

ANNUAL REPORT

For The Financial Year Ended 31 March 2019

PACIFIC PEARL FUND



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PACIFIC MUTUAL FUND BHD (336059-U)

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CONTENTS

Fund Information	2
Fund Performance	4
Manager's Report	7
Performance Review	
Investment Strategy Review	
Asset Allocation	
Analysis Of Net Asset Value	
Market Review	
Income Distribution	
Unit Split	
Significant Changes In The State Of Affairs Of The Fund	
Circumstances That Materially Affect Interest Of Unitholders	
Soft Commissions	
Report Of The Trustee	16
Statement By The Manager	17
Independent Auditors' Report	18
Statement Of Financial Position	21
Statement Of Comprehensive Income	22
Statement Of Changes In Net Asset Value	23
Statement Of Cash Flows	24
Notes To The Financial Statements	25

FUND INFORMATION
As at 31 March 2019

Name Of Fund	: Pacific Pearl Fund
Manager Of Fund	: Pacific Mutual Fund Bhd (336059-U)
Launch Date	: 6 January 1997
	The Fund will continue its operations until terminated as provided under Part 12 of the Deed.
Category Of Fund	: Equity (small cap)
Type Of Fund	: Growth
Investment Objective	: Pacific Pearl Fund aims to achieve maximum capital growth over a medium* to long-term* period by investing mainly in small to medium-sized companies that have excellent prospects for growth.
	<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	: FTSE Bursa Malaysia EMAS Index (FBM EMAS)
Distribution Policy	: Income, if any, will be distributed annually.
Fund Size	: 150.06 million units

Breakdown Of Unitholdings	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	765	18.13	2.40
	5,001-10,000 units	830	19.67	5.74
	10,001-50,000 units	1,812	42.94	40.59
	50,001-500,000 units	794	18.82	85.53
	500,001 units & above	19	0.44	15.80
	Total	4,220	100.00	150.06

FUND PERFORMANCE

Financial Highlights

Category	As At 31.3.2019	As At 31.3.2018	As At 31.3.2017
Quoted Equity Securities	%	%	%
Automobiles & Components	4.08	2.85	3.73
Banks	22.47	7.89	2.48
Capital Goods	15.35	8.58	10.30
Commercial & Professional Services	2.24	-	2.15
Consumer Durables & Apparel	-	5.41	0.09
Consumer Services	1.13	4.73	2.85
Diversified Financials	-	-	1.92
Energy	9.73	5.16	10.75
Food, Beverage & Tobacco	2.72	2.70	-
Health Care Equipment & Services	7.10	0.68	2.14
Household & Personal Products	1.95	2.29	2.27
Insurance	-	1.00	0.39
Materials	8.02	16.43	6.24
Media & Entertainment	-	0.80	3.87
Pharma., Biotech. & Life Sciences	-	1.14	-
Real Estate	7.33	15.22	13.08
Retailing	0.86	1.87	0.64
Semiconductors & Semi. Equipment	2.88	-	2.15
Technology Hardware & Equipment	1.04	-	-
Telecommunication Services	2.25	4.50	0.64
Transportation	1.15	5.26	8.60
Utilities	3.88	6.21	16.83
	94.18	92.72	91.12
Warrants	-	0.20	0.20
Collective Investment Scheme	5.33	5.13	5.66
Cash And Liquid Assets	0.49	1.95	3.02
Total	100.00	100.00	100.00
Net Asset Value (RM'000) – ex-distribution	65,849	75,492	104,079
Number Of Units In Circulation (Units '000)	150,064	145,332	152,507
Net Asset Value Per Unit (RM)*	0.4389	0.5195	0.6825
Management Expense Ratio (“MER”) ¹	1.65%	1.73%	1.69%
Portfolio Turnover Ratio (times)	1.20	1.54	1.78

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.

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

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

Notes:

The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

** Price quoted is ex-distribution.*

Performance Data

	Pacific Pearl Fund		FBM EMAS		
	Total Return	Average Annual Return	Total Return	Average Annual Return	
1 Year's Period (1.4.2018 to 31.3.2019)	-9.71%	-9.71%	-11.43%	-11.43%	
3 Years' Period (1.4.2016 to 31.3.2019)	-24.39%	-8.13%	-3.08%	-1.03%	
5 Years' Period (1.4.2014 to 31.3.2019)	-35.36%	-7.07%	-9.72%	-1.94%	
	1.4.2018 to 31.3.2019	1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015
Pacific Pearl Fund					
- Capital Return	-15.51%	-23.89%	-9.05%	-17.95%	-12.48%
- Income Return	6.86%	9.67%	10.30%	10.04%	8.17%
- Total Return	-9.71%	-16.53%	0.32%	-9.71%	-5.32%
FBM EMAS	-11.43%	5.53%	3.70%	-5.11%	-1.83%
	1.4.2018 to 31.3.2019	1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017		
Unit Prices					
Highest NAV (RM)	0.5178	0.6950	0.7650		
Lowest NAV (RM)	0.4319	0.5195*	0.6701		
Distributions					
Gross Distribution Per Unit (sen)	3.00 (29.3.2019)	5.00 (30.3.2018)	7.00 (31.3.2017)		
Net Distribution Per Unit (sen)	2.81 (29.3.2019)	4.77 (30.3.2018)	6.70 (31.3.2017)		
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
31 March 2019

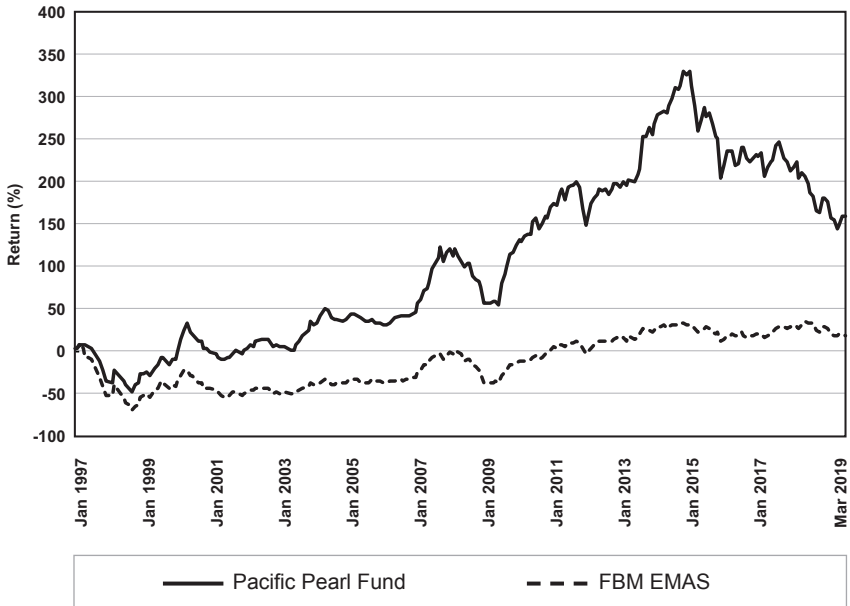
Performance Review

From 28 January 1997 (date of launch: 6 January 1997) to 31 March 2019, the Pacific Pearl Fund registered a total return of 165.19%, while its benchmark, the FTSE Bursa Malaysia EMAS Index (FBM EMAS), rose 15.55%.

For the financial year under review (1 April 2018 to 31 March 2019), the Fund registered a total return of -9.71%. In comparison, its benchmark fell 11.43%.

Based on the total returns of the Pacific Pearl Fund for the last five years, the Fund did not meet its investment objective of achieving maximum capital growth mainly due to market timing and focus on selected value stocks which underperformed during the period.

Comparison Between Fund's Performance And Benchmark



Source: Lipper

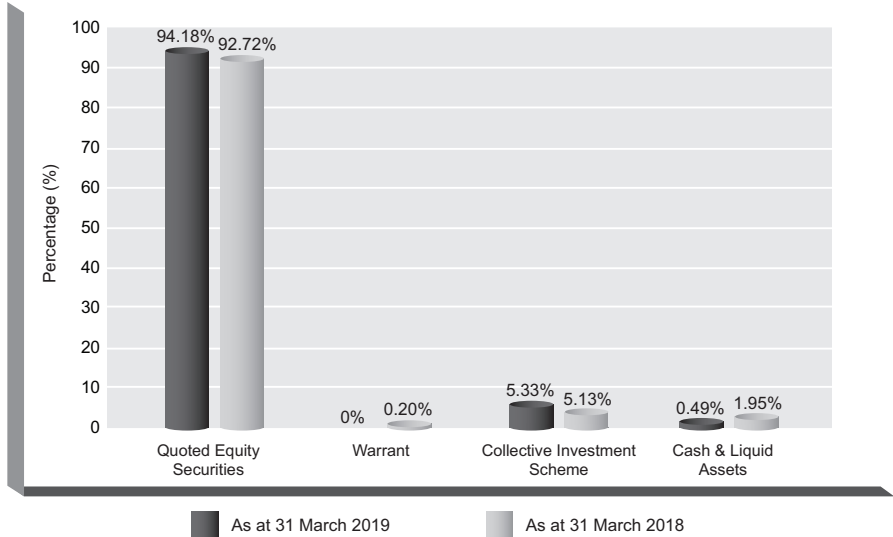
Investment Strategy Review

The Pacific Pearl Fund maintained a cautious stance heading into the 14th General Election with an equity allocation of 82-85% that was maintained until July 2018 as green shoots emerged through improving business and consumer sentiment as well as value emergence after the sell-off post elections. As foreign net selling also eased from RM5-5.6 billion levels in May to July to stabilise at RM0.1 million in August and September, the Fund increased equity allocation to 90-92%. However, policy uncertainty still persisted amidst economic reforms that included reviews of mega infrastructure projects, the reintroduction of SST and the government directive to improve broadband affordability. Globally, investors skewed towards a risk-off tendency as Sino-US trade tensions waxed and waned while the domestic small cap languished amid stuttering risk-on appetite.

Escalating trade confrontation between the two largest economies in the world, an emerging market contagion scare and a persistent interest rate hike cycle in the US amid slowing growth sparked weakness across equity markets that persisted into the fourth quarter of 2018. The Fund cut equity allocation successively to 87% by October and 84% by November as the local bourse fell alongside regional markets. During the same period, the Fund took the opportunity to readjust fund exposure into Financials and Healthcare while consolidating Industrial and Consumer Discretionary exposure, tilting also towards high quality stable large cap companies while bottom fishing small cap stocks. In the final quarter of the financial year, global markets staged a recovery driven by positive US-China trade talks and the Fed's dovish stance. Domestically, small and mid-cap activity picked up as investor sentiment improved while large caps remained besieged by weak foreign fund flows and uncertain outlook amid policy reforms.

Upon price strength, the Fund took profits towards the end of the financial year and ended with 88% equity allocation (before income distributions). The Fund will continue to identify good quality small cap companies with steady organic growth and/or price catalysts to benefit the Fund.

Asset Allocation



The quoted equity exposure of Pacific Pearl Fund increased to 94.18% as at 31 March 2019 from 92.72% recorded at the beginning of the financial year under review due to market movements.

The 5.33% in collective investment scheme was placed in Pacific Dana Murni (5.17%), a sukuk fund, and Pacific Islamic Deposit Fund (0.16%), an Islamic money market fund. These funds are managed by the Manager. This investment is in line with the objective of Pacific Pearl Fund and is an efficient way to manage the exposure of Pacific Pearl Fund in fixed income securities. The exposure of Pacific Pearl Fund in the collective investment scheme is taken into account when assessing the asset allocation of Pacific Pearl Fund in fixed income securities. Management fee on the collective investment scheme managed by the Manager is rebated to the Fund.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Pacific Pearl Fund decreased from RM0.5195 to RM0.4389 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM75,492,221 to RM65,848,996 due to market movements.

Market Review

Equity Market Review

The FBMKLCI fell 8.9% in the second quarter of 2018 after the opposition bloc, Pakatan Harapan pulled off a shock victory at Malaysia's 14th General Election. Political uncertainties triggered a market sell-off causing the local bourse to underperform its regional peers by -7.3% for the quarter. Significant foreign net selling in May and June brought net outflows to RM10.9 billion as the new government revealed a pressing need for regulatory reform and a review of the previously announced infrastructure projects. Consumer and business sentiment were boosted by the GST free period from June to August as well as the government's previous commitment to return outstanding GST and income tax reforms. Unfortunately, sectors such as telecommunications and construction were badly hit due to regulatory reforms.

As Malaysia embarked on a consolidation mode in the third quarter of 2018, the local bourse recovered and outperformed its regional peers. It benefitted from positive global sentiment following strong US economic data and substantially reduced foreign selling compared to the months prior. However, it was also buffeted by emerging market contagion fears though the Malaysian Ringgit held up far better due to relative economic resilience compared to other emerging market peers which have weaker economics and higher levels of foreign currency debt.

The FBMKLCI fell 5.41% in the fourth quarter of 2018 alongside regional markets amid risk-off behaviour driven by fears of slower global growth, ongoing US-China trade war and rising interest rates. Foreign net selling of RM3.2 billion for the quarter was offset by local institutional buying but a lack of growth catalysts and clear government policies weighed on local equities amid weak oil prices. Oil prices slumped on expectations of oversupply emerging as global growth slows and as Iranian sanctions were loosened, offsetting supply cuts from OPEC. Domestically, the 2019 Malaysian budget was broadly well received as it was not as frugal as expected though the gaming sector took a hit from a casino tax hike.

In the first quarter of 2019, global markets rebounded on more conciliatory overtures between the US and China as well as an increasingly dovish US Federal Reserve. Most key markets recovered fully from the weakness in the final quarter of 2018. However, the FBMKLCI underperformed the MSCI Asia Pacific ex-Japan as foreign funds sold RM1.3 billion of equities on lack of meaningful catalysts relative to the region. Improving crude oil prices supported a revival of oil & gas investments and investors have looked towards any possible reinstatement of mega infrastructure projects. Bank Negara policy remains accommodative amid low inflation and the overnight policy rate remained unchanged at 3.25%.

Income Distribution

	<u>Pacific Pearl Fund</u>
Gross distribution per unit	3.00 sen
Net distribution per unit	2.81 sen
NAV per unit before declaration (as at 29 March 2019)	RM0.4670
NAV per unit after declaration (as at 29 March 2019)	RM0.4389

Unit Split Nil

Significant Changes In The State Of Affairs Of The Fund

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

	Previous Provision	New Provision
Annual Trustee Fee	Up to 0.055% p.a. of the NAV subject to a minimum of RM30,000 p.a. and a maximum of RM110,000 p.a. (excluding custodian fee of 0.035% p.a.)	Up to 0.06% p.a. of the NAV
Maximum Rate Of The Annual Trustee Fee	0.055% p.a. of the NAV of the Fund before the deduction of the management fee and trustee fee for the relevant day subject to a minimum of RM30,000 and a maximum of RM110,000,000 p.a.	0.06% p.a. of the NAV of the Fund, calculated and accrued on a daily basis and payable monthly in arrears.

<p>Deeds Of The Fund</p>	<p>Master Deed: 18 December 1996 First Supplemental Deed: 11 December 1998 Second Supplemental Deed: 29 June 2000 Third Supplemental Deed: 16 May 2001 Fourth Supplemental Deed: 28 June 2007 Supplemental Master Deed: 22 May 2009 Second Supplemental Master Deed: 14 December 2009 Third Supplemental Master Deed: 26 April 2010</p>	<p>Master Deed: 18 December 1996 First Supplemental Deed: 11 December 1998 Second Supplemental Deed: 29 June 2000 Third Supplemental Deed: 16 May 2001 Fourth Supplemental Deed: 28 June 2007 Supplemental Master Deed: 22 May 2009 Second Supplemental Master Deed: 14 December 2009 Third Supplemental Master Deed: 26 April 2010 Fourth Supplemental Master Deed: 8 January 2014 Fifth Supplemental Master Deed: 7 July 2017 Sixth Supplemental Master Deed: 22 November 2018</p>
<p>List Of Pacific Mutual Fund Bhd Offices, Agency Offices And Institutional Unit Trust Advisers</p>	<ul style="list-style-type: none"> • The telephone and facsimile numbers of Pacific Mutual Fund Bhd’s head office were listed as “Tel: 03-7725 9877” and “Fax: 03- 7725 9860” respectively. • There were 5 branches listed, located in Penang, Ipoh, Melaka, Kuching and Kota Kinabalu. 	<ul style="list-style-type: none"> • The telephone and facsimile numbers of Pacific Mutual Fund Bhd’s head office were revised to “Tel: 03-7712 3000” and “Fax: 03-7712 3001” respectively. • The list of branches was removed. Latest contact details are available at www.pacificmutual.com.my.

<p>Switching Facility*</p>	<p>The following statements were printed in the 'Switching Facility' section:</p> <p>Should the sales charge of a Fund to be switched into be more than the sales charge imposed on a Fund to be switched from, then a difference in the sales charge between the two (2) Funds shall be borne by you. There will be no sales charge imposed if the Funds to be switched into has a lower sales charge.</p> <p>Subject to the terms set out herein, if you are the primary account holders for certain Funds, you are entitled to three (3) switching transactions per account during a calendar year without having to pay the applicable differences in sales charges save for the following first switching transaction:</p> <p>From a zero sales charge fund to a low/reduced/normal sales charge fund; or</p> <p>From a low sales charge fund to a reduced/normal sales charge fund.</p> <p>You will have to pay the applicable differences in the sales charge (if any) for subsequent switching transactions carried out in the same calendar year.</p>	<p>The said statements were replaced as follows:</p> <p>Should the sales charge of a Fund to be switched into is higher than the sales charge imposed on a Fund to be switched from, then the difference in the sales charge between the two (2) Funds shall be borne by you. There will be no sales charge imposed if the Funds to be switched into has a lower sales charge than the Fund you are switching out from.</p> <p>If you have been imposed the highest sales charge in your switching transaction among our Funds, you are no longer required to bear any sales charge difference for subsequent switch transactions involving this specific batch of your investments.</p>
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* Under the 'Switching Facility' section, further revision was made to the applicable differences in sales charges to be borne by unitholders as follows:

Previous Provision

	Target Fund			
Current 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	Nil
Normal Sales Charge Fund	Nil	Nil	Nil	Nil

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

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

During the financial year under review, the Fund has 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 Fund 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 PEARL FUND**

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

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

For and on behalf of the Trustee

MTRUSTEE BERHAD



NURIZAN JALIL

Chief Executive Officer

Selangor, Malaysia

7 May 2019

STATEMENT BY THE MANAGER

We, **TEH CHI-CHEUN** and **ONG EU JIN**, being two of the directors of **PACIFIC MUTUAL FUND BHD**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 21 to 44 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 PEARL 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 PEARL FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **PACIFIC PEARL FUND** ("the Fund"), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 44.

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:

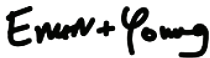
- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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
Assets			
Investments	3	65,522,050	74,023,417
Dividend receivable		140,243	181,720
Interest receivable		2,585	2,958
Amount due from Manager	6	141,968	20,985
Amount due from brokers/dealers	7	52,551	343,632
Cash and cash equivalents	5	4,732,729	8,408,766
Total Assets		<u>70,592,126</u>	<u>82,981,478</u>
Liabilities			
Amount due to Manager	6	99,371	226,539
Amount due to brokers/dealers	7	406,979	310,035
Other payables		16,478	19,416
Distribution payable	14	4,220,302	6,933,267
Total Liabilities		<u>4,743,130</u>	<u>7,489,257</u>
Net Asset Value Of The Fund		<u>65,848,996</u>	<u>75,492,221</u>
Equity			
Unitholders' capital		70,669,685	67,596,140
(Accumulated loss)/retained earnings		(4,820,689)	7,896,081
Net Asset Value Attributable To Unitholders	15	<u>65,848,996</u>	<u>75,492,221</u>
Total Equity And Liabilities		<u>70,592,126</u>	<u>82,981,478</u>
Number Of Units In Circulation (Units)	16	<u>150,064,000</u>	<u>145,332,000</u>
Net Asset Value Per Unit (ex-distribution)	15	<u>RM0.4389</u>	<u>RM0.5195</u>

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

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

	Note	2019 RM	2018 RM
Investment Losses			
Gross dividends from financial assets at fair value through profit or loss		2,120,899	2,349,556
Interest income		234,288	258,828
Net losses from sale of financial assets at fair value through profit or loss		(15,713,732)	(6,757,463)
Net unrealised gain/(loss) on changes in fair value of financial assets at fair value through profit or loss		7,372,811	(10,882,524)
		<u>(5,985,734)</u>	<u>(15,031,603)</u>
Expenses			
Audit fee		8,000	7,600
Tax agent's fee		4,700	4,150
Manager's fee	8	1,067,861	1,427,889
Trustee's fee	9	41,226	54,112
Custodian's fee	10	23,998	34,435
Brokerage and other transaction fees		683,066	1,303,843
Administration expenses		63,859	177,606
		<u>1,892,710</u>	<u>3,009,635</u>
Net Losses Before Taxation		(7,878,444)	(18,041,238)
Taxation	13	-	-
Net Losses After Taxation		<u>(7,878,444)</u>	<u>(18,041,238)</u>
Total Comprehensive Losses		<u>(7,878,444)</u>	<u>(18,041,238)</u>
Total Comprehensive Losses			
Is Made Up As Follows:			
Realised losses		(15,251,255)	(7,158,714)
Unrealised income/(loss)		7,372,811	(10,882,524)
		<u>(7,878,444)</u>	<u>(18,041,238)</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 (Accumulated Loss) RM	Net Asset Value Attributable To Unitholders RM
At 1 April 2017		70,792,851	33,286,602	104,079,453
Net loss after taxation		-	(18,041,238)	(18,041,238)
Creation of units		10,066,117	-	10,066,117
Cancellation of units		(13,678,590)	-	(13,678,590)
Distribution	14	415,733	(7,349,000)	(6,933,267)
Underprovision of distribution in prior year		29	(283)	(254)
At 31 March 2018		67,596,140	7,896,081	75,492,221
At 1 April 2018		67,596,140	7,896,081	70,492,221
Net loss after taxation		-	(7,878,444)	(7,878,444)
Creation of units		7,365,342	-	7,365,342
Cancellation of units		(4,909,821)	-	(4,909,821)
Distribution	14	618,024	(4,838,326)	(4,220,302)
At 31 March 2019		70,669,685	(4,820,689)	65,848,996

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

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

	2019	2018
	RM	RM
Cash Flows From Operating And Investing Activities		
Proceeds from sale of investments	88,196,402	157,199,795
Purchase of investments	(88,072,522)	(150,599,815)
Dividends received	1,892,712	1,915,884
Interest received	234,661	262,649
Manager's fee paid	(1,091,231)	(1,464,911)
Trustee's fee paid	(41,560)	(55,463)
Custodian's fee paid	(26,482)	(35,295)
Payment for other fees and expenses	(65,490)	(178,525)
Net cash generated from operating and investing activities	<u>1,026,490</u>	<u>7,044,319</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	7,244,359	10,175,531
Cash paid on units cancelled	(5,013,619)	(13,573,737)
Distributions paid	(6,933,267)	(10,213,144)
Net cash used in financing activities	<u>(4,702,527)</u>	<u>(13,611,350)</u>
Net Decrease In Cash And Cash Equivalents	(3,676,037)	(6,567,031)
Cash And Cash Equivalents At Beginning Of Financial Year	8,408,766	14,975,797
Cash And Cash Equivalents At End Of Financial Year	<u>4,732,729</u>	<u>8,408,766</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	12,729	483,766
Deposits with financial institutions	4,720,000	7,925,000
	<u>4,732,729</u>	<u>8,408,766</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 Pearl Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Master Deed dated 18 December 1996 as amended by the First Supplemental Deed dated 11 December 1998, Second Supplemental Deed dated 29 June 2000, Third Supplemental Deed dated 16 May 2001, Fourth Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 14 December 2009, Third Supplemental Master Deed dated 26 April 2010, Fourth Supplemental Master Deed dated 8 January 2014, Fifth Supplemental Master Deed dated 7 July 2017, Sixth Supplemental Master Deed dated 22 November 2018 and Seventh Supplemental Master Deed dated 22 January 2019 (hereinafter referred to as "the Deeds") made between the Manager, Pacific Mutual Fund Bhd, the Trustee, MTrustee Berhad and the registered holders of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Deeds, which include stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, fixed income securities and money market instruments as approved by the Securities Commission Malaysia. The Fund was launched on 6 January 1997 and will continue its operations until terminated as provided in the Deeds.

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

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

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

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

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

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

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

Pronouncements issued but not yet effective:

	Effective dates for financial periods beginning on or after
MFRS 16 - Leases*	1-Jan-19
Prepayment Features with Negative Compensation (Amendments to MFRS 9)*	1-Jan-19
Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)*	1-Jan-19
Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)*	1-Jan-19
Annual Improvements to MFRS Standards 2015-2017 Cycle	
(i) Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations)*	1-Jan-19
(ii) Previously Held Interest in a Joint Operation (Amendments to MFRS 11 Joint Arrangements)*	1-Jan-19
(iii) Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes)*	1-Jan-19
(iv) Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)*	1-Jan-19
IC Interpretation 23 - Uncertainty over Income Tax Treatments*	1-Jan-19
Amendments to References to the Conceptual Framework in MFRS Standards	
(1) Amendments to MFRS 2 Share-Based Payment*	1-Jan-20
(2) Amendment to MFRS 3 Business Combinations*	1-Jan-20
(3) Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources*	1-Jan-20

Effective dates for financial periods beginning on or after

(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 Asset	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 Interpretation are not relevant to the Fund.

(b) Functional And Presentation Currency

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

(c) Financial Instruments

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

Regular way purchase and sales of all categories of 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.

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

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

Receivables

Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include amounts due from Manager, brokers/dealers 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, 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

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, dividend receivable and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(f) Income Recognition

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

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

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 at their fair value and are recognised in the Statement of Comprehensive Income.

(h) Cash And Cash Equivalents

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

(l) Unitholders' Capital

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

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

(m) Significant Accounting Estimates And Judgments

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

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

3. Investments

	2019	2018
	RM	RM
Financial Assets At Fair Value Through Profit Or Loss		
Quoted investments		
- Equity securities	62,013,769	69,998,229
- Warrants	20	152,337
- Collective investment scheme	3,508,261	3,872,851
Total investments	<u>65,522,050</u>	<u>74,023,417</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
Automobiles & Components				
2,532,100	Pecca Group Bhd	3,221,518	2,684,026	4.08
Banks				
478,191	CIMB Group Holdings Berhad	2,959,916	2,462,684	3.74
109,900	Hong Leong Bank Berhad	2,112,417	2,107,882	3.20
563,618	Malayan Banking Berhad	5,356,638	5,224,739	7.94
215,800	Public Bank Berhad	5,233,147	4,997,928	7.59
		15,662,118	14,793,233	22.47
Capital Goods				
1,228,686	Gabungan AQRS Bhd	1,391,787	1,634,152	2.48
240,100	Gamuda Berhad	702,365	691,488	1.05
158,600	IJM Corporation Berhad	350,506	352,092	0.54
1,559,266	Kimlun Corporation Bhd	2,319,182	1,839,934	2.79
982,400	Kumpulan Perangsang Selangor Berhad	1,522,982	1,365,536	2.07
227,300	MMS Ventures Bhd	195,308	213,662	0.32
950,500	Naim Holdings Berhad	2,444,042	1,102,580	1.68
287,400	Pentamaster Corporation Berhad	850,761	1,008,774	1.53
1,397,200	Rohas Tecnic Berhad	1,940,408	908,180	1.38
1,479,500	Success Transformer Corp Bhd	2,318,486	991,265	1.51
		14,035,827	10,107,663	15.35
Commercial & Professional Services				
873,750	Cypark Resources Bhd	1,338,157	1,476,638	2.24
Consumer Services				
307,000	Berjaya Sports Toto Berhad	718,780	742,940	1.13

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Energy				
415,000	Dialog Group Berhad	1,377,586	1,315,550	2.00
3,066,200	E.A. Technique (M) Bhd	1,668,473	1,456,445	2.21
1,463,400	Reach Energy Berhad	541,019	439,020	0.67
7,462,540	Velesto Energy Berhad	2,576,056	2,126,824	3.23
232,000	Yinson Holdings Berhad	1,061,920	1,067,200	1.62
		<u>7,225,054</u>	<u>6,405,039</u>	<u>9.73</u>
Food, Beverage & Tobacco				
737,200	Hup Seng Industries Bhd	788,453	737,200	1.12
1,383,400	Malayan Flour Mills Berhad	1,055,332	1,051,384	1.60
		<u>1,843,785</u>	<u>1,788,584</u>	<u>2.72</u>
Health Care Equipment & Services				
404,400	IHH Healthcare Bhd	2,288,335	2,333,388	3.54
603,700	Supermax Corporation Berhad	1,113,910	887,439	1.35
315,300	Top Glove Corporation Bhd	1,603,485	1,456,686	2.21
		<u>5,005,730</u>	<u>4,677,513</u>	<u>7.10</u>
Household & Personal Products				
2,590,700	NTPM Holdings Berhad	1,628,782	1,282,396	1.95
Materials				
207,800	Chemical Company of Malaysia Berhad	411,778	384,430	0.58
1,733,300	Evergreen Fibreboard Bhd	1,380,250	632,654	0.96
223,100	Petronas Chemicals Group Bhd	1,961,209	2,043,596	3.10
303,900	Ta Ann Holdings Berhad	1,118,654	729,360	1.11
2,470,300	WTK Holdings Berhad	2,418,946	1,494,532	2.27
		<u>7,290,837</u>	<u>5,284,572</u>	<u>8.02</u>

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
Real Estate				
1,000,000	Al-Salam Real Estate Investment Trust	1,040,769	845,000	1.28
1,258,300	Inta Bina Group Berhad	440,733	346,032	0.53
2,227,600	KIP REIT	2,192,497	1,971,426	2.99
604,400	Paramount Corporation Berhad	1,273,825	1,220,888	1.85
1,113,550	Sentoria Group Bhd	825,445	445,420	0.68
		<u>5,773,269</u>	<u>4,828,766</u>	<u>7.33</u>
Retailing				
414,200	Mynews Holdings Berhad	597,470	567,454	0.86
Semiconductors & Semi. Equipment				
263,800	Vitrox Corporation Bhd	1,764,225	1,894,084	2.88
Technology Hardware & Equipment				
437,500	Inari Amertron Berhad	793,174	686,875	1.04
Telecommunication Services				
357,624	Axiata Group Berhad	1,428,114	1,484,140	2.25
Transportation				
3,218,400	Perak Transit Bhd	880,532	756,324	1.15
Utilities				
201,700	Tenaga Nasional Berhad	3,001,457	2,553,522	3.88
Total Equity Securities		<u>72,208,829</u>	<u>62,013,769</u>	<u>94.18</u>

	Cost RM	Fair Value RM	Fair Value As A % Of Net Asset Value
WARRANTS			
69 Ahmad Zaki Resources Berhad - WA 13/05/2024	-	19	-
10 Velesto Energy Berhad - WA 18/10/2024	-	1	-
	-	20	-
COLLECTIVE INVESTMENT SCHEME			
6,126,941 Pacific Dana Murni*	3,214,978	3,406,579	5.17
101,682 Pacific Islamic Deposit Fund*	101,682	101,682	0.16
	3,316,660	3,508,261	5.33
TOTAL QUOTED INVESTMENTS	75,525,489	65,522,050	99.51
UNREALISED LOSS FROM QUOTED INVESTMENTS		(10,003,439)	

* Managed by the Manager

4. Fair Value Hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Total RM
2019		
Financial Assets At Fair Value Through Profit Or Loss		
Quoted investments	<u>65,522,050</u>	<u>65,522,050</u>
2018		
Financial Assets At Fair Value Through Profit Or Loss		
Quoted investments	<u>74,023,417</u>	<u>74,023,417</u>

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

5. Cash And Cash Equivalents

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

	2019 RM	2018 RM
Cash at banks	<u>12,729</u>	<u>483,766</u>
Deposits with licensed financial institutions:		
- Commercial bank	120,000	5,105,000
- Investment banks	<u>4,600,000</u>	<u>2,820,000</u>
	<u>4,720,000</u>	<u>7,925,000</u>
Cash and cash equivalents	<u>4,732,729</u>	<u>8,408,766</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	3.25	3.30	4	8
- Investment banks	<u>3.37</u>	<u>3.60</u>	<u>3</u>	<u>2</u>

6. Amount Due From/To Manager

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

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

7. Amount Due From/To Brokers/Dealers

The amount due from/to brokers/dealers relates to disposal/purchase of investments which remain outstanding at the 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 is computed at 1.5% (2018: 1.5%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis net of Manager's fee rebate on the collective investment schemes as agreed by the Trustee and the Manager as follows:

Name of Funds	Rate p.a.
Pacific Dana Murni	1.00%
Pacific Islamic Deposit Fund	0.25%

9. Trustee's Fee

The Trustee's fee provided in the financial statements is computed at 0.055% (2018: 0.055%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis. Effective from 1 January 2019, the Trustee's fee is revised to 0.06% per annum.

10. Custodian's Fee

The Custodian's fee provided in the financial statements is computed at 0.035% (2018: 0.035%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis, for the period from 1 April 2018 to 31 December 2018. Upon appointment of the new Custodian and Nominees by the Trustee, custodian's fee is computed at 0.01% per annum on portfolio value at the end of the month.

11. Portfolio Turnover Ratio

	2019	2018
Portfolio turnover ratio ("PTR")	<u>1.20 times</u>	<u>1.54 times</u>

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

12. Management Expense Ratio

	2019	2018
Management expense ratio ("MER") ¹	<u>1.65%</u>	<u>1.73%</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 lower due to a higher percentage of decrease in expenses compared with average net asset value attributable to unitholders.

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

13. Taxation

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

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

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

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

	2019 RM	2018 RM
Net losses before taxation	<u>(7,878,444)</u>	<u>(18,041,238)</u>
Taxation at Malaysian statutory rate of 24%	(1,890,827)	(4,329,897)
Tax effects of:		
Income not subject to tax	(2,334,720)	(626,012)
Losses not subject to tax	3,771,296	4,233,597
Expenses not deductible for tax purpose	189,623	367,706
Restriction on tax deductible expenses for unit trust funds	264,628	354,606
Tax expense for the financial year	<u>-</u>	<u>-</u>

14. Distribution

	2019 RM	2018 RM
Net final distribution, to be paid on 4 April 2019/ paid on 5 April 2018	<u>4,220,302</u>	<u>6,933,267</u>
Distribution to unitholders is from the following sources:		
Previous years' realised income	8,530,875	11,037,633
Distribution equalisation	<u>(618,024)</u>	<u>(415,733)</u>
	7,912,851	10,621,900
Less:		
Expenses	(3,410,931)	(3,355,300)
Taxation	<u>(281,618)</u>	<u>(333,333)</u>
	<u>4,220,302</u>	<u>6,933,267</u>
Gross distribution per unit (sen)	3.00	5.00
Net distribution per unit (sen)	2.81	4.77

The unrealised losses arising from investments at the reporting date was RM10,003,439 (2018: RM17,376,250).

15. Net Asset Value Attributable To Unitholders

	2019	2018
	RM	RM
Unitholders' capital	70,669,685	67,596,140
(Accumulated loss)/Retained earnings		
- Realised reserves	5,182,750	25,272,331
- Unrealised deficits	<u>(10,003,439)</u>	<u>(17,376,250)</u>
Net asset value attributable to unitholders	<u>65,848,996</u>	<u>75,492,221</u>

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

16. Number Of Units In Circulation

	2019	2018
	No. Of Units	No. Of Units
At beginning of the financial year	145,332,000	152,507,000
Creation	14,953,000	14,545,000
Cancellation	<u>(10,221,000)</u>	<u>(21,720,000)</u>
At end of the financial year	<u>150,064,000</u>	<u>145,332,000</u>

17. Units Held By The Manager And Its Related Parties

	2019		2018	
	No. Of Units[^]	RM	No. Of Units[^]	RM
Manager	<u>3,141</u>	<u>1,467</u>	<u>8,865</u>	<u>5,028</u>

There were no units held by other related parties.

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

18. Transactions With Brokers/Dealers

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

Brokers/Dealers	Value Of Trade [#] RM	% Of Total Trades	Brokerage Fee* RM	% Of Total Brokerage Fees
CIMB Investment Bank Bhd	39,792,589	22.77	114,813	20.41
Hong Leong Investment Bank Bhd	34,714,279	19.87	118,384	21.04
RHB Investment Bank Bhd	24,416,212	13.97	85,540	15.20
Maybank Investment Bank Bhd	23,410,679	13.40	73,013	12.98
Nomura Securities Malaysia Sdn Bhd	20,237,941	11.58	70,914	12.61
UOB Kay Hian Securities (M) Sdn Bhd	16,295,543	9.33	54,870	9.75
Alliance Investment Bank Berhad	8,588,741	4.92	19,520	3.47
J.P. Morgan Securities (Malaysia) Sdn Bhd	7,288,927	4.16	25,550	4.54
	174,744,911	100.00	562,604	100.00

[#] Exclusive of brokerage and other transaction fees.

* Only applicable to equity securities.

The transactions above are from non related parties.

19. 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 due to the following risks:

(a) Equity Price Risk

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

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

Change In Equity Price (%)	Effect On Net Asset Value Attributable To Unitholders Increase/(Decrease)	
	2019 RM	2018 RM
+5/	3,276,103/	3,701,171/
(5)	<u>(3,276,103)</u>	<u>(3,701,171)</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 duration structure of the deposits with financial institutions.

(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 asset value and thus unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk is generally arising 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.

20. Operating Segment

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

21. Capital Management

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

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

Growing Together

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

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

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

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

IMPORTANT NOTICES

Beware Of Phishing Scams

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

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

Update Of Particulars

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

Certificates Of Unitholdings

Please be informed that notwithstanding any certificates issued to any unitholder on the holdings of units in the Pacific Pearl Fund, the final and conclusive proof of ownership and details to the units of the Fund shall be according to the Register of Unitholders as required to be kept and maintained by the Manager.

The information stated on the certificate may not reflect the latest information on the holdings of units in the Fund due to subsequent transactions that were entered into between the unitholder and the Manager such as the sale of units, repurchase of units, transfer of units, and creation of additional units due to distribution of the Fund. Unitholders may refer to the Statement of Account and/or Transaction Advice Slip for details of the transactions made with the Manager.