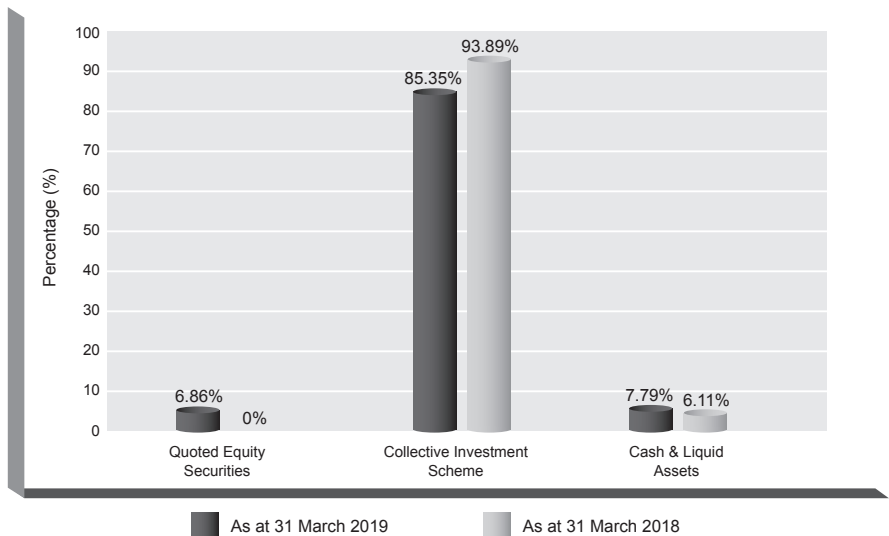
Notes:

The benchmark returns are adjusted by the movement of Ringgit Malaysia against foreign currencies.

Investment Strategy Review

For the financial period under review, the Pacific Dynamic AsiaPac Fund registered a total return of 0.43%. In comparison, its benchmark rose 4.9%. Over the same period, USD appreciated 5.7% against MYR while SGD appreciated 2.1% against the MYR. As of 31 March 2019, the portfolio is 37.2% invested in equities, 54.9% invested in fixed income and 7.9% in cash. The Fund is invested in LionGlobal Asia Pacific Fund, LGlobal Asia High Conviction Equity Fund, LionGlobal Singapore Dividend Equity Fund, Nomura Nikkei 225 ETF, CSOP FTSE China A50 ETF, CHINA AMC CSI 300 INDEX ETF, Pacific Dana Murni, LionGlobal Short Duration Bond Fund, LionGlobal Asia Bond Fund, and LionGlobal Singapore Fixed Income Investment.

Asset Allocation



The quoted equity securities allocation (inclusive of collective investment scheme) of Pacific Dynamic AsiaPac Fund decreased to 37.25% as at 31 March 2019 from 41.90% recorded in the beginning of the financial year under review due to net equity sales.

The fixed income securities allocation (inclusive of collective investment scheme) of Pacific Dynamic AsiaPac Fund increased to 54.96% from 51.99% recorded in the beginning of the financial year under review due to net fund outflows.

The 85.35% in collective investment scheme was placed in the:

Pacific Dana Murni	19.04%
LionGlobal Asia Pacific Fund SGD Class	17.33%
LionGlobal Short Duration Bond Fund Class A – SGD	14.47%
LionGlobal Asia Bond Fund SGD Class	12.90%
LionGlobal Singapore Dividend Equity Fund SGD Class	10.68%
LionGlobal Singapore Fixed Income Investment Class A	8.55%
LGlobal Funds-Asia High Conviction Equity Class L SGD	2.38%

The Pacific Dana Murni is a sukuk fund managed by the Manager, while the other funds are equity funds and bond funds managed by the Fund's external investment manager, Lion Global Investors Limited (formerly known as Lion Capital Management Limited). Such investments are in line with the objective of Pacific Dynamic AsiaPac Fund and are an efficient way to manage the exposure of Pacific Dynamic AsiaPac Fund in fixed income securities in the Malaysian market and, equity and fixed income securities in the foreign markets. The exposure of Pacific Dynamic AsiaPac Fund in the collective investment scheme is taken into account when assessing the asset allocation of Pacific Dynamic AsiaPac Fund in fixed income and equity securities. Management fees on the collective investment schemes managed by the Manager and external investment manager are rebated to the Fund.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Pacific Dynamic AsiaPac Fund increased from RM0.5633 to RM0.5656 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM4,734,965 to RM3,361,290 due to net fund outflows.

Market Review

Review Of Asia Pacific (ex Japan) Markets

Equity:

Global equities (MSCI AC World) ended the financial year under review up 3.2% in USD terms. Concerns about the US trade policy took hold of the markets in the second quarter of 2018 and remained the key overhang for the rest of the year, on top of prospects for less synchronized global growth, geopolitical concerns, rising oil prices, and an appreciating Dollar. Despite this, global equities held up well up till September, led by the US, as trade tensions weighed on equities outside the US. The tide turned for global equities in the last quarter as formerly placid markets swung wildly even intraday, with much of the volatility emanating from the US, but rippling through markets globally. Global equities delivered stellar gains over the first quarter of 2019, up 12.3% in USD terms, however, momentum relented somewhat in March (up 1.3%) as investors measured signals of supportive monetary policy against economic uncertainty and rounds of uneven data. A run of disappointing economic data in recent months from China, Europe and the US have stoked investors' fears of a global slowdown. Central banks, most notably the Fed, reacted to the signs of a global slowdown by shifting tack and adopting a more accommodative tone.

US equity markets (MSCI US) were up 9.5% in USD terms. Despite the sharp drop in February stemming from rising bond yields, US equities had remained relatively resistant to the escalating US-China trade war, as fiscal stimulus, robust consumer spending and strong business investment continued to bolster the US economy. However, following disappointing results from some of the biggest names in the technology and industrials sectors in the last quarter of 2018, anxieties about decelerating global growth, ongoing trade conflicts and escalating costs began to resonate within the US markets. Investors, fearing that corporate earnings have peaked, transitioned out of internet and technology stocks into defensive stocks. Investors took comfort in November's mid-term elections and the resultant split of congressional power, which may rein in Trump's policy agenda. Despite the Federal Reserve raising rates for a fourth time in December, risk aversion and a more dovish Fed towards future rate increases, led to a sharp drop in the US bond yields. US equity markets were up 13.9% in the first quarter of 2019, rounding out one of the best quarterly gains in nearly a decade. Investors were encouraged by recent signs of stability in the economy and assurances that the Fed is unlikely to raise rates over the balance of 2019. Markets were encouraged on signs that the US and China were inching closer to resolving their bruising trade spat. China started to relinquish ground and the latest discussions have homed in on Chinese policy regarding intellectual property and technology transfer.

European equities (MSCI Europe) were up 6.0% in EUR terms. While domestic demand remained resilient, European investors had to contend with headwinds from faltering exports, disappointing earnings, as well as political uncertainty in the UK and Italy. German equities were a key drag as the trade war exerted its toll on exports. In the UK, Brexit negotiations reached an impasse. Italian equities suffered as the new populist government unnerved markets with its ambitious, yet expensive, 2019 budget proposal, which was firmly rejected by the European Commission initially, before reaching a compromise in December. The European Central Bank (ECB) marked an end to Quantitative Easing by halving the program in September before announcing that they will stop all bond purchases from the end of December. European equities were up 13.0% in the first quarter of 2019, boosted by positive news in the global trade war. The Eurozone's economy is flagging under pressure from weak global demand and political uncertainty; however, markets were closely aligned with global benchmarks. German equities retreated in March, down 0.1%, as its economy continues to flounder, and its vast manufacturing sector shrunk at the fastest pace in more than six and a half years. In the UK, the Brexit follies continued to grab headlines. Parliament rejected Prime Minister May's Brexit deal for a third time and uncertainty has deepened considerably as a no-deal Brexit looms.

Japanese equities (MSCI Japan) fell 3.3% in JPY terms. Investor optimism at the start of 2018, on the back of eight consecutive quarters of GDP growth, turned into caution towards the end of the year, as markets reacted to heightened volatility and weakening sentiment in US and Chinese markets. With the US and China as its two largest trading partners, Japan was inadvertently caught in the cross-hairs of the US-China trade war. The Japanese economy contracted in the third quarter due to tepid domestic demand and a decline in exports, particularly within the automobile industry. The Bank of Japan continued to buck the trend of global policy tightening, remaining steadfast in its accommodative monetary policy. Japan's equity markets ended the first quarter of 2019 up 7.6% in JPY terms, even as global growth concerns continued to preoccupy investors. Exports, an engine of the Japanese economy, sputtered as the economic slowdown in China, and around the globe took hold. Japan's House of Representatives approved a record ¥101.46 trillion 2019 budget in an attempt to shore up weak domestic demand through fiscal support.

Asian equities (MSCI AC Asia Pacific ex-Japan) fell 3.2% in USD terms, on the back of heightened trade tensions following Trump's announcement of tariffs on \$50 billion worth of Chinese goods, on allegations that China unfairly infringed on American technology and intellectual property. The trade rhetoric escalated into a full blown US-China trade war, after trade talks broke down in the middle of 2018, as each side imposed billions in additional new tariffs in the third quarter. In December, the widely anticipated G20 meeting led to a trade war ceasefire, which however, failed to lift markets as the arrest of Huawei's CFO quickly undermined market sentiment. As China's economic indicators deteriorate, China policymakers' focus gradually changed from reform and deleveraging towards stimulus to stabilize the economy. Policymakers unveiled China's core economic agenda for 2019 during the Central Economic Work Conference in December, announcing more pro-growth fiscal policies, including further tax cuts, and appropriately loose monetary policy. Asian equities rose 11.4% in the first quarter of 2019. With the steady economic situation in China, the Fed's dovish tilt, and encouraging trade talks between the US and China, investors have been quick to forget the headwinds that hobbled Asian markets in 2018. Chinese equities outperformed as new evidence rolled in to suggest that Beijing's support measures have gained traction. In March, policymakers announced tax cuts and infrastructure investment in an effort to counter downward pressures on the economy. The official gauges indicated that China's manufacturing sector rebounded strongly. Also underscoring the apparent turnaround is positive Purchasing Manager's Index (PMI) data, including a pickup across the board in factory activity.

Fixed Income:

The Asian credit market traded higher, particularly in the first quarter of 2019, helped by positive risk on sentiment, due to supportive central banks policies (US Fed and ECB) and continued optimism on positive US-China trade negotiation outcome.

JACI Composite gained 5.53%, on coupon carry and US Treasury yields which declined by 33 basis points (bps), while credit spreads widened. In terms of split, High Yield +5.40% underperformed Investment Grade +5.63%. Credit spreads traded wider, with High Yield and Investment Grade spreads both widening by 66bps and 20bps respectively.

Income Distribution Nil

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
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.
Switching Facility*	<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>	<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>

	<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>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 (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	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 external investment manager has received soft commissions from brokers in compliance with applicable legal, regulatory and industry standards. Soft commissions are received by the external investment manager where the same can reasonably be expected to assist in the provision of investment services to its clients. Examples of goods and services under such soft commission arrangement include research and advisory services, computer software or any other information facilities to the extent that they are used to support the investment decision making process, data and quotation as well as custodial services.

REPORT OF THE TRUSTEE

To the Unitholders of **PACIFIC DYNAMIC ASIAPAC FUND**

We, **CIMB COMMERCE TRUSTEE BERHAD** being the Trustee of **PACIFIC DYNAMIC ASIAPAC FUND** (“the Fund”), are of the opinion that **PACIFIC MUTUAL FUND BHD** (“the Manager”), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 31 March 2019.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of

CIMB COMMERCE TRUSTEE BERHAD



LEE KOOI YOKE

Chief Executive Officer

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 21 to 42 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 DYNAMIC ASIAPAC FUND** 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 DYNAMIC ASIAPAC FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **PACIFIC DYNAMIC ASIAPAC FUND** ("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 21 to 42.

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 the 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			
Investments	3	3,099,488	4,445,870
Interest receivable		-	16
Amount due from Manager	6	-	1,123
Other receivables		5,827	8,309
Cash and cash equivalents	5	286,381	309,702
Total Assets		<u>3,391,696</u>	<u>4,765,020</u>
Liabilities			
Amount due to Manager	6	4,859	6,618
Other payables		25,547	23,437
Total Liabilities		<u>30,406</u>	<u>30,055</u>
Net Asset Value Of The Fund		<u>3,361,290</u>	<u>4,734,965</u>
Equity			
Unitholders' capital		2,447,226	3,832,177
Retained earnings		914,064	902,788
Net Asset Value Attributable To Unitholders	13	<u>3,361,290</u>	<u>4,734,965</u>
Total Equity And Liabilities		<u>3,391,696</u>	<u>4,765,020</u>
Number Of Units In Circulation (Units)	14	<u>5,943,000</u>	<u>8,407,000</u>
Net Asset Value Per Unit	13	<u>RM0.5656</u>	<u>RM0.5633</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
Investment Income			
Gross dividends from financial assets at fair value through profit or loss		82,193	102,702
Interest income		2,138	2,873
Net gains on investments			
- Financial assets at fair value through profit or loss		139,869	101,348
- Foreign exchange		(17,245)	(32,053)
Net unrealised gain/(loss) on foreign exchange		7,439	(1,977)
Net unrealised losses on changes in value of financial assets at fair value through profit or loss		(121,021)	(86,808)
		<u>93,373</u>	<u>86,085</u>
Expenses			
Audit fee		8,000	7,600
Tax agent's fee		14,874	13,902
Manager's fee	7	36,572	53,764
Trustee's fee	8	12,000	12,510
Custodian's fee	9	9	17
Brokerage and other transaction fees		2,346	512
Administration expenses		8,296	19,730
		<u>82,097</u>	<u>108,035</u>
Net Income/(Loss) Before Taxation		11,276	(21,950)
Taxation	12	-	-
Net Income/(Loss) After Taxation		<u>11,276</u>	<u>(21,950)</u>
Total Comprehensive Income/(Loss)		<u>11,276</u>	<u>(21,950)</u>
Total Comprehensive Income/(Loss) Is Made Up As Follows:			
Realised income		124,858	66,835
Unrealised losses		(113,582)	(88,785)
		<u>11,276</u>	<u>(21,950)</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

	Unitholders’ Capital RM	Retained Earnings RM	Net Asset Value Attributable To Unitholders RM
At 1 April 2017	5,099,092	924,738	6,023,830
Net loss after taxation	-	(21,950)	(21,950)
Creation of units	307,139	-	307,139
Cancellation of units	(1,574,054)	-	(1,574,054)
At 31 March 2018	<u>3,832,177</u>	<u>902,788</u>	<u>4,734,965</u>
At 1 April 2018	3,832,177	902,788	4,734,965
Net income after taxation	-	11,276	11,276
Creation of units	10,716	-	10,716
Cancellation of units	(1,395,667)	-	(1,395,667)
At 31 March 2019	<u>2,447,226</u>	<u>914,064</u>	<u>3,361,290</u>

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 investments	1,853,870	795,659
Purchase of investments	(502,827)	(215,515)
Dividends received	82,262	102,461
Interest received	2,154	2,866
Manager's fee paid	(36,182)	(50,115)
Trustee's fee paid	(12,000)	(13,019)
Custodian's fee paid	(9)	(21)
Payment for other fees and expenses	(30,619)	(46,348)
Net cash generated from operating and investing activities	<u>1,356,649</u>	<u>575,968</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	11,839	306,016
Cash paid on units cancelled	(1,395,102)	(1,574,054)
Net cash used in financing activities	<u>(1,383,263)</u>	<u>(1,268,038)</u>
Net Decrease In Cash And Cash Equivalents	(26,614)	(692,070)
Effect Of Exchange Rate Changes	3,293	(36,857)
Cash And Cash Equivalents At Beginning Of Financial Year	309,702	1,038,629
Cash And Cash Equivalents At End Of Financial Year	<u>286,381</u>	<u>309,702</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	286,381	209,702
Deposits with financial institutions	-	100,000
	<u>286,381</u>	<u>309,702</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 Dynamic AsiaPac Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 26 October 2009, Supplemental Master Deed dated 27 April 2011, Second Supplemental Master Deed dated 2 June 2011 and its Third Supplemental Master Deed dated 4 March 2013 (hereinafter referred to as “the Deeds”) made between the Manager, Pacific Mutual Fund Bhd, the Trustee, CIMB Commerce Trustee 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 stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, foreign securities, unlisted securities, futures contracts and any other investments approved by the Securities Commission Malaysia. The Fund was launched on 29 July 2013 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 and the Securities Commission Malaysia’s Guidelines on Unit Trust Funds in Malaysia.

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.

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) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into RM at rates of exchange prevailing at the reporting date.

Transactions in foreign currencies are translated into RM at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

(d) 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 investments in financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the 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. Exchange differences on financial assets at fair value through profit or loss are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at fair value through profit or loss.

The fair values of quoted investments are determined by reference to last done prices at the close of the business at the reporting date.

The fair value of 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 amount 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 interest method.

(e) 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.

(f) 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 with no financing component (e.g. interest receivable), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(g) 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.

Interest income is recognised using the effective interest method on an accrual basis.

(h) Unrealised Reserves/(Deficits)

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

(i) Cash And Cash Equivalents

Cash and cash equivalents comprise cash at banks and deposits with financial institutions with original maturities of 3 months or less which have an insignificant risk of changes in value.

(j) 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.

(k) 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.

(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 or 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. Investments

	2019 RM	2018 RM
Financial Assets At Fair Value Through Profit Or Loss		
- Equity securities	230,671	-
- Collective investment scheme	2,868,817	4,445,870
Total investments	<u>3,099,488</u>	<u>4,445,870</u>

The composition of quoted investments at the reporting date is as detailed below. The industry classifications are based on MSCI's Global Industry Classification Standard.

EQUITY SECURITIES

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
<u>Hong Kong</u>				
Exchange Traded Fund				
2,400	ChinaAMC CSI 300 Index ETF	48,763	57,272	1.71
13,600	CSOP FTSE China A50 ETF	91,836	103,656	3.08
		<u>140,599</u>	<u>160,928</u>	<u>4.79</u>
<u>Japan</u>				
Exchange Traded Fund				
86	Nikkei 225 ETF	69,786	69,743	2.07
	Total Equity Securities	<u>210,385</u>	<u>230,671</u>	<u>6.86</u>

COLLECTIVE INVESTMENT SCHEME

<u>Malaysia</u>				
1,151,000	Pacific Dana Murni*	622,771	639,956	19.04
<u>Luxembourg</u>				
2,182	LGlobal Funds-Asia High Conviction Equity Class L SGD**	60,972	80,088	2.38

* Managed by the Manager.

** Managed by the holding company of the Manager.

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
	<u>Singapore</u>			
110,045	LionGlobal Asia Bond Fund SGD Class**	453,844	433,530	12.90
78,410	LionGlobal Asia Pacific Fund SGD Class**	495,310	582,613	17.33
99,643	LionGlobal Short Duration Bond Fund Class A (SGD) (Dist)**	486,572	486,247	14.47
120,931	LionGlobal Singapore Dividend Equity Fund SGD Class**	316,842	359,132	10.68
56,467	LionGlobal Singapore Fixed Income Investment Class A**	264,280	287,251	8.55
		2,016,848	2,148,773	63.93
	Total Collective Investment Scheme	2,700,591	2,868,817	85.35
	TOTAL QUOTED INVESTMENTS	2,910,967	3,099,488	92.21
	UNREALISED GAIN FROM QUOTED INVESTMENTS		188,512	

** Managed by the holding company of the Manager.

4. Fair Value Hierarchy

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

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	Total RM
2019		
Financial Assets At Fair Value Through Profit Or Loss		
Quoted investments	<u>3,099,488</u>	<u>3,099,488</u>
2018		
Financial Assets At Fair Value Through Profit Or Loss		
Quoted investments	<u>4,445,870</u>	<u>4,445,870</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 deposits with licensed financial institutions.

	2019	2018
	RM	RM
Cash at banks:		
- Malaysia	27,487	58,213
- Outside Malaysia	<u>258,894</u>	<u>151,489</u>
	<u>286,381</u>	<u>209,702</u>
Deposits with licensed financial institution:		
- Commercial bank	<u>-</u>	<u>100,000</u>
Cash and cash equivalents	<u>286,381</u>	<u>309,702</u>

The weighted average rate of return and remaining maturity of deposits with licensed financial institutions at the reporting date were as follows:

	Weighted Average Rate Of Return (% Per Annum)		Weighted Average Remaining Maturity (Days)	
	2019	2018	2019	2018
Deposits with licensed financial institutions:				
- Commercial bank	<u>-</u>	<u>2.90</u>	<u>-</u>	<u>2</u>

6. 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.

7. Manager's Fee

The Manager's fee provided in the financial statements is computed at 1.7% (2018: 1.7%) 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 Funds	Rate p.a.
Pacific Dana Murni	1.00%
LionGlobal Asia Bond Fund SGD Class	1.00%
LionGlobal Asia Pacific Fund SGD Class	1.50%
LionGlobal Short Duration Bond Fund Class A (SGD) (Dist)	1.00%
LionGlobal Singapore Dividend Equity Fund SGD Class	1.20%
LionGlobal Singapore Fixed Income Investment Class A	0.50%

8. Trustee's Fee

The Trustee's fee provided in the financial statements are computed at 0.06% (2018: 0.06%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM12,000 per annum.

9. Custodian's Fee

The Custodian's fee provided in the financial statements ranges from 0.01% to 0.3% (2018: 0.01% to 0.3%) per annum, computed based on the net asset value attributable to unitholders of the Fund of the respective foreign portfolio at the end of the month.

10. Portfolio Turnover Ratio

	2019	2018
Portfolio turnover ratio ("PTR")	<u>0.30 times</u>	<u>0.09 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 higher due to increase in investing activities.

11. Management Expense Ratio

	2019	2018
Management expense ratio ("MER") ¹	<u>2.04%</u>	<u>2.00%</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 is higher due to a lower percentage of decrease in expenses compared with average net asset value attributable to unitholders.

¹ The MER does not include brokerage and other transaction fees.

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/(loss) 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/(loss) before taxation	<u>11,276</u>	<u>(21,950)</u>
Taxation at Malaysian statutory rate of 24%	2,706	(5,268)
Tax effects of:		
Income not subject to tax	(55,593)	(49,662)
Losses not subject to tax	33,184	29,001
Expenses not deductible for tax purpose	8,388	9,891
Restriction on tax deductible expenses for unit trust funds	<u>11,315</u>	<u>16,038</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

13. Net Asset Value Attributable To Unitholders

	2019	2018
	RM	RM
Unitholders' capital	2,447,226	3,832,177
Retained earnings		
- Realised reserves	725,259	600,401
- Unrealised reserves	188,805	302,387
Net asset value attributable to unitholders	<u>3,361,290</u>	<u>4,734,965</u>

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

14. Number Of Units In Circulation

	2019	2018
	No. Of Units	No. Of Units
At beginning of the financial year	8,407,000	10,603,000
Creation	19,000	521,000
Cancellation	(2,483,000)	(2,717,000)
At end of the financial year	<u>5,943,000</u>	<u>8,407,000</u>

15. Units Held By The Manager And Its Related Parties

	2019		2018	
	No. Of Units[^]	RM	No. Of Units[^]	RM
Manager	<u>2,847</u>	<u>1,611</u>	<u>3,733</u>	<u>2,103</u>

There were no units held by other related parties.

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

16. 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	Brokerage Fee* RM	% Of Total Brokerage Fees
Macquarie Capital Securities Ltd	303,881	46.53	760	47.56
Morgan Stanley & Co. Ltd	126,647	19.39	317	19.84
China International Capital Corporation HK Sec	104,045	15.93	260	16.27
Mitsubishi UFJ Securities International PLC	69,786	10.68	139	8.70
UBS Security Asia Ltd	48,763	7.47	122	7.63
	<u>653,122</u>	<u>100.00</u>	<u>1,598</u>	<u>100.00</u>

Excludes brokerage and other transaction fees.

* Only applicable to equity securities.

The transactions above are with non related parties.

17. 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'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 due to the following risks:

(a) Equity Price Risk

Equity price risk is the adverse changes in the fair value of equities as a result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's quoted investments.

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

Change In Equity Price (%)	Effect On Net Asset Value Attributable To Unitholders	
	Increase/(Decrease) 2019	2018
	RM	RM
+5/	154,974/	222,294/
(5)	<u>(154,974)</u>	<u>(222,294)</u>

(b) Interest Rate Risk

This risk refers to the effect of interest rate changes on the returns on deposits with financial institutions. In the event of reduction in interest rates, the returns on deposits with financial institutions will decrease, thus affecting the net asset value of the Fund. This risk will be minimised via the management of the duration structure of the deposits with financial institutions.

(c) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

The table below indicates the currencies to which the Fund had significant exposure at the reporting date on its net asset value. The analysis shows the currency risk concentration and calculates the effect on net asset value attributable to unitholders due to fluctuations in currency rates against the functional currency, with all other variables held constant.

	Currency Risk Concentration	As A % Of	Changes In	Effect On Net
	RM	Net Asset	Currency	Asset Value
		Value	Rates	Attributable To
			%	Unitholders
				RM
2019				
SGD	2,373,061	70.60	+5	118,653
2018				
SGD	3,540,399	74.77	+5	177,020

An equivalent decrease in the currency rates shown above would have resulted in an equivalent, but opposite impact.

(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, interest and proceeds from realisation of investments. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's net asset value and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk generally arises from 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 financial institutions with strong credit ratings.

(iii) Liquidity Risk

This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such 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 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 investments of the Fund.

(v) Single Issuer Risk

The Fund's exposure to 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 securities of any issuer is minimised.

18. Operating Segment

The Fund is jointly managed by the external investment manager, Lion Global Investors Limited (formerly known as Lion Capital Management Limited) and the Manager. The external investment manager will oversee the equity, equity related securities and collective investment schemes of the Fund while the Manager has control over the Malaysian money market instruments of the Fund. Accordingly, the Fund's investment income and segment assets, are analysed by the two segments:

- (i) Equity, equity related securities and collective investment schemes.
- (ii) Money market instruments.

Expenses of the Fund are not considered as part of the performance of any operating income segment.

Certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment.

	2019			2018		
	Equity, Equity Related Securities And Collective Investment Schemes RM	Money Market Instruments RM	Total RM	Equity, Equity Related Securities And Collective Investment Schemes RM	Money Market Instruments RM	Total RM
	Profit or Loss					
Total segment operating income	91,235	2,138	93,373	83,212	2,873	86,085
Unallocated expenses	-	-	(82,097)	-	-	(108,035)
Net income/(loss) before taxation	<u>91,235</u>	<u>2,138</u>	<u>11,276</u>	<u>83,212</u>	<u>2,873</u>	<u>(21,950)</u>
Assets						
Investments	3,099,488	-	3,099,488	4,445,870	-	4,445,870
Cash and cash equivalents	285,703	678	286,381	197,354	112,348	309,702
Other assets	<u>5,827</u>	<u>-</u>	<u>5,827</u>	<u>8,309</u>	<u>16</u>	<u>8,325</u>
Total segment assets	<u>3,391,018</u>	<u>678</u>	<u>3,391,696</u>	<u>4,651,533</u>	<u>112,364</u>	<u>4,763,897</u>
Unallocated assets	-	-	-	-	-	1,123
Total assets	<u>3,391,018</u>	<u>678</u>	<u>3,391,696</u>	<u>4,651,533</u>	<u>112,364</u>	<u>4,765,020</u>
Liabilities						
Total segment liabilities	-	-	-	-	-	-
Unallocated liabilities	-	-	30,406	-	-	30,055
Total liabilities	<u>-</u>	<u>-</u>	<u>30,406</u>	<u>-</u>	<u>-</u>	<u>30,055</u>

19. 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.

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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