

PRODUCT HIGHLIGHTS SHEET

PACIFIC SELECT INCOME FUND

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors or authorised committee or persons approved by the Board of Pacific Mutual Fund Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of Pacific SELECT Income Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Pacific SELECT Income Fund and lodgment of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Pacific SELECT Income Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Pacific Mutual Fund Bhd, responsible for the Pacific SELECT Income Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

PRODUCT HIGHLIGHTS SHEET

This Product Highlights Sheet only highlights the key features and risks of this unlisted capital market product. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

BRIEF INFORMATION ON THE PRODUCT

1. What Is This Product About?

Product Type	Unlisted unit trust fund (open-ended)
Manager	Pacific Mutual Fund Bhd (336059-U)
Trustee	MTrustee Berhad (163032-V)

PRODUCT SUITABILITY

2. Who Is This Product Suitable For?

An investor who is seeking to earn a steady stream of income[□] and at the same time aim to achieve modest capital growth over the medium to long term.

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

Unit prices and distributions payable, if any, may go down as well as up. The investor may not get back the full amount invested and the principal amount invested may be at risk.

KEY PRODUCT FEATURES
3. (a) What Am I Investing In?

Fund Category	Fixed Income
Fund Type	Income
Base Currency	Ringgit Malaysia (RM)
Distribution	Income, if any, will be distributed annually.
Financial Year End	30 June
Issuance Date	11 August 2003
Issuance Price	RM0.5000

INVESTMENT OBJECTIVE

The Fund aims to provide a consistent and attractive stream of income[□] higher than fixed deposit rates and may also provide moderate capital growth over the medium to long term by investing in a diversified portfolio of fixed income and equity securities.

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

INVESTMENT POLICY AND STRATEGY

The Fund is a more conservative version of a balanced income fund but more aggressive than a pure bond fund because of its maximum 20% equity exposure.

We will monitor and define the key drivers of equity and fixed income asset classes. From that analysis, the Manager will determine the asset allocation strategy. The allocation of funds into specific equity or fixed income securities will be based on the individual assessment of the instruments' potentials.

The Fund will actively rebalance its portfolio between equity and fixed income classes if there are significant changes in the key drivers of the asset class, changes in values of the instruments, or changes in fund flows. Investments in fixed income securities may be held for longer periods and less reallocation will be made to lock in favourable yields.

Asset Allocation

The Fund may invest up to a maximum of 20% of its NAV in equities and equity-related securities.

- Equity allocation: minimum - 10%; maximum - 20%
- Fixed income allocation: minimum - 70%

The balance of the Fund's NAV that is not invested in equities and equity-related securities, will be invested in fixed income securities and money market instruments. An internal allocation for cash and other liquid assets will be maintained to ensure that the Fund is able to meet redemption requests without jeopardising the Fund's performance.

- **Fixed Income Investment Strategy**

In managing the Fund's investments in fixed income securities, its strategy depends on the need for a well-diversified portfolio and focus on the credit qualities of securities in the portfolio. The fixed income portfolio construction process is research driven and based on macroeconomic analysis, interest rate analysis, credit analysis and yield spread analysis. Other than the development of a broad asset allocation model, contributions will be made via active management to capitalise on changes in interest rates, inter-sector yield spreads and yield spreads of any specific bonds.

- **Equity Investment Strategy**

Generally, the Fund will invest in companies which are fundamentally sound with stable earnings growth and strong financial positions. The investment strategy for the Fund is to apply a disciplined top-down strategy of macroeconomic, financial markets and industry analysis. The bottom-up approach will also be utilised, which places individual securities through rigorous analysis using criteria such as sustainable earnings growth, returns on equity, capable management, financial position strength and attractive valuations relative to fair value. The Fund may for short-term risk management undertake tactical asset allocation and reduce its equity position below the minimum allocation should expectations arise for deterioration in equity prices.

Performance Benchmark

The benchmark for the Fund is a composite of 20% FTSE Bursa Malaysia Top 100 Index (FBM 100) index, or such other equivalent index as may be substituted by Bursa Malaysia Securities Berhad, and 80% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR) index. The composite benchmark is reflective of the asset allocation of the Fund, i.e. skewed towards fixed income investments. The indices data are available from major newspapers on a daily basis. These data will also be published as a comparison against the Fund's total return at least on a monthly basis in our publications and on our website.

3. (b) Who Am I Investing With?

Manager	Pacific Mutual Fund Bhd (336059-U)
Trustee	MTrustee Berhad (163032-V)
Auditors	Ernst & Young
Tax Advisers	Ernst & Young Tax Consultants Sdn Bhd (179793-K)

4. What Are The Possible Outcomes Of My Investment?

- The quantum of potential returns of the Fund would depend on the Fund's asset allocation decisions and performance of the underlying investments of the Fund.
- This is a non-guaranteed Fund and the investor may not get back the full amount invested and the principal amount invested may be at risk. Returns are also not fixed or guaranteed.

KEY RISKS
5. What Are The Key Risks Associated With This Product?
SPECIFIC RISK OF THE FUND

Credit risk – This risk refers to changes in the financial conditions of deposit-taking financial institutions as well as financial institutions issuing debt securities / money market instruments and deposit placements, which may affect their credit worthiness. This in turn may lead to default in the repayment/payment of principal and interest. These events can lead to loss of capital and/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 active credit analyses and diversification in the bond / money market instruments issued by different companies, deposit-taking financial institutions and financial institutions.

PRINCIPAL RISKS OF THE FUND

- **Interest rate risk** – This risk refers to the effect of interest rate changes on the market value of a bond portfolio and money market portfolio. In the event of rising interest rates, prices of fixed income securities and money market instruments will generally decrease and vice versa. Debt securities with longer maturity and lower coupon rate are more sensitive to interest rate changes. Interest rate movements can lead to fluctuations in bond prices resulting in fluctuations in the value of a fund. This risk will be mitigated* via the management of the duration structure of the portfolio of debt securities.

The interest rate is a general indicator that will have an impact on the management of funds regardless of whether it is an Islamic unit trust fund or otherwise.

* *The duration of the fixed income portfolio or the fixed income portfolio segment will be kept low by buying more short-term to medium-term fixed income securities / money market instruments. The value of these short-term to medium-term fixed income securities / money market instruments are less sensitive to interest rates movements – i.e. in the situation where interest rates rise, their values, as compared to investments with a long duration, will fall less if at all.*

- **Liquidity risk** – This risk occurs in thinly traded or illiquid securities. If the Fund needs to sell a relatively large amount of such securities, the act itself may significantly depress the selling price resulting in a decrease in the value of the Fund's assets. The Fund is managed in such a way that a portion of the investments is in equity securities and money market instruments that are highly liquid and this allows the Fund to meet sizeable redemptions without jeopardising potential returns.

- **Market risk** – This risk refers to developments in the equity market environment which typically includes changes in regulations, politics, technology and the economy of the country. Market developments can result in equity market fluctuations which in turn affect the Fund's underlying investments and hence its unit price. In terms of the Fund's concentration in a single equity market*, this risk is reduced by undertaking active* asset allocation, where in periods of heightened risk, there will be greater allocation in fixed income securities and money market instruments and cash.

* This refers to the Fund having the mandate to invest in only one country (i.e. Malaysian market). For example – in the event of a fall in Malaysian equities, the Fund cannot diversify into equities of other countries to mitigate equity market risk but can shift (asset allocate) its investments to local fixed income securities and money market instruments. The term 'active' refers to the fund manager periodically adjusting equity allocations (and by default fixed income securities and money market allocations) depending on market situations rather than passively leaving allocations to fluctuate based solely on market prices.

The investment manager exercises diligence in minimising the above risks to the Fund. However, it is not always possible to cover all investment risks in spite of best efforts as financial markets can be highly unpredictable. Investors are encouraged to consult their advisers such as financial/tax consultants, lawyers or bankers for a further understanding of these risks.

FEES AND CHARGES

6. What Are The Fees And Charges Involved?

Sales Charge	2.00% of the Fund's NAV per unit. Investors may negotiate for a lower sales charge.
Annual Management Fee	Up to 1.50% p.a. of NAV of the Fund. The annual management fee is payable on a monthly basis.
Annual Trustee Fee	Up to 0.06% p.a. of the NAV of the Fund calculated and accrued on a daily basis, subject to a minimum of RM9,000 p.a., whichever is higher. The annual trustee fee is payable on a monthly basis.
Redemption Fee	Nil
Switching Fee	The Manager does not intend to charge any switching fee; however, under certain circumstances, unitholders performing a switching transaction will have to pay the applicable difference in sales charge between the funds to be switched from and the funds to be switched into. Please refer to the master prospectus for the terms and conditions of the switching facility of the Fund.
Transfer Fee	Nil

Note: By default, redemption and income distribution proceeds will be made via bank transfer. Request for cheque payment will be subjected to a fee. Kindly refer to the prevailing prospectus for more information.

Despite the maximum fees and charges permitted by the deed, all current fees and charges are as disclosed above.

All fees and charges quoted are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities from time to time.

You should NOT make payment in cash to a unit trust consultant or issue a cheque in the name of a unit trust consultant.

VALUATIONS AND EXITING FROM INVESTMENT

7. How Often Are Valuations Available?

- The valuation of NAV for the Fund will be conducted at the end of each business day. Daily prices of the Fund will be published on the next business day.
- Fund prices will be published on Pacific Mutual's website at www.pacificmutual.com.my

8. How Can I Exit From This Investment And What Are The Risks And Costs Involved?

- Investors can exit from the investment by completing the transaction form. The duly completed and accepted original transaction form must reach Pacific Mutual's head office or its branches by 4.00 p.m. on any business day. Pacific Mutual will repurchase units at the Fund's NAV per unit calculated at the end of that business day.
- The investor will receive the prevailing price per unit.
- Transaction forms received after 4.00 p.m. will be treated as having been received on the next business day.
- Payments will be made to investors within 10 days (from the business day the redemption request is accepted).

Note: If an investor is a first-time investor with Pacific Mutual, the investor is entitled to a cooling-off period of six business days. The refund for every unit with regards to the cooling-off is the sum of the NAV per unit on the day the units were purchased and sales charge per unit originally imposed on the day the units were purchased. Essentially, you will receive a full refund of the initial investment paid by you within 10 days of receipt of the original notice of cooling-off by Pacific Mutual.

However, this is not applicable to corporate/institutional investors; staff of Pacific Mutual and Lion Global Investors Limited (formerly known as Lion Capital Management Limited) and their immediate family members; and persons registered with a body approved by the Securities Commission Malaysia to deal in unit trusts.

FUND PERFORMANCE (for the financial year ended 30 June)

Source of fund performance: Lipper for Investment Management

Source of benchmark performance: Bloomberg & Bank Negara Malaysia www.bnm.gov.my

9. Portfolio Structure

	2019	2018	2017
Quoted Equity Securities	17.60%	15.14%	17.36%
Fixed Income Securities	55.57%	61.03%	53.45%
Cash & Liquid Assets	8.33%	8.75%	12.24%
Collective Investment Scheme (CIS)	18.41%	14.86%	16.95%
Warrants	0.09%	0.22%	-
Total	100.00%	100.00%	100.00%
Remarks	<p>The fixed income securities allocation (inclusive of CIS) of Pacific SELECT Income Fund decreased to 73.98% as at 30 June 2019 from 75.89% recorded in the financial year ended 2018 on profit-taking activities. Allocation of quoted equity securities (inclusive of warrants) increased to 17.69% as at 30 June 2019 from 15.36% recorded in the financial year ended 2018 due to net equity purchases.</p> <p>The fixed income securities allocation (inclusive of CIS) of Pacific SELECT Income Fund increased to 75.89% as at 30 June 2018 from 70.40% recorded in the financial year ended 2017 largely due to net fund redemptions. Allocation of quoted equity securities (inclusive of warrants) decreased to 15.36% as at 30 June 2018 from 17.36% recorded in the financial year ended 2017 due to net equity sales.</p>		

10. Performance Data

Total Annual Return

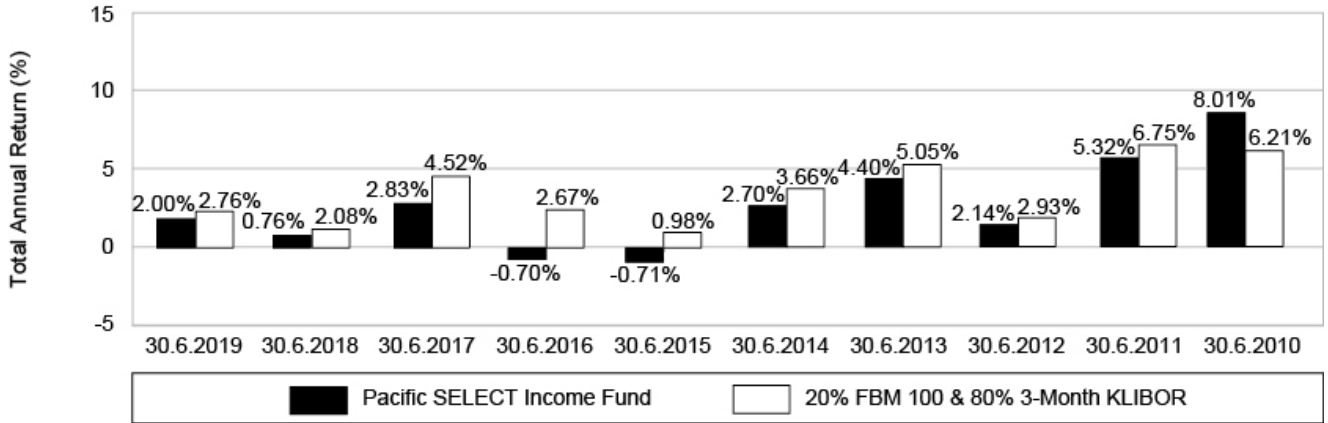
	1.7.2018 To 30.6.2019	1.7.2017 To 30.6.2018	1.7.2016 To 30.6.2017	1.7.2015 To 30.6.2016	1.7.2014 To 30.6.2015	1.7.2013 To 30.6.2014	1.7.2012 To 30.6.2013	1.7.2011 To 30.6.2012	1.7.2010 To 30.6.2011	1.7.2009 To 30.6.2010
Pacific SELECT Income Fund	2.00%	0.76%	2.83%	-0.70%	-0.71%	2.70%	4.40%	2.14%	5.32%	8.01%
Benchmark [^]	2.76%	2.08%	4.52%	2.67%	0.98%	3.66%	5.05%	2.93%	6.75%	6.21%
[^] 20% FTSE Bursa Malaysia Top 100 Index (FBM 100) and 80% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR)										

Average Annual Return

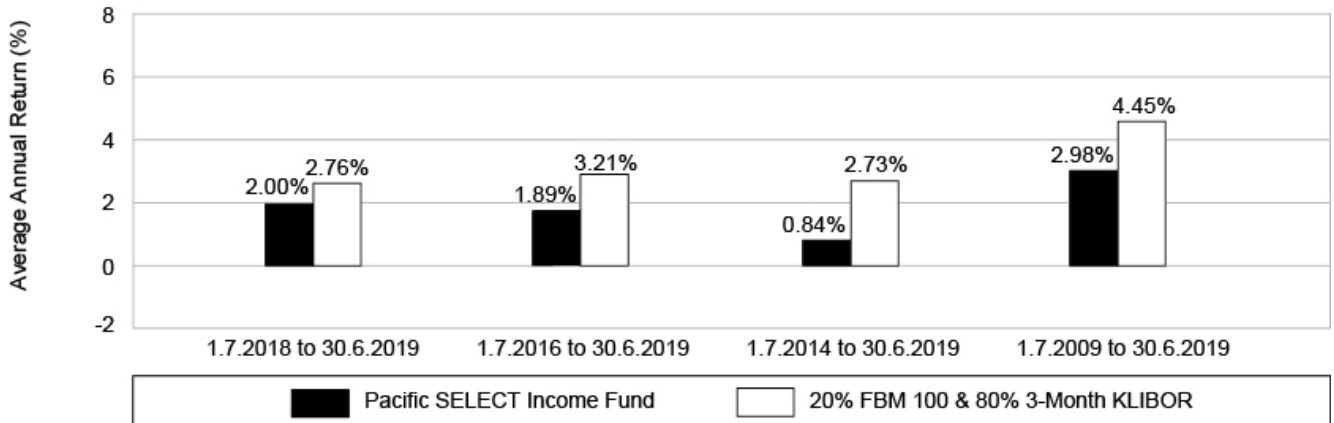
	1 Year's Period 1.7.2018 To 30.6.2019	3 Years' Period 1.7.2016 To 30.6.2019	5 Years' Period 1.7.2014 To 30.6.2019	10 Years' Period 1.7.2009 To 30.6.2019
Pacific SELECT Income Fund	2.00%	1.89%	0.84%	2.98%
Benchmark [^]	2.76%	3.21%	2.73%	4.45%
[^] 20% FTSE Bursa Malaysia Top 100 Index (FBM 100) and 80% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR)				

11. Performance Chart

Total Annual Return



Average Annual Return



Basis of calculation and assumptions made in calculating the returns:

* Percentage growth = $\frac{NAV_t - NAV_{t-1}}{NAV_{t-1}}$

where t = current year
t-1 = previous year

12. Distribution

There were no distributions declared by the Fund for its past three financial year-ends.

13. Unit Split

Not applicable.

14. Portfolio Turnover Ratio (PTR)

	2019	2018	2017
PTR (times)	1.10	1.46	1.44
Remarks	<p>The PTR for the financial year ended 30 June 2019 was lower as compared with the financial year ended 30 June 2018 due to decrease in investing activities.</p> <p>The PTR for the financial year ended 30 June 2018 remained consistent with the financial year ended 30 June 2017.</p>		

Past performance of the Fund is not an indication of its future performance.

CONTACT INFORMATION

15. Who Should I Contact For Further Information Or To Lodge A Complaint?

Contact Details Of The Manager

Head Office	<p>Pacific Mutual Fund Bhd (336059-U) A member of the OCBC Group 1001, Level 10, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Tel: 03-7712 3000 Fax: 03-7712 3001 E-mail: customercare@pacificmutual.com.my Website: www.pacificmutual.com.my</p>
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Please specify the nature of the complaint and the person(s) involved – stating the date, time and place of occurrence.

- (i) For internal dispute resolution, you may contact:
Pacific Mutual Fund Bhd – Customer Care Hotline: 03-7712 3197
- (ii) If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries Dispute Resolution Corporation (SIDREC):
 - (a) via phone to : 03-2282 2280
 - (b) via fax to : 03-2282 3855
 - (c) via e-mail to : info@sidrec.com.my
 - (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar,
No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur
- (iii) You can also direct your complaint to the Securities Commission Malaysia even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the Securities Commission Malaysia's Consumer & Investor Office:
 - (a) via phone to the Aduan Hotline at : 03-6204 8999
 - (b) via fax to : 03-6204 8991
 - (c) via e-mail to : aduan@seccom.com.my
 - (d) via online complaint form available at www.sc.com.my
 - (e) via letter to : Consumer & Investor Office
Securities Commission Malaysia
No. 3 Persiaran Bukit Kiara, Bukit Kiara
50490 Kuala Lumpur
- (iv) Federation of Investment Managers Malaysia's (FIMM) Complaints Bureau:
 - (a) via phone to : 03-2092 3800
 - (b) via fax to : 03-2093 2700
 - (c) via e-mail to : complaints@fimm.com.my
 - (d) via online complaint form available at www.fimm.com.my
 - (e) via letter to : Legal, Secretarial & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-1, 6th Floor Wisma Tune
No. 19 Lorong Dungun, Damansara Heights
50490 Kuala Lumpur

APPENDIX: GLOSSARY**business day(s)**

A day on which the Bursa Malaysia is open for trading.

daily unit price / net asset value (NAV) per unit

The NAV of the Fund divided by the total number of units in circulation, at a particular valuation point.

equities/equity

Securities providing the investor ownership in companies. The term is used interchangeably with the term stocks.

fixed income / debt securities

Securities issued by corporations/institutions/governments/semi-government bodies that pay the investor a coupon/interest rate and which have a maturity date.

net asset value (NAV)

The total value of the Fund's assets minus its liabilities at a valuation point.

short term / medium term / long term

Short term - below one year; medium term - one year to three years; long term - above three years.

master prospectus / prospectus

Prospectus in relation to the Fund(s) managed by Pacific Mutual.

Fund

Pacific SELECT Income Fund