

# ANNUAL REPORT

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For The Financial Year Ended 31 March 2019

## PACIFIC FOCUS CHINA FUND



*GROWING TOGETHER*

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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 Focus China 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	:	19 May 2009
		The Fund will continue its operations until terminated as provided under Clause 12 of the Deed.
Category Of Fund	:	Equity
Type Of Fund	:	Growth
Investment Objective	:	Pacific Focus China Fund aims to achieve attractive capital growth in the medium* to long term* by investing predominantly in equities and equity-related securities of companies listed in the greater China region which covers China, Hong Kong S.A.R. and Taiwan markets and may invest in companies listed in other markets that have significant or potentially significant business in the greater China region.
		<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	:	MSCI Golden Dragon Index (MXGD)
Distribution Policy	:	Income distribution, annually, subject to availability of income.
Fund Size	:	52.28 million units

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	95	13.16	0.27
	5,001-10,000 units	89	12.33	0.68
	10,001-50,000 units	314	43.49	7.79
	50,001-500,000 units	211	29.22	30.01
	500,001 units & above	13	1.80	13.53
	<b>Total</b>	<b>722</b>	<b>100.00</b>	<b>52.28</b>

## FUND PERFORMANCE

### Financial Highlights

Category	As At 31.3.2019	As At 31.3.2018	As At 31.3.2017
<b>Quoted Foreign Equity Securities</b>	%	%	%
- Hong Kong	62.03	57.08	72.41
- Taiwan	18.37	19.79	22.57
- United States Of America	14.46	16.73	9.68
	94.86	93.60	104.66 <sup>#</sup>
<b>Cash And Liquid Assets</b>	5.14	6.40	(4.66)
<b>Total</b>	100.00	100.00	100.00
Net Asset Value (RM'000) – ex-distribution	17,487	16,695	18,698
Number Of Units In Circulation (Units '000)	52,280	46,863	54,060
Net Asset Value Per Unit (RM)*	0.3345	0.3563	0.3459
Management Expense Ratio (“MER”) <sup>1</sup>	1.92%	2.02%	1.98%
Portfolio Turnover Ratio (times)	0.41	0.42	0.51

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

<sup>1</sup> The MER does not include brokerage and other transaction fees.

The Portfolio Turnover Ratio for the current financial year remains consistent with that of the previous financial year.

**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.

<sup>#</sup> The percentage rose to 104.66% of the net asset value post income distribution. This was subsequently reduced to 98.36% on 4 April 2017.

**Performance Data**

	Pacific Focus China Fund			MXGD <sup>#</sup>	
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period (1.4.2018 to 31.3.2019)	0.93%	0.93%		-0.66%	-0.66%
3 Years' Period (1.4.2016 to 31.3.2019)	47.06%	15.69%		45.82%	15.27%
5 Years' Period (1.4.2014 to 31.3.2019)	66.69%	13.34%		68.53%	13.71%
	<b>1.4.2018 to 31.3.2019</b>	<b>1.4.2017 to 31.3.2018</b>	<b>1.4.2016 to 31.3.2017</b>	<b>1.4.2015 to 31.3.2016</b>	<b>1.4.2014 to 31.3.2015</b>
Pacific Focus China Fund					
- Capital Return	-6.09%	3.01%	23.27%	-17.10%	27.64%
- Income Return	7.47%	7.02%	7.23%	7.13%	0.00%
- Total Return	0.93%	10.23%	32.18%	-11.20%	27.64%
MXGD <sup>#</sup>	-0.66%	10.99%	32.25%	-11.60%	30.75%
	<b>1.4.2018 to 31.3.2019</b>	<b>1.4.2017 to 31.3.2018</b>	<b>1.4.2016 to 31.3.2017</b>		
<b>Unit Prices</b>					
Highest NAV (RM)	0.3830	0.4196	0.3775		
Lowest NAV (RM)	0.3047	0.3428	0.2669		
<b>Distributions</b>					
Gross Distribution Per Unit (sen)	2.50 (29.3.2019)	2.50 (30.3.2018)	2.50 (31.3.2017)		
Net Distribution Per Unit (sen)	2.50 (29.3.2019)	2.50 (30.3.2018)	2.50 (31.3.2017)		
<b>Unit Splits</b>	-	-	-		

<sup>#</sup> The benchmark returns are adjusted by the movement of Ringgit Malaysia against foreign currencies.

**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**

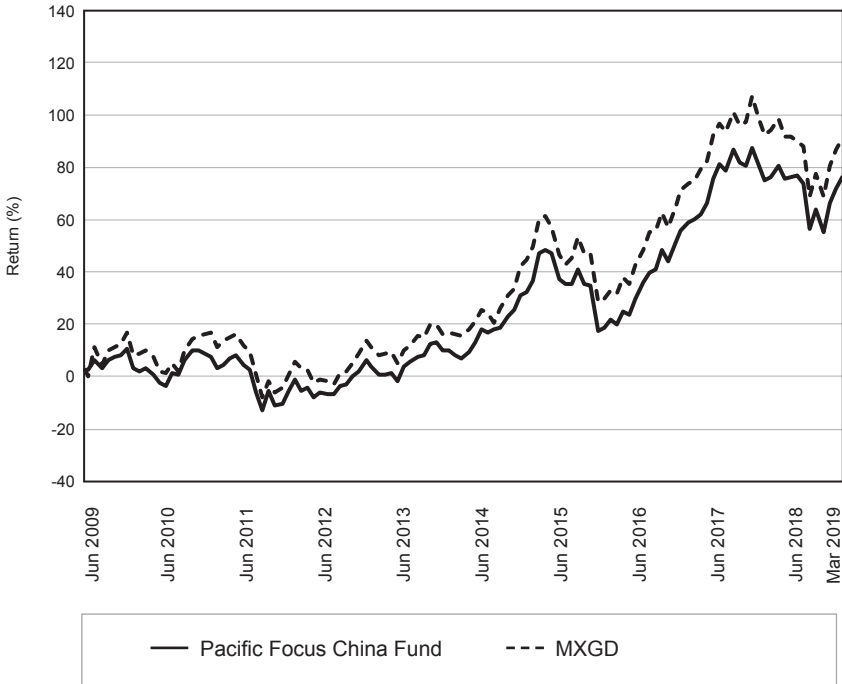
**Performance Review**

From 12 June 2009 (date of launch: 19 May 2009) to 31 March 2019, the Pacific Focus China Fund registered a total return of 76.82%, while its benchmark, the MSCI Golden Dragon Index (MXGD), rose 92.20%.

For the financial year under review (1 April 2018 to 31 March 2019), the Fund registered a total return of 0.93%. In comparison, its benchmark fell 0.66%.

The Fund has met its investment objective of achieving attractive capital growth in the medium to long term.

**Comparison Between Fund's Performance And Benchmark**



Source: Lipper

**Notes:**

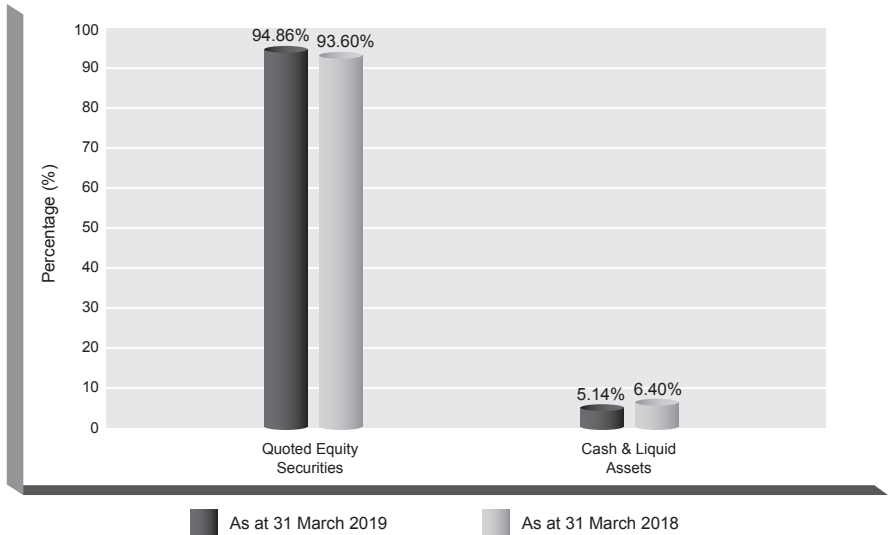
The benchmark returns are adjusted by the movement of Ringgit Malaysia against foreign currencies.



**Investment Strategy Review**

The Pacific Focus China Fund was slightly overweight in China, and underweight in Hong Kong and Taiwan. Although the country allocation detracted from performance, with MSCI Hong Kong outperforming both MSCI China and MSCI Taiwan, the overall outperformance of the Fund was the result of superior sector allocation and stock selection.

**Asset Allocation**



The quoted equity securities allocation of Pacific Focus China Fund increased to 94.86% as at 31 March 2019 from 93.60% recorded at the beginning of the financial year under review due to net equity purchases.

**Analysis Of Net Asset Value**

The net asset value (NAV) per unit of Pacific Focus China Fund decreased from RM0.3563 to RM0.3345 during the financial year under review. Meanwhile, total NAV of the Fund increased from RM16,694,719 to RM17,487,378 due to net fund inflows.

## **Market Review**

### **Review Of Greater China Equity Markets**

The market went through a period of great volatility during the period under review. The MSCI Golden Dragon Index declined as much as 22% between June 2018 and October 2018, due to escalating trade tensions between the US and China. On 15 June, the US announced a 25% tariff on USD50 billion of Chinese imports, and China retaliated with tariffs on the same Dollar value of US imports. Additional tariffs were announced in September by the US, with a threat of further increases at the beginning of 2019. The resulting concerns about the impact on exporters and their supply chain, and the likelihood of a growth slowdown weighed on the markets particularly in China and Taiwan. To mitigate the growth impact on the Chinese economy, policy makers rolled out a series of measures, including reserve requirement ratio (RRR) cuts, tax cuts and a strong push for infrastructure spending accompanied by easier credit. These helped to put a floor on the market negativity, and as we headed into 2019, both sides moved toward a more conciliatory tone in the trade negotiations, providing further relief for the markets. Global equity markets also benefited from the US Federal Reserve turning more dovish. With valuations having corrected to cheap levels, and investor positioning in equity markets low, the macroeconomic backdrop was good for a market rebound, which materialized in the January-March 2019 period.

During the reporting period, the consumer discretionary, healthcare and information technology sectors showed the largest declines, while the largest gains were seen in real estate, communication services and utilities. The Fund benefited from overweight positions in Financials and Materials, with insurers Ping An Insurance and AIA, and Chinese cement companies, Anhui Conch and CR Cement, among the key contributors to performance. Our overweight position in Langan Precision was the largest contributor in spite of the broader information technology sector's underperformance.

**Income Distribution**

	<b><u>Pacific Focus China Fund</u></b>
<b>Gross distribution per unit</b>	2.50 sen
<b>Net distribution per unit</b>	2.50 sen
<b>NAV per unit before declaration</b> (as at 29 March 2019)	RM0.3596
<b>NAV per unit after declaration</b> (as at 29 March 2019)	RM0.3346
<b>Unit Split</b> 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"> <li>• 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.</li> <li>• There were 5 branches listed, located in Penang, Ipoh, Melaka, Kuching and Kota Kinabalu.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The list of branches was removed. Latest contact details are available at <a href="http://www.pacificmutual.com.my">www.pacificmutual.com.my</a>.</li> </ul>
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>

	Previous Provision	New Provision
	<ul style="list-style-type: none"> <li>From a zero sales charge fund to a low/reduced/normal sales charge fund; or</li> <li>From a low sales charge fund to a reduced/normal sales charge fund.</li> </ul> <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>

\* 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 FOCUS CHINA FUND**

We, **CIMB COMMERCE TRUSTEE BERHAD** being the trustee of **PACIFIC FOCUS CHINA 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;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns by the Fund is relevant and reflects the investment objectives of the Fund.

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 19 to 43 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 FOCUS CHINA 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 FOCUS CHINA FUND**

### Report On The Audit Of The Financial Statements

#### *Opinion*

We have audited the financial statements of **PACIFIC FOCUS CHINA 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 19 to 43.

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

Kuala Lumpur, Malaysia  
7 May 2019



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

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2019**

	Note	2019 RM	2018 RM
<b>Assets</b>			
Investments	3	16,589,077	15,626,520
Dividend receivable		3,894	-
Interest receivable		449	185
Amount due from Manager	6	194,983	339,230
Cash and cash equivalents	5	2,061,090	1,951,119
<b>Total Assets</b>		<u>18,849,493</u>	<u>17,917,054</u>
<b>Liabilities</b>			
Amount due to Manager	6	25,173	26,645
Other payables		29,942	24,115
Distribution payable	13	1,307,000	1,171,575
<b>Total Liabilities</b>		<u>1,362,115</u>	<u>1,222,335</u>
<b>Net Asset Value Of The Fund</b>		<u>17,487,378</u>	<u>16,694,719</u>
<b>Equity</b>			
Unitholders' capital		7,817,880	6,479,947
Retained earnings		9,669,498	10,214,772
<b>Net Asset Value Attributable To Unitholders</b>	14	<u>17,487,378</u>	<u>16,694,719</u>
<b>Total Equity And Liabilities</b>		<u>18,849,493</u>	<u>17,917,054</u>
<b>Number Of Units In Circulation (Units)</b>	15	<u>52,280,000</u>	<u>46,863,000</u>
<b>Net Asset Value Per Unit (ex-distribution)</b>	14	<u>RM0.3345</u>	<u>RM0.3563</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
<b>Investment Income</b>			
Gross dividends from financial assets at fair value through profit or loss		326,993	371,978
Interest income		34,862	34,134
Net gains on investments			
- Financial assets at fair value through profit or loss		795,105	1,818,117
- Foreign exchange		147,142	510,120
Net unrealised gain/(loss) on foreign exchange		50,225	(4,121)
Net unrealised losses on changes in value of financial assets at fair value through profit or loss		(772,611)	(106,818)
		<u>581,716</u>	<u>2,623,410</u>
<b>Expenses</b>			
Audit fee		8,000	7,600
Tax agent's fee		15,574	13,729
Manager's fee	7	280,849	316,600
Trustee's fee	8	12,000	12,382
Custodian's fee	9	3,411	4,946
Brokerage and other transaction fees		63,497	75,552
Administration expenses		17,270	43,322
		<u>400,601</u>	<u>474,131</u>
<b>Net Income Before Taxation</b>		181,115	2,149,279
<b>Taxation</b>	12	-	-
<b>Net Income After Taxation</b>		<u>181,115</u>	<u>2,149,279</u>
<b>Total Comprehensive Income</b>		<u>181,115</u>	<u>2,149,279</u>
<b>Total Comprehensive Income Is Made Up As Follows:</b>			
Realised income		903,501	2,260,218
Unrealised losses		(722,386)	(110,939)
		<u>181,115</u>	<u>2,149,279</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	Net Asset Value Attributable To Unitholders RM
<b>At 1 April 2017</b>		8,505,341	10,192,861	18,698,202
Net income after taxation		-	2,149,279	2,149,279
Creation of units		7,149,714	-	7,149,714
Cancellation of units		(10,130,901)	-	(10,130,901)
Distribution	<b>13</b>	955,793	(2,127,368)	(1,171,575)
<b>At 31 March 2018</b>		<u>6,479,947</u>	<u>10,214,772</u>	<u>16,694,719</u>
<b>At 1 April 2018</b>		6,479,947	10,214,772	16,694,719
Net income after taxation		-	181,115	181,115
Creation of units		5,987,196	-	5,987,196
Cancellation of units		(4,068,652)	-	(4,068,652)
Distribution	<b>13</b>	(580,611)	(726,389)	(1,307,000)
<b>At 31 March 2019</b>		<u>7,817,880</u>	<u>9,669,498</u>	<u>17,487,378</u>

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

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating And Investing Activities</b>		
Proceeds from sale of investments	6,724,082	11,404,512
Purchase of investments	(7,583,329)	(5,203,984)
Dividends received	323,835	378,979
Interest received	34,598	33,959
Manager's fee paid	(282,680)	(320,927)
Trustee's fee paid	(10,544)	(12,901)
Custodian's fee paid	(3,085)	(5,056)
Payment for other fees and expenses	(51,864)	(88,087)
Net cash (used in)/generated from operating and investing activities	<u>(848,987)</u>	<u>6,186,495</u>
<b>Cash Flows From Financing Activities</b>		
Cash proceeds from units created	6,131,443	6,831,253
Cash paid on units cancelled	(4,068,293)	(10,200,853)
Distributions paid	(1,171,575)	(1,351,500)
Net cash generated from/(used in) financing activities	<u>891,575</u>	<u>(4,721,100)</u>
<b>Net Increase In Cash And Cash Equivalents</b>	42,588	1,465,395
<b>Effect Of Exchange Rate Changes</b>	67,383	(101,940)
<b>Cash And Cash Equivalents At Beginning Of Financial Year</b>	1,951,119	587,664
<b>Cash And Cash Equivalents At End Of Financial Year</b>	<u>2,061,090</u>	<u>1,951,119</u>
<b>Cash And Cash Equivalents Comprise:</b>		
Cash at banks	1,001,090	1,001,119
Deposits with financial institutions	1,060,000	950,000
	<u>2,061,090</u>	<u>1,951,119</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 Focus China Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 24 February 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 from time to time. The Fund was launched on 19 May 2009 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’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 initial application.

**Pronouncements issued but not yet effective:**

	<b>Effective dates for financial periods beginning on or after</b>
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.

*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 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 and dividend receivable), full impairment will be recognised on uncollected balances after the grace period.

**(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) 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.

**(m) 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.

**(n) 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**

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Financial Assets At Fair Value Through Profit Or Loss</b>		
Quoted investments		
- Equity securities	<u>16,589,077</u>	<u>15,626,520</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
<b>Hong Kong</b>				
<b>Automobiles &amp; Components</b>				
7,000	Geely Automobile Holdings Limited	76,429	54,590	0.31
<b>Banks</b>				
5,000	BOC Hong Kong (Holdings) Limited	49,774	84,484	0.48
293,320	China Construction Bank Corporation	816,058	1,026,305	5.87
10,000	China Merchants Bank Co., Ltd	105,826	198,342	1.13
		971,658	1,309,131	7.48
<b>Capital Goods</b>				
10,500	China Railway Construction Corporation Limited	57,254	56,118	0.32
52,000	CRRC Corporation Limited	194,362	200,058	1.14
18,500	Fosun International Limited	131,143	127,922	0.73
6,000	Zhuzhou CRRC Times Electric Co., Ltd.	140,373	144,740	0.83
		523,132	528,838	3.02
<b>Consumer Durables &amp; Apparel</b>				
5,000	ANTA Sports Products Limited	91,605	138,813	0.79
9,000	Haier Electronics Group Co., Ltd.	97,332	106,684	0.61
8,000	JNBY Design Limited	52,413	65,632	0.38
3,400	Sunny Optical Technology Group Co., Limited	169,470	165,718	0.95
		410,820	476,847	2.73
<b>Consumer Services</b>				
3,000	Galaxy Entertainment Group Limited	76,683	83,366	0.48
4,400	Sands China Ltd.	82,686	90,244	0.52
		159,369	173,610	1.00

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
<b>Diversified Financials</b>				
2,000	Hong Kong Exchanges & Clearing Limited	257,475	284,489	1.63
<b>Energy</b>				
70,000	China Petroleum & Chemical Corporation	201,904	225,273	1.29
45,000	CNOOC Limited	350,937	343,914	1.97
		552,841	569,187	3.26
<b>Exchange Traded Fund</b>				
14,800	ChinaAMC CSI 300 Index ETF	343,100	353,178	2.02
<b>Food, Beverage &amp; Tobacco</b>				
7,000	Health and Happiness H&H International Holdings Ltd	158,864	178,872	1.02
17,000	Uni-President China Holdings Ltd.	70,866	68,055	0.39
		229,730	246,927	1.41
<b>Health Care Equipment &amp; Services</b>				
8,000	Sinopharm Group Co. Ltd	168,455	136,006	0.78
<b>Insurance</b>				
23,000	AIA Group Limited	344,497	934,494	5.34
4,600	New China Life Insurance Company Ltd.	88,105	95,662	0.55
18,500	Ping An Insurance (Group) Company of China Limited	373,704	845,435	4.83
		806,306	1,875,591	10.72



Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
<b>Materials</b>				
4,000	Anhui Conch Cement Company Limited	96,680	99,717	0.57
418,000	China Forestry Holdings Company Ltd**	-	-	-
40,000	China Resources Cement Holdings Limited	134,884	168,448	0.96
		<u>231,564</u>	<u>268,165</u>	<u>1.53</u>
<b>Media &amp; Entertainment</b>				
8,800	Tencent Holdings Limited	497,476	1,651,618	9.44
<b>Pharma., Biotech. &amp; Life Sciences</b>				
19,000	Sino Biopharmaceutical Limited	41,814	70,727	0.40
6,000	WuXi Biologics (Cayman) Inc.	243,765	238,166	1.36
		<u>285,579</u>	<u>308,893</u>	<u>1.76</u>
<b>Real Estate</b>				
18,000	China Overseas Land & Investment Limited	269,198	278,874	1.59
50,000	CIFI Holdings Group Co Ltd.	134,393	154,670	0.88
10,000	CK Asset Holdings Limited	298,800	362,890	2.08
6,000	Link REIT	242,216	286,361	1.64
4,500	Sun Hung Kai Properties Limited	217,241	315,137	1.80
7,000	Sunac China Holdings Limited	131,556	142,297	0.81
5,200	Swire Properties Limited	81,965	91,243	0.52
		<u>1,375,369</u>	<u>1,631,472</u>	<u>9.32</u>
<b>Technology Hardware &amp; Equipment</b>				
8,000	Lenovo Group Limited	30,072	29,364	0.17

\*\* This security was suspended from trading and the cost and fair value had been written down to nil as there was no further news on this security.

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
<b>Telecommunication Services</b>				
2,500	China Mobile Limited	109,027	103,980	0.59
22,000	China Telecom Corporation Limited	44,855	49,869	0.29
10,000	China Unicom (Hong Kong) Limited	47,970	51,730	0.30
10,500	HKBN Ltd.	69,034	68,237	0.39
		<u>270,886</u>	<u>273,816</u>	<u>1.57</u>
<b>Transportation</b>				
140,000	Pacific Basin Shipping Limited	138,124	123,008	0.70
<b>Utilities</b>				
7,500	CK Infrastructure Holdings Limited	241,970	251,307	1.44
4,100	ENN Energy Holdings Ltd	84,656	161,788	0.93
18,000	Guangdong Investment Limited	132,833	141,870	0.81
		<u>459,459</u>	<u>554,965</u>	<u>3.18</u>
<b>Total Equity Securities - Hong Kong</b>		<u>7,787,844</u>	<u>10,849,695</u>	<u>62.03</u>
<b>Taiwan</b>				
<b>Banks</b>				
53,756	E.Sun Financial Holding Company Ltd	133,241	169,036	0.97
<b>Capital Goods</b>				
31,110	Aerospace Industrial Development Corporation (TW)	171,339	133,866	0.77
<b>Diversified Financials</b>				
6,000	Chailease Holding Co Ltd	93,616	100,094	0.57
<b>Insurance</b>				
31,000	Fubon Financial Holding Co., Ltd.	206,188	188,802	1.08
<b>Materials</b>				
13,000	Formosa Plastics Corporation	162,699	188,471	1.08

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
<b>Semiconductors &amp; Semi. Equipment</b>				
3,000	MediaTek Inc.	121,381	112,209	0.64
6,000	Nanya Technology Corp.	51,346	48,776	0.28
3,000	Novatek Microelectronics Corporation	53,680	78,646	0.45
4,000	Realtek Semiconductor Corp.	75,193	96,387	0.55
39,349	Taiwan Semiconductor Manufacturing Company, Ltd.	528,150	1,279,008	7.31
5,000	Visual Photonics Epitaxy Co., Ltd.	47,090	60,507	0.35
		<u>876,840</u>	<u>1,675,533</u>	<u>9.58</u>
<b>Technology Hardware &amp; Equipment</b>				
3,000	Getac Technology Corporation	16,418	20,416	0.12
12,907	Hon Hai Precision Industry Co., Ltd.	133,375	125,603	0.72
1,000	Largan Precision Company Limited	508,144	609,040	3.48
		<u>657,937</u>	<u>755,059</u>	<u>4.32</u>
<b>Total Equity Securities - Taiwan</b>		<u>2,301,860</u>	<u>3,210,861</u>	<u>18.37</u>
<b><u>United States of America</u></b>				
<b>Consumer Services</b>				
982	Melco Resorts & Entertainment Ltd	108,954	90,530	0.52
<b>Media &amp; Entertainment</b>				
545	Baidu, Inc.- SPON ADR	428,761	366,650	2.10
852	Momo Inc.-SPON ADR	138,002	132,961	0.76
200	Weibo Corp - SPON ADR	52,420	50,596	0.29
		<u>619,183</u>	<u>550,207</u>	<u>3.15</u>

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
	<b>Retailing</b>			
2,230	Alibaba Group Holding Limited	1,009,600	1,660,410	9.49
300	Baozun Inc. - SPN ADR	49,052	50,858	0.29
990	Ctrip.com International, Ltd. - ADR	183,033	176,516	1.01
		<u>1,241,685</u>	<u>1,887,784</u>	<u>10.79</u>
	<b>Total Equity Securities - United States of America</b>	<u>1,969,822</u>	<u>2,528,521</u>	<u>14.46</u>
	<b>TOTAL QUOTED INVESTMENTS</b>	<u>12,059,526</u>	<u>16,589,077</u>	<u>94.86</u>
	<b>UNREALISED GAIN FROM QUOTED INVESTMENTS</b>		<u>4,529,551</u>	

#### 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).

	<b>Level 1 RM</b>	<b>Total RM</b>
<b>2019</b>		
<b>Financial Assets At Fair Value Through Profit Or Loss</b>		
Quoted investments	<u>16,589,077</u>	<u>16,589,077</u>

<b>2018</b>		
<b>Financial Assets At Fair Value Through Profit Or Loss</b>		
Quoted investments	<u>15,626,520</u>	<u>15,626,520</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.

	<b>2019 RM</b>	<b>2018 RM</b>
Cash at banks:		
- Malaysia	367,333	437,795
- Outside Malaysia	<u>633,757</u>	<u>563,324</u>
	<u>1,001,090</u>	<u>1,001,119</u>
Deposits with licensed financial institutions:		
- Commercial bank	190,000	950,000
- Investment bank	<u>870,000</u>	<u>-</u>
	<u>1,060,000</u>	<u>950,000</u>
Cash and cash equivalents	<u>2,061,090</u>	<u>1,951,119</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	3.20	3.07	3	4
- Investment bank	3.35	-	1	-

#### 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 1.6% (2018: 1.6%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis.

#### 8. Trustee's Fee

The Trustee's fee provided in the financial statements is 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

	<b>2019</b>	<b>2018</b>
Portfolio turnover ratio ("PTR")	<u>0.41 times</u>	<u>0.42 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 remains consistent with that of the previous financial year.

## 11. Management Expense Ratio

	<b>2019</b>	<b>2018</b>
Management expense ratio ("MER") <sup>1</sup>	<u>1.92%</u>	<u>2.02%</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.

<sup>1</sup> The MER does not include brokerage and other transaction fees.

## 12. Taxation

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
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 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:

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Net income before taxation	<u>181,115</u>	<u>2,149,279</u>
Taxation at Malaysian statutory rate of 24%	43,468	515,827
Tax effects of:		
Income not subject to tax	(325,039)	(656,244)
Losses not subject to tax	185,427	26,625
Expenses not deductible for tax purpose	25,152	33,882
Restriction on tax deductible expenses for unit trust funds	<u>70,992</u>	<u>79,910</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

**13. Distribution**

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Net final distribution, to be paid on 4 April 2019/ paid on 5 April 2018	<u>1,307,000</u>	<u>1,171,575</u>
Distribution to unitholders is from the following sources:		
Dividend income	262,487	349,996
Interest income	27,830	32,041
Realised gain on sale of investments	756,369	2,190,650
Distribution equalisation	580,611	(955,793)
	<u>1,627,297</u>	<u>1,616,894</u>
Less:		
Expenses	<u>(320,297)</u>	<u>(445,319)</u>
	<u>1,307,000</u>	<u>1,171,575</u>
Gross distribution per unit (sen)	2.50	2.50
Net distribution per unit (sen)	2.50	2.50

The unrealised gains arising from investments at the reporting date was RM4,529,551 (2018: RM5,302,161).

**14. Net Asset Value Attributable To Unitholders**

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Unitholders' capital	7,817,880	6,479,947
Retained earnings		
- Realised reserves	5,099,229	4,922,117
- Unrealised reserves	4,570,269	5,292,655
Net asset value attributable to unitholders	<u>17,487,378</u>	<u>16,694,719</u>

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

**15. Number Of Units In Circulation**

	<b>2019</b>	<b>2018</b>
	<b>No. Of Units</b>	<b>No. Of Units</b>
At beginning of the financial year	46,863,000	54,060,000
Creation	17,756,000	19,396,000
Cancellation	(12,339,000)	(26,593,000)
At end of the financial year	<u>52,280,000</u>	<u>46,863,000</u>



## 16. Units Held By The Manager And Its Related Parties

	2019		2018	
	No. Of Units <sup>^</sup>	RM	No. Of Units <sup>^</sup>	RM
Manager	17,291	6,218	478,663	182,514

There were no units held by other related parties.

<sup>^</sup> 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 <sup>#</sup> RM	% Of Total Trades	Brokerage Fee* RM	% Of Total Brokerage Fees
Morgan Stanley & Co. Ltd	2,409,914	16.87	6,025	17.66
Citigroup Global Markets Ltd	2,310,127	16.16	5,929	17.38
Credit Suisse Securities (Singapore) Pte Ltd	2,070,658	14.49	4,586	13.44
UBS Security Asia Ltd	2,065,461	14.45	5,163	15.13
China International Capital Corporation HK Sec	1,475,150	10.32	3,688	10.81
Merrill Lynch Pierce Fenner & Smith	1,025,704	7.18	1,933	5.67
Deutsche Securities Asia Ltd	645,403	4.52	1,739	5.10
CLSA (Singapore) Pte Ltd	554,867	3.88	1,387	4.07
Goldman Sachs & Co. New York	522,210	3.65	466	1.37
JP Morgan Securities (Asia Pacific) Limited	438,727	3.07	1,400	4.10
Others	773,665	5.41	1,799	5.27
	<u>14,291,886</u>	<u>100.00</u>	<u>34,115</u>	<u>100.00</u>

<sup>#</sup> Excludes brokerage and other transaction fees.

\* Only applicable to equity securities.

The transactions above are from 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) **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/	829,454/	781,326/
(5)	<u>(829,454)</u>	<u>(781,326)</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		Changes In	Effect On Net
	As A % Of	Net Asset	Currency	Asset Value
	Value	Value	Rates	Attributable To
	RM		%	Unitholders
				RM
<b>2019</b>				
HKD	10,853,588	62.07	+5	542,679
TWD	3,304,494	18.90	+5	165,225
USD	3,052,307	17.45	+5	152,615
<b>2018</b>				
HKD	13,539,141	72.41	+5	676,957
TWD	4,230,391	22.62	+5	211,520
USD	2,023,855	10.82	+5	101,193

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.

**19. 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 offshore equity and equity related securities of the Fund while the Manager has control over the money market instruments of the Fund. Accordingly, the Fund's investment income and segment assets, are analysed by two segments:

(i) Equity and equity related securities.

(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.

	Equity, And Securities RM	2019 Money Market Instruments RM	Total RM	Equity, And Securities RM	2018 Money Market Instruments RM	Total RM
<b>Profit or Loss</b>						
Total segment operating income	546,854	34,862	581,716	2,589,276	34,134	2,623,410
Unallocated expenses	-	-	(400,601)	-	-	(474,131)
Net income before taxation	<u>546,854</u>	<u>34,862</u>	<u>181,115</u>	<u>2,589,276</u>	<u>34,134</u>	<u>2,149,279</u>
<b>Assets</b>						
Investments	16,589,077	-	16,589,077	15,626,520	-	15,626,520
Cash and cash equivalents	990,700	1,070,390	2,061,090	989,005	962,114	1,951,119
Other assets	<u>3,894</u>	<u>449</u>	<u>4,343</u>	<u>-</u>	<u>185</u>	<u>185</u>
Total segment assets	<u>17,583,671</u>	<u>1,070,839</u>	<u>18,654,510</u>	<u>16,615,525</u>	<u>962,299</u>	<u>17,577,824</u>
Unallocated assets	-	-	<u>194,983</u>	-	-	<u>339,230</u>
Total assets	<u>17,583,671</u>	<u>1,070,839</u>	<u>18,849,493</u>	<u>16,615,525</u>	<u>962,299</u>	<u>17,917,054</u>
<b>Liabilities</b>						
Total segment liabilities	-	-	-	-	-	-
Unallocated liabilities	-	-	<u>1,362,115</u>	-	-	<u>1,222,335</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,362,115</u>	<u>-</u>	<u>-</u>	<u>1,222,335</u>

## 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.

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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.*

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