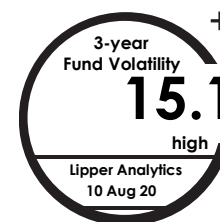


# Pacific Dana Dividen

## Investment objective

The Fund aims to provide capital growth and steady and attractive income<sup>□</sup> in the medium to long term by investing in a portfolio of equities that are paying or have the potential to pay attractive dividends and that comply with Shariah requirements.



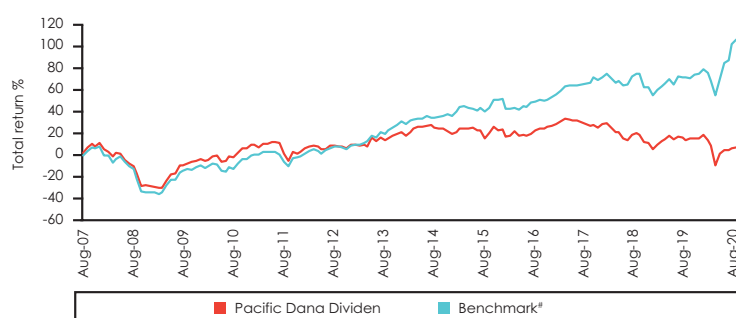
## Performance

	1 Mth	6 Mths	1 Yr	3 Yrs	5 Yrs	Since Launch <sup>▲</sup>
<b>Fund*</b>	0.89%	-1.85%	-6.18%	-16.64%	-7.15%	7.21%
<b>Benchmark#</b>	1.75%	22.28%	20.15%	24.36%	47.05%	106.39%

\* Source: Lipper for Investment Management, 31 August 2020. Fund sector: Equity Global Income

# Composite benchmark: 50% FTSE Bursa Malaysia EMAS Shariah Index (FBMS) & 50% Dow Jones Islamic Market World Index (DJIM), source: Bloomberg, 31 August 2020. Return of benchmark, which are indices that track foreign markets, have been adjusted by the movement of the Malaysian Ringgit (MYR) against the foreign currencies.

▲ Since start investing date: 14 August 2007



## Asset allocation

<b>Equities</b>	90.22%
<b>Cash</b>	9.78%

## Country allocation

<b>Malaysia</b>	60.94%	<b>Singapore</b>	5.61%
<b>US</b>	22.40%	<b>Indonesia</b>	2.15%
<b>Hong Kong</b>	8.90%		

## Fund details

<b>Characteristic</b>	Fairly aggressive
<b>Fund category/type</b>	Equity (Islamic) / Growth and income
<b>Launch date</b>	26 July 2007
<b>Financial year end</b>	30 June
<b>Fund size</b>	RM4.8 million (as at 28 August 2020)
<b>NAV per unit</b>	RM0.4400 (as at 28 August 2020)
<b>Highest/Lowest NAV per unit (for current financial year)</b>	Highest 30 Dec 2019 RM0.4950 Lowest 19 Mar 2020 RM0.3373
<b>Income distribution</b>	Once a year, if any.
<b>Sales charge</b>	Up to 5.00% of the Fund's NAV per unit
<b>Annual management fee</b>	Up to 1.50% p.a. of the NAV of the Fund
<b>Fund manager</b>	Jolynn Kek
<b>Sales office</b>	BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Bhd) 199501006861 (336059-U) <a href="mailto:customercare@boswm.com">customercare@boswm.com</a>

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

+ Volatility Factor (VF) as at 31 July 2020: 15.1. Volatility Class (VC) as at 30 June 2020: High (above 12.8 and below/same as 15.4). VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. VC is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC is revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. Source: Lipper.

## Equities – Sector exposure & Top 10 holdings

<b>UTILITIES</b>	12.41%	<b>TENAGA NASIONAL BERHAD</b>	6.41%
<b>RETAILING</b>	11.21%	<b>AXIATA GROUP BERHAD</b>	4.25%
<b>TELECOMMUNICATION SERVICES</b>	11.19%	<b>STAR MEDIA GROUP BERHAD</b>	3.87%
<b>REAL ESTATE</b>	7.59%	<b>BERMAZ AUTO BHD</b>	3.29%
<b>MATERIALS</b>	7.26%	<b>TALIWORKS CORPORATION BERHAD</b>	3.25%
<b>FOOD &amp; BEVERAGE</b>	6.84%	<b>SINGAPORE TELECOMMUNICATIONS LIMITED (SG)</b>	2.90%
<b>MEDIA &amp; ENTERTAINMENT</b>	5.51%	<b>PETRONAS CHEMICALS GROUP BHD</b>	2.87%
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT</b>	4.64%	<b>AEON COMPANY (M) BERHAD</b>	2.78%
<b>ENERGY</b>	4.06%	<b>CHINA GAS HOLDINGS LTD. (HK)</b>	2.75%
<b>PHARMA., BIOTECH. &amp; LIFE SCIENCES</b>	3.68%	<b>FIRST RESOURCES LIMITED (SG)</b>	2.70%

## Income distribution (past 10 years)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Gross distribution (sen)</b>	-	1.50	1.50	3.00	3.00	1.50	-	-	-	-
<b>Distribution yield (%)</b>	-	2.67	2.91	5.59	5.27	2.88	-	-	-	-

## Fund Commentary

- Equity exposure rose from 85.7% at end-July to 90.2% at end-August due to net outflows. The Fund was a net seller of equities during the month to lock in profits on market strength.
- The Fund trimmed its holdings in IT, Consumer Staples, Financials, Healthcare and Materials as share prices approached internal fair values.
- Contrary to historical trends (August was historically a weak month), global markets continued to rise in August, with US outperforming on gains in tech stocks. Given continued steep valuations (S&P 500 and MSCI Asia ex-Japan trading at +3 SD to 10-year mean forward PE), the Fund will continue to trim stocks that approach internal fair values. The Fund will maintain equity exposure at the lower end of target AA range.
- Focus will largely be on dividend yielding companies with valuation support.
- The Fund underperformed its benchmark in August due to its underweight position in US (especially US tech stocks) which outperformed global markets. Sector-wise, key detractors were Utilities, Materials, Industrials, Healthcare, Energy and Communication Services.

## Equity

Global equities generally continued to advance in August 2020, despite a mixed backdrop which juxtaposed recovering economies against resurgent waves of COVID-19. While new cases and fatalities in the US have been stabilising towards the end of August, caution is more acute in parts of Asia and in Europe, where Italy, France and Spain have reported the highest new daily cases in months. Market moves: US (+7.6%), Hong Kong (+2.4%), Shanghai (+2.6%), Japan (+6.6%), Korea (+3.4%), Taiwan (-0.6%), Eurozone (+3.1%), UK (+1.1%), Singapore (+0.1%), Thailand (-1.3%), Indonesia (+1.7%), and Australia (+2.2%).

In the US, the widely-anticipated additional relief package failed to materialise as the Democrats and Republicans did not come to an agreement on how the package should be designed despite persistent COVID-19 infections throughout the month. This led to an executive order by President Trump to put into place measures (including expanded unemployment benefits and temporary tax deferral) targeted to achieve some of the objectives under the stalled relief plan. However, the shortcomings on the fiscal policy front did not stop the equity markets, especially the S&P500, to continue reaching new all-time highs. Optimism was rife in the markets owing to encouraging economic data and expected recovery in the second half of the year. The labour market showed signs of improvement as the unemployment rate managed to decline for a third consecutive month to 10.2% from 11.1% the previous month. Markit Manufacturing PMI for August of 53.6 also rebounded from the previous month's weaker-than-expected reading of 50.9, allaying concerns of new COVID-19 infections potentially stalling the economic recovery. Retail sales did slightly fall short of expectations at a monthly increase of 1.2%, after posting record-beating increases in the previous two months. The rally in equity markets was further driven by corporate earnings, after 2Q earnings season drew to a close with the highest percentage of companies in the S&P500 with positive quarterly earnings surprises since 2008. Although the infection rate has somewhat stabilised in recent weeks and states experiencing high resurgence in cases have largely gotten new infections under control, additional fiscal support still remains necessary as downside risks remain largely unabated.

An important development on the monetary policy front is the Federal Reserve chairman pointing towards an adoption of average inflation targeting in his update on the revised monetary policy framework. The market has been interpreting this as a signal of the Fed's stance against pre-emptive interest rate hikes which only serves to create an interest rate environment that is expected to be persistently low even if inflationary pressures start to accumulate in the economy. This new approach implies that the Fed would even allow inflation to exceed its target figure before implementing correcting measures. Such an accommodative monetary policy should continue to support the current lofty valuations of risky assets.

Over in Europe, markets were more jittery after major European countries reported a resurgence in new COVID-19 cases. The path to recovery for European economies was tested after economic data pointed toward a few stumbling blocks. Eurozone 2Q GDP fell by 12.1% over the previous quarter, slightly worse than forecast. The Eurozone Composite PMI for August showed some setback in its momentum of expansion, registering a reading of 51.6 after three consecutive readings which beat forecasts. As investors digested corporate earnings throughout the month, concerns on US-China relations and subsequent waves of infection did not stop equities to end the month higher. Markets largely stayed fixated on expectations of a strong rebound in the third quarter despite the latest hiccups to the European economy, partly helped by the European Central Bank's continuing accommodative stance.

In China, corporate earnings also drove equity performance with many of the earnings surprises coming from the internet sector. Economic data releases continued to reinforce the view that China is leading the global economic recovery. Industrial production for July maintained its yearly rate of increase from the previous month, while consumer demand is still not registering any gains compared to last year even up to the month of July. Relations between the US and China continued to be a risk pervading global markets as Huawei was again the target of fresh US restrictions, while social networking app TikTok became the latest centrepiece in US allegations of Chinese espionage. Retaliation towards the curtailing of Hong Kong's political freedom continued with further sanctions being imposed by the US on certain China and Hong Kong officials. However, trade matters saw a positive development, as both the US and China reaffirmed their commitment on the Phase One trade deal in a biannual review.

On the local market, most companies released their 2Q results, with many posting record low earnings as the pandemic and the movement control order restricted their business operations. This is in line with Malaysia's 2Q GDP reading of -17%, which came in much weaker than expected. Although the worst may be over, market is expecting for another overnight policy rate cut to provide further support to an ailing economy. GDP estimates for this year have also been revised down in light of the recent data. Local equities experienced a pullback as there was some rotation out of the sectors that have rallied tremendously year-to-date, with the FBMKLCI registering a decline of 4.9%.

On the commodities front, oil prices continued to push higher, especially in the last few days of the month as Hurricane Laura temporarily raised concerns of disruption to oil supply from the US Gulf Coast. Demand for oil kept pace with the expected recovery in economic activity, while the OPEC+ continued with its production cut compliance. Continued weakness in the US Dollar also lent support to oil prices. Gold prices lost momentum from the previous month to end the month lower.

While signs are clear that a 2Q 2020 recovery is underway, the global aggregated economy remains firmly below pre-pandemic levels as 'new normal' conditions prove critically challenging for certain sectors, despite creating new winners in others. With liquidity conditions reaching historical levels of abundance thanks to aggressive central bank activity, the current landscape suggests that there are still opportunities in equities, from both developed and emerging markets. Political and event risks are a primary factor to monitor, with the upcoming US elections carrying a wide range of policy outcomes that would affect the rest of the world. Locally, political risk remains a present concern amid restrictive fiscal conditions, but corporate earnings are likely to have troughed and verge towards recovery notwithstanding any subsequent lockdowns. We have upgraded our view on local equities to Neutral, from Underweight previously, and remain Neutral on foreign equities.

### **Fixed Income**

US Treasuries continued its positive tone early of the month as economic data flows had dimmed growth prospects, unnerving investors. Newer and lower levels were clawed into the yield curve as the 10Y yield touched 0.51% on several counts. Thereafter, yields bore the brunt of a bulky refunding package following the release of additional USD1 trillion requirement from US Department of Treasury in anticipation of supplementary legislation being passed in response to the COVID-19 outbreak. The curve started to steepen mid-August underpinned by incremental supplies coupled with heavy Investment Grade (IG) issuances in a benign inflationary environment. Towards end-August, all eyes were shifted towards Fed Chair Powell's speech in Jackson Hole, in which the Fed had effectively raised the bar for rate hikes in the medium term with its average inflation targeting framework. As a result, longer-end yields continued its climb, steepening the curve further. The 2Y and 10Y yields closed the month 3bps and 18bps higher at 0.13% and 0.70% respectively.

In Malaysia, foreign investors continued to pile on local government bonds as foreigners scoured for yields following recent Fed's pledge to keep interest rate near zero. Furthermore, markets have started to pre-emptively price in another potential 25bps cut despite recent overnight policy rate cuts to a record low of 1.75%. This follows the release of 2Q2020 GDP of -17.1% YoY, which marks the steepest quarterly decline on record. That said, previous month's bullish run had created an environment of cautious behaviour, causing yields to trade sideways. Bids in the primary market were lukewarm as well. Auctions for 20Y MGS and 30Y GII garnered tepid BTCs of 1.469x and 1.423x respectively, much lower than YTD average cover ratio of around 2.3x. The 3Y yield ended the month 5bps lower at 1.85% whereas the 10Y yield ended the month 6bps higher at 2.61%.

**Disclaimer**

This publication has not been reviewed by the Securities Commission of Malaysia (SC). This leaflet provides general information and does not have regard to any specific investment objective, financial situation or particular personal need. The fund performance is calculated on an NAV-NAV basis including any capital gains and reinvested income distributions. Replacement master prospectus dated 1 April 2019 with its supplementary replacement master prospectus dated 22 July 2019 and Product Highlights Sheet ("PHS") are obtainable at our offices and you have the right to request for a copy. They have been registered and lodged with the SC (where applicable), who takes no responsibility for their contents. The registration and lodgement do not amount to nor indicate that the SC has recommended or endorsed the fund. Units will only be issued when we receive the official account application form and investment form. You should study the prospectuses and PHS, and consider the fees and charges involved before investing. You should also note that distributions and net asset value per unit do go up and down. Past performance is not an indication of future performance. The specific risk of Pacific Dana Dividen is dividend policy risk. Description of the specific risk can be obtained from the replacement master prospectus dated 1 April 2019. Where a distribution is declared, you are advised that following the distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV.