

ANNUAL REPORT

For The Financial Period From 28 February 2018
(Date Of Launch) To 31 December 2018

PACIFIC ISLAMIC DEPOSIT FUND



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PACIFIC MUTUAL FUND BHD (336059-U)

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FUND INFORMATION

As at 31 December 2018

Name Of Fund : Pacific Islamic Deposit Fund

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

Launch Date : 28 February 2018

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

Category Of Fund : Money market (Islamic)

Type Of Fund : Income

Investment Objective : Pacific Islamic Deposit Fund aims to provide stability of capital, regular income[□] and liquidity by investing in Islamic cash deposits and/or Islamic money market instruments.

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

Performance Benchmark : Maybank Islamic Overnight Deposit Rate

Distribution Policy : Monthly, depending on the availability of realised income and/or realised gains and at the Manager's discretion.

Fund Size : 650.33 million units

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	1	2.70	0.00
	5,001-10,000 units	-	-	-
	10,001-50,000 units	1	2.70	0.02
	50,001-500,000 units	8	21.62	1.43
	500,001 units & above	27	72.98	648.88
	Total	37	100.00	650.33

FUND PERFORMANCE

Financial Highlights

Category	As At 31.12.2018
Cash And Islamic Money Market Instruments	%
	100.00
Net Asset Value (RM'000) – ex-distribution	650,394
Number Of Units In Circulation (Units '000)	650,325
Net Asset Value Per Unit (RM)*	1.0002
Management Expense Ratio (“MER”)	0.24%
Portfolio Turnover Ratio (times)#	Not Applicable

The Management Expense Ratio for the current financial period was computed based on 307 days.

* The Fund only has placements with Islamic financial institutions.

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 Islamic Deposit Fund		Maybank Islamic Overnight Deposit Rate	
	Total Return	Average Annual Return	Total Return	Average Annual Return
6 Months' Period (1.7.2018 to 31.12.2018)	1.08%	-	0.95%	-
Since Inception (28.2.2018 to 31.12.2018)	1.70%	-	1.55%	-
	Since Inception 28.2.2018 to 31.12.2018			
Pacific Islamic Deposit Fund				
- Capital Return	0.02%			
- Income Return	1.68%			
- Total Return	1.70%			
Maybank Islamic Overnight Deposit Rate	1.55%			
	Since Inception 28.2.2018 to 31.12.2018			
Unit Prices				
Highest NAV (RM)	1.0167			
Lowest NAV (RM)	1.0001			
Distributions				
Gross Distribution Per Unit (sen)	1.68			
	(31.12.2018)			
Net Distribution Per Unit (sen)	1.68			
	(31.12.2018)			
Unit Splits	-			

Notes:

1. All figures pertaining to the Fund's return were extracted from Lipper.
2. The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

MANAGER’S REPORT

For The Financial Period From 28 February 2018 To 31 December 2018

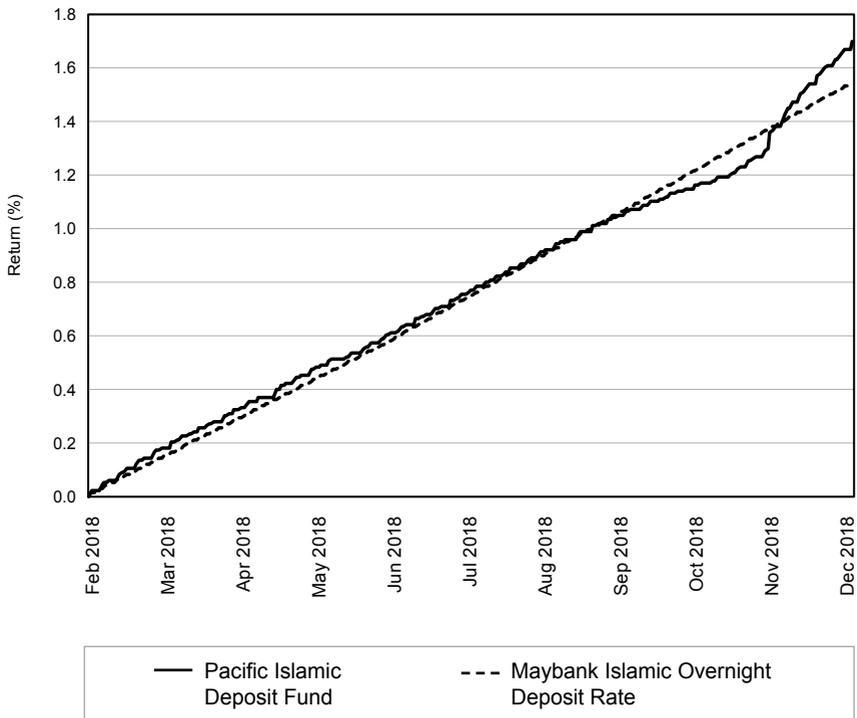
Performance Review

From 28 February 2018 to 31 December 2018, the Pacific Islamic Deposit Fund registered a total return of 1.70%, while its benchmark, Maybank Islamic Overnight Deposit rate, rose 1.55%.

During the financial period under review, the Fund has met its investment objective of providing stability of capital, regular income[□] and liquidity by investing in Islamic cash deposits and/or Islamic money market instruments.

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

Comparison Between Fund’s Performance And Benchmark



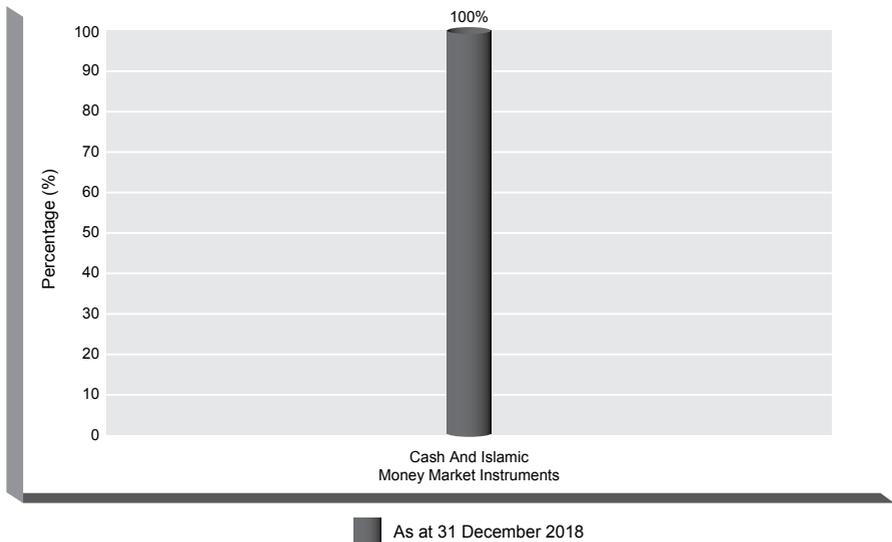
Source: Lipper

Investment Strategy Review

Total NAV of the Pacific Islamic Deposit Fund increased to RM650,394,290 due to capital injections during the review period.

As at 31 December 2018, the Fund was 100% invested in commodity murabahah deposits. During the review period, the Fund outperformed its benchmark by 15 basis points returning 1.70% while the benchmark returned 1.55%. Outperformance was due to strategic allocation of deposit placements within specific tenure buckets of compelling returns. During the review period, rates were seen trading steadily in range as the overnight policy rate was left unchanged at 3.25%.

Asset Allocation



The cash and Islamic money market instruments of Pacific Islamic Deposit Fund was maintained at 100% as at 31 December 2018 during the financial period under review.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Pacific Islamic Deposit Fund increased to RM1.0002 from its initial offer price of RM1.0000 during the financial period under review. Meanwhile, total NAV of the Fund increased to RM650,394,290 due to fund inflows.

Market Review

Bond Market Review

The local bond market closed marginally weaker during the financial period under review on the back of higher Treasury yields. Despite steady overnight policy rate, the local market saw a general yield uptrend across the curve for the first half of the period as sentiment were generally affected by the post-election selloff, the lingering trade tensions and the emerging market rout which took a toll on local currencies.

In the fourth quarter, there were some selling pressure seen as markets turned cautious ahead of the mid-term review of the 11th Malaysian Plan as a prelude to the Budget 2019 announcement in early November. Thereafter, yields were mildly higher as investors digested the increased supply risk following the higher budget deficit targets at the Budget 2019 announcement. Sentiment were also affected by the Ringgit weakness which was further compounded by the sharp decline in crude oil price. Towards year-end, buoyant sentiment in the primary market and lower UST yields fueled buying interest across the curve. Strong domestic liquidity, as evident from the good demand from the remaining government auctions further offset supply risk concerns. Overall, the 3-year MGS was unchanged at 3.40% given the steady OPR while the 10-year increased by 4 basis points to 4.07%.

Income Distribution

	<u>Pacific Islamic Deposit Fund</u>
Gross distribution per unit	1.68 sen
Net distribution per unit	1.68 sen
NAV per unit before declaration (as at 31 December 2018)	RM1.0170
NAV per unit after declaration (as at 31 December 2018)	RM1.0002
Unit Split	Nil

Significant Changes In The State Of Affairs Of The Fund

1. Appended below are the changes to the Fund as per supplementary prospectus dated 28 September 2018 and second supplementary prospectus dated 1 January 2019:

	Previous Provision	New Provision
Switching Facility	<p>The following statements were printed in the 'Switching Facility' section:</p> <p>Should the sales charge of a fund to be switched into be more than the sales charge imposed on a fund to be switched from, then a difference in the sales charge between the two (2) funds shall be borne by you. There will be no sales charge imposed if the funds to be switched into has a lower sales charge.</p> <p>Subject to the terms set out herein, if you are the primary account holders for certain funds, you are entitled to three (3) switching transactions per account during a calendar year without having to pay the applicable differences in sales charges save for the following first switching transaction:</p> <ul style="list-style-type: none"> • From a zero sales charge fund to a low/reduced/normal sales charge fund; or • From a low sales charge fund to a reduced/normal sales charge fund. <p>You will have to pay the applicable differences in the sales charge (if any) for subsequent switching transactions carried out in the same calendar year.</p>	<p>The said statements were replaced as follows:</p> <p>Should the sales charge of a fund to be switched into is higher than the sales charge imposed on a fund to be switched from, then the difference in the sales charge between the two (2) funds shall be borne by you. There will be no sales charge imposed if the fund 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> <p>The applicable differences in sales charges to be borne by unitholders shall take effect from 1 May 2019.</p>

<p>Deeds Of The Fund</p>	<p>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</p>	<p>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.

2. Any reference to the Goods and Services Tax ("GST") and Goods and Services Tax Act 2014 herein is hereby removed with effect from 1 September 2018.

Circumstances That Materially Affect Interest Of Unitholders Nil

Soft Commissions

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

REPORT OF THE TRUSTEE

To the Unitholders of **PACIFIC ISLAMIC DEPOSIT FUND**

We, **MTRUSTEE BERHAD**, being the Trustee of **PACIFIC ISLAMIC DEPOSIT 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 period from 28 February 2018 (date of launch) to 31 December 2018 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; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee

MTRUSTEE BERHAD



NURIZAN JALIL

Chief Executive Officer

Selangor, Malaysia

30 January 2019

SHARIAH ADVISER'S REPORT

To the Unitholders of **PACIFIC ISLAMIC DEPOSIT FUND**

We have acted as the Shariah Adviser of **PACIFIC ISLAMIC DEPOSIT FUND**. Our responsibility is to ensure that the procedures and processes employed by its fund manager, **PACIFIC MUTUAL FUND BHD** as well as the provisions of the 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 and its Sixth Supplemental Master Deed dated 22 November 2018 are all in accordance with Shariah.

In our opinion based on the portfolio reports submitted to us, **PACIFIC MUTUAL FUND BHD** has managed and administered **PACIFIC ISLAMIC DEPOSIT FUND** in accordance with Shariah and complied with applicable guidelines, rulings and decisions issued by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") for the financial period from 28 February 2018 (date of launch) to 31 December 2018.

We confirm that the investment portfolio of the Pacific Islamic Deposit Fund comprises instruments which have been classified as Shariah-compliant by the SACSC or the Shariah Advisory Council of Bank Negara Malaysia ("SACBNM"). As for instruments which have not been classified by the SACSC nor by the SACBNM, we have reviewed and determined the Shariah status of the said instruments.

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



IR. DR. MUHAMAD FUAD ABDULLAH
Designated Shariah Person

Kuala Lumpur, Malaysia
30 January 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 17 to 32 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 ISLAMIC DEPOSIT FUND** as at 31 December 2018 and of its results, changes in net asset value and cash flows for the financial period from 28 February 2018 (date of launch) to 31 December 2018.

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



TEH CHI-CHEUN



ONG EU JIN

Kuala Lumpur, Malaysia
30 January 2019

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **PACIFIC ISLAMIC DEPOSIT FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **PACIFIC ISLAMIC DEPOSIT FUND** ("the Fund"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial period from 28 February 2018 (date of launch) to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial performance and cash flows for the financial period from 28 February 2018 (date of launch) to 31 December 2018 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis For Opinion

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

Independence And Other Ethical Responsibilities

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

Information Other Than The Financial Statements And Auditors' Report Thereon

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

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility Of The Fund Manager And Trustee For The Financial Statements

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

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



ERNST & YOUNG
AF: 0039
Chartered Accountants



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

Kuala Lumpur, Malaysia
30 January 2019

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 RM
Assets		
Profit receivable		791,204
Amount due from Manager	5	8,136
Cash and cash equivalents	3	660,658,090
Total Assets		<u>661,457,430</u>
Liabilities		
Amount due to Manager	5	103,943
Other payables		18,118
Distribution payable	10	10,941,079
Total Liabilities		<u>11,063,140</u>
Net Asset Value Of The Fund		<u>650,394,290</u>
Equity		
Unitholders' capital		650,394,290
Retained earnings		-
Net Asset Value Attributable To Unitholders	11	<u>650,394,290</u>
Total Equity And Liabilities		<u>661,457,430</u>
Number Of Units In Circulation (Units)	12	<u>650,325,210</u>
Net Asset Value Per Unit (ex-distribution)	11	<u>RM1.0002</u>

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

STATEMENT OF COMPREHENSIVE INCOME

**For The Financial Period From 28 February 2018 (Date Of Launch) To
31 December 2018**

	Note	28.2.2018 to 31.12.2018 RM
Shariah-Compliant Investment Income		
Profit from Islamic money market instruments		<u>1,586,851</u>
Expenses		
Audit fee		7,100
Tax agent's fee		3,900
Manager's fee	6	107,523
Trustee's fee	7	8,602
Administration expenses		<u>3,130</u>
		<u>130,255</u>
Net Income Before Taxation		1,456,596
Taxation	9	-
Net Income After Taxation		<u>1,456,596</u>
Total Comprehensive Income		<u>1,456,596</u>
Total Comprehensive Income Is Made Up As Follows:		
Realised income		1,456,596
Unrealised income		-
		<u>1,456,596</u>

STATEMENT OF CHANGES IN NET ASSET VALUE

For The Financial Period From 28 February 2018 (Date Of Launch) To 31 December 2018

	Note	Unitholders' Capital RM	Retained Earnings RM	Net Asset Value Attributable To Unitholders RM
At 28 February 2018		5,000	-	5,000
(Date of launch)				
Net income after taxation		-	1,456,596	1,456,596
Creation of units		1,004,218,879	-	1,004,218,879
Cancellation of units		(344,345,106)	-	(344,345,106)
Distribution	10	(9,484,483)	(1,456,596)	(10,941,079)
At 31 December 2018		<u>650,394,290</u>	<u>-</u>	<u>650,394,290</u>

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

STATEMENT OF CASH FLOWS

**For The Financial Period From 28 February 2018 (Date Of Launch) To
31 December 2018**

	28.2.2018 to 31.12.2018 RM
Cash Flows From Operating And Investing Activities	
Profit from Islamic money market instruments received	795,647
Manager's fee paid	(3,580)
Trustee's fee paid	(287)
Payment for other fees and expenses	(4,327)
Net cash generated from operating and investing activities	<u>787,453</u>
Cash Flows From Financing Activities	
Cash proceeds from units created	1,004,210,743
Cash paid on units cancelled	(344,345,106)
Net cash generated from financing activities	<u>659,865,637</u>
Net Increase In Cash And Cash Equivalents	660,653,090
Cash And Cash Equivalents At Date Of Launch	5,000
Cash And Cash Equivalents At End Of Financial Period	<u><u>660,658,090</u></u>
Cash And Cash Equivalents Comprise:	
Cash at banks	38,090
Islamic money market instruments	660,620,000
	<u><u>660,658,090</u></u>

NOTES TO THE FINANCIAL STATEMENTS**31 December 2018****1. The Fund, The Manager And Their Principal Activities**

Pacific Islamic Deposit Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of the 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 and its Sixth Supplemental Master Deed dated 22 November 2018 (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 Islamic cash deposits and Islamic money market instruments as approved by the Securities Commission Malaysia. The Fund was launched on 28 February 2018 and will continue its operations until terminated by the Trustee 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 30 January 2019.

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

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

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

Pronouncements issued but not yet effective:

	Effective dates for financial periods beginning on or after
MFRS 16 - Leases*	1-Jan-19
Prepayment Features with Negative Compensation (Amendments to MFRS 9)*	1-Jan-19
Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)*	1-Jan-19
Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)*	1-Jan-19
Annual Improvements to MFRS Standards 2015-2017 Cycle	
(i) Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations)*	1-Jan-19
(ii) Previously Held Interest in a Joint Operation (Amendments to MFRS 11 Joint Arrangements)*	1-Jan-19
(iii) Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes)*	1-Jan-19
(iv) Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)*	1-Jan-19
IC Interpretation 23 - Uncertainty over Income Tax Treatments*	1-Jan-19
Amendments to References to the Conceptual Framework in MFRS Standards	
(1) Amendments to MFRS 2 Share-Based Payment*	1-Jan-20
(2) Amendment to MFRS 3 Business Combinations*	1-Jan-20
(3) Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources*	1-Jan-20
(4) Amendment to MFRS 14 Regulatory Deferral Accounts*	1-Jan-20
(5) Amendments to MFRS 101 Presentation of Financial Statements	1-Jan-20
(6) Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1-Jan-20
(7) Amendments to MFRS 134 Interim Financial Reporting	1-Jan-20
(8) Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1-Jan-20
(9) Amendment to MFRS 138 Intangible Assets*	1-Jan-20
(10) Amendment to IC Interpretation 12 Service Concession Arrangements*	1-Jan-20
(11) Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1-Jan-20
(12) Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*	1-Jan-20

(13) Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1-Jan-20
(14) Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs*	1-Jan-20
MFRS 17 - Insurance Contracts*	1-Jan-21
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)*	To be announced

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

(b) Functional And Presentation Currency

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

(c) Financial Instruments

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

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

The Fund determines the classification of its financial assets and financial liabilities at initial recognition, and the categories include receivables and financial liabilities.

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include amounts due from Manager and other receivables. Receivables are recognised initially at fair value including transaction costs. These are subsequently measured at amortised cost using the effective profit 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, Trustee and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective profit method.

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

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

Financial Liabilities

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

(e) Impairment Of Financial Assets*Financial Assets Carried At Amortised Cost*

MFRS 9 requires the Fund to record expected credit losses (“ECLs”) on all financial assets, either on a 12-month or lifetime basis. Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund’s financial statements. The Fund only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has adopted an approach similar to the simplified approach to ECLs.

(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.

Profit income is recognised using the effective profit method on an accrual basis.

(g) Cash And Cash Equivalents

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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) Significant Accounting Estimates And Judgments

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

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

3. Cash And Cash Equivalents

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

	2018 RM
Cash at banks:	<u>38,090</u>
Islamic money market instruments with licensed financial institutions:	
- Commercial banks	535,970,000
- Investment banks	<u>124,650,000</u>
	<u>660,620,000</u>
Cash and cash equivalents	<u>660,658,090</u>

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

	Weighted Average Rate Of Return (% Per Annum) 2018	Weighted Average Remaining Maturity (Days) 2018
Islamic money market instruments with licensed financial institutions:		
- Commercial banks	3.75	45
- Investment banks	<u>3.28</u>	<u>7</u>

4. Shariah Information Of The Fund

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, comprising cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

5. 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 management fee.

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

6. Manager’s Fee

The Manager’s fee provided in the financial statements is computed at 0.25% per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis.

7. Trustee’s Fee

The Trustee’s fee provided in the financial statements is computed at 0.02% per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis.

8. Management Expense Ratio

**28.2.2018
to
31.12.2018
RM**

Management expense ratio (“MER”)

0.24%

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 period calculated on a daily basis. The MER for the current financial period was computed based on 307 days.

9. Taxation

**28.2.2018
to
31.12.2018
RM**

Malaysian income tax:
Current period’s provision

-

Income tax is calculated at the Malaysian statutory rate of taxation of 24% of the estimated assessable income for the financial period.

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

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

	28.2.2018 to 31.12.2018 RM
Net income before taxation	<u>1,456,596</u>
Taxation at Malaysian statutory rate of 24%	349,583
Tax effects of:	
Income not subject to tax	(380,844)
Expenses not deductible for tax purpose	3,752
Restriction on tax deductible expenses for unit trust funds	<u>27,509</u>
Tax expense for the financial period	<u>-</u>

10. Distribution

	28.2.2018 to 31.12.2018 RM
Net final distribution, to be paid on 2 January 2019	<u>10,941,079</u>
Distribution to unitholders is from the following sources:	
Profit income	1,586,851
Distribution equalisation	<u>9,484,483</u>
	11,071,334
Less:	
Expenses	<u>(130,255)</u>
	<u>10,941,079</u>
Gross distribution per unit (sen)	1.68
Net distribution per unit (sen)	1.68

11. Net Asset Value Attributable To Unitholders

	2018
	RM
Unitholders' capital	650,394,290
Retained earnings	
- Realised reserve	-
Net asset value attributable to unitholders	<u>650,394,290</u>

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

12. Number Of Units In Circulation

	2018
	No. Of Units
At date of launch	2,500
Creation	989,184,412
Cancellation	<u>(338,861,702)</u>
At end of the financial period	<u>650,325,210</u>

13. Units Held By The Manager And Its Related Parties

	2018	
	No. Of Units[^]	RM
Manager	<u>8,431</u>	<u>8,574</u>

There were no units held by other related parties.

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

14. Transactions With Financial Institutions

Details of transactions with the financial institutions for the financial period are as follows:

Financial Institutions	Value Of Trade RM	% Of Total Trades
Maybank Islamic Bank Berhad	421,650,000	30.93
Bank Islam Malaysia Bhd	195,250,000	14.32
MIDF Amanah Investment Bank Berhad	173,390,000	12.72
CIMB Islamic Bank Berhad	130,360,000	9.56
Bank Muamalat Malaysia Berhad	111,480,000	8.18
Amlslamic Bank Berhad	100,000,000	7.34
Affin Islamic Bank Berhad	79,000,000	5.80
Hong Leong Islamic Bank Berhad	51,580,000	3.78
Kenanga Investment Bank Berhad	47,570,000	3.49
Kuwait Finance House (Malaysia) Berhad	21,500,000	1.58
Others	31,400,000	2.30
	1,363,180,000	100.00

The transactions above are with non related parties.

15. 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 various financial institutions and ensuring optimal tenure allocation of placements in Islamic money market instruments.

The Fund's market risk is affected primarily by profit rate risk:

(a) Profit Rate Risk

This risk refers to the effect of profit rate changes on the returns of placements in Islamic money market instruments. In the event of reduction in profit rates, the returns on placements in Islamic money market instruments will decrease, thus affecting the net asset value of the Fund. This risk will be minimised via the management of the duration structure of the placements in Islamic money market instruments.

(ii) Credit Risk

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

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

(iii) Liquidity Risk

This risk occurs in thinly traded or illiquid Shariah-compliant securities. Should the Fund need to sell a relatively large amount of such Shariah-compliant securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of Islamic 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 risk of the respective companies issuing Shariah-compliant securities which includes changes to the business performance of the company, consumer tastes and demands, lawsuits and management practices. This risk is minimised through the diversification of the portfolio of Shariah-compliant investments of the Fund.

(v) Single Issuer Risk

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

16. Operating Segment

All of the Fund's investments are in local Islamic money market instruments and, as such, there are no separately identifiable business and geographical segments.

17. 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.

18. Comparative Figures

The financial statements are for the financial period from 28 February 2018 (date of launch) to 31 December 2018. There are no comparative figures as this is the Fund's first set of financial statements.

Growing Together

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

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

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Update Of Particulars

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