

ANNUAL REPORT

For The Financial Year Ended 30 June 2018

PMF OPPORTUNITY TRUSTS
**PACIFIC
MILLENNIUM
FUND**
&
**PACIFIC
RECOVERY
FUND**



www.pacificmutual.com.my

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

GROWING TOGETHER

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FUND INFORMATION

As at 30 June 2018

Pacific Millennium Fund

Name Of Fund : Pacific Millennium Fund

Manager Of Fund : Pacific Mutual Fund Bhd (336059-U)

Launch Date : 15 April 1999

The Fund will continue its operations until terminated as provided under Clause 12 of the Deed.

Category Of Fund : Equity

Type Of Fund : Growth and income

Investment Objective : Pacific Millennium Fund aims to achieve long-term* capital growth, with income[□] as its secondary objective, by investing mainly in fundamentally sound large market capitalisation companies and also any other investments as may be permitted by the Securities Commission from time to time.

* Long term is defined as a period of more than three years.

□ Income is in reference to the Fund's distribution, which could be in the form of cash or unit.

Performance Benchmark : Since inception until 5 July 2009 – Kuala Lumpur Composite Index (KLCI)
From 6 July 2009 onwards – FTSE Bursa Malaysia Top 100 Index (FBM 100)

Distribution Policy : Distribution of income, if any, will be made once a year.

Fund Size : 49.12 million units

Breakdown Of Unitholdings	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	205	14.72	0.62
	5,001-10,000 units	232	16.65	1.70
	10,001-50,000 units	687	49.32	16.57
	50,001-500,000 units	265	19.02	27.17
	500,001 units & above	4	0.29	3.05
	Total	1,393	100.00	49.12

Pacific Recovery Fund

Name Of Fund	: Pacific Recovery Fund
Manager Of Fund	: Pacific Mutual Fund Bhd (336059-U)
Launch Date	: 15 April 1999
	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 Recovery Fund aims to provide above average returns in the form of capital growth over a medium* to long-term* period by investing mainly in cyclical stocks, stocks that are likely to be crisis survivors as well as stocks that are undergoing restructuring, which may offer considerable recovery prospects and also any other investments as may be permitted by the Securities Commission from time to time. As this Fund concentrates on capital appreciation, there will be little or no income distribution.
	<i>* Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
Performance Benchmark	: Since inception until 5 July 2009 – Kuala Lumpur Composite Index (KLCI) From 6 July 2009 onwards – FTSE Bursa Malaysia Top 100 Index (FBM 100)
Distribution Policy	: Distribution of income, if any, will be made once a year.
Fund Size	: 99.27 million units

Breakdown Of Unitholdings	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	367	15.39	1.06
	5,001-10,000 units	387	16.23	2.84
	10,001-50,000 units	1,130	47.40	27.28
	50,001-500,000 units	488	20.47	52.41
	500,001 units & above	12	0.50	15.68
	Total	2,384	100.00	99.27

FUND PERFORMANCE

Financial Highlights

Category	Pacific Millennium Fund		
	As At 30.6.2018	As At 30.6.2017	As At 30.6.2016
Quoted Equity Securities	%	%	%
Banks	26.52	26.70	22.86
Capital Goods	3.72	16.65	13.10
Consumer Durables & Apparel	-	-	2.32
Consumer Services	3.80	4.87	4.76
Diversified Financials	1.15	-	-
Energy	7.15	3.19	2.26
Food, Beverage & Tobacco	12.03	5.28	7.62
Health Care Equipment & Services	1.88	2.05	3.67
Household & Personal Products	-	1.24	-
Materials	3.03	2.17	5.17
Media	-	3.37	0.78
Real Estate	5.05	1.62	2.84
Technology Hardware & Equipment	-	2.07	2.02
Telecommunication Services	5.68	7.70	8.40
Transportation	3.66	2.44	3.30
Utilities	8.74	12.11	10.43
	82.41	91.46	89.53
Warrants	0.98	-	-
Quoted Loan Stocks	2.32	-	-
Collective Investment Scheme	1.24	0.64	-
Cash And Liquid Assets	13.05	7.90	10.47
Total	100.00	100.00	100.00
Net Asset Value (RM'000) – ex-distribution	20,741	23,685	23,416
Number Of Units In Circulation (Units '000)	49,115	54,515	56,051
Net Asset Value Per Unit (RM)*	0.4223	0.4345	0.4178
Management Expense Ratio ("MER") ¹	1.79%	1.79%	1.81%
Portfolio Turnover Ratio (times)	1.22	0.67	1.27

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

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.

** Price quoted is ex-distribution.*

Pacific Recovery Fund

Category	As At	As At	As At
	30.6.2018	30.6.2017	30.6.2016
Quoted Equity Securities	%	%	%
Automobiles & Components	-	1.58	0.50
Banks	15.56	10.23	14.56
Capital Goods	6.59	14.78	17.01
Commercial & Professional Services	-	-	1.47
Consumer Durables & Apparel	-	3.61	2.84
Consumer Services	4.03	5.53	5.05
Energy	12.68	6.53	0.49
Food, Beverage & Tobacco	15.62	5.98	5.35
Health Care Equipment & Services	3.65	1.55	1.93
Materials	6.25	8.60	6.47
Real Estate	12.29	7.62	12.61
Retailing	3.87	-	-
Semiconductors & Semi. Equipment	-	1.10	0.89
Software & Services	-	2.13	-
Technology Hardware & Equipment	-	6.15	2.00
Telecommunication Services	2.93	6.77	6.09
Transportation	-	1.79	2.40
Utilities	5.42	10.69	10.05
	88.89	94.64	89.71
Warrants	-	0.34	0.17
Collective Investment Scheme	6.56	5.01	4.96
Cash And Liquid Assets	4.55	0.01	5.16
Total	100.00	100.00	100.00
Net Asset Value (RM'000) – ex-distribution	44,141	50,119	48,730
Number Of Units In Circulation (Units '000)	99,272	105,421	107,009
Net Asset Value Per Unit (RM)*	0.4447	0.4755	0.4554
Management Expense Ratio (“MER”) ¹	1.68%	1.71%	1.73%
Portfolio Turnover Ratio (times)	1.15	0.86	0.82

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

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.

** Price quoted is ex-distribution.*

Performance Data

	Pacific Millennium Fund			FBM 100	
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period (1.7.2017 to 30.6.2018)	3.68%	3.68%		-3.90%	-3.90%
3 Years' Period (1.7.2015 to 30.6.2018)	5.24%	1.75%		2.61%	0.87%
5 Years' Period (1.7.2013 to 30.6.2018)	0.16%	0.03%		-2.67%	-0.53%
	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2015 to 30.6.2016	1.7.2014 to 30.6.2015	1.7.2013 to 30.6.2014
Pacific Millennium Fund					
- Capital Return	-2.11%	3.75%	-12.79%	-19.62%	-1.17%
- Income Return	5.92%	4.63%	7.21%	10.48%	8.43%
- Total Return	3.68%	8.56%	-6.50%	-11.19%	7.16%
FBM 100	-3.90%	8.87%	-1.93%	-9.62%	4.95%
	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2015 to 30.6.2016		
Unit Prices					
Highest NAV (RM)	0.4799	0.4585	0.4865		
Lowest NAV (RM)	0.4224*	0.4140	0.4178*		
Distributions					
Gross Distribution Per Unit (sen)	2.50 (29.6.2018)	2.00 (30.6.2017)	3.00 (30.6.2016)		
Net Distribution Per Unit (sen)	2.50 (29.6.2018)	1.70 (30.6.2017)	2.81 (30.6.2016)		
Unit Splits	-	-	-		

* Price quoted is ex-distribution price.

Notes:

- All figures pertaining to the Fund's return were extracted from Lipper.
- 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 Recovery Fund		FBM 100	
	Total Return	Average Annual Return	Total Return	Average Annual Return
1 Year's Period (1.7.2017 to 30.6.2018)	-0.42%	-0.42%	-3.90%	-3.90%
3 Years' Period (1.7.2015 to 30.6.2018)	8.62%	2.87%	2.61%	0.87%
5 Years' Period (1.7.2013 to 30.6.2018)	5.22%	1.04%	-2.67%	-0.53%
	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2015 to 30.6.2016	1.7.2014 to 30.6.2015
Pacific Recovery Fund				1.7.2013 to 30.6.2014
- Capital Return	-6.75%	4.80%	-10.95%	-19.00%
- Income Return	6.79%	7.39%	8.85%	7.88%
- Total Return	-0.42%	12.54%	-3.07%	10.85%
FBM 100	-3.90%	8.87%	-1.93%	-9.62%
	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2015 to 30.6.2016	
Unit Prices				
Highest NAV (RM)	0.5188	0.5195	0.5201	
Lowest NAV (RM)	0.4447*	0.4537	0.4554*	
Distributions				
Gross Distribution Per Unit (sen)	3.00 (29.6.2018)	3.50 (30.6.2017)	4.00 (30.6.2016)	
Net Distribution Per Unit (sen)	2.72 (29.6.2018)	3.34 (30.6.2017)	3.68 (30.6.2016)	
Unit Splits	-	-	-	

* Price quoted is ex-distribution price.

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
30 June 2018

Performance Review

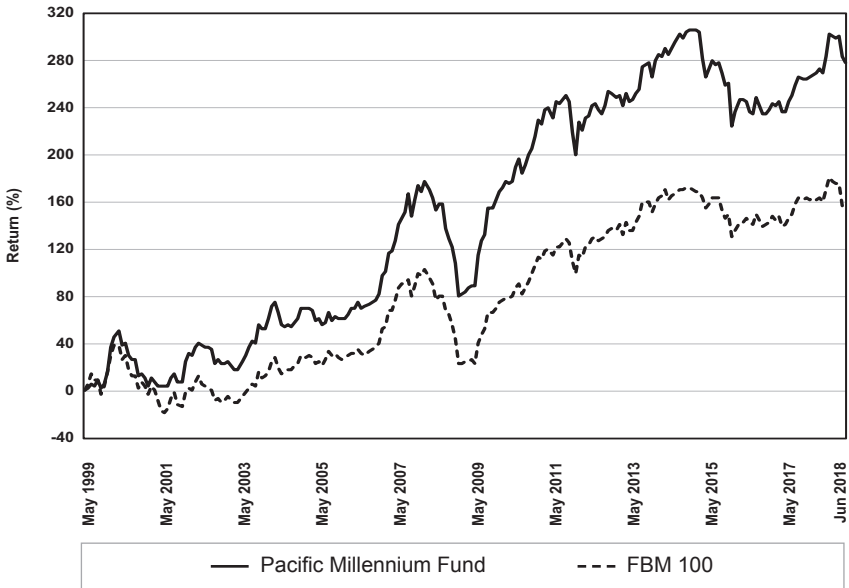
Pacific Millennium Fund

From 6 May 1999 (date of launch: 15 April 1999) to 30 June 2018, the Pacific Millennium Fund registered a total return of 278.62%, while its benchmark, the FTSE Bursa Malaysia Top 100 Index (FBM 100), rose 153.01%.

For the financial year under review (1 July 2017 to 30 June 2018), the Fund registered a total return of 3.68%. In comparison, its benchmark fell 3.90%.

The Fund has met its investment objective of achieving long-term capital growth.

Comparison Between Fund's Performance And Benchmark



Source: Lipper

Pacific Recovery Fund

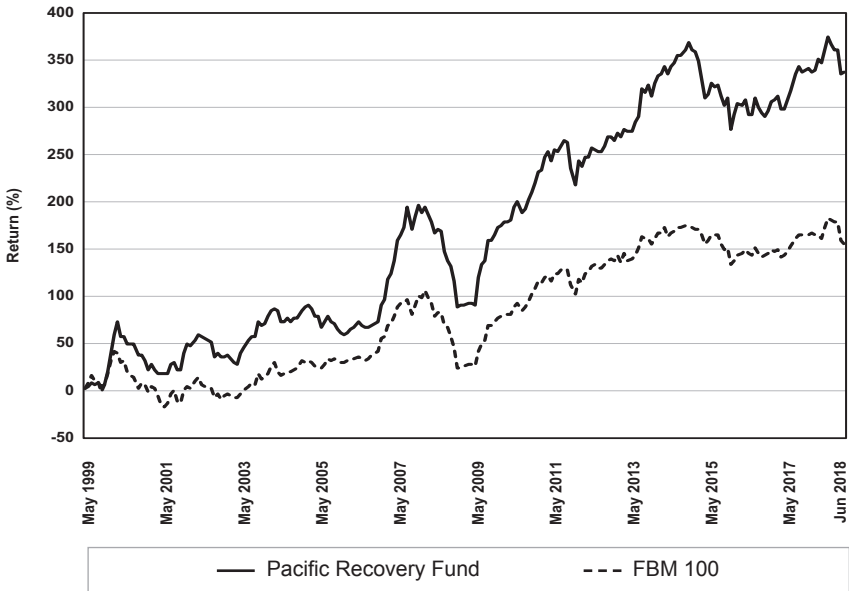
From 6 May 1999 (date of launch: 15 April 1999) to 30 June 2018, the Pacific Recovery Fund registered a total return of 336.30%, while its benchmark, the FTSE Bursa Malaysia Top 100 Index (FBM 100), rose 153.01%.

For the financial year under review (1 July 2017 to 30 June 2018), the Fund registered a total return of -0.42%. In comparison, its benchmark fell 3.90%.

Based on the 10 years’ and since inception annual average returns of the Fund, the Fund has met its investment objective of providing above average returns in the form of capital growth over a long-term period.

Based on the one year’, three years’ and five years’ average annual returns of the Fund, Pacific Recovery Fund did not meet its investment objective of providing above average returns in the form of capital growth over a medium-term period. However during these periods, the Fund has outperformed its benchmark, the FTSE Bursa Malaysia Top 100 Index (FBM 100).

Comparison Between Fund’s Performance And Benchmark



Source: Lipper

Investment Strategy Review

Pacific Millennium Fund

Owing to the market rally in the first half of the year, the FBM KLCI touched a high of 1,791.31 points in June 2017. In view of the demanding valuations (with forward PE trading at +1.5 standard deviations above five-year mean), the Pacific Millennium Fund was a net seller in the month of July and August 2017, trimming equity exposure to 81.4%. On the backdrop of crude oil price recovery, Ringgit appreciation, and robust economic data releases including stronger-than-expected industrial production and trade numbers, the Fund gradually increased its equity exposure back to 83.5% in September. In anticipation of a market-friendly Budget 2018, the Fund raised equity allocation further to 93.0% by end-October, before trimming some positions in November to realise profits. Despite the release of stronger-than-expected third quarter 2017 GDP numbers and the sharp Ringgit recovery in November, the FBM KLCI sank to a low of 1,708.48 points in early December, bringing valuation to compelling levels. The Fund turned net buyer in December, bringing equity exposure to 92.2% by the end of 2017.

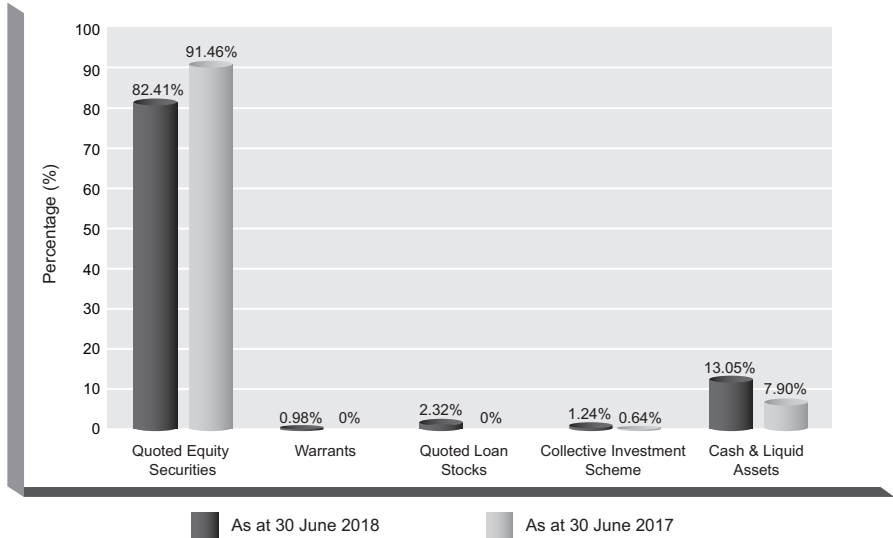
Markets rallied in December and January on buoyant global sentiment post the approval of the US tax reform bill and a strong Ringgit which was driven by a Bank Negara rate hike. The Fund took profit gradually during the first quarter 2018 ending February and March with equity exposures of around 90% and 85% respectively. The Fund decrease its equity exposure further after the surprise election win of Pakatan Harapan saw a shake-up of government policies, earnings uncertainty and an internal call towards a more defensive stance. End-May equity allocation was around 80%. The Fund maintained a defensive stance in June as the threat of a trade war loomed and domestic policies remained fluid.

Pacific Recovery Fund

The Pacific Recovery Fund started the financial year under review with equity exposure of 95% but reduced its equity allocation gradually to 92.74% and 91.15% in July and August 2017 respectively following a disappointing earnings season. A mildly positive Budget 2018 in October was not enough to excite the market which caused Malaysian equities to trend lower in October despite the Ringgit strength and Sime Darby's demerger exercise. The Fund took the opportunity to bring down equities exposure further to 89.71% in October and 86.2% in November. The Fund however increased its equity exposure in December to 88.68% as valuations turned more attractive after the market sell-off.

The second half of the financial year was a very challenging one with high volatility and uncertainty in local and global markets. The average equity allocation for the Fund throughout the review period ranged between 85% and 90%. In January, the Fund's underweight in banking stocks led to the underperformance of the Fund versus the benchmark. Following GE14, the portfolio suffered losses due to the sell down of various sectors, particularly the construction sector which the Fund was overweight in. The losses however were offset by the overweight positions in the consumer and oil and gas sectors. The Fund's underweight in the telco space also contributed to the performance of the Fund. Going into the new financial year, the Fund will maintain an equity allocation of between 80-85% given the uncertainty in global financial markets caused by fears of a trade war and foreign fund outflows from the region.

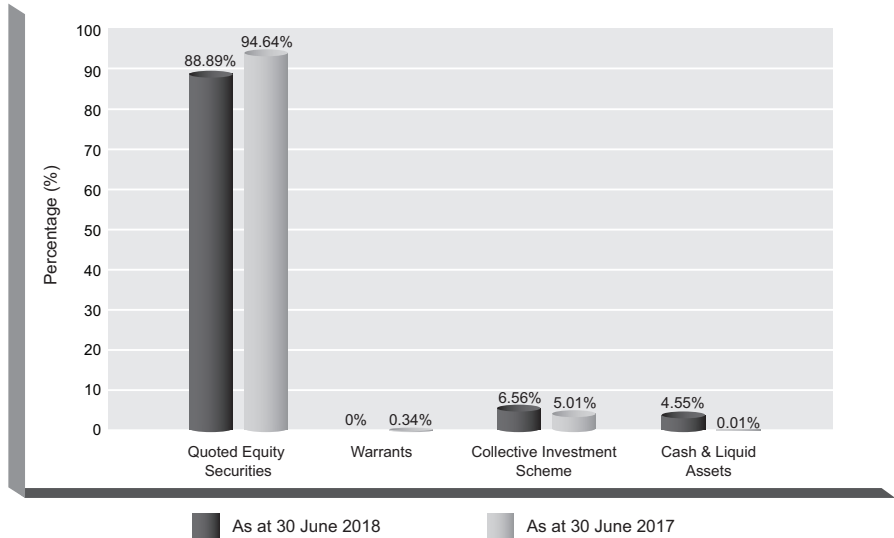
Asset Allocation
Pacific Millennium Fund



The quoted equity securities allocation (inclusive of warrants and quoted loan stocks) of Pacific Millennium Fund decreased to 85.71% as at 30 June 2018 from 91.46% recorded at the beginning of the financial year under review due to net equity sales.

The 1.24% in collective investment scheme was placed in the Pacific OCBC Cash Fund (0.76%), a money market fund, and Pacific Islamic Deposit Fund (0.48%), an Islamic money market fund. Both Funds are managed by the Manager. Such investments are in line with the objective of Pacific Millennium Fund and are an efficient way to manage the exposure of Pacific Millennium Fund in fixed income securities. The exposure of Pacific Millennium Fund in the collective investment scheme is taken into account when assessing the asset allocation of Pacific Millennium Fund in liquid assets and fixed income securities respectively. Management fee on the collective investment scheme managed by the Manager is rebated to the Fund.

Pacific Recovery Fund



The quoted equity securities allocation (inclusive of warrants) of Pacific Recovery Fund decreased to 88.89% as at 30 June 2018 from 94.98% recorded at the beginning of the financial year under review due to net selling of equities.

The 6.56% in collective investment scheme was placed in the Pacific Dana Murni (5.29%), a sukuk fund, and Pacific OCBC Cash Fund (0.69%) and Pacific Cash Fund (0.58%), both are money market funds. All are Funds managed by the Manager. Such investments are in line with the objective of Pacific Recovery Fund and are an efficient way to manage the exposure of Pacific Recovery Fund in fixed income securities. The exposure of Pacific Recovery Fund in the collective investment scheme is taken into account when assessing the asset allocation of Pacific Recovery Fund in liquid assets and fixed income securities respectively. Management fee on the collective investment scheme managed by the Manager is rebated to the Fund.

Analysis Of Net Asset Value

Pacific Millennium Fund

The net asset value (NAV) per unit of Pacific Millennium Fund decreased from RM0.4345 to RM0.4223 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM23,684,819 to RM20,740,871 mainly due to fund redemptions.

Pacific Recovery Fund

The net asset value (NAV) per unit of Pacific Recovery Fund decreased from RM0.4755 to RM0.4447 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM50,118,892 to RM44,140,923 mainly due to both fund redemptions and lower equity prices.

Market Review

Equity Market Review

The first nine months of the financial year under review were relatively good months for the benchmark FBM KLCI which gained +5.7% between July 2017 and March 2018. The local market however experienced a period of consolidation in the last three months which saw the benchmark index falling 9.2%, to close -4.1% for the fiscal year.

The local bourse began the financial year under review on a quiet note in July and August 2017, gaining only 0.54%, despite GDP growth numbers for the second quarter of 2017 coming in strong at +5.8%, marking the fourth straight quarter of acceleration. June's industrial production index also expanded by +4% year-on-year due to a rebound in mining output despite lower electricity and manufacturing output due to the festive period. The lacklustre performance could have been due to escalating tensions in the North Korean peninsula and negative headlines relating to 1MDB's failure to make a USD600 million payment to Abu Dhabi's International Petroleum Investment Company.

The FBM KLCI continued to trend lower in October, in contrast to the global equities rally during the month. The underperformance came despite the tabling of a positive Budget 2018, which would benefit civil servants, B40 and M40 households, SMEs, and infrastructure companies. Attributable to profit-taking activities, the selling pressure remained unabated in November, despite Ringgit's strength and highly anticipated demerger exercise by Sime Darby. Amidst a traditionally quiet December, both foreign and local funds returned to the market. Buying activities intensified towards month end, pushing the FBM KLCI to the year's high of 1,796.81 points on the last trading day. Blue chips and PNB-related counters were main gainers during the rebound.

Global markets were mostly positive at the start of the year, underpinned by stronger economic data and synchronized global growth. The Malaysian bourse was not left out, gaining 71.8 points, or 4% to close at 1,868 points, the highest closing since September 2014. The gains were driven by foreign fund inflows as the strong Ringgit performance and higher crude oil prices presented a lure for foreign investors. February was a volatile month however as a sell-off in the US bond market triggered a global market correction. The FBM KLCI was not spared in the sell-off but managed to rebound from its lowest point of 1,812 on 6 February to close at 1,856, down only -0.7% for the month, outperforming the MSCI Asia Pacific ex Japan Index (MXASJ) which fell 5%.

April was another good month for the Malaysian market with the benchmark FBM KLCI gaining 0.4% for the month, driven by net foreign buying to the tune of RM1.5 billion, and outperforming the MXASJ which lost -0.1%. The then Prime Minister Najib called for the dissolution of the parliament on 7 April with elections set for 9 May. It was widely expected that Barisan Nasional would continue its record as the longest ruling coalition party in a democratic nation.

As the election results trickled out in the wee hours of the morning of 10 May, it had become evident that history was about to be made. The surprise win of the opposition coalition, Pakatan Harapan had a devastating effect on the Malaysian bourse as the FBM KLCI plummeted 6.9% in the month, reversing all of its gains for the year and ended down -3.1% for the year ended May. Many stocks were sold down aggressively with stocks hitting the limit down target set by the Bursa exchange. Stocks that had close political relations to the previous government along with construction related stocks suffered the brunt of the selling as mega construction projects were called off.

The month of June fared no better for the local stock market which continued its sell down, along with global markets on fears of a global trade war escalation. President Donald Trump directed the US Trade Representative to identify USD200 billion worth of Chinese goods for potential additional tariffs at a rate of 10% if China retaliated with its own set of tariffs. Beijing vowed further retaliation. Foreigners were net sellers of RM4.9 billion in June, bringing first half 2018 foreign net selling to RM6.8 billion versus net inflow of RM10.8 billion in 2017.

Malaysia's economy expanded 5.4% year-on-year in the first quarter of 2018, stronger than consensus expectation of 5.6% year-on-year but slower than 5.9% year-on-year in the fourth quarter of 2017. The drag was due to slower domestic demand, government consumption and investments but offset by higher contribution from net trade. From a sector perspective, growth in agriculture fell to 2.8% year-on-year in first quarter 2018 from 10.7% year-on-year in fourth quarter 2017 due to high base effect as palm oil and rubber production staged strong recovering last year. Other sectors that fell include manufacturing and construction, but the service industry grew at a faster pace (+6.5% year-on-year in first quarter 2018 versus +6.2% year-on-year in fourth quarter 2017) thanks to a pick-up in the insurance industry.

Current account surplus widened to RM15.0 billion or 4.4% of GDP in first quarter 2018 due to higher goods surplus and narrower services deficit. The financial account more than doubled quarter-on-quarter due to an influx of net direct investment and other investment. However, Malaysians were investing more in overseas due to favourable market conditions which caused the portfolio account to sink to a deficit of RM2.6 billion in first quarter 2018.

Headline inflation rose up to 1.8% year-on-year in May, on par with consensus estimate but higher than in April (+1.4% year-on-year). Transport inflation surged to 3.8% year-on-year in May, due to higher global oil prices which resulted in higher retail fuel prices and air fares. Food inflation were subdued despite the Ramadan month in May (+2.2% year-on-year versus +2.6% year-on-year in April), due to smaller price gains for food at home. As of May 2018, CPI is at 1.7% year-on-year.

Malaysia's international reserves amounted to USD104.7 billion as at 29 June 2018 compared with USD107.9 billion as at 14 June 2018. This is equivalent to 7.5 months of retained imports and 1.1 times the short-term external debt.

As anticipated, Bank Negara Malaysia kept its overnight policy rate unchanged at 3.25% at the Monetary Policy meeting in May. The central bank highlighted that the monetary policy is accommodative and supportive of local economic activity.

Income Distribution

	<u>Pacific Millennium Fund</u>	<u>Pacific Recovery Fund</u>
Gross distribution per unit	2.50 sen	3.00 sen
Net distribution per unit	2.50 sen	2.72 sen
NAV per unit before declaration (as at 29 June 2018)	RM0.4474	RM0.4719
NAV per unit after declaration (as at 29 June 2018)	RM0.4224	RM0.4447

Unit Split Nil

Significant Changes In The State Of Affairs Of The Funds

Appended below are the changes to the Funds as per third supplementary master prospectus dated 30 January 2018:

	Previous Provision	New Provision
Investment Committee Members [^]	Gerard Lee How Cheng James Tan Thian Peng Mej. Jen. (B) Dato' Paduka Che Hasni bin Che Ahmad Dato' Ahmad Zahudi bin Haji Salleh Ong Eu Jin* Datuk Lee Say Tshin*	Gerard Lee How Cheng James Tan Thian Peng Muhammad 'Azmi bin Mohd Rafai Dato' Ahmad Zahudi bin Haji Salleh Ong Eu Jin* Datuk Lee Say Tshin*
Prudential Control	<p>The Legal & Compliance department is responsible for compliance matters and liaises with the Securities Commission to ensure that all laws, regulations, code of conduct and prudential limits are followed.</p> <p>The Head of Legal & Compliance is the designated person responsible for compliance and she reports to the Board of Directors on compliance matters. In the event that the Head of Legal & Compliance is absent, or has resigned, the next-person-in-line will be the designated person responsible for compliance matters until such position is filled.</p>	<p>The Legal & Compliance department is responsible for compliance matters and liaises with the Securities Commission to ensure that all laws, regulations, code of conduct and prudential limits are followed.</p> <p>The Head of Legal & Compliance is the designated person responsible for compliance and reports to the Board of Directors on compliance matters. In the event that the Head of Legal & Compliance is absent, or has resigned, the next-person-in-line will be the designated person responsible for compliance matters until such position is filled.</p>
List Of Pacific Mutual Fund Bhd Offices, Agency Offices And Institutional Unit Trust Advisers	There were 7 branches listed, located in Penang, Ipoh, Melaka, Johor, Miri, Kuching and Kota Kinabalu.	The Johor and Miri branches were removed as they are no longer in operation. Hence, there are now 5 branches in operation, located in Penang, Ipoh, Melaka, Kuching and Kota Kinabalu.

* Independent Investment Committee members

[^] Please refer to www.pacificmutual.com.my for further information on Investment Committee members.

Circumstances That Materially Affect Interest Of Unitholders Nil

Soft Commissions

During the financial year under review, the Funds have received soft commissions from brokers. Soft commissions received from brokers are retained by the Manager for purchasing goods and services which are of demonstrable benefit to the unitholders and in the form of research and advisory services that assist in the decision-making process relating to the investment of the Funds such as research materials, data and quotation services, computer software, investment advisory services, and investment related publications.

REPORT OF THE TRUSTEE

To the Unitholders of **PACIFIC MILLENNIUM FUND** and **PACIFIC RECOVERY FUND**

We, **CIMB COMMERCE TRUSTEE BERHAD** being the Trustee of **PACIFIC MILLENNIUM FUND** and **PACIFIC RECOVERY FUND** ("the Funds"), are of the opinion that **PACIFIC MUTUAL FUND BHD** ("the Manager"), acting in the capacity as Manager of the Funds, has fulfilled its duties in the following manner for the financial year ended 30 June 2018.

- (a) The Funds have 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 Funds have 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 Funds is relevant and reflects the investment objectives of the Funds.

For and on behalf of
CIMB COMMERCE TRUSTEE BERHAD



LIEW PIK YOONG
Chief Executive Officer

Kuala Lumpur, Malaysia
1 August 2018

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 29 to 61 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 MILLENNIUM FUND** and **PACIFIC RECOVERY FUND** as at 30 June 2018 and of their 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
1 August 2018

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **PACIFIC MILLENNIUM FUND** and **PACIFIC RECOVERY FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **PACIFIC MILLENNIUM FUND** and **PACIFIC RECOVERY FUND** ("the Funds"), which comprise the statements of financial position as at 30 June 2018, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 29 to 61.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Funds as at 30 June 2018, and of their 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 Funds 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 Funds is responsible for the other information. The other information comprises the information included in the annual report of the Funds, but does not include the financial statements of the Funds and our auditors' report thereon.

Our opinion on the financial statements of the Funds 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 Funds, 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 Funds 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 Manager And Trustee For The Financial Statements

The Manager of the Funds is responsible for the preparation of financial statements of the Funds 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 Funds that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Funds, the Manager is responsible for assessing the Funds' 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 Funds or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Funds' 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 Funds 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.

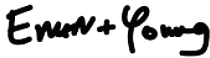
As part of an audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Funds, 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 Funds' 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 Funds' 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 Funds 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 Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Funds, including the disclosures, and whether the financial statements of the Funds 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 Funds, 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.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style font.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
1 August 2018

A handwritten signature in black ink, appearing to read 'Brandon Bruce Sta Maria'.

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	Pacific Millennium Fund 2018 RM	2017 RM
Assets			
Investments	3	18,034,427	21,813,942
Dividend receivable		76,819	45,325
Interest receivable		943	407
Amount due from Manager	6	146,655	453
Amount due from brokers/dealers	7	-	147,581
Cash and cash equivalents	5	3,760,493	3,806,074
Total Assets		<u>22,019,337</u>	<u>25,813,782</u>
Liabilities			
Amount due to Manager	6	27,514	47,375
Amount due to brokers/dealers	7	10,374	1,137,360
Other payables		12,703	20,307
Distribution payable	13	1,227,875	923,921
Total Liabilities		<u>1,278,466</u>	<u>2,128,963</u>
Net Asset Value Of The Fund		<u>20,740,871</u>	<u>23,684,819</u>
Equity			
Unitholders' capital		18,201,193	20,509,985
Retained earnings		2,539,678	3,174,834
Net Asset Value Attributable To Unitholders	14	<u>20,740,871</u>	<u>23,684,819</u>
Total Equity And Liabilities		<u>22,019,337</u>	<u>25,813,782</u>
Number Of Units In Circulation (Units)	15	<u>49,115,000</u>	<u>54,515,000</u>
Net Asset Value Per Unit (ex-distribution)	14	<u>RM0.4223</u>	<u>RM0.4345</u>

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2018

	Note	Pacific Millennium Fund 2018 RM	2017 RM
Investment Income			
Gross dividends from financial assets at fair value through profit or loss		656,424	601,232
Interest income		91,669	107,236
Net gain/(loss) from sale of financial assets at fair value through profit or loss		1,582,271	(663,834)
Net unrealised (loss)/gain on changes in fair value of financial assets at fair value through profit or loss		(911,554)	2,476,213
		<u>1,418,810</u>	<u>2,520,847</u>
Expenses			
Audit fee		7,600	7,600
Tax agent's fee		4,650	4,050
Manager's fee	8	352,076	369,439
Trustee's fee	9	14,100	18,889
Brokerage and other transaction fees		267,362	155,325
Administration expenses		42,295	40,565
		<u>688,083</u>	<u>595,868</u>
Net Income Before Taxation		730,727	1,924,979
Taxation	12	-	61
Net Income After Taxation		<u>730,727</u>	<u>1,925,040</u>
Total Comprehensive Income		<u>730,727</u>	<u>1,925,040</u>
Total Comprehensive Income Is Made Up As Follows:			
Realised income/(loss)		1,642,281	(551,173)
Unrealised (loss)/income		(911,554)	2,476,213
		<u>730,727</u>	<u>1,925,040</u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE
For the financial year ended 30 June 2018

Pacific Millennium Fund			
			Net Asset Value
	Note	Unitholders' Capital	Retained Earnings
		RM	RM
			To Unitholders
			RM
At 1 July 2016		20,428,766	2,987,478
Net income after taxation		-	1,925,040
Creation of units		1,603,714	-
Cancellation of units		(2,336,258)	-
Distribution	13	813,763	(1,737,684)
At 30 June 2017		<u>20,509,985</u>	<u>3,174,834</u>
At 1 July 2017		20,509,985	3,174,834
Net income after taxation		-	730,727
Creation of units		1,163,222	-
Cancellation of units		(3,610,022)	-
Distribution	13	138,008	(1,365,883)
At 30 June 2018		<u>18,201,193</u>	<u>2,539,678</u>
		<u>23,684,819</u>	<u>23,684,819</u>
		<u>20,740,871</u>	<u>20,740,871</u>

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

STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2018

	Pacific Millennium Fund	
	2018	2017
	RM	RM
Cash Flows From Operating And Investing Activities		
Proceeds from sale of investments	30,974,729	16,812,746
Purchase of investments	(27,687,659)	(14,818,176)
Dividends received	539,956	499,717
Interest received	91,134	108,703
Tax refunded	-	13,725
Manager's fee paid	(357,040)	(369,155)
Trustee's fee paid	(14,225)	(19,281)
Payment for other fees and expenses	(60,656)	(48,086)
Net cash generated from operating and investing activities	<u>3,486,239</u>	<u>2,180,193</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	1,017,020	1,759,304
Cash paid on units cancelled	(3,624,919)	(2,321,362)
Distributions paid	(923,921)	(1,573,324)
Net cash used in financing activities	<u>(3,531,820)</u>	<u>(2,135,382)</u>
Net (Decrease)/Increase In Cash And Cash Equivalents	(45,581)	44,811
Cash And Cash Equivalents At Beginning Of Financial Year	3,806,074	3,761,263
Cash And Cash Equivalents At End Of Financial Year	<u>3,760,493</u>	<u>3,806,074</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	30,493	19,074
Deposits with financial institutions	3,730,000	3,787,000
	<u>3,760,493</u>	<u>3,806,074</u>

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	Pacific Recovery Fund 2018 RM	2017 RM
Assets			
Investments	3	42,132,754	50,113,882
Dividend receivable		152,007	88,478
Interest receivable		2,621	558
Amount due from Manager	6	164,157	-
Amount due from brokers/dealers	7	437,856	2,283,851
Cash and cash equivalents	5	5,897,836	2,489,197
Total Assets		<u>48,787,231</u>	<u>54,975,966</u>
Liabilities			
Amount due to Manager	6	62,246	233,149
Amount due to brokers/dealers	7	1,870,738	1,080,495
Other payables		14,126	21,879
Distribution payable	13	2,699,198	3,521,551
Total Liabilities		<u>4,646,308</u>	<u>4,857,074</u>
Net Asset Value Of The Fund		<u>44,140,923</u>	<u>50,118,892</u>
Equity			
Unitholders' capital		37,751,122	40,044,714
Retained earnings		6,389,801	10,074,178
Net Asset Value Attributable To Unitholders	14	<u>44,140,923</u>	<u>50,118,892</u>
Total Equity And Liabilities		<u>48,787,231</u>	<u>54,975,966</u>
Number Of Units In Circulation (Units)	15	<u>99,272,000</u>	<u>105,421,000</u>
Net Asset Value Per Unit (ex-distribution)	14	<u>RM0.4447</u>	<u>RM0.4755</u>

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2018

	Note	Pacific Recovery Fund 2018 RM	2017 RM
Investment Income			
Gross dividends from financial assets at fair value through profit or loss		1,298,087	1,358,697
Interest income		84,574	119,411
Net (loss)/gain from sale of financial assets at fair value through profit or loss		(748,818)	1,948,372
Net unrealised gains on changes in value of financial assets at fair value through profit or loss		535,800	3,798,088
		<u>1,169,643</u>	<u>7,224,568</u>
Expenses			
Audit fee		7,600	7,600
Tax agent's fee		4,650	4,050
Manager's fee	8	739,253	773,237
Trustee's fee	9	30,534	40,670
Brokerage and other transaction fees		500,810	402,607
Administration expenses		75,098	79,724
		<u>1,357,945</u>	<u>1,307,888</u>
Net (Loss)/Income Before Taxation		(188,302)	5,916,680
Taxation	12	-	-
Net (Loss)/Income After Taxation		<u>(188,302)</u>	<u>5,916,680</u>
Total Comprehensive (Loss)/Income		<u>(188,302)</u>	<u>5,916,680</u>
Total Comprehensive (Loss)/Income Is Made Up As Follows:			
Realised (loss)/income		(724,102)	2,118,592
Unrealised income		535,800	3,798,088
		<u>(188,302)</u>	<u>5,916,680</u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE
For the financial year ended 30 June 2018

Pacific Recovery Fund			
			Net Asset Value
Note	Unitholders' Capital RM	Retained Earnings RM	Attributable To Unitholders RM
At 1 July 2016	40,346,548	8,383,840	48,730,388
Net income after taxation	-	5,916,680	5,916,680
Creation of units	4,815,488	-	4,815,488
Cancellation of units	(5,822,113)	-	(5,822,113)
Distribution	704,791	(4,226,342)	(3,521,551)
At 30 June 2017	40,044,714	10,074,178	50,118,892
At 1 July 2017	40,044,714	10,074,178	50,118,892
Net loss after taxation	-	(188,302)	(188,302)
Creation of units	3,682,959	-	3,682,959
Cancellation of units	(6,773,428)	-	(6,773,428)
Distribution	796,877	(3,496,075)	(2,699,198)
At 30 June 2018	37,751,122	6,389,801	44,140,923

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

STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2018

	Pacific Recovery Fund	
	2018	2017
	RM	RM
Cash Flows From Operating And Investing Activities		
Proceeds from sale of investments	64,361,233	44,897,111
Purchase of investments	(54,121,483)	(43,817,508)
Dividends received	890,103	1,183,813
Interest received	82,511	121,216
Manager's fee paid	(751,851)	(771,130)
Trustee's fee paid	(30,878)	(41,450)
Payment for other fees and expenses	(86,514)	(76,233)
Net cash generated from operating and investing activities	<u>10,343,121</u>	<u>1,495,819</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	3,518,802	4,850,304
Cash paid on units cancelled	(6,931,733)	(5,674,898)
Distributions paid	(3,521,551)	(3,932,600)
Net cash used in financing activities	<u>(6,934,482)</u>	<u>(4,757,194)</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	3,408,639	(3,261,375)
Cash And Cash Equivalents At Beginning Of Financial Year	2,489,197	5,750,572
Cash And Cash Equivalents At End Of Financial Year	<u>5,897,836</u>	<u>2,489,197</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	287,836	28,197
Deposits with financial institutions	5,610,000	2,461,000
	<u>5,897,836</u>	<u>2,489,197</u>

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

NOTES TO THE FINANCIAL STATEMENTS**30 June 2018****1. The Funds, The Manager And Their Principal Activities**

Pacific Millennium Fund and Pacific Recovery Fund (hereinafter referred to as "the Funds") were constituted pursuant to the execution of a Deed dated 14 April 1999 as amended by the First Supplemental Deed dated 13 June 2000, Second Supplemental Deed dated 7 August 2000, Third Supplemental Deed dated 18 December 2000, Fourth Supplemental Deed dated 30 August 2007, 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 Funds.

The principal activity of the Funds is to invest in "Permitted Investments" as defined in the Deeds, which include stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, fixed income securities and money market instruments. The Funds were launched on 15 April 1999 and will continue their 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 1 August 2018.

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

The financial statements of the Funds 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 Amendments to MFRSs which are effective for the financial year beginning on or after 1 January 2017. These Amendments to MFRSs did not give rise to any significant effect on the financial statements.

The Funds 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 Funds upon the initial application.

Pronouncements issued but not yet effective:

	Effective dates for financial periods beginning on or after
MFRS 9 - Financial Instruments (IFRS 9 - Financial Instruments as issued by International Accounting Standards Board in July 2014)	1-Jan-18
MFRS 15 - Revenue from Contracts with Customers*	1-Jan-18
IC Interpretation 22 - Foreign Currency Transactions and Advance Consideration	1-Jan-18
Clarifications to MFRS 15 Revenue from Contracts with Customers*	1-Jan-18
Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)*	1-Jan-18
Applying MFRS 9 - Financial Instruments with MFRS 4 - Insurance Contracts (Amendments to MFRS 4)*	1-Jan-18
Annual Improvements to MFRS Standards 2014-2016 Cycle	
(i) Amendments to MFRS 1 - First-time Adoption of MFRSs	1-Jan-18
(ii) Amendments to MFRS 128 - Investments in Associates and Joint Ventures*	1-Jan-18
Transfers of Investment Property (Amendments to MFRS 140)*	1-Jan-18
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) Amendment 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 Funds are measured using the currency of the primary economic environment in which the Funds operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Funds' functional currency.

(c) Financial Instruments

The Funds recognise financial assets and financial liabilities in the Statement of Financial Position on the date they become 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 Funds commit to purchase or sell the financial instruments.

The Funds determine the classification of their 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, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial Assets At Fair Value Through Profit Or Loss

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

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

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

The fair value of the 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 non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include cash and cash equivalents, amounts due from Manager, brokers/dealers and other receivables. Receivables are recognised initially at fair value including transaction costs. These are subsequently measured at amortised cost using the effective interest method, less impairment.

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, brokers/dealers, 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.

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

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

Financial Liabilities

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

(e) Impairment Of Financial Assets

The Funds assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial Assets Carried At Amortised Cost

If a financial asset carried at amortised cost is impaired, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(f) Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Funds 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 Funds' right to receive payment is established.

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

(g) Unrealised Reserves/(Deficits)

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

(h) 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.

(i) Taxation

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

(j) Fair Value Measurement

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

(k) Distribution

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

(l) Unitholders' Capital

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

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

(m) Significant Accounting Estimates And Judgments

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

No major estimates or judgments have been made by the Manager in applying the Funds' 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 reporting date.

3. Investments

	Pacific Millennium Fund	
	2018	2017
	RM	RM
Financial Assets At Fair Value Through Profit Or Loss		
Quoted investments		
- Equity securities	17,091,964	21,663,072
- Loan stocks	481,780	-
- Warrants	203,259	-
- Collective investment scheme	257,424	150,870
Total investments	<u>18,034,427</u>	<u>21,813,942</u>
	Pacific Recovery Fund	
	2018	2017
	RM	RM
Financial Assets At Fair Value Through Profit Or Loss		
Quoted investments		
- Equity securities	39,236,090	47,431,718
- Warrants	-	170,613
- Collective investment scheme	2,896,664	2,511,551
Total investments	<u>42,132,754</u>	<u>50,113,882</u>

Pacific Millennium Fund

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
Banks				
111,000	Alliance Bank Malaysia Berhad	476,689	448,440	2.16
35,400	AMMB Holdings Berhad	199,671	132,750	0.64
156,095	CIMB Group Holdings Berhad	880,772	850,718	4.10
17,500	Hong Leong Bank Berhad	257,143	318,500	1.54
10,900	Hong Leong Financial Group Berhad	150,384	196,200	0.95
168,837	Malayan Banking Berhad	1,541,245	1,519,533	7.33
78,200	Public Bank Berhad	1,619,935	1,826,752	8.81
37,456	RHB Bank Bhd	166,154	204,510	0.99
		<u>5,291,993</u>	<u>5,497,403</u>	<u>26.52</u>
Capital Goods				
44,700	Gamuda Berhad	225,430	146,169	0.70
230,500	Kerjaya Prospek Group Bhd	352,502	345,750	1.67
114,100	Sime Darby Berhad	263,910	279,545	1.35
		<u>841,842</u>	<u>771,464</u>	<u>3.72</u>
Consumer Services				
52,600	Genting Berhad	498,129	442,366	2.13
71,000	Genting Malaysia Berhad	322,639	346,480	1.67
		<u>820,768</u>	<u>788,846</u>	<u>3.80</u>
Diversified Financials				
32,500	Bursa Malaysia Bhd	234,650	238,875	1.15
Energy				
200,300	Dialog Group Berhad	435,981	618,927	2.98
12,600	Petronas Dagangan Berhad	305,648	312,480	1.51
1,967,300	Velesto Energy Bhd	647,400	550,844	2.66
		<u>1,389,029</u>	<u>1,482,251</u>	<u>7.15</u>

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Food, Beverage & Tobacco				
6,700	British American Tobacco Malaysia Berhad	227,372	233,026	1.12
9,800	Fraser & Neave Holdings Berhad	257,884	382,396	1.84
24,800	Heineken Malaysia Berhad	467,835	542,624	2.61
73,200	IOI Corporation Berhad	323,003	332,328	1.60
10,800	Kuala Lumpur Kepong Berhad	252,159	260,928	1.26
17,100	PPB Group Berhad	281,335	336,528	1.62
77,200	Sime Darby Plantation Berhad	419,675	411,476	1.98
		<u>2,229,263</u>	<u>2,499,306</u>	<u>12.03</u>
Health Care Equipment & Services				
64,000	IHH Healthcare Berhad	393,834	390,400	1.88
Materials				
50,700	Denko Industrial Corporation Berhad	78,585	72,501	0.35
66,100	Petronas Chemicals Group Berhad	482,093	555,901	2.68
		<u>560,678</u>	<u>628,402</u>	<u>3.03</u>
Real Estate				
736,400	LBS Bina Group Berhad	725,923	644,350	3.11
335,600	Sime Darby Property Berhad	500,115	402,720	1.94
		<u>1,226,038</u>	<u>1,047,070</u>	<u>5.05</u>
Telecommunication Services				
143,391	Axiata Group Berhad	799,888	544,886	2.63
85,300	Digi.Com Berhad	431,867	353,995	1.71
51,200	Maxis Berhad	318,747	279,552	1.34
		<u>1,550,502</u>	<u>1,178,433</u>	<u>5.68</u>
Transportation				
26,100	Malaysia Airports Holdings Berhad	214,552	229,680	1.11
32,400	MISC Berhad	276,074	191,808	0.92
99,400	Westports Holdings Berhad	344,528	336,966	1.63
		<u>835,154</u>	<u>758,454</u>	<u>3.66</u>

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Utilities				
22,600	Petronas Gas Berhad	451,482	390,980	1.89
97,000	Tenaga Nasional Berhad	1,427,676	1,420,080	6.85
		<u>1,879,158</u>	<u>1,811,060</u>	<u>8.74</u>
	Total Equity Securities	17,252,909	17,091,964	82.41
LOAN STOCKS				
370,600	AEON Credit Service (Malaysia) Berhad - LA	465,386	481,780	2.32
WARRANTS				
514,580	LBS Bina Group Berhad - WB 04/10/2020	228,422	203,259	0.98
COLLECTIVE INVESTMENT SCHEME				
100,000	Pacific Islamic Deposit Fund*	100,000	100,600	0.48
152,731	Pacific OCBC Cash Fund*	152,797	156,824	0.76
		<u>252,797</u>	<u>257,424</u>	<u>1.24</u>
	TOTAL QUOTED INVESTMENTS	18,199,514	18,034,427	86.95
	UNREALISED LOSS FROM QUOTED INVESTMENTS		<u>(165,087)</u>	

* Managed by the Manager

Pacific Recovery Fund

EQUITY SECURITIES

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Banks				
119,928	CIMB Group Holdings Berhad	712,671	653,608	1.48
418,165	Malayan Banking Berhad	3,683,354	3,763,485	8.53
104,900	Public Bank Berhad	2,410,287	2,450,464	5.55
		<u>6,806,312</u>	<u>6,867,557</u>	<u>15.56</u>
Capital Goods				
703,600	Ahmad Zaki Resources Berhad	774,767	260,332	0.59
64,900	Gamuda Berhad	320,698	212,223	0.48
2,957,200	GDB Holdings Berhad	916,559	961,090	2.18
625,020	Kerjaya Prospek Group Bhd	1,046,591	937,530	2.12
108,900	MGB Berhad	149,493	101,277	0.23
178,800	Sime Darby Berhad	500,640	438,060	0.99
		<u>3,708,748</u>	<u>2,910,512</u>	<u>6.59</u>
Consumer Services				
127,000	Genting Berhad	1,133,244	1,068,070	2.42
145,500	Genting Malaysia Berhad	750,697	710,040	1.61
		<u>1,883,941</u>	<u>1,778,110</u>	<u>4.03</u>
Energy				
917,400	Bumi Armada Bhd	683,130	660,528	1.50
1,284,600	Dayang Enterprise Holdings Berhad	936,923	834,990	1.89
322,200	Dialog Group Berhad	660,502	995,598	2.26
306,300	Serba Dinamik Holdings Berhad	532,175	995,475	2.26
3,396,000	Velesto Energy Bhd	931,199	950,880	2.15
252,300	Yinson Holdings Berhad	1,050,780	1,155,534	2.62
		<u>4,794,709</u>	<u>5,593,005</u>	<u>12.68</u>

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Food, Beverage & Tobacco				
25,200	Carlsberg Brewery Malaysia Berhad	491,405	486,360	1.10
37,200	Fraser & Neave Holdings Berhad	1,118,529	1,451,544	3.29
60,200	Heineken Malaysia Berhad	1,255,011	1,317,176	2.99
243,100	IOI Corporation Berhad	1,073,580	1,103,674	2.50
38,200	Kuala Lumpur Kepong Berhad	931,674	922,912	2.09
185,500	QL Resources Berhad	1,011,634	1,113,000	2.52
93,800	Sime Darby Plantation Berhad	509,154	499,954	1.13
		<u>6,390,987</u>	<u>6,894,620</u>	<u>15.62</u>
Health Care Equipment & Services				
77,200	IHH Healthcare Bhd	463,200	470,920	1.07
93,800	Top Glove Corporation Bhd	979,131	1,138,732	2.58
		<u>1,442,331</u>	<u>1,609,652</u>	<u>3.65</u>
Materials				
435,100	Denko Industrial Corporation Berhad	710,750	622,193	1.41
154,300	Petronas Chemicals Group Bhd	1,070,121	1,297,663	2.94
687,500	Rohas Tecnic Berhad	905,209	838,750	1.90
		<u>2,686,080</u>	<u>2,758,606</u>	<u>6.25</u>
Real Estate				
3,432,600	Inta Bina Group Berhad	1,241,443	1,098,432	2.49
945,200	KIP REIT	945,200	756,160	1.71
807,200	LBS Bina Group Berhad	737,078	706,300	1.60
541,600	Pavilion Real Estate Investment Trust	805,868	964,047	2.18
414,774	S P Setia Berhad	1,296,083	1,285,799	2.91
514,000	Sime Darby Property Berhad	724,740	616,800	1.40
		<u>5,750,412</u>	<u>5,427,538</u>	<u>12.29</u>
Retailing				
329,100	Bermaz Auto Berhad	743,802	724,020	1.64
616,300	Mynews Holdings Berhad	731,388	986,080	2.23
		<u>1,475,190</u>	<u>1,710,100</u>	<u>3.87</u>

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Telecommunication Services				
269,192	Axiata Group Berhad	1,382,447	1,022,930	2.32
65,400	Digi.Com Berhad	309,615	271,410	0.61
		<u>1,692,062</u>	<u>1,294,340</u>	<u>2.93</u>
Utilities				
38,900	Taliworks Corporation Berhad	34,816	35,010	0.08
161,000	Tenaga Nasional Berhad	2,138,773	2,357,040	5.34
		<u>2,173,589</u>	<u>2,392,050</u>	<u>5.42</u>
	Total Equity Securities	38,804,361	39,236,090	88.89
COLLECTIVE INVESTMENT SCHEME				
490,631	Pacific Cash Fund*	246,661	258,170	0.58
4,373,911	Pacific Dana Murni*	2,268,600	2,333,482	5.29
297,051	Pacific OCBC Cash Fund*	304,564	305,012	0.69
		<u>2,819,825</u>	<u>2,896,664</u>	<u>6.56</u>
	TOTAL QUOTED INVESTMENTS	41,624,186	42,132,754	95.45
	UNREALISED GAIN FROM QUOTED INVESTMENTS		<u>508,568</u>	

* Managed by the Manager

5. Cash And Cash Equivalents

Cash and cash equivalents include cash at banks and deposits with financial institutions.

	Pacific Millennium Fund	
	2018	2017
	RM	RM
Cash at banks	30,493	19,074
Deposits with licensed financial institutions:		
- Commercial bank	-	3,230,000
- Investment banks	3,730,000	557,000
	3,730,000	3,787,000
Cash and cash equivalents	3,760,493	3,806,074

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

	Weighted Average Rate Of Return (% Per Annum)		Weighted Average Remaining Maturity (Days)	
	2018	2017	2018	2017
Deposits with licensed financial institutions:				
- Commercial bank	-	3.00	-	4
- Investment banks	3.42	3.10	4	3
	3.42	3.10	4	3

	Pacific Recovery Fund	
	2018	2017
	RM	RM
Cash at banks	287,836	28,197
Deposits with licensed financial institutions:		
- Commercial bank	430,000	244,000
- Investment bank	5,180,000	2,217,000
	5,610,000	2,461,000
Cash and cash equivalents	5,897,836	2,489,197

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

	Weighted Average Rate Of Return (% Per Annum)		Weighted Average Remaining Maturity (Days)	
	2018	2017	2018	2017
Deposits with licensed financial institutions:				
- Commercial bank	3.25	3.05	5	6
- Investment banks	3.52	3.36	3	4

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. Amount Due From/To Brokers/Dealers

The amount due from/to brokers/dealers relates to disposal/purchase of investments which remain outstanding as at reporting date. These are normally received/paid within 3 business days of the transaction dates.

8. Manager’s Fee

The Manager’s fee provided in the financial statements are computed at 1.5% (2017: 1.5%) per annum of the net asset value attributable to unitholders of the respective Funds, calculated on a daily basis net of Manager’s fee rebate on the collective investment schemes as agreed by the Trustee and the Manager as follows:

Name of Funds	Rate p.a.
Pacific Dana Murni	1.00%
Pacific Cash Fund	0.30%
Pacific Islamic Deposit Fund	0.25%
Pacific OCBC Cash Fund	0.30% (Prior to 26 July 2017)
	0.15% (26 July 2017 to 30 September 2017)
	0.20% (1 October 2017 to 31 December 2017)
	0.30% (Effective 1 January 2018)

9. Trustee’s Fee

The Trustee’s fee provided in the financial statements are computed at 0.06% (2017: 0.08%) per annum of the net asset value attributable to unitholders of the respective Funds, calculated on a daily basis, subject to a minimum fee of RM12,000.

10. Portfolio Turnover Ratio

	Pacific Millennium Fund		Pacific Recovery Fund	
	2018	2017	2018	2017
Portfolio Turnover Ratio ("PTR")	<u>1.22 times</u>	<u>0.67 times</u>	<u>1.15 times</u>	<u>0.86 times</u>

The PTR of the respective Funds is the ratio of average acquisitions and disposals of the Funds for the financial year over the average net asset value attributable to unitholders of the Funds calculated on a daily basis. The PTR of Pacific Millennium Fund and Pacific Recovery Fund for the current financial year are higher due to the increase in investing activities.

11. Management Expense Ratio

	Pacific Millennium Fund		Pacific Recovery Fund	
	2018	2017	2018	2017
Management expense ratio ("MER") ¹	<u>1.79%</u>	<u>1.79%</u>	<u>1.68%</u>	<u>1.71%</u>

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

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

12. Taxation

	Pacific Millennium Fund		Pacific Recovery Fund	
	2018	2017	2018	2017
	RM	RM	RM	RM
Malaysian income tax:				
Overprovision in prior years	<u>-</u>	<u>(61)</u>	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2017: 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/(loss) before taxation at the statutory rate of taxation to income tax expense at the effective rate of taxation is as follows:

	Pacific Millennium Fund		Pacific Recovery Fund	
	2018	2017	2018	2017
	RM	RM	RM	RM
Net income/(loss) before taxation	<u>730,727</u>	<u>1,924,979</u>	<u>(188,302)</u>	<u>5,916,680</u>
Taxation at Malaysian statutory rate of 24%	175,374	461,995	(45,192)	1,420,003
Tax effects of:				
Income not subject to tax	(559,287)	(764,323)	(460,431)	(1,733,896)
Losses not subject to tax	218,773	159,320	179,716	-
Expenses not deductible for tax purpose	75,309	49,278	142,510	122,693
Restriction on tax deductible expenses for unit trust funds	89,831	93,730	183,397	191,200
Overprovision in prior years	-	(61)	-	-
Tax income for the financial year	<u>-</u>	<u>(61)</u>	<u>-</u>	<u>-</u>

13. Distribution

	Pacific Millennium Fund	
	2018	2017
	RM	RM
Net final distribution, to be paid on 5 July 2018/ paid on 6 July 2017	<u>1,227,875</u>	<u>923,921</u>
Distribution to unitholders is from the following sources:		
Dividend income	545,758	-
Interest income	75,924	-
Realised gains on sale of investments	1,315,518	-
Previous years' realised income	-	3,445,626
Distribution equalisation	<u>(138,007)</u>	<u>(813,763)</u>
	1,799,193	2,631,863
Less:		
Expenses	(517,318)	(1,541,563)
Taxation	-	(166,379)
	<u>1,227,875</u>	<u>923,921</u>
Gross distribution per unit (sen)	2.50	2.00
Net distribution per unit (sen)	2.50	1.70

The unrealised (loss)/gain arising from investments at the reporting date was (RM165,087) (2017: RM746,468).

	Pacific Recovery Fund	
	2018	2017
	RM	RM
Net final distribution, to be paid on 5 July 2018/ paid on 6 July 2017	<u>2,699,198</u>	<u>3,521,551</u>
Distribution to unitholders is from the following sources:		
Dividend income	-	1,358,697
Interest income	-	119,411
Realised gains on sale of investments	-	1,948,372
Previous years' realised income	5,941,819	1,859,996
Distribution equalisation	<u>(796,877)</u>	<u>(704,791)</u>
	5,144,942	4,581,685
Less:		
Expenses	(2,166,782)	(891,950)
Taxation	<u>(278,962)</u>	<u>(168,184)</u>
	<u>2,699,198</u>	<u>3,521,551</u>
Gross distribution per unit (sen)	3.00	3.50
Net distribution per unit (sen)	2.72	3.34

The unrealised gains arising from investments at the reporting date was RM508,568 (2017: RM27,233).

14. Net Asset Value Attributable To Unitholders

	Pacific Millennium Fund		Pacific Recovery Fund	
	2018 RM	2017 RM	2018 RM	2017 RM
Unitholders' capital	18,201,193	20,509,985	37,751,122	40,044,714
Retained earnings				
- Realised reserves	2,704,764	2,428,366	5,881,234	10,101,411
- Unrealised (deficits)/reserves	(165,086)	746,468	508,567	(27,233)
Net asset value attributable to unitholders	<u>20,740,871</u>	<u>23,684,819</u>	<u>44,140,923</u>	<u>50,118,892</u>

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

15. Number Of Units In Circulation

	Pacific Millennium Fund		Pacific Recovery Fund	
	2018 No. Of Units	2017 No. Of Units	2018 No. Of Units	2017 No. Of Units
At beginning of the financial year	54,515,000	56,051,000	105,421,000	107,009,000
Creation	2,646,000	3,844,000	7,718,000	10,467,000
Cancellation	(8,046,000)	(5,380,000)	(13,867,000)	(12,055,000)
At end of the financial year	<u>49,115,000</u>	<u>54,515,000</u>	<u>99,272,000</u>	<u>105,421,000</u>

16. Units Held By The Manager And Its Related Parties

	Pacific Millennium Fund			
	2018		2017	
	No. Of Units [^]	RM	No. Of Units [^]	RM
Manager	<u>84,421</u>	<u>37,770</u>	<u>6,349</u>	<u>2,759</u>

	Pacific Recovery Fund			
	2018		2017	
	No. Of Units [^]	RM	No. Of Units [^]	RM
Manager	<u>3,623</u>	<u>1,709</u>	<u>16,764</u>	<u>7,971</u>

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

17. Transactions With Brokers/Dealers

Details of transactions with the brokers/dealers for the financial year ended 30 June 2018 are as follows:

Pacific Millennium Fund

Brokers/Dealers	Value Of Trade# RM	% Of Total Trades	Brokerage Fee* RM	% Of Total Brokerage Fees
Hong Leong Investment Bank Bhd	14,454,062	25.58	49,033	25.87
Maybank Investment Bank Bhd	12,070,955	21.37	42,120	22.23
CIMB Investment Bank Bhd	11,034,173	19.53	35,118	18.53
Nomura Securities Malaysia Sdn Bhd	5,758,094	10.19	20,175	10.65
RHB Investment Bank Bhd	4,532,819	8.02	15,886	8.38
UOB Kay Hian Securities (M) Sdn Bhd	3,916,006	6.93	13,706	7.23
Alliance Investment Bank Berhad	2,496,277	4.42	5,617	2.96
J.P. Morgan Securities (Malaysia) Sdn Bhd	2,237,110	3.96	7,860	4.15
	56,499,496	100.00	189,515	100.00

Pacific Recovery Fund

Brokers/Dealers	Value Of Trade[#] RM	% Of Total Trades	Brokerage Fee* RM	% Of Total Brokerage Fees
CIMB Investment Bank Bhd	25,497,456	22.28	77,296	20.54
Maybank Investment Bank Bhd	19,771,662	17.28	65,580	17.42
Hong Leong Investment Bank Bhd	18,927,228	16.54	66,319	17.62
RHB Investment Bank Bhd	14,423,450	12.60	50,569	13.44
UOB Kay Hian Securities (M) Sdn Bhd	10,781,880	9.42	35,170	9.34
Nomura Securities Malaysia Sdn Bhd	10,184,269	8.90	35,651	9.47
J.P. Morgan Securities (Malaysia) Sdn Bhd	9,911,573	8.66	34,703	9.22
Alliance Investment Bank Berhad	4,939,602	4.32	11,114	2.95
	114,437,120	100.00	376,402	100.00

[#] Exclusive of 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 Funds are 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 Funds' principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Funds seek to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

The Funds' 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 Funds' quoted investments.

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

Changes In Equity Price (%)	Effect On Net Asset Value Attributable To Unitholders			
	Increase/(Decrease)		Increase/(Decrease)	
	Pacific Millennium Fund		Pacific Recovery Fund	
	2018	2017	2018	2017
	RM	RM	RM	RM
+5/	901,721/	1,090,697/	2,106,638/	2,505,694/
(5)	(901,721)	(1,090,697)	(2,106,638)	(2,505,694)

(b) Interest Rate Risk

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

The Funds' exposure to interest rate risk with respect to deposits with financial institutions is not considered to be significant at the reporting date and consequently no sensitivity analysis on interest rate risk has been presented.

(ii) Credit Risk

The Funds' 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 Funds resulting in a reduction in the Funds' 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 Funds 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 Funds to meet daily redemption of units without jeopardising potential returns.

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

(iv) Specific Risk

The Funds are 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 Funds.

(v) Single Issuer Risk

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

19. Operating Segment

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

20. Capital Management

The Funds' capital comprise unitholders' subscription to the Funds. The unitholders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unitholders.

The Funds aim to achieve their investment objective and at the same time maintain sufficient liquidity to meet unitholders' redemptions.

Growing Together

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

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

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

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

IMPORTANT NOTICES

Beware Of Phishing Scams

We wish to remind all our clients to be alert of e-mails and SMS that require you to provide your personal information or to log in to Pacific Mutual's website through an e-mail link.

Pacific Mutual does not send out e-mails or SMS requesting clients to provide or to verify personal information. Please avoid logging in through website links contained in e-mails supposedly from Pacific Mutual and do not complete any forms that request for your personal information from such e-mails.

Please ensure that the website you are accessing contains the correct address as below:
<https://www.pacificmutual.com.my/>

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 03-7726 6332 | e-mail customercare@pacificmutual.com.my